



ENGAGE

November-December 2024 | Volume 4 | Issue 6



HOSPITALITY

THE NATION'S EMERGING ENGINE FOR GDP & JOBS

BUILDING THE BRIDGE OF ENABLING POLICIES TO UNLEASH FULL POTENTIAL



EXCLUSIVE
Interview with
Union Minister of
Tourism & Culture
Gajendra Singh Shekhawat

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From the President's Desk



KB Kachru
President, Hotel Association of India
Chairman - South Asia, Radisson Hotel Group

Welcome to our latest Issue, where we spotlight an essential theme - policy initiatives in the hospitality sector and the gaps that still need to be addressed. The hospitality industry in India stands as a cornerstone of the economy, generating significant employment and contributing immensely to GDP. Yet, for our industry to realise its full potential, policy support and comprehensive reforms are necessary to create a truly sustainable, inclusive, and globally competitive environment.

Our lead feature explores the progress made by various policy initiatives. The past years have seen notable improvements—measures like the introduction of a single-window clearance system, targeted infrastructure development through the Swadesh Darshan and PRASAD schemes, and digital enhancements in regulatory processes, to mention a few. Together, these efforts have laid the groundwork for a more streamlined and business-friendly hospitality landscape. However, there are still critical policy gaps that, if filled, could catapult the sector to new heights.

One key area of focus is the infrastructure status for the hospitality industry. Currently, hotel projects face high borrowing costs. By granting infrastructure status to hotels uniformly, the government could lower borrowing costs, extend loan tenures, and attract more investment. This single step could dramatically boost both midscale and luxury segments, enabling hospitality businesses to meet rising demand.

India's current tiered GST system, with differing rates based on hotel tariffs, places a heavy burden on operators and dampens competitiveness. A uniform and reduced GST rate could make India a more affordable destination, promoting both international and domestic tourism.

The digital transformation of hospitality is another game-changer. Digital adoption has streamlined processes, enhanced customer experience, and reduced dependency on physical paperwork. However, for many businesses, the transition is challenging, with limited access to digital tools and skills. Further policy support for digital infrastructure and skill development will be crucial, especially in smaller cities and remote locations where hospitality has immense growth potential. By nurturing a digitally literate workforce, we can also empower local talent to enter the industry, strengthening its capacity and reach.

The road ahead is also one of sustainability and inclusivity. As consumer preferences shift toward sustainable travel options, the need for policies that support green initiatives is pressing. From incentivizing eco-friendly practices to fostering local employment and skill-building, there is an opportunity to position India as a leader in sustainable tourism. Expanding policy frameworks to include support for energy-efficient practices, waste management, and skill enhancement will ensure that the growth of hospitality contributes positively to our environment and communities.

We hope this Issue serves as a thoughtful guide on the progress achieved and the critical steps yet to be taken. By addressing these gaps, we can build a resilient, innovative, and inclusive hospitality sector that supports the government's vision for a thriving tourism economy. Thank you for joining us on this journey toward a brighter future for Indian hospitality.

Best wishes for the New Year 2025!

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Machiavelli once said that policy to be successful should reflect the demands of the times. The time for rethinking is now. Making tourism a \$3 trillion economy has been talked about. But without planned coordination, there may be serious gaps between the goals and achievements.



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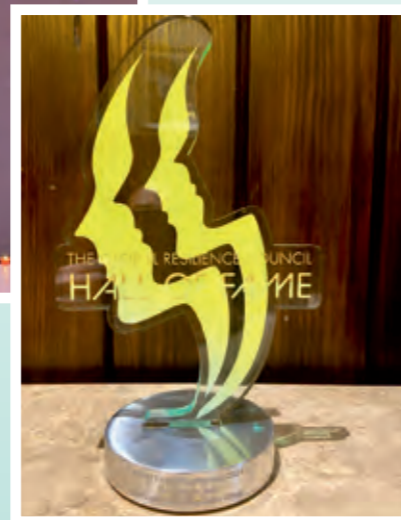
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Hall of Fame by BW Hotelier

Hall of Fame
by Global Resilience
Council and Jacobs
Media



Most Powerful Women in Business by Business Today

Dr Jyotsna Suri, Chairperson and Managing Director of The Lalit Suri Hospitality Group, stands out as a pioneering figure in the hospitality industry. Her leadership reflects a profound respect for India's heritage, showcased through the group's properties that

highlight local art, culture, and cuisine. Recognised with numerous accolades, Dr Suri was recently inducted into the Hall of Fame by BW Hotelier, honored by the Global Resilience Council and Jacobs Media at the World Travel Mart, and listed among the most powerful women in business by Business Today. These awards underscore her visionary leadership, commitment, and significant contributions to the hospitality sector. Dr Suri's journey exemplifies how leadership goes beyond creating opportunities—it is about celebrating heritage and leaving a lasting impact.

CHALET HOTELS CEO HONOURED



Dr Sanjay Sethi, Managing Director & CEO of Chalet Hotels Limited, was conferred the esteemed Honoris Causa at the Convocation Ceremony 2024 by Manav Rachna Educational Institutions (MREI). This recognition

highlighted his trailblazing contributions to the hospitality and real estate sectors, emphasizing his leadership in fostering sustainable growth and innovation. The event featured dignitaries like Chief Guest Shri Om Birla, Honorable Speaker of the Lok Sabha, and Shri Vipul Goel, Cabinet Minister, Haryana.

Expressing gratitude, Dr Sethi said, "This recognition is not merely a reflection of my personal journey but a testament to the collective dedication of my team and peers. As we navigate the ever-evolving hospitality landscape, I remain committed to fostering innovation and inspiring future leaders."

PUNEET CHHATWAL RE-ELECTED CHAIRMAN OF FAITH

The Federation of Associations in Indian Tourism and Hospitality (FAITH), elected its new team unopposed and announced the Office Bearers from its board of 10 associations for the term 2024 to 2026.

The following leaders have been elected:

Chairman: Puneet Chhatwal, MD & CEO, IHCL (immediate past President and nominee of Hotel Association of India – HAI)

Vice Chairmen: Ajeet Bajaj (Adventure Tour Operators Association of India – ATOAI)

Ajay Prakash (Travel Agents Federation of India – TAFI)

General Secretary: Rajiv Mehra (Indian Association of Tour Operators – IATO) and

Treasurer: Kanwarjit Singh Sawhney (Indian Tourist Transporters Association – ITTA)

Speaking at the event, Rajiv Mehra, General Secretary of FAITH, expressed gratitude to Homa Mistry, the Returning Officer, for overseeing the election process.

On behalf of the newly elected office bearers, Mehra pledged to work cohesively for the benefit of the tourism and hospitality industry. "We are



committed to fulfilling the vision of our Hon'ble Prime Minister and achieving the targets set to promote the growth of the tourism, travel, and hospitality sectors in India," he stated. FAITH, established to provide a collective voice for the industry, continues to play a pivotal role in driving India's tourism agenda and fostering collaboration across its diverse stakeholders.



HAI mourns loss of its founding member, an industry pioneer

The Hotel Association of India (HAI), deeply mourns the passing of Mr S. S. H. Rehman, a founding member of the Association and Leader of HAI. A visionary and industry pioneer, Mr Rehman's leadership and immense contributions significantly shaped the hospitality sector.

As HAI's first President and a founding member of the World Travel & Tourism Council, Mr Rehman spearheaded initiatives such as Experience India and led key industry associations like FICCI, ASSOCHAM, and CII. HAI President K.B. Kachru called his passing a "huge loss," highlighting his influence and dedication to excellence and innovation. Secretary General M.P. Bezbaruah praised his exceptional guidance in HAI's formative years and his revolutionary impact on Indian hospitality.

Mr Rehman's remarkable journey—from a gentleman cadet to retiring from the Indian Army due to health issues at 31—led him to redefine the hospitality landscape. Joining ITC Hotels in 1979, he transformed the company into a global powerhouse. His Hyderabad heritage inspired iconic restaurants across ITC properties, reflecting his deep passion for food.

Grounded in humility despite his global stature, Mr Rehman combined military discipline with warmth, offering a unique management style. An accomplished author and a true visionary, his legacy will continue to inspire the industry. HAI extends heartfelt condolences to his family.

Centre approves Rs 3,295 cr for tourism projects across 23 states

The Centre has sanctioned 40 projects worth Rs 3,295 crore under the scheme Special Assistance to States/UTs for Capital Investment (SASCI) for development of iconic tourist places to global scale. Spanning 23 states, the initiative aims to decongest traditional hotspots and promote emerging destinations.

Out of 87 project proposals worth Rs 8,000 crore, the Ministry of Tourism selected projects after consulting with states, barring West Bengal, which did not participate. Union Tourism Minister Gajendra Singh Shekhawat emphasised the initiative's focus on unlocking the potential of these sites to attract private investment, boost local economies, and generate employment opportunities.

Maha Kumbh 2025: A global spiritual showcase

The Maha Kumbh Mela 2025, starting January 13 in Uttar Pradesh, will draw millions of devotees for ritual bathing in the Ganges, symbolising spiritual liberation. Expected to attract 400 million visitors over 45 days, the event aims to elevate its global profile with the support of industry bodies like CII and FICCI. To enhance outreach, the state will launch a 'Digital Kumbh Museum' showcasing India's cultural heritage and the Kumbh's historical significance. With a surge in spiritual tourism, UP is upgrading infrastructure, redeveloping key sites, and branding destinations like Varanasi, Ayodhya, and Mathura to strengthen its appeal to both domestic and international tourists.



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HAI advocates policy action and robust Public-Private Partnerships

The Hotel Association of India (HAI) is intensifying its engagement with states, recognising their pivotal role in the holistic development of tourism. Secretary General M.P. Bezbaruah recently visited Guwahati, where he met the Assam Tourism Minister, Chief Secretary, and other key officials to highlight HAI's role in advancing the state's tourism potential. Bezbaruah emphasised how the hospitality sector can act as a catalyst for Assam's tourism journey.

At the "Assam's Tourism Journey" conference organised by the Hotel and Restaurant Association of Assam (HRAA), Bezbaruah delivered the keynote address, underscoring the private sector's critical role in tourism growth. He noted that while public-private partnerships (PPP) are acknowledged in government discourse, including the Prime Minister's and Finance Minister's speeches, the concept remains underutilised due to the lack of a systematic mechanism for consistent interaction and collective representation of the private



Mr. Ravi Kota, IAS Chief Secretary, Assam greeting Mr. M. P. Bezbaruah, Secretary General, HAI

sector. HAI has now joined forces with other associations to present a unified, credible voice for the industry.

Bezbaruah urged the government to establish frameworks for effective PPPs, advocating for industry benefits and infrastructure status for the hospitality sector. These measures, he explained, would address the demand-supply mismatch, attract significant investments, boost government revenue, create millions of jobs, and promote inclusive growth.

He stressed the need for active collaboration, stating, "In PPP, 'participation' sounds passive. We want to emphasise 'collaboration' with the government." As an example, he cited

HAI's constructive role during the Covid-19 recovery, when it successfully brought industry concerns to the Parliamentary Standing Committee.

HAI has also embraced the government's LIFE initiative to promote sustainability and has collaborated with global organisations like the WTTC and World Tourism Sustainability Council to adopt internationally recognized sustainable norms. Bezbaruah further noted that HAI President K.B. Kachru has urged the Tourism Ministry to introduce incentives encouraging the adoption of sustainable practices and certifications, especially for SMEs, to bolster the sector's growth while ensuring environmental responsibility.

IHCL's vision for 2030: Expanding horizons

The Indian Hotels Company Limited (IHCL) unveiled its ambitious 'Accelerate 2030' strategy to double consolidated revenues to Rs 15,000 crore, achieve indus-

try-leading margins, and expand its portfolio to 700+ hotels. This roadmap emphasises road map emphasises RevPAR leadership, asset management, and scaling new businesses like Ginger and Qmin

through capital-light models.

IHCL MD & CEO Puneet Chhatwal remarked, "IHCL is committed to realizing India's tourism potential with 'Accel-

erate 2030'. With over 350 hotels already in its portfolio, IHCL is poised for transformative growth, leveraging structural tailwinds and the rising affluence of India's consumer base."

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HAI's Recommendations

The upcoming Budget is an opportunity to unlock the potential of the hospitality sector. Key policy changes can enhance its contribution to India Vision 2047, shifting the perception of hotels from luxury goods to essential economic drivers. HAI urges the government to consider these reforms in the sector as soon as possible. Suggestions include:

Related to Income Tax Rate

- It is suggested that the rate of tax (including surcharge and cess) for all non-corporate entities (including LLPs and AOPs) should be brought down to 25% (including surcharge and cess).
- The tax rates for individuals should be reduced, say to maximum 30% (including surcharge and cess).
- Deduction u/s 35AD. HAI advocates for continued deduction to incentivise investment in the industry, especially in the rural and semi-urban areas.
- Allowing hotels to carry forward business losses for more number of years than permissible currently.

- Removing of petroleum goods and liquor from VAT and Excise regime to GST is another change that can help hotels reduce costs and improve revenues.
- A single window clearance. A digital platform for all hotel NoCs, licences and permissions is the key recommendation for improving ease of doing business.
- Under the Foreign Trade Policy, HAI has recommended that hotels continue to receive benefits under Services Export From India Scheme (SEIS) that have been discontinued from 2019. Hotels earn valuable foreign exchange. To maintain standards that a global traveller is accustomed to, hotels also require to import goods. SEIS and Export Promotion Capital Goods (EPCG) scheme benefits will aid hotels in doing so.

● Rationalisation of GST rate for Hotels:

GST rate for hotels where the room tariff exceeds Rs. 7,500 is currently pegged @18% which is very high.

It is recommended that the rate be brought down to 12%.

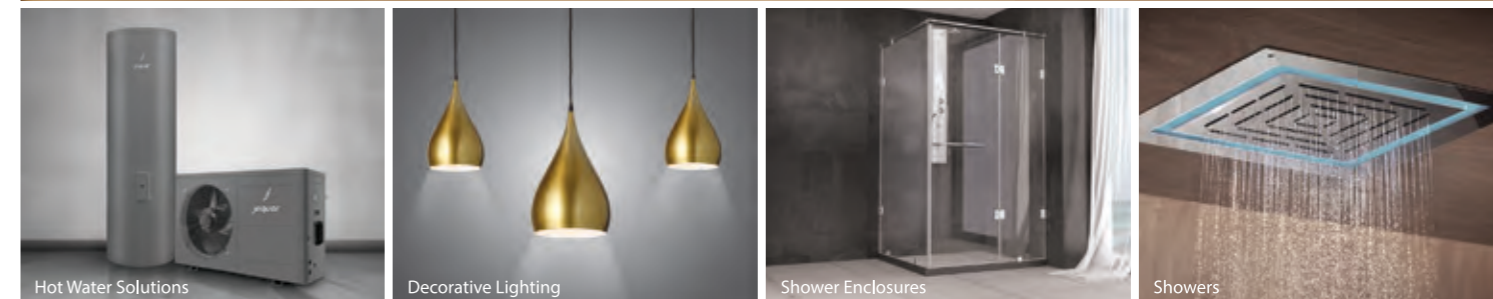
● Rate of GST on Restaurants attached to Hotels :

GST for restaurants located in hotels where the room tariff exceeds Rs. 7,500 is currently pegged @18% which is very high.

It should be brought down to 12% with full benefit of Input Credit on Food & Beverage Sale. **HAI**



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“We are working towards enhancing overall tourism experience, boost local economies and ensure sustainable growth”

Union Minister of Tourism & Culture **Gajendra Singh Shekhawat** shares key policy initiatives, and the government’s vision to promote tourism with HAI Engage. Excerpts from the interview:

What are the government’s key policies for the tourism sector?

● Development of new destinations for tourism

The Ministry of Tourism is addressing the overcrowding at popular destinations by encouraging state governments to identify alternative locations for tourism development. This initiative aims to ease pressure on high-traffic sites and promote a more balanced distribution of tourists across the country. By focusing on lesser-known destinations, the ministry hopes to enhance the overall tourism experience, boost local economies, and ensure sustainable growth in the tourism sector through a strategic approach to new project selection. A few examples include projects selected at Bateshwar (Uttar Pradesh), Ponda (Goa), Gandikota (Andhra Pradesh), Porbandar (Gujarat), Orchha (Madhya Pradesh), Nathula (Sikkim) etc.



● Indian diaspora as a dedicated channel to position Incredible India globally

With more than 30 million overseas Indians, the Indian diaspora is the largest diaspora population for any country in the world. Based on the clarion call of the Hon’ble Prime Minister, the Ministry of Tourism has launched the ‘Chalo India’ initiative to enable the Indian diaspora to become Incredible India ambassadors. The granting of 1,00,000 free e-visas under the initiative will provide a fillip in these efforts. Additionally, with 2025 declared as the ASEAN-India Year of Tourism, a renewed focus is being placed on establishing India as the ‘Land of the Buddha’ and as a preferred tourist destination amongst Buddhist tourists.

We have also made headway on certain areas of importance. Paryatan Mitra & Paryatan Didi program has been launched with ~3,500 tourism service providers trained as part of pilot of the program in six destinations, with the initiative being implemented in 45 other destinations to



ensure tourists have a positive and welcoming experience. A handbook has been launched offering a step-by-step guide to states for granting industry status to the tourism sector with the aim to attract greater investments and generate job opportunities. Industry exposure and opportunities are also being facilitated for youth in the tourism & hospitality sector through MoUs between 21 Institutes of Hotel Management and eight leading hospitality groups.

The hospitality industry has been advocating for infrastructure status to ease financing and investment. What are your views on this?

The hospitality industry’s call for infrastructure status is a significant and ongoing discussion. Granting infrastructure status to the hospitality sector will help in easy financing, attracting investment, and strengthening the foundation for the development and growth of tourism sector in the country. The government has taken steps to upgrade the tourist infrastructure at tourist destinations to world-class standards in collaboration with the aviation sector, railways, and state governments, to enhance India’s global appeal.

How does the government plan to enhance infrastructure, especially in regions with high tourism potential but lacking facilities?

The Ministry of Tourism is developing tourism infrastructure through projects being implemented under Swadesh Darshan 2.0, PRASHAD, Special Assistance to States for Capital Investment (SASCI) and Challenge Based Destination Development Schemes.

What role does the Ministry envision for public-private partnerships in driving tourism development and improving the hospitality landscape?

Partnerships with the private sector play a pivotal role in driving comprehensive tourism development across multiple areas—destination enhancement, product



innovation, investments, and skilling. The Masterlist of Destinations serves as a strategic tool for stakeholders to pool resources and facilitate private sector investments in mission mode. Additionally, Memorandums of Understanding (MoUs) with the hotel industry and hospitality institutes aim to elevate skill development and boost youth employability. Through initiatives like Paryatan Mitra and Paryatan Didi, the Ministry collaborates with private players and entrepreneurs to foster training and capacity-building partnerships.

With India's rise in global tourism rankings, what steps are being taken to further boost international arrivals and attract high-value tourists?

To enhance international tourist arrivals, the ministry actively participates in prestigious global travel fairs such as ATM Dubai, IMEX Frankfurt, and PATA Travel Mart. As part of its efforts, the ministry has also launched the Chalo India campaign, inspired by the spirit of Jan Bhagidari to promote an Atulya and Viksit Bharat. The campaign aims to encourage every Indian to invite five non-Indian friends to visit India annually. Additionally, one lakh gratis visas have been announced under the Chalo India initiative for foreign tourists visiting India during the remaining part of the current financial year. To further attract high-value tourists, the facility of e-visas has been introduced, streamlining the travel process and enhancing convenience.

How does the government plan to support the hospitality industry in adopting sustainable practices, given the sector's environmental impact and global trend toward eco-friendly tourism?

Mission LiFE (Lifestyle for Environment), envisioned by Prime Minister Modi is a global mass movement led by India urging individuals and communities to act for the protection of the environment against the effects of climate change. Through the program, the Ministry of Tourism aims to play an enabling role in ensuring sustainable tourism practices become mainstream through the following:

● **Supply side (Travel for Life for Businesses)**
Through supply side interventions like rating of hotels and other tourism businesses on their compliance with sustainable practices.

● **Demand side (Travel for Life for Tourists)**
Through demand side interventions like promoting a set of eight actions tourists must follow when travelling and performing tourism related activities. These actions include not using single use plastics, carrying your own bottle and bag, switching off electrical appliances when not in use, buying local souvenirs, and others. **HAI**

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HOSPITALITY REFORMS

Policy Initiatives and the Path Forward

With shifting geopolitics and the successful G20 summit, the spotlight on India is more than ever, positioning the hotel industry at a pivotal juncture. Addressing pain points, implementing progressive policies, and fostering stakeholder collaboration can unlock the sector's full potential. Quick reforms, especially granting uniform infrastructure status, are critical. Both aperture and shutter speed are important, and the Hospitality sector looks for quick reforms that have been long due, especially the most crucial reform of uniform infrastructure status. The sector is a key driver for inclusive growth, involving local communities and environmental sustainability, and boosting local employment. When tourism and hospitality thrive, the economy also thrives. It's one of the largest service industries in the country in terms of contribution to GDP and forex earnings, contributes 8% to GDP, and generates approximately 10% of the total employment. While there have been innumerable reforms, more are needed to uncover the sector's potential fully.

Team HAI Engage

India, now the world's most populous country, faces unique challenges as it transitions from a middle-income to a high-income nation. This shift demands a new model of growth—one that is both sustainable and capable of creating high-income jobs. The hotel and tourism industry plays a critical role in this journey, contributing 8% to the GDP and accounting for 10% of total employment. Remarkably, women comprise 54% of the workforce in this sector, far exceeding the global average of 39%. This inclusive industry supports millions of livelihoods,

from skilled hoteliers to artisans and gig workers, while bolstering local economies and preserving cultural heritage. Despite its vast potential, the sector is constrained by regulatory bottlenecks, high capital requirements, and gaps in policy support.

The evolution of tourism policy in India offers a glimpse into its development trajectory. It took 32 years of planned economic development for the first National Tourism Policy to be introduced in 1982. Significant advocacy by the National Tourism Committee in 1989 finally highlighted the sector's economic importance, the need for strategic development, and the critical role of private players. The Eighth Five Year Plan

(1992-97) marked a turning point by emphasising private sector leadership in driving tourism growth.

The capital-intensive nature of the hotel industry makes it particularly vulnerable to economic downturns, with high operating costs amplifying losses during periods of low travel demand. The pandemic exacerbated these challenges, imposing additional financial strain through increased expenses for sanitisation, social distancing, and other safety protocols.

At the same time, the pandemic underscored the significance of physical and mental well-being, catalysing a surge in experiential travel. Categories such as wellness retreats and immersive retail



experiences are flourishing as modern travellers seek unique and meaningful journeys. To meet these changing preferences, India must develop more destinations that offer distinctive experiences to cater to this growing demand.

For India to achieve its ambitious target of becoming a \$5 trillion economy by 2025 and welcoming 100 million international tourists by 2047, policy reforms and ease of doing business must take centre-stage.

CHALLENGES AND OPPORTUNITIES

The hotel industry stands out for its distinct approach to catering to diverse traveller preferences. While smaller chains attract visitors with value-driven package deals, luxury hotels elevate the experience with highly personalised offerings. Travel is an inherently personal experience, and as customers increasingly seek unique, off-the-beaten-path journeys, they must be

“Umbrella Infrastructure status is needed”

Puneet Chhatwal, Managing Director and Chief Executive Officer, IHCL, and Chairman of The Federation of Associations in Indian Tourism & Hospitality (FAITH) outlines some pressing needs.

What are the top policy initiatives currently needed to drive sustainable growth in the Indian hospitality sector?

Infrastructure status: A uniform umbrella infrastructure status would reduce borrowing costs by enabling longer loan tenures and lower interest rates. Currently, hotel financing in India attracts interest rates 300-400 basis points higher than global averages. Infrastructure status would streamline regulatory approvals, promoting investment in the sector.

GST reforms: The existing GST framework places a high tax burden on the sector, especially when compared to competing tourism destinations in the Asia-Pacific region (like Vietnam, Thailand and Indonesia). Even within the sector there are differences in the rates of GST, for example, a standalone restaurant attracts GST of 5% and a restaurant within a hotel (which has average room rates higher than Rs 7,500/night) attracts a GST of 18%. Reducing GST rates for hospitality services can make India more competitive internationally, attracting more tourists and boosting domestic travel.

Improving infrastructure and safety

standards: Development of tourist circuits, investment in local attractions, and improvement of roads, rail and airports is critical. The launch of comprehensive safety policies, training programs and certification schemes for tourism workers could position India as a safe and desirable travel destination.

Simplification of licensing and regulatory processes: The industry currently requires over 70 licenses from multiple authorities, leading to bureaucratic delays and increased costs. A unified licensing policy, facilitated through a single-window clearance system, would ease entry and expansion.

BREAKTHROUGH POLICIES IN RECENT YEARS

E-visa scheme: The e-visa policy, initially covering 43 countries and now extended to over 160 countries, has been a transformative step in making India a more accessible destination.

50 new tourist destinations on mission mode: The government's initiative to develop 50 new high-potential tourist destinations is expected to create diverse and world-class tourism options across the country. This ambitious mission-mode approach could attract both do-

mestic and international tourists to lesser-known areas, boosting local economies and generating employment in these regions.

Swadesh Darshan and PRASAD (Pilgrimage Rejuvenation and Spiritual Augmentation Drive)

Schemes: These policies have strengthened regional tourism, creating job opportunities and bringing tourists to previously overlooked locations. The positive impact of these initiatives underscores the importance of targeted tourism development in fostering balanced regional growth.

UDAN (Ude Desh ka Aam Nagrik)

Scheme: The regional connectivity provided through UDAN has been pivotal in enhancing access to tier-2/3 cities. This has fostered demand for hospitality services in emerging destinations, illustrating how infrastructure policies that bridge connectivity gaps can stimulate demand in underdeveloped markets.

FAITH's ROLE

FAITH collaborates with stakeholders to present evidence-backed reports to policymakers, detailing how infrastructure status can catalyse growth and job creation. Leveraging data on employment,

foreign exchange earnings and economic contributions illustrates hospitality's potential as a core economic driver.

Industry consensus:

FAITH facilitates dialogues across various hospitality sectors—including hotels, travel agencies, tour operators as well as various associations like HAI, CII, ATOAI and ADTOI to build a unified voice on the infrastructure status demand. By consolidating inputs, FAITH presents a cohesive vision that highlights the multifaceted impact of the hospitality sector, positioning it as integral to India's development goals.

Engagement with central and state governments: FAITH organises forums with central and state government officials, fostering awareness and gaining support from key decision-makers. Developing champions at the state level can enhance policy support for the sector's broader goals.

Public awareness campaigns:

Educating the public and media about the potential benefits of granting infrastructure status to hospitality—such as increased job opportunities, regional development, and improved tourism standards—garners wider support, placing pressure on policymakers.

Benchmarking international best practices:

FAITH can draw on international examples, such as those of Thailand and the UAE, where hospitality infrastructure is backed by favourable policies. Highlighting these examples can provide Indian policymakers with concrete evidence of the transformative potential that infrastructure status could unlock.



viewed as micro-segments rather than a homogeneous group. While companies often emphasise the need to “know the customer,” it’s essential to remember that customers are dynamic individuals with ever-changing moods and desires. Hotel guests value authentic interactions and connections, seeking to be treated as people rather than mere data points. This makes delivering distinctive and exceptional service more critical than ever before.

The hotel industry, being highly capital-intensive, requires continuous investment in infrastructure, operations, and sustainability. Growth is further hindered by licensing complexities, bureaucratic delays, and uneven tax structures, especially impacting midscale and economy hotels. The Covid-19 pandemic exacerbated these challenges, causing prolonged closures, rising operational costs, and disrupted cash flows, with revenues plunging 75% in FY2020-21, resulting in job losses and closures.

However, opportunities remain strong. With 62% of India’s population in the working-age group and 54% under 25 years, the demographic advantage, combined with initiatives like Dekho Apna Desh and infrastructure development under Gati Shakti, sets the stage for transformative growth in the hospitality sector.

REFORMS AND POLICY RECOMMENDATIONS

Listed is an overview of reforms in the sector, and what can be done further as well as some pressing shifts in the sector, like sustainability, and so on.

● Industry and Infrastructure Status

The demand to grant industry status to the hospitality sector has been longstanding. While states such as Goa, Rajasthan, and Maharashtra have taken steps in this



direction, a unified national policy is essential. Industry status would help reduce operational costs by aligning electricity, water, and property taxes with industrial rates. Additionally, granting infrastructure status to projects with a capital expenditure of Rs 25 crore (excluding land) would enable access to long-term, low-interest loans, fostering greater investment in midscale and budget hotels.

● Tax Rationalisation

The Goods and Services Tax (GST) structure in hospitality remains a significant barrier. Currently, tariffs above Rs 7,500 attract 18% GST, while those below are taxed at 12%. A uniform rate of 12% across all categories would make India a more attractive destination. Additionally, Section 35AD benefits should extend to brownfield projects and capacity enhancements to encourage reinvestment.

● Simplifying Approvals and Licenses

The absence of a uniform system for approvals hampers project timelines and operational efficiency. A single-window clearance system, self-regulation, and longer license validity periods (minimum of five years) are essential. For instance, setting up a hotel currently requires multiple approvals, ranging from trade and liquor licenses to fire and health clearances, often involving redundant paperwork.

● Support for Midscale and Economy Hotels

Midscale hotels drive affordability and accessibility in tourism. Like the manufacturing sector, these hotels should receive targeted incentives, such as

It took 32 years of planned economic development for the first National Tourism Policy to be introduced in 1982. Significant advocacy by the National Tourism Committee in 1989 highlighted the sector’s economic importance, the need for strategic development and the critical role of private players

subsidies for greenfield projects and tax breaks for renovations. Extending Leave Travel Allowance (LTA) benefits to include hotel stays could further stimulate domestic tourism.

● Financial and Fiscal Support

The pandemic highlighted the need for financial flexibility. Recommendations include:

- Extending the moratorium on loans and providing guarantees for new projects to improve credit flow.
- Increasing depreciation rates for hotel buildings from 10% to 35% to support renovations.
- Allowing losses to be carried forward for 12 years to accommodate pandemic-related setbacks.
- Exempting cash transactions by foreign tourists from Section 269ST limits to ease payment processes.

● Sustainable Practices

India’s commitment to achieving net-zero emissions by 2070 makes sustainability a critical priority. Policies must incentivise the adoption of green technologies, waste management systems, and renewable energy. Leading hotel chains are setting an example by eliminating plastics, investing in green energy, and championing initiatives like Swachhta and indigenisation campaigns. These efforts not only help maintain clean hills and beaches but also promote local handicrafts, preserve traditional skills, and create livelihood opportunities for local communities. Sustainability has thus become a cornerstone of the industry’s future.

● **Digitisation**

Digitising approval and compliance processes can enhance efficiency. Platforms like a unified digital dashboard for licence applications and renewals can reduce bureaucratic delays. Advanced technologies like blockchain and AI can further improve transparency.

● **Skill Development**

As the sector evolves, so must its workforce. The Skill India initiative and partnerships with private players should focus on training for emerging trends like experiential tourism, MICE (Meetings, Incentives, Conferences, and Exhibitions), and wellness tourism. Apprenticeship and management trainee programs can bridge the skills gap, aligning with industry needs.

The Eighth Five Year Plan (1992-97) marked a turning point by emphasizing private sector leadership in driving tourism growth

● **Promoting India as a Global Tourism Hub**

India must invest in robust marketing campaigns to compete globally. Allocations for the Incredible India campaign should increase to at least 1,500 crore to boost visibility. Digital campaigns targeting international audiences and rebates on GST for foreign tourists can enhance India's appeal as a destination.

● **Expanding Infrastructure**

Improving connectivity through the development of airports, roadways, and rail networks is vital. Initiatives like Gati Shakti and the introduction of Vande Bharat trains will enhance accessibility to emerging destinations like Ayodhya, Kashi, and Raipur.



“Maharashtra fillip has helped”

Sanjay Sethi

Managing Director & CEO
Chalet Hotels, gives suggestions.

Maharashtra is positioned to become a frontrunner in driving sustainable growth within India's hospitality sector. Policies emphasizing green infrastructure, enhanced tourism connectivity, and technological advancements are pivotal in this journey. Recent measures, such as single-window clearances and incentives for eco-friendly projects, have set new benchmarks for the industry. Building on these successes, fostering public-private partnerships and incentivizing sustainable practices can propel growth while ensuring environmental and economic resilience.

Chalet Hotels has been a strong advocate for granting the hospitality sector industry status—a move that would empower companies to reinvest in expansion, given the sector's capital-intensive nature and its vast employment potential.

At the central level, we have been persistent in seeking infrastructure status, a long standing demand of the industry – one of the largest contributors to employment as well as foreign exchange. As much as there are green shoots, there is a lot more that the government needs to do; we are hopeful the Finance Minister will take cognisance of this request and help the industry to deliver sustainable growth.



● **Building Reforms**

So far, Hotel Building, which comprises 70% of the project costs, gets depreciation at the rate of 10 %. To make hotel accommodations comfortable and appealing, renovations are needed routinely, requiring substantial investments. The taxation benefits under Section 35AD should be made available for hotels undergoing capacity enhancements

or re-construction & brownfield projects too.

● **Marketing**

Marketing, promotions, and publicity need a significant boost through a revamped Incredible India Campaign and the establishment of a dedicated Tourism Marketing Board. To compete with global destinations like France and Thailand,

which invest heavily in marketing, India must prioritise strategic outreach. These efforts translate into increased tourist footfalls and substantial foreign exchange earnings for their economies. The government should focus on smart digital marketing, leveraging resources beyond the private sector's capacity. Measures like tax rebates for domestic tourism spending and GST/VAT refunds for foreign tourists will further enhance India's appeal on the global stage. Successful initiatives like "Dekho Apna Desh" have already demonstrated potential, converting 2.5 crore outbound Indian travellers into a robust domestic market.

● Legal Tweaks

The benefits under Section 35AD, allowing deductions for capital expenditure on greenfield projects, should be applicable from the date the business commences, even if the star classification certificate is issued later. The time-consuming process of obtaining this certificate post hotel opening often delays eligibility. These benefits should also extend to hotels undergoing capacity enhancements, re-construction, or brownfield projects.

Section 115BAB, which offers a reduced corporate tax rate of 15% for new manufacturing companies set up before March 31, 2024, is a significant concession compared to the regular 25.17% rate. However, the eligibility of hotels producing food as part of their operations remains unclear and needs explicit clarification.

Section 269ST, which restricts cash receipts exceeding ₹1,99,999,

The hotel industry stands out for its distinct approach to catering to diverse traveller preferences. While smaller chains attract visitors with value-driven package deals, luxury hotels elevate the experience with highly personalised offerings

“The right policies will stimulate local economies”

Ragini Chopra
Executive Vice President,
Corporate Affairs, InterGlobe
Enterprises, highlights key issues.

India's tourism sector, enriched by its diverse landscapes and vibrant cultural heritage, is poised for exceptional growth. However, its full potential remains untapped due to significant hurdles such as inconsistent regulations and policies that inflate hotel development costs by 30%, reducing project returns and deterring investment. The hospitality sector faces challenges like high borrowing costs and limited access

to funding. Granting infrastructure status to the industry could be a game-changer, enabling access to cheaper loans, reducing costs, and facilitating infrastructure upgrades. This move would not only boost the hotel industry but also contribute significantly to job creation, economic growth, and enhanced global competitiveness.

Equally vital is granting industry status to hospitality at the state level, which would allow hotels to benefit from reduced electricity tariffs, property tax concessions, and other government incentives. Complementary reforms, such as standardising Floor Space Index (FSI) norms, revising parking requirements, and implementing a single-window clearance system for licenses and approvals, are essential for creating a more efficient regulatory environment. By prioritising these measures, India can unlock the full potential of its tourism and hospitality sectors, stimulate local economies, and solidify its position as a global tourism hub. Granting industry status to hospitality remains a crucial first step in this transformative journey.

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should exempt foreign tourists holding valid passports. This section was introduced to curb domestic black money and should not penalise inbound foreign tourism transactions. Similarly, contributions made under Section 80G (CSR and donations to registered entities) should not face restrictions, ensuring seamless support for eligible causes.

The deduction of lease rental payments should align with Ind-AS 116.

Under this accounting standard, lease rentals are categorised as financial charges split into depreciation and interest, resulting in higher initial expenses. However, under the Income Tax Act, deductions are still based on actual lease rentals, creating discrepancies between book income and taxable income. This anomaly imposes unnecessary administrative burdens, as companies must maintain two sets of records.

To boost domestic tourism and aid the hotel sector's recovery, the government should revise Leave Travel Allowance (LTA) rules to allow deductions for hotel stays.

Additionally, including petroleum products and alcohol under GST instead of excise duty would make hospitality products and services more affordable, as input costs would decrease.

Also, foreign exchange earnings from inbound tours and hotels should be treated on par with other export services. Granting these earnings "Deemed Export of Services" status, similar to the IT sector, and applying a zero GST rate, would bolster India's competitiveness in the global tourism market.

Commercial Real Estate Projects Vs Hotel Industry

Hotel projects must be de-linked from commercial real estate category. The basic nature of the two are hugely different and this categorisation poses significant challenge for the hotel industry.

The table below highlights key differences:

Commercial Real Estate	Hotel Industry
A significant percentage of a real estate development is the land procurement cost as high as 70 % and remaining 30 % covers other costs.	In case of Hotel Industry, only around 40% of the costs are related to land acquisition and a significant portion of the cost are post land acquisition costs in building the facilities which is as high as 60 % or even higher for premium 5-star hotels.
As a significant portion of the total investment amount for a real estate project is the land itself, it is an appreciating asset and it is easier to incentivise investors for procuring investments and investors don't really need any extra support from govt. and financial institutions.	As a significant portion of the total investment i.e. 60% amount for hotel industry is other development of facilities and utilities apart from land, it is a mostly depreciating assets and investors needs various incentives to invest.
For commercial real estate, investors can easily sell off the properties in 3-4 years and reap the benefits of the principal invested along with profits.	In case of hotel industry the liquidity of the asset is not straightforward and investors need a long tenure ranging from 40-50 years to generate profit and it's a long term investment.
Also, in real estate projects employment is generated mostly during the construction phase and there is hardly any recurring employment generated apart from minuscule number of security and maintenance staff.	On the contrary, in the hotel industry not only during the construction phase but throughout the operation of the property a significant recurring direct employment is generated along with indirect employment of various vendors and their staffs. On an average a hotel employs x number of employees across the year irrespective of the seasonality.



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• Niche Tourism

India's diverse offerings—cruise tourism, medical and wellness retreats, adventure sports, and heritage sites—must be leveraged. Tailored marketing efforts and collaborations with international travel agencies can attract high-value tourists. There have been many success stories in policy-driven growth. For instance, Raipur is experiencing significant growth in business and education sectors, with numerous large companies and universities establishing operations there. Similarly, Siliguri, owing to its proximity to Sikkim and Bhutan, is an important centre. After the recent spotlight and revamps, Ayodhya, Vrindavan and Kashi tourism is booming.

• Vision for 2047

According to the Hotel Association of India (HAI), the hospitality sector is projected to contribute \$1 trillion to GDP by 2047, creating 50 million jobs. To achieve this vision:

The demand to grant industry status to the hospitality sector has been longstanding. While states such as Goa, Rajasthan, and Maharashtra have taken steps in this direction, a unified national policy is essential

- Policies must focus on inclusivity, fostering local talent and employment.

- Public-private partnerships (PPPs) should drive infrastructure development.

- Sustainability should be embedded in every aspect of hospitality operations.

Overall, the buzz created by Startup India, Make in India, Gati Shakti, and last year's G20 meetings has firmly established India as a global hub of opportunities. Nearly 40% of Global Capacity Centres are already based here, and India offers a diverse range of niche tourism products, including cruises, adventure activities, medical and wellness tourism, sports, and MICE (Meetings, Incentives, Conferences, and Exhibitions).

Granting infrastructure status to the hospitality sector could be transformative, enabling long-term loans at affordable rates. This, along with targeted government stimulus and incentives, is critical to achieving the goal of welcoming 100 million



international tourists by 2047. Five-star hotels are advocating for infrastructure status to access cheaper debt and higher Floor Space Index (FSI) to accommodate growing demand. Similarly, midscale and economy hotels, the backbone of affordable travel, require incentives akin to those in the manufacturing sector.

Significant reforms over the years, including the simplification of regulatory compliances and the implementation of single-window clearance systems, have eased business operations, reducing time and costs. Digitisation of processes, such as online registration and license renewals, has enhanced transparency and minimised discretionary interventions, creating a more business-friendly environment. To sustain this momentum in the Amrit Kaal of high growth, further focus on simplification, digitisation, skill development, infrastructure upgrades, and sustainable practices is essential. There are some other landmark decisions that are nurturing the business environment.

The Goods and Services Tax (GST) structure in hospitality remains a significant barrier. Currently, tariffs above Rs 7,500 attract 18% GST, while those below are taxed at 12%. A uniform rate of 12% across all categories would make India a more attractive destination

DECriminalisation of BUSINESS LAWS

The Ministry of Corporate Affairs (MCA) decriminalised several offenses under the Companies Act, 2013, through the Companies (Amendment) Acts of 2019 and 2020, fostering a trust-based economy. This move simplifies compliance, reduces litigation, and creates a more business-friendly environment, encouraging FDI and boosting Indian businesses.

SPEEDY RESOLUTION OF COMMERCIAL DISPUTES

The establishment of commercial courts and promotion of alternative dispute resolution (ADR) mechanisms like arbitration and mediation under the Commercial Courts Act, 2015, have streamlined the resolution of business disputes. Quick conflict resolution is especially critical for the hospitality sector, where timely decisions can significantly impact operations.

TRADE FACILITATION

Simplified customs procedures and reduced documentation for export and import have eased trade operations. The Single Window Interface for Facilitation of Trade (SWIFT) allows online submission of clearance documents, benefiting sectors like hospitality that rely on imported goods and services.



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incentives aligns with India's goals for 50% non-fossil fuels by 2030 and net-zero emissions by 2070.

By sustaining and expanding these reforms, India can enhance its business environment, attract investments, and foster growth. With a focused roadmap, the future holds immense potential.

The Ministry of Tourism recognises the industry's challenges, but greater advocacy is needed to ensure uniformity and remove bottlenecks. Such measures will benefit millions of

individuals reliant on the tourism and hospitality sectors, including hoteliers, artisans, tour operators, and other skilled and semi-skilled workers.

India's Made-in-India hospitality brands showcase a unique blend of eastern sensibilities and western management, driven by visionary leaders. Restoring heritage sites like castles and havelis into luxurious accommodations enriched with Ayurvedic and yogic offerings highlights India's distinct approach to service. These brands integrate local traditions with contemporary experiences, offering guests authenticity, finesse, and style.

Beyond luxury, the industry's true contribution lies in employment creation, resource efficiency, infrastructure development, and heritage preservation, while fostering inclusivity. To thrive globally, it must address cultural biases, modernise facilities, and reflect authentic heritage. The goal is to sustain demand from domestic and international tourists, maximising economic benefits from India's cultural assets. **HAI**

STATE-LEVEL INITIATIVES

The Business Reform Action Plan, initiated in 2015, ranks states on ease of doing business reforms. In 2019, the top five states were Andhra Pradesh, Uttar Pradesh, Telangana, Madhya Pradesh, and Jharkhand, recognised for improving licensing processes, environmental clearances, and labour regulations.

PATH AHEAD

Accelerating digitisation and integrating platforms will simplify business processes and enhance transparency. Advanced technologies like AI and blockchain can further streamline regulatory efficiency. Targeted skill development through Skill India and initiatives by the Skill Council of India will improve employability, with the hospitality sector emphasising multitasking and guest service skills.

Robust investments in physical and digital infrastructure, including better connectivity and modern IT systems, are critical for industry growth. Encouraging sustainable practices through green technology

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● Destination

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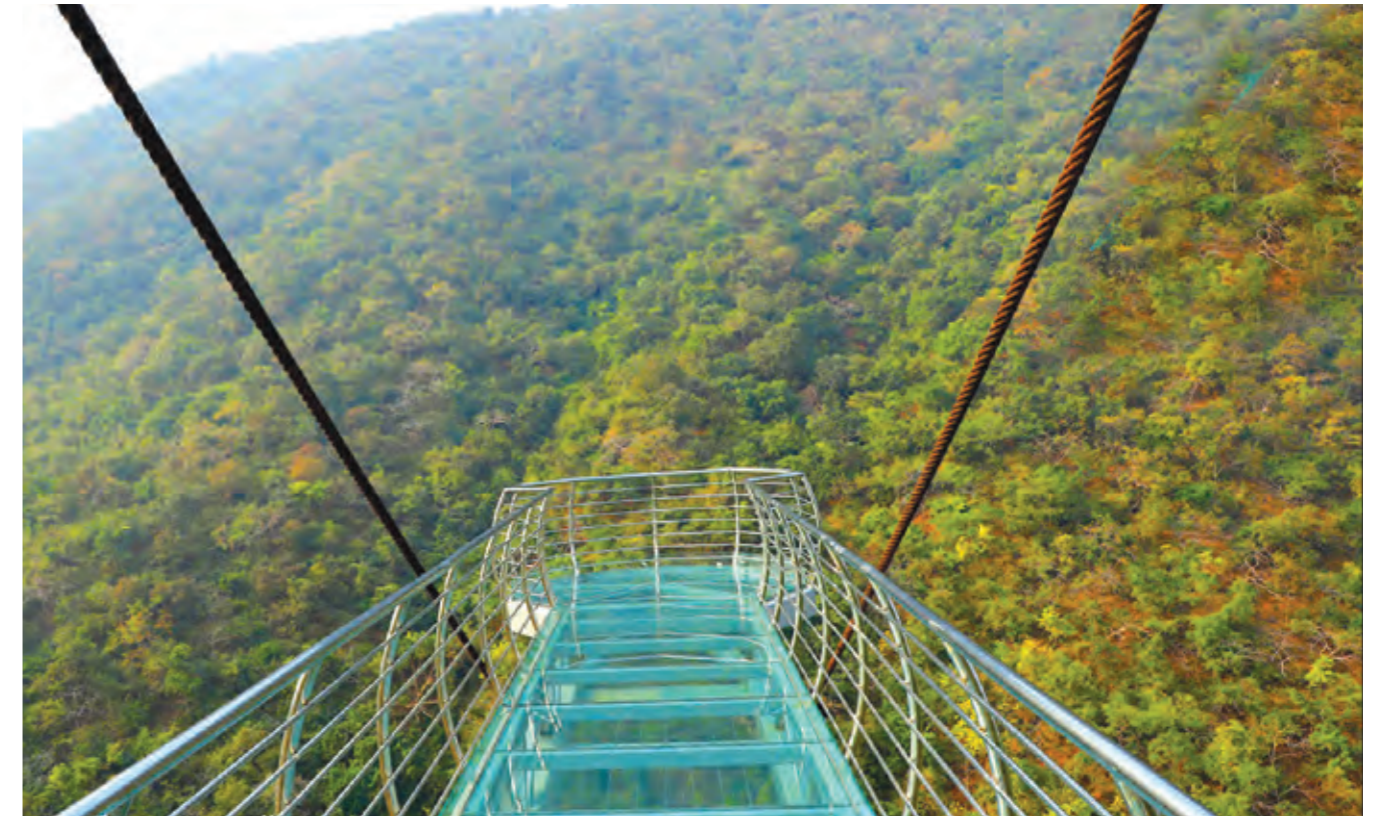
Known for its rich history, culture, and spirituality, Bihar, a state in eastern India is emerging as a must-visit tourist spot.

BY RIAAN JACOB GEORGE



Mahabodhi Temple, Bodhi Gaya

Bihar's Champaran holds a special place in the history of Indian freedom, as it was here that Mahatma Gandhi launched the first Satyagraha movement in 1917



Glass Bridge, Rajgir

Bihar is the 13th-largest state in India and the third most populous. It is considered the birthplace of Buddhism and Jainism, attracting pilgrims worldwide to its sacred Buddhist circuit. Known as the land where the Arthashastra was composed, Bihar holds a distinguished place in history. Also known for its ancient heritage, Bihar was home to the powerful Magadha and Maurya empires and the world's first university in Nalanda.



Ruins of Nalanda University



Vishwa Shanti Stupa, Rajgir

Bustling capital
The state's capital, Patna, is a bustling transport hub and one of the oldest continuously inhabited cities in the world, steeped in historical and cultural significance. Among its revered landmarks is the Jain Jal Mandir at Pawapuri, a serene marble temple built on a lotus-filled pond. Associated with Lord Mahavira, it is a key pilgrimage spot for Jains.

In the Buddhist circuit, Rajgir and Bodhi Gaya hold immense significance. Bodhi Gaya is where Lord Buddha attained enlightenment under the sacred Bodhi tree, and its



Vishnupad Temple, Gaya

Nalanda remains a focal point for academic tourism. Its ruins, alongside those of Vikramshila University near Bhagalpur, tell the story of a golden era of education in ancient India



Litchi, Muzaffarpur



Bettiah Catholic Church

monasteries continue to attract followers from around the world.

Hindu spirituality finds expression in the Vishnupad Temple at Gaya, believed to house Lord Vishnu's footprint, and the ancient Shiv Temple in Areraj, East Champaran, known for its massive Shivalinga and devotion during festivals like Mahashivratri. Christianity has a foothold in Bihar too, with the elegant cathedrals in Patna and Bettiah. The Sufi arc, stretching from Patna to Sasaram, is dotted with mausoleums of revered saints, making it a must-see attraction.



Shiv Temple in Areraj, Motihari



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● Destination



Takhat Sri Harimandir ji, Patna Sahib, Patna

Sikhism's influence is strongly felt in Patna Sahib, home to the Harmandir Sahib, the birthplace of Guru Gobind Singh, the 10th Sikh Guru.

Freedom movement

Bihar's Champaran holds a special place in the history of Indian freedom, as it was here that Mahatma Gandhi launched the first Satyagraha movement in 1917. Did you know? Motihari, the headquarters of the former Champaran district, is also notable as the birthplace of George Orwell, the celebrated author of 1984 and Animal Farm. This unique blend of revolutionary history and literary heritage makes Champaran a fascinating destination.

The Vishwa Shanti Stupas at Nalanda and Vaishali are striking symbols of peace and harmony, drawing visitors from around the world. Nalanda remains a focal point for academic tourism. Its ruins, alongside those of Vikramshila University near Bhagalpur, tell the story of a golden era of education in ancient India.

The Tharu tribes of West Champaran, near the Nepal border, preserve unique traditions through their expressive dances and intricate handicrafts, though these remain relatively unexplored by outsiders.



Vishwa Shanti Stupa, Rajgir

The state offers a variety of experiences for nature enthusiasts and wildlife lovers, making it an increasingly popular destination for eco-tourism



Valmiki Nagar Tiger Reserve



Bhimbandh Wildlife Sanctuary, Munger



Thekua, Tilkut & Anarsa



Litti Chokha

Nature's bounty

Bihar is not only a land of rich history and spirituality but also a treasure trove for eco-tourism and natural wonders. The state offers a variety of experiences for nature enthusiasts and wildlife lovers, making it an increasingly popular destination for eco-tourism.

The Bheembandh Wildlife Sanctuary, located in the Munger district, is a haven for biodiversity and offers an escape into nature's tranquillity. Its picturesque landscapes are complemented by hot springs that are steeped in mythological significance, making it a fascinating spot for those seeking both adventure and heritage.

At the Valmiki Tiger Reserve in Valmiki Nagar, visitors can experience the thrill of exploring a dense forest, home to the majestic Bengal tiger, leopards, and an array of other wildlife. Situated on the banks of the Gandak River, this reserve is Bihar's only tiger reserve and offers opportunities for trekking, birdwatching, and river safaris.

For bird lovers, Kanwar Lake in Begusarai is a paradise. It is Asia's largest freshwater oxbow lake and a vital habitat for migratory birds, including some very rare ones.



Rajgir Ropeway



Makhana



Champan Meat

● Destination

Intricate artwork

The vibrant folk art of Mithila, particularly its renowned Madhubani paintings, adds a splash of culture to Bihar's eco-tourism offerings. The intricate artwork, traditionally painted on mud walls and now on canvases, is deeply-rooted in mythology, folklore, and local traditions. Visitors can witness the artists at work, bringing alive stories from Hindu epics like the Ramayana through their vivid use of natural colours and intricate designs.

These hidden gems offer unique tales and experiences, whether it's exploring ancient ruins, serene villages, or natural wonders intertwined with folklore.



Madhubani Art



Chhath Puja (Surya Upasana Maha Parv)



Infrastructure



Ghoda katora Lake, Rajgir

Policy initiatives

The 2024 budget and tourism policies for Bihar focus on improving infrastructure, promoting heritage, and developing religious and historical sites.

Infrastructure

The budget includes Rs 26,000 crore for critical infrastructure projects, such as the Patna-Purnea expressway, the Buxar-Bhagalpur highway, and the Bodh Gaya-Rajgir-Vaishali-Darbhangha corridor.

Heritage

The state will promote its rich cultural and historical heritage, including sites like Bodh Gaya, Nalanda and Rajgir.

Religious and historical sites

The budget focuses on developing key spiritual and historical sites, such as:

- Bodh Gaya:** Known for its association with Lord Buddha, this site will be developed to strengthen its status as a major pilgrimage site.
- Rajgir:** This ancient city is known for its Jain temples and sacred hot springs, and will be developed to boost religious and wellness tourism.
- Nalanda:** Efforts will be made to revitalise Nalanda, aiming to restore the historical Nalanda University to its former prominence.
- Vishnupada Temple:** This temple in Gaya will be developed into a major spiritual and tourist hub.

Rural areas

The state has launched the 'Mera Prakhand, Mera Gaurav' (My block, my pride) scheme to develop new tourist spots in rural areas. **HAI**



● The Last Word

Need: A futuristic policy and mission mode implementation

Machiavelli once said that policy to be successful should reflect the demands of the times. The time for rethinking is now. Making tourism a \$3 trillion economy has been talked about. But without planned coordination, there may be serious gaps between the goals and achievements.

By MP BEZBARUAH
Secretary General, Hotel Association of India



By failing to prepare, you are preparing to fail." Benjamin Franklin had once said. It is also often said that a goal without a plan is just a wish and wishful thinking is not sound policy-making.

For Indian tourism in recent times, there have been many positive developments, the most hopeful being the acceptance of tourism as a pillar of development. The Prime Minister has made public announcements often about the economic importance of tourism (which includes hospitality). This endorsement of the PM should be the beginning of future tourism planning, but it needs to be supported by relevant action and strategy. In this context it will be instructive to look at how tourism has been planned by the government over the years.

This vision in comparative terms look like a paradigm shift in approach to tourism development. The journey so far has been one of lack of focus. The Department of Tourism was created in the mid-1960s, over a decade after Independence. There were good beginnings, like the formation of ITDC and the launch of Air India but it was not sustained or planned long-term tourism development. The first tourism policy was adopted two decades after that, in 1982. After Independence, the five-year plans were the indicators of the government's economic thinking. For years, tourism was missing from such

thinking. The first two five-year plans did not mention tourism nor provided funds for its development. The third, fourth, fifth and sixth plans mainly recognised the foreign exchange earning capacity of tourism and briefly touched on its employment and income-generating potential. Only the seventh and eighth plans made refreshingly clear enunciation of the role and importance of tourism.

The financial allocations for the sector were meagre all through. The government did think of a planned development of the sector and in 1988, a National Committee on Tourism was formed, with some outstanding domain experts. It made some very far-reaching recommendations for the development of tourism which have remained on paper only. For example, it suggested— restructuring the department and creating a National Tourism Board and the formation of a Standing Committee of Tourism Ministers for integrated approach—something which the finance minister recommended in the budget speech of 2023. Interestingly, it also recommended tourism planning to be integrated into the overall plans for the country, something that the PM is now talking about almost four decades later.

The next policy came 20 years later in 2002. After that, there have been tremendous changes in the world, and then Covid-19 stopped tourism, pushed it back 30 years with a disastrous impact on income and livelihoods, and changed the character of tourism forever. Machiavelli once said that policy to be successful should reflect the demands of the times.

It is now a time for rethinking, so much so that the 2022 World Tourism Day focused on Rethinking Tourism. The rethinking is envisioned to put people and planet first for creating prosperity, bring all the

The journey so far has been one of lack of focus. The department of tourism was created in the mid-1960s, over a decade after Independence

• *The Last Word*

There were good beginnings, like the formation of ITDC and the launch of Air India but it was not sustained or planned long-term tourism development. The first tourism policy was adopted two decades after that, in 1982



stakeholders—the government, business and communities together in making tourism more sustainable, inclusive, responsible and resilient and emphasise that tourism is a means to a better quality of life for all people and not an end in itself of number crunching. It is now time for a proper planning for tourism—first with a long-term vision, followed by a pragmatic policy to arrive at that vision and third, an action plan to transform the policy to implementation.

There are issues aplenty to be addressed, issues like better management of impact of tourism, diversifying and spreading the benefits of tourism, creating new destinations, managing destinations professionally, involving the local communities, harnessing the power of ever-changing technology and creating capacity for people to take benefit of the opportunities that tourism would open up.

Ministers and officials have often made announcements about the future goals. The Minister of Tourism has said that by 2047, tourism will be the main driver of the economy—which it can be and perhaps will be given proper planning support. The Minister has also expressed the intention of making India as one of the Five top destinations of the world—which again is achievable given the will. Similarly, making tourism a \$3 trillion economy has been talked about. But without planned coordination there may be serious gaps between the goals and achievements; for example, of a mismatch between demand and supply of accommodation and of transportation, of overcrowded destinations stressing carrying capacity and sustainability, of skilling, and technology adoption.

The government has indicated strategies from time to time, but they are often disparate and ad hoc and do not make a comprehensive policy. But the various draft policies in circulation give some indication of the government's thinking. The budget speech of the finance minister in 2023 also

Only the seventh and eighth plans made refreshingly clear enunciation of the role and importance of tourism

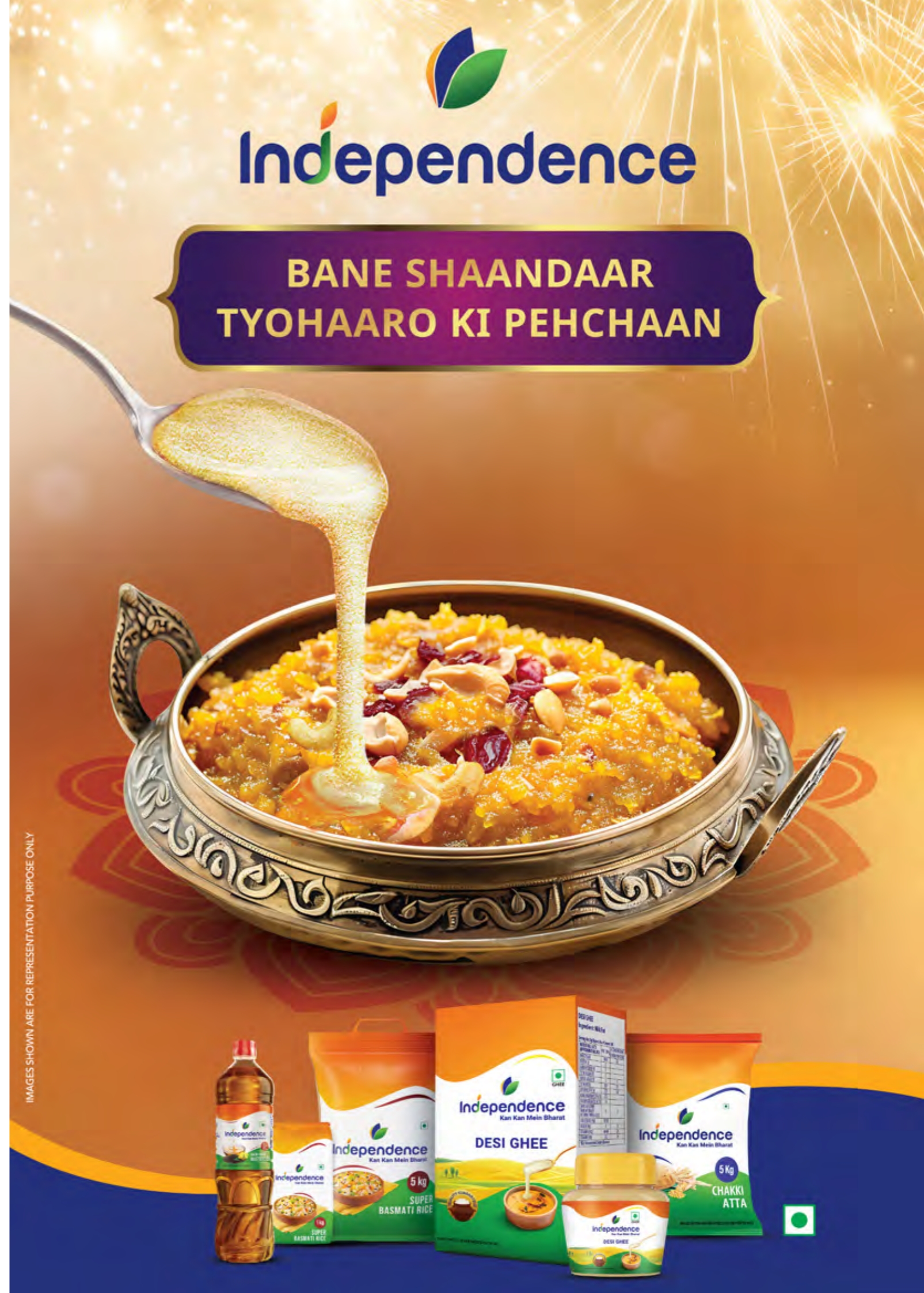
contained some key policy directions. To sum up, they are a mission mode development, convergence of the key stakeholders, new and professional destination developments, and PPP. However structural or organisational mechanisms to achieve these laudable objectives are not yet visible. For example, the Ministry of Tourism has identified 10 other departments as key players or development

of tourism. Their convergence in action would require a formal platform. The National Tourism Committee of 1988 had recommended a National Tourism Authority, or a National Tourism Board and the Hotel Association of India (HAI) also endorsed the same.

The main issues that the HAI have been urging the government to take action—industry benefits, infrastructure status and rationalisation of GST—are all based on strong economic rationale and would be catalysts for the development of tourism and bridging the gaps mentioned above. Industry benefits would encourage the servicing of new destinations, increase in infrastructure and transportation. Similarly, infrastructure status will immensely expand new investments, create widespread employment and income and reduce the gap in demand and supply of accommodation. GST rationalisation would make Indian hospitality more competitive globally, make India a more attractive destination and price elasticity of demand may even bring more revenue to the government at lower rates.

As Victor Hugo famously said, “No force on earth can stop an idea whose time has come”. It certainly is the time for tourism. After the concept of “mission mode” was announced, the PM addressed a webinar on the subject. The PM's pragmatic suggestions painted the outlines of what a “mission” approach should be. It requires a goal—in the case of tourism, it is inclusive growth. It has to be a long-term plan with innovative, imaginative “out of the box” thinking, sustainable, and putting more emphasis on quality rather than quantity. Above all, the essence lies in effective implementation.

It is now time for tourism and hospitality to seize the opportunity to transform ideas into action. **HAI**



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