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IMPACT OF GST ON HOTEL, TRAVEL AND TOURISM INDUSTRY

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The hotel, travel, and tourism industries occupy an important place in the economic structure of India since they effectively contribute to national income, provide opportunities for employment, and ensure the growth of foreign tourist arrivals. With the implementation of GST, a sea change has occurred in the taxation process of this industry. To understand the depth of such changes, this study looks at the impact of GST on hotels, travel agents, and other related tourism services in the country.

The study exclusively relies on secondary information obtained from government reports, published articles, and industry-based data sources. The review describes how GST replaced several previous taxes to establish a clearer and more transparent tax system. For many sectors, it has also increased operational costs, mainly because of revised tax slabs and compliance responsibilities. In conclusion, the given paper provides a balanced perspective on how GST has affected the operations, pricing, and overall growth of India's tourism and hospitality industry.

KEYWORDS: ***GST, Hotel Industry, Tourism Sector, Travel Services, Tax Reforms.***

INTRODUCTION

The travel, tourism, and hotel industry remains one of the strong pillars of the Indian economy with respect to income generation, providing opportunities for employment, and the attraction it holds for an international market. In recent years, this sector has grown quite steadily due to improved infrastructure coming up, higher disposable incomes coupled with an interest in leisure and business travel that encourages domestic and foreign tourism.

Its introduction heralded a sea change in the way taxes were levied on services throughout the tourism value chain. As a sector comprising many services-like accommodation, transport, food, tour operations, and travel booking-related services-the impact of GST would be felt at almost every point. The changes brought about need to be duly understood, as these affect pricing, the way business operations are carried out, and overall competitiveness in the industry.

The present study focuses on assessing the impact of GST on hotels, travel agencies, and tourism-related businesses operating within an Indian context. The review is based on secondary data sourced from government reports, published articles, and industry findings.
This review showed that, in the post-GST period, while the structure of the tax has become more transparent and uniform, there is a corresponding increase in the costs and pressures for compliance in certain segments. This study will help unearth the benefits and hardships faced by the hotel, travel, and tourism industry in the post-GST implementation.

REVIEW OF LITERATURE

- **Dr. A. Vini Infanta1, B. S. Karthikeyan2 (2024):** Goods & Services tax is an indirect tax which has replaced many indirect taxes in India. Tourism represents the world's third largest export avenue in terms of global earnings after fuel and chemicals. The tourism industry contributes nearly USD 136 billion to India's GDP and is expected further grow to USD 280.5 billion by 2026. The objective of my study is to understand the impact of GST on travel and tourism sector.
- **S. S. Deepthi, Dr. Sayeeda Jabeen Shariff (2024):** Tourism sector has a very definite and the global industry, such as the tourism and travel industry, is the main contributor to the service industry in worldwide. But last few years onwards there is very unconditional situation which effect on our GDP. The main purpose of this study is to Find the people perception towards the influencing factors in Hotel Industry for tourism and to analyse the impact of Hotel Industry for tourism development
- **Dr. Dayananda. K.C (2019):** GST has been one of the most awaited tax reforms for India. We would like to draw

inference that high GST rates on hospitality may prove to be detrimental for the sector which is already reeling under the pressure of demonetization and liquor ban on highways. However, liquor should have been included in GST to ensure the seamless credit for tourism industry. Since, players in this industry make the most of its consumption.

- **Mrs. Hetal Rajgor ,Dr. Pushpendu Rakshit, Dr. Manoj Sain(2023):** The crown emergency has an extremely basic and troubling situation on existent duty framework with the significant effect on the different areas of the economy like - Banking and Money, Training, Wellbeing, Cafés and Neighborliness Industry, Land and so on. It becomes critical to comprehend the effect on different areas post the execution of the new assessment system in our country. Government have attempted well up to this point and would endeavor in future as well.
- **Aditya Prasad Sahoo, Dr. Yajnya Dutta Nayak(2021):** Goods and service tax is a uniform indirect tax to be applied across the country for the purpose of a "one nation – one tax." This study seeks to show the effect on the Indian hospitality industry of the goods and services tax. The Indian market is integrated with the introduction of GST and the company costs will be lowered in the foreseeable future. The hotel industry was in burden with multiple taxes on amount charged for different services.
- **Shivani Gupta Divya Saini Priti Sharma Karambir Gulia(2023):** GST is an indirect tax in India that is a replacement for a large number of Indian indirect taxes. GST has curbed the problem of cascading effect of taxes. GST implementation was the major tax reform, and we attempted to measure the impact of this reform on the sales of BSE-listed hotel and tourism companies individually and the industry as a whole.
- **Venkataramanaia , Sherry Abraham (2020):** Tourism is one of the prime activities which play a vital role not only in the generation of employment and income but also in holding firm socio-political relationship with the other countries. India is one of the most fascinating destinations to the world tourists as it is known for its diversity in culture, languages, rituals, traditions, ethnicity with rich civilization. The tourism sector in India is one of the rapidly growing sectors..
- **Prof. Shilpa Revankar (2022):** A comprehensive, multi-stage, destination-based tax on goods and services called the "Goods and Services Tax" will be imposed on every value addition. GST is recovered from the final consumer. All sorts of Indirect taxes like Excise duty, Service Tax, Octroi, Entry Tax, Entertainment Tax, Luxury Tax are merged under GST except a few taxes such as Basic customs duty, anti-dumping duty, safeguard duty, property tax, stamp duty and so on.
- **Akash Jadav, Vasu Kotadiya, Jignesh Vidani (2024):** This study examines the comparative impact of the Goods and Services Tax (GST) on tourist stays in hotels in Ahmedabad, focusing on tourist behaviour and preferences before and after its implementation. Using a structured approach, the study analysed associations between age and key factors such as hotel category preferences, perceptions of pricing and transparency, and overall satisfaction. The findings reveal limited but nuanced changes in tourist behaviour post-GST. While GST aimed to simplify taxation and enhance transparency, age showed weak correlations with hotel preferences and perceptions, indicating that other factors, such as income, travel purpose, and service quality, play a more significant role.
- **S.K.S. Yadava, Mohd. Mohsin Qureshib(2020):** India is a geographically vast country and is a tourist delight with a rich historical background and cultural heritage. Tourism is an important economic activity and also a one of the stronger pillar of the economy. In India, travel and tourism industry has been a remarkable contribution to the country's GDP. Not only GDP, tourism has always a huge source of foreign exchange earnings and significant contributor to employment generator for the country.
- **K.Rithuvarjitha, M.Dhinesh (2023)**: This study emphasizes the pivotal role of tourism as the world's third-largest export, intricately linked to socio-economic development. The study's objective is to discern the influence of the Goods and Services Tax (GST) regime on travel companies, employing a socio-legal research method with a sample size of 200 collected online. Investigating variables like age, gender, and education against the impact of GST on the tourism sector in Agra, the research employs primary data from local businesses.
- **Rajesh Kumar Tiwari, Prof. (Dr.) Sanjay Srivastava, Dr. Monika Goel Dean (2021):** This research paper investigates the ramifications of fluctuations in GST rates on tourist prices within the tourism industry, recognizing the industry's high price elasticity of demand. Utilizing a case study methodology, the study analyses actual data, ensuring confidentiality, and applies post-GST taxation rates. The comparison with pre-GST rates enables a comprehensive impact analysis on pricing dynamics.
- **Dr. Usha Pandey, Dr. Neelam Parihar (2021)**: The Goods and Services Tax (GST), implemented in India from July 1, 2017, marked a significant shift in the country's tax landscape. This tax reform aimed to replace multiple indirect taxes, impacting diverse sectors. Focusing on the Hospitality and Tourism Industry, a cornerstone of India's economy, the research emphasizes the sector's dynamic growth and vital contribution to GDP. Acknowledging GST as a non-discriminatory and fair-minded tax, the study anticipates positive effects such as reduced business transaction costs and enhanced competitiveness.
- **Japee and Lakhani:** Focused on impact of GST from international perspective. Researcher presented pre and post GST tax classification and also explained the importance and need of GST in India. This study also explains the journey of GST that how it came into effect in 2017 and also analysis of impact of GST on famous sectors of economy has been done.
- **Saeeda studied about GST:** Impact of GST on Various Aspects of Restaurant and Hotel Business in Anand and Nadiad District. The main aim of the study is to examine the impact of GST on various aspect of restaurant business in Anand and Nadiad City. For the study purpose, researcher selected 35 hotels and restaurants from Anand city and 33 hotels and restaurants from Nadiad city using Convenience Sampling technique. The study is based on primary data collected using structure questionnaire. Researcher used Pearson Correlation, T-test and Independent sample test for the hypothesis testing.

- **Subha and Premkumar:** An Empirical Study on Impact of GST on Hotel Industry at Chennai City. The purpose of the study is to determine the impact of GST on the hotel industry in Chennai using five independent variables to categorize consumers' opinions on the GST regime, notably GST is efficacious, simple to comprehend, taxation ailment, cash flow, and increase of consumption after GST. Researchers used descriptive statistics and multiple regression analysis to analyse data.
- **Ojha and Vrat (2019) :** highlighted the effect of GST on making in India. They stated in their study that GST has reduced production costs, logistics costs, transportation costs, and the revenue of producing state, as well as increased compliance for MSME, ease of doing business, formality in operations, and investments (but it needs time for growth), exports and revenue of state consuming supplies. This study used a system dynamic approach and reported that GST would facilitate and support the Make in India initiative.
- **Mukherjee (2020):** attempted to estimate the GST efficiency across Indian states. The researcher stated that understanding tax revenue depends on the estimation of tax potential. The scale of the economy of any state depends on the structural composition of GST. This study finally reported that states with higher agriculture had lower GST capacity. States with a huge availability of natural resources were expected to have lower GST capacity. The study concluded that GST had reduced the tax capacity of states.
- **John and Dauchy (2021) :** Undertook the study to estimate the trends in the affordability of tobacco products in India's pre-GST and post-GST periods. This study reported that bidis, cigarette, and smokeless tobacco have become more affordable in the past 10 years, and the implementation of GST has emphasized the increased accessibility of cigarette and tobacco products but did not cause any change in the affordability of bidis. This study concluded that states with higher VAT in the period before GST experienced increased affordability of tobacco products and vice-versa.
- **Sahoo and Nayak (2021)** made efforts to analyse the impact of GST on the hotel industry. Data for this study were collected from a sample of 15 hotels in Bhubaneshwar city in Odisha. Collected data were analysed by the chi-square test. This study reported a significant relationship between customer satisfaction and their buying behaviour, customer clarity about the hotel industry, GST rates, and problems faced by hoteliers in handling their customers.

RESEARCH METHODOLOGY

- **RESEARCH DESIGN**

The study adopts a descriptive and analytical research design. It aims to understand and analyse the impact of Goods and Services Tax (GST) on the hotel, travel, and tourism industry by examining perceptions related to pricing, compliance, operational efficiency, and overall business performance. Quantitative techniques such as percentages, correlation, t-tests are used for analysis.

- **POPULATION AND SAMPLE SIZE**

The population includes stakeholders from the hotel, travel, and tourism industry. A sample of approximately 200–210 respondents was selected, which is adequate for applying statistical tools such as correlation, and t-tests.

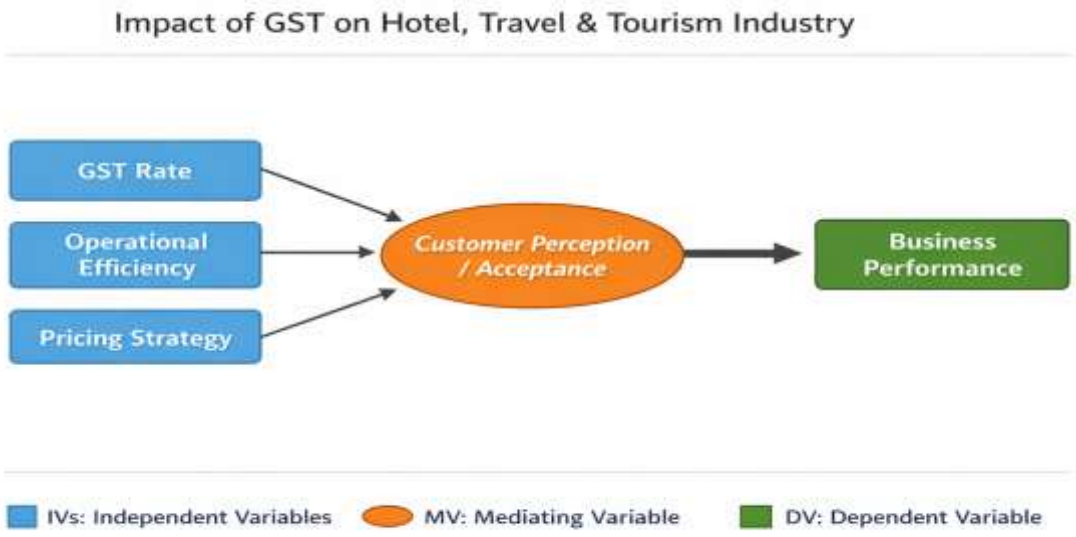
- **SAMPLING TECHNIQUE**

The study uses convenience sampling, where respondents are selected based on ease of access and willingness to participate. This method is time-saving, cost-effective, and suitable for collecting data from stakeholders in the hotel, travel, and tourism industry.

- **DATA COLLECTION METHOD**

The study uses primary data. Primary data was collected through a structured questionnaire from tourists, hotel owners/managers, travel agents, and other tourism stakeholders to understand the impact of GST.

CONCEPTUAL FRAMEWORK



STATEMENT OF THE PROBLEM

The Goods and Services Tax (GST) was introduced in India to simplify the tax system. The hotel, travel, and tourism industry is an important part of the economy and is directly affected by GST. After GST was introduced, there were changes in hotel prices, travel costs, and business operations. Some people feel GST has increased prices, while others believe it has improved transparency and efficiency. However, there is limited clear information based on real data about how GST has actually affected the tourism industry. Therefore, this study aims to understand the impact of GST on the hotel, travel, and tourism industry.

RESEARCH GAP

Since the introduction of GST, many discussions have taken place about its effects on the tourism and hospitality industry. However, most existing studies explain GST only in theory or depend heavily on secondary data such as reports and articles. There is limited research that captures the real experiences and opinions of stakeholders like tourists, hotel managers, travel agents, and restaurant owners. In addition, very few studies have examined how GST affects pricing, operational efficiency, and industry growth together in a single framework. This creates a gap in understanding the actual impact of GST at the ground level. Therefore, there is a need for a primary data–based study that reflects stakeholder perceptions and provides practical insights into the influence of GST on the tourism industry.

OBJECTIVES OF THE STUDY

- To understand the structure of GST applicable to the hotel, travel, and tourism industry.
- To analyze the impact of GST on pricing and operational efficiency in the tourism sector.
- To assess the overall influence of GST on the growth and competitiveness of the tourism industry.

HYPOTHESIS

H_{01} The GST structure has no significant role in influencing the functioning of the hotel, travel, and tourism industry.
H_{11} The GST structure plays a significant role in influencing the functioning of the hotel, travel, and tourism industry.
H_{02} GST has no significant impact on pricing and operational efficiency in the tourism sector.
H_{12} GST has a significant impact on pricing and operational efficiency in the tourism sector.
H_{03} GST has no significant influence on the growth and competitiveness of the tourism industry.
H_{13} GST has a significant influence on the growth and competitiveness of the tourism industry.

RESEARCH TOOLS

- **Questionnaire**
  A structured questionnaire is used as the main research tool to collect primary data from tourists, hotel owners/managers, travel agents, and restaurant owners. The questionnaire includes demographic questions and statements related to GST awareness, pricing, operational efficiency, and industry performance, measured using a Likert scale.
- **Statistical Tools**
  The collected data is analysed using statistical tools such as:
  - Percentage analysis
  - Mean and standard deviation
  - Chi-square test
  - Correlation and regression analysis
- **Software Tools**
  - Microsoft Excel for data entry and preliminary analysis
  - SPSS for statistical analysis and hypothesis testing

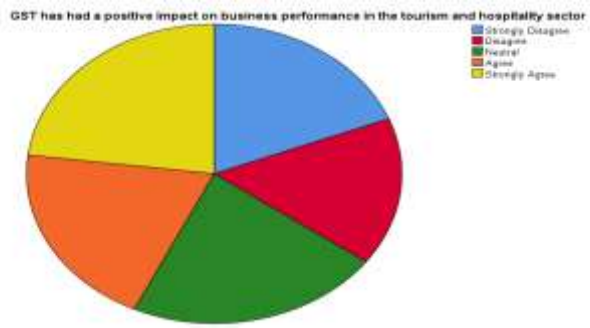
DATA ANALYSIS AND INTERPRETATION

OBJECTIVE 1

To understand the structure of GST applicable to the hotel, travel, and tourism industry

GST has had a positive impact on business performance in the tourism and hospitality sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	19	19.0	19.0	19.0
	Disagree	16	16.0	16.0	35.0
	Neutral	22	22.0	22.0	57.0
	Agree	20	20.0	20.0	77.0
	Strongly Agree	23	23.0	23.0	100.0
	Total	100	100.0	100.0	



INTERPRETATION

The results show a mixed but slightly positive perception of GST's impact on business performance in the tourism and hospitality sector. While 43% of respondents agree that GST has had a positive impact, 35% disagree and 22% remain neutral, indicating that benefits are recognized by many, but challenges still exist**.**

OBJECTIVE 2

To analyze the impact of GST on pricing and operational efficiency in the tourism sector

One-Sample Test

Test Value = 3

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
age	.499	99	.619	.070	-.21	.35
gender	-11.303	99	.000	-.970	-1.14	-.80
types of respondent	-1.492	99	.139	-.200	-.47	.07
years of experience	.140	99	.889	.020	-.26	.30
ITR1	-4.210	99	.000	-.530	-.78	-.28
ITR2	1.342	99	.183	.200	-.10	.50
ITR3	.199	99	.843	.030	-.27	.33
ITR4	-.945	99	.347	-.130	-.40	.14
ITR5	-.282	99	.779	-.040	-.32	.24
ITR6	.839	99	.404	.120	-.16	.40
ITR7	-1.475	99	.143	-.210	-.49	.07
ITR8	.416	99	.678	.060	-.23	.35
ITR9	-1.346	99	.182	-.190	-.47	.09

INTERPRETATION

The one-sample t-test compares the mean of each variable with the test value 3 (neutral level). The results show that most variables do not differ significantly from the neutral value, as their p-values are greater than 0.05, indicating neutral perceptions.

However, gender and ITR1 show statistically significant differences ($p < 0.05$). Gender has a significant mean difference, indicating variation in responses across gender categories. ITR1 has a significantly lower mean than 3, suggesting a negative perception regarding that particular GST-related statement

Descriptive Statistics

	Mean	Std. Deviation	N
age	3.07	1.402	100
gender	2.03	.858	100
types of respondent	2.80	1.341	100
years of experience	3.02	1.428	100
ITR1	2.47	1.259	100
ITR2	3.20	1.491	100
ITR3	3.03	1.507	100
ITR4	2.87	1.376	100
ITR5	2.96	1.421	100
ITR6	3.12	1.430	100
ITR7	2.79	1.423	100
ITR8	3.06	1.441	100
ITR9	2.81	1.412	100

INTERPRETATION

The mean values for demographic variables such as age (3.07), type of respondent (2.80), and years of experience (3.02) indicate a fairly balanced distribution across categories.

For the ITR statements, mean scores mostly range between 2.47 and 3.20, suggesting moderate to neutral perceptions regarding GST-related issues in the tourism and hospitality sector. The standard deviations (around1.3–1.5) indicate a reasonable variation of opinions among respondents, showing that views on GST impacts differ across individuals

OBJECTIVE 3

To assess the overall influence of GST on the growth and competitiveness of the tourism industry

Correlations

Control Variables			Age	Gender	Types Of Respondent	Years Of Experience
ITR1 & ITR2 & ITR3 & ITR4 & ITR5 & ITR6 & ITR7 & ITR8 & ITR9	age	Correlation	1.000	-.095	-.013	-.049
		Significance (2-tailed)	.	.370	.900	.646
		df	0	89	89	89
	gender	Correlation	-.095	1.000	-.025	-.179
		Significance (2-tailed)	.370	.	.811	.090
		df	89	0	89	89
	types of respondent	Correlation	-.013	-.025	1.000	.135
		Significance (2-tailed)	.900	.811	.	.201
		df	89	89	0	89
	years of experience	Correlation	-.049	-.179	.135	1.000
		Significance (2-tailed)	.646	.090	.201	.
		df	89	89	89	0

INTERPRETATION

The correlation analysis shows very weak relationships among age, gender, type of respondent, and years of experience while controlling for ITR1 to ITR9. All correlation coefficients are close to zero, and the p-values are greater than 0.05, indicating no statistically significant relationships among these demographic variables.

FINDINGS

The study shows that GST has created a **mixed response** in the tourism and hospitality sector. While many respondents feel GST has improved transparency and brought some operational benefits, a large number remain neutral, and some still face difficulties. Overall opinions suggest that GST's impact is moderately positive but not uniform across all areas.

LIMITATIONS OF THE STUDY

- The study is based on a limited sample size, which may not fully represent the entire tourism and hospitality sector.
- Data is collected through self-reported responses, which may involve personal bias or subjective opinions
- The study covers a short time period, so long-term impacts of GST could not be analysed.
- Geographical coverage is limited, restricting the generalization of findings to other regions.
- Only selected GST-related factors were considered, and other influencing variables may affect business performance.

FUTURE SCOPE OF THE STUDY

Future research can include a larger and more diverse sample across different regions. Comparative studies before and after GST implementation, or between different tourism segments, can provide deeper insights. Further studies may also focus on long-term financial performance and compliance challenges to better understand GST's evolving impact**.**

CONCLUSION

GST has simplified the tax structure for the tourism and hospitality industry, but its benefits are not fully realized by all stakeholders. The sector continues to adjust to compliance requirements and cost-related challenges. With better awareness and supportive policies, GST can become more effective and widely accepted in the future.

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