

Press Release

For Immediate Publication



Hotel Association of India submits memorandum to Karnataka Government for industry status *Announces the launch of Karnataka State Chapter*

Bengaluru, 03 December 2020: Hotel Association of India (HAI), the apex body of hotels across India announced the launch of the '**HAI State Chapter**' for Karnataka as part of its renewed focus to provide a unified voice to the hospitality sector and aid in the resurgence and sustenance of the industry following the global pandemic. HAI has nominated senior industry professionals from Karnataka, Mr. Somnath Mukherjee, Area Director Karnataka & General Manager, Taj West End Bengaluru, Mr Shamim Raza (The Oberoi, Bengaluru), Mr. Ajit Singh Garcha (The Park, Bengaluru), Mr. Javed Ali (Radisson Hotel Group) and Mr. Ranju Alex (Bengaluru Marriott Hotel Whitefield), to drive the Chapter.

The chapter will be primarily focused on taking up relevant issues and challenges facing the industry with the State Government of Karnataka as well as other important stakeholders within the region by ensuring greater collaboration, building partnerships, and creating an inclusive environment for the benefit of the local economy through programs that protect and promote the interests of small, medium operators and the larger employee base of the hotel industry.

Kicking off its efforts in Karnataka, HAI has appealed to the State Government to accord "industry status" to the hospitality sector, thus enabling hotels across the state to avail benefits towards electricity tariffs, property tax, subsidized interest rates on loans, taxation, and a simplified process of approval for hotel projects and operations. HAI, in its representation to Chief Minister BS Yediyurappa and Principal Secretary to Government (Tourism), T K Anil Kumar, has appealed that the move will 'usher transparency, reduce costs and encourage re-investment' while strengthening the sector to unlock its potential to make significant contributions to the State GDP as well as employment to support the post-pandemic economic revival of the region. It is pertinent to note that Karnataka has recognized Tourism as a key sector of the state's economic growth and put in place a robust sectoral policy. Tourism accounts for 14.8% of the state GDP and supports 16 million jobs. In terms of domestic tourism, Karnataka ranks third among the Indian States with 21.43 crore tourists in a year. In 2019, the international airport at Bengaluru received about 6.03% of the country's Foreign Tourist Arrivals.

Speaking about the representation, **Mr. Somnath Mukherjee, Member of Karnataka State Committee, Hotel Association of India and Area Director, Karnataka & General Manager, Taj West End Bengaluru** said, "We convey our deep gratitude to the Karnataka government for allowing the hotel industry to resume operations. Currently, the hotel industry's earnings are close to zero and with high fixed operating costs of heating, light, power, license fees, lease rentals, property taxes, etc., the industry is extremely precariously poised. In fact, it is now estimated that about 40% of all hotels in India are on the brink of permanent closure. Almost 70% of the direct jobs in the hotel sector are at risk as are several jobs in the hotel-related support sectors. The very survival of the sector is under serious threat and requires urgent policy level interventions".

The hospitality sector is a key pillar of tourism in both domestic and international markets. The Hotels serve the essential need for accommodation for travellers, be it for pilgrimage, business, or leisure. The Hotels not only create jobs across all categories for unskilled, semi-skilled, and skilled workers, they also employ women and specially-abled people in large numbers. The ongoing pandemic has dealt a severe blow to an industry that is facing an existential crisis. As per data released by the National Statistical Office, while India's GDP for the first quarter of April to June 2020 contracted by a massive 23.9%, the hotel industry experienced shrinkage of 47%. RBI has also recognized hotels as one of the most stressed sectors.



“On behalf of the entire Hospitality industry, therefore, we seek the State government’s support in according hospitality sector the status of an “Industry” in the State with immediate effect, enabling hotels to avail the benefits such as Lower Electricity Tariff, Lower Poverty Tariff, refinancing of existing debts, Hassle-free loans at subsidized interest rates, Lower taxation and simplified approval process for hotel projects and hotel operations,” added **Mukherjee**.

A favourable policy decision of according hotels the status of an industry and allowing it the benefits available to manufacturing will strengthen the Indian hospitality industry, preserve and unlock its immense potential to make a significant contribution to the State’s GDP and jobs, supporting the post-pandemic economic revival of the region, HAI said in its representation.

About Hotel Association of India

Established in 1996, the Hotel Association of India (HAI) has evolved as an integrated hospitality industry platform to keep pace with the growing buoyancy ushered in by the liberalization of the Indian economy in the mid-90s. With its membership extending from the major hotel groups, boutique hotels, heritage hotels and small hotels, it represents the entire spectrum of the industry. As the apex Industry Body, HAI works in the areas of Promotion of Regional Cooperation among hospitality industries, Hospitality Research and Education and Social Inclusion Programs in addition to taking Industry centric initiatives.

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