



Hotel Association of India welcomes consideration of GST rationalization

New Delhi, 22nd Aug 2025 – The Hotel Association of India (HAI), the apex body of the Indian hospitality industry, welcomes and appreciates the consideration of rationalizing GST announced by the Hon’ble Prime Minister on 15th August 2025. HAI emphasized that such reforms are essential to position India as a top tourism destination globally and ensure competitiveness vis-à-vis other international destinations in achieving its goal of attracting 100 million foreign tourists annually by 2047.

The HAI also highlighted that the contribution of tourism to creating employment and inclusive growth are well known and with the right policy intervention, can achieve the goal of contribution of 10% to India’s GDP. To achieve India’s tourism Vision 2047 HAI has been recommending rationalization of the GST rates.

Currently, hotel rooms priced up to ₹7,500 per day fall under the 12% GST bracket, a threshold set 6–7 years ago. HAI has urged the policy makers to review these slabs in line with inflation and raise it to Rs 15000, noting that tax rates directly influence affordability for travellers and the overall competitiveness of India as a tourist destination.

In a representation to Finance Minister Nirmala Sitharaman, who also chairs the GST Council, the Association called for a uniform GST rate of 5% with input tax credit (ITC) across hotels, restaurants, and tourism services. This, HAI stressed, will ease compliance, improve the ease of doing business, and stimulate investment and job creation.

“GST rationalisation has the potential to transform Indian hospitality into a globally competitive force. While we welcome the Council’s consideration of a simplified structure, it is equally critical to align tariff thresholds with inflation and global benchmarks. To position India as a top five tourism destination globally as envisaged, India’s competitiveness will have to be enhanced. The rate of 18% tax for hotels is too prohibitive, increases hotel tariff to put India’s competitiveness globally at risk. The much needed broad rationalization for hotels should be such as to encourage greater productivity and larger contribution to GDP and to attract urgently needed investments in the sector” said Mr. Kachru President, Hotel Association of India

HAI reaffirmed its commitment to work with the government on a fair and progressive GST framework that fosters growth, investment, and India’s emergence as a leading global tourism hub.

About HAI

Established in 1996, Hotel Association of India (HAI) has evolved as an integrated hospitality industry platform to keep pace with the growing buoyancy ushered in by the liberalisation of Indian economy in the mid-90s. With its membership extending from major hotel groups; boutique, heritage and small hotels, HAI represents the entire spectrum of the industry. Its Executive Committee is a potent combination of the commitment of hotel owners on one hand and hard-core professionalism of hotel managers on the other. As the apex Industry Body, HAI works in the areas of Promotion of Regional Cooperation and Hospitality Research & Education in addition to taking Industry centric initiatives. By launching Unprecedented ‘Social Inclusion’ initiatives, HAI also projects the ‘Social Face’ of the Indian hospitality industry”