GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 108

TO BE ANSWERED ON MONDAY, July 20, 2026/Ashadha 29, 1948 (SAKA)

"Post-GST Rationalisation Trends in Tourism and Hospitality Sector"

108. Shri Dushyant Singh:

Will the Minister of FINANCE be pleased to state:

(a whether the Government has undertaken any post-implementation review or data-based assessment of its impact on occupancy rates, tourist footfall, affordability, and revenue trends in the hospitality sector following the GST rate rationalisation for hotel accommodation services charging up to Rs 7,500 per unit per day;

(b) whether any sector-wise analysis has been carried out to assess the impact of the revised GST structure on tourism growth in Tier-II and Tier-III cities, including investment and employment generation in the hospitality ecosystem, if so, the details thereof;

(c) whether the Government proposes to place before the GST Council any review of the 5 per cent GST rate without Input Tax Credit (ITC) framework based on industry feedback and consumer outcomes, if so, the details thereof; and

(d) the steps taken by the Government to ensure that the benefits of GST rate rationalisation are effectively passed on to consumers and supports the Government's broader tourism growth objectives?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) and (b) : The GST rate on the supply of "hotel accommodation" services where the transaction value is ₹7,500 or less per day has been reduced from 12% with ITC to 5% without ITC based on the recommendation made by the GST Council in its 56th meeting held on 03.09.2025.

This reduction in tax burden on the tourism & hospitality sector is expected to lower the cost of this service, improve its affordability and stimulate consumption demand. The lowering of GST rates is also expected to enhance trade competitiveness and support the industry as it is likely to reduce compliance burden and transaction costs which will also result in stimulating the overall demand. The Government, however, has not undertaken any post-implementation review or data-based assessment of its impact on occupancy rates, tourist footfall, affordability, and revenue trends in this sector.

Further, no sector wise analysis has been carried out to assess the impact of this GST rate reduction on tourism growth in Tier-II and Tier-III cities, including investment & employment generation in the hospitality ecosystem.

(c) GST rates and exemptions on any supply of goods and services are prescribed on the recommendations of the GST Council, which is a Constitutional body comprising members from both the Union and State/UT Governments. Currently, no proposal in this regard is pending before the GST Council.

(d) In compliance to the recommendations of 56th GST Council meeting, GST rates were reduced in the hospitality sector. In order to implement the recommendations in letter and spirit, many discussions were undertaken with the stakeholders to emphasize that the benefit of the reduced tax rate is to be passed on directly to the consumers. It was highlighted to the stakeholders that by keeping the output tax rate @ 5% without ITC, the overall cost of services for the end-consumer will be reduced to make it affordable to the common man.

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