

Government of India
Ministry of Tourism
(H&R Division)

C-I Hutments,
Dalhousie Road,
New Delhi – 110011.
Tel/Fax :011-23012810

F. No. 5-HRACC (1)/2015
To

Dated:- 28.04.2016

Mr. Prince Mathew,
Secretary,
Tourism Entrepreneurs Association (TEA)
Suranjana House,
R Madhavan Nair Road,
Ravipuram PO
Kochi - 682016

Subject:- Representation seeking support for Tourism Industry in Kerala.

Sir,

This is to refer to your representation dated NIL received through PMO vide their I.D. PMOPG/D/2016/0028993 dated 05.02.2016. You have drawn attention to the frequent changes brought in the Abkari Policy of the State Govt. of Kerala resulting in the substantial revenue loss to the Bar Hotel owners. You have demanded that as an immediate supporting hand, to get over this situation of sudden loss in income from liquor sales, rehabilitation package or scheme should be given to the hotel owners. You have requested further that as interim measures, forcible takeovers of hotels by banks or financial institutions, should be put on hold.

The representation has been examined at the appropriate level of the Ministry. However, it has been observed that Abkari Policy is purely a State subject and the Ministry of Tourism has no role in it. The Ministry has been maintaining the policy that the main objective of the classification is to certify minimum accepted standards of services and infrastructure of the hotel, based on globally acceptable best practices. This was communicated to the state Govt. of Kerala vide Ministry's DO. No 8-TH.I (3)/2007 dated 29th November, 2011 (copy attached). The Ministry has opined that the provision for making a star category as an essential pre-condition for getting a bar license is not consistent with voluntary nature of the classification. The Ministry did not favor making a star category a pre-condition for getting a bar license and took up the matter with State Govt. of Kerala.

Even former Minister of Tourism, Govt. of India, look up the matter with the Chief Minister of Kerala on this subject (copy enclosed). It was brought to the notice that due to this policy several hotels were seeking classification, more with the objective of obtaining a liquor license. It was apprehended that there is a possibility of a decline in the Hotel infrastructure/services in the intervening period between a classification and re-classification.

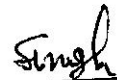
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Possibility of the classification process being subject to undue pressures and practices cannot be ruled out. In view of the aforesaid facts, the Ministry of Tourism had requested the State Government to review its policy and remove the mandatory pre-requisite of classification of hotel for grant of bar license in the overall interest of hospitality industry. However, the State Govt. has been stuck to its policy and it has allowed only classified hotels not below the level of 5 star, for issuance of Bar license (FL-3).

This subject of making star category as a pre-condition for having Bar license was taken up with the stakeholders which included representations of FHRAI, HAI etc. in the meeting held on 10.03.2015 under the Chairmanship of the Secretary (Tourism). It was decided that the classification inspection should be carried out in the spirit and ambit of the guidelines.

In view of the aforesaid fact, this may be stated that issuance of Bar License is primarily a state subject. Further despite making several request by the Ministry, the State Govt. of Kerala has not delinked the matter of issuance of Bar License to star categorized hotels only. The State Govt. of Kerala is stuck to its Policy as it is evident in its Abkari Policy issue on 2014-15. Now this has also been upheld by the Apex Court. Therefore, Ministry of Tourism, Govt. of India has no role to interfere. Further, Ministry of Tourism does not have any scheme which could allow giving any financial support or rehabilitation package on this account.

Yours faithfully



(S.V. Singh)

Asstt. Director General(H&R)

Encl: as above.

देवेश चतुर्वेदी
Devesh Chaturvedi

अतिरिक्त महा निदेशक
भारत सरकार
पर्यटन मंत्रालय
नई दिल्ली
8/11/11
ADDITIONAL DIRECTOR GENERAL
GOVERNMENT OF INDIA
MINISTRY OF TOURISM
NEW DELHI

D.O.No.8-TH.1 (3)/07

November 29, 2011

Subject:- De-linking of the classification process of the MOT from issuance of liquor license for hotels by the State Excise Department.

Dear Sir,

I would like to draw your attention to an important matter concerning the effectiveness of classification of hotels in your State.

As you are aware that Ministry of Tourism has guideline for classification of hotels in star and heritage categories. This is a voluntary scheme wherein classification is granted based on inspections undertaken by a committee comprising of representatives of Ministry, State Government, hospitality experts and Hospitality/Travel Trade. The key objective of the classification is to certify minimum acceptable standards of services and infrastructure of the hotel, based on globally acceptable best practices. Classification process has been one of the very prestigious and acceptable certification of services in hospitality sector.

However, it has been noticed that the State Government of Kerala has made classification of hotel an essential pre-condition for getting a bar license. This provision is not consistent with voluntary nature of the classification. It has been brought to our notice that due to this policy several hotels are seeking classification, especially in 1, 2 and 3 star category, more with the objective of obtaining a liquor license. Consequently, there is a possibility of a decline in the hotel infrastructure/services in the intervening period between a classification and re-classification. Possibility of the classification process being subject to undue pressures and practices cannot be ruled out.

Ministry of Tourism is, therefore, of the view that the State Government may review its policy and remove the mandatory pre-requisite of classification of hotel for grant of bar license in the overall interest of hospitality industry.

Issued by Special Rst

[Signature]
20/11/11

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The views of the trade have also been taken and they were unanimously of the opinion that the granting of bar license needs to be delinked from the classification process. It has been viewed that a bar license should be a prerequisite for classification and not the other way round.

I would urge that you may take up this issue with the concerned department so that the policy of issuing liquor license is delinked from the classification process. We await your positive response regarding this important matter.

With regards,

Yours sincerely,


(Devosh Chaturvedi)

Shri T.K. Manoj Kumar,
Secretary (Tourism),
Government of Kerala,
Thiruvananthapuram.



सुबोध कांत सहाय
SUBODH KANT SAHAI

पर्यटन मंत्री
भारत सरकार
MINISTER FOR TOURISM
GOVERNMENT OF INDIA

25th February, 2012

Mr. Subodh Kant Sahai

I would like to draw your attention to a very important issue which will have a long term impact on development of tourism in the State of Kerala.

2. Ministry of Tourism is targeting a growth of 12% for both inbound and domestic tourism in the country in the 12th Five Year Plan. This will generate job opportunities for an estimated 2.5 crore persons. To achieve this growth, an additional requirement of 1.90 lakhs hotel rooms in the classified sector is estimated. Bulk of the major requirement is in the budget category Hotels (i.e. 1, 2 and 3 star). Accordingly, Government of India is giving special emphasis on developing hotels across the country by providing various fiscal incentives. The State of Kerala with its pristine beauty and globally successful branding of 'God's Own Country' will naturally contribute significantly in our joint endeavour for increasing tourism inflows to the nation. It is estimated that the State of Kerala would require an additional room capacity of 22, 008 in the 12th Plan to cater to the growing needs of the sector.

3. You may be aware that Ministry of Tourism classifies hotels in star and heritage categories to ensure basic standards of services based on globally acceptable "Best Practices". This is a voluntary scheme for operational hotels. Classification is done through inspections by a committee comprising of representatives from Ministry of Tourism, State Government, Hospitality experts and Travels Trade. A copy of the guidelines is enclosed for your kind perusal.

4. The State Government of Kerala has been following a policy in which classification of hotels is a mandatory condition for obtaining a Bar License. This provision is not consistent with the voluntary nature of the hotels classification scheme which is primarily a certificate for service quality. Consequently, many hotels in Kerala are seeking classification from the Ministry of Tourism with the primarily objective of obtaining a liquor license. There is a distinct possibility of decline in the hotel services / standards during the period between Classification and Re-classification. There is also a possibility of undue influence on the classification process which may adversely impact the Hotel classification process administered by the Ministry of Tourism. I have been informed that there are 27 applications related to upto 3 star category hotels and 17 applications of 4 stars and above category hotels pending in the State of Kerala. These applications have to be disposed of on merit in a time bound manner as per the classifications guidelines.

5. It has been brought to our notice that the State Government has recently revised its excise policy to allow bar licences to hotels which are 4-Star and above only with a view to restrict liquor consumption in the State. I understand that several 3-star category hotels in the states have already applied for 4-stars classification to enable them to obtain bar licence. While I appreciate the laudable intentions of your Government to restrict liquor consumption in the State, you should seriously consider the adverse impact which the Excise Policy of the State is having on the hotel classification system. The linking of bar licence to classification may lead to a situation where merely to obtain a bar licence hotels will attempt to get classification in 4-star category even though they had originally planned to operate as 3-star hotels.

6. The possibilities mentioned above can lead to decline in budget category hotels in the State which will impact on sustainable development of tourism. I would like to highlight that as per the classification guidelines in force of my Ministry it is not mandatory for hotels upto 3-star category level to have a bar licence. Even for 4-star and above hotels, bar licence is subject to state excise policy and local regulations in force.

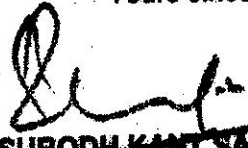
7. My Ministry and the entire spectrum of hospitality industry are of the clear view that the State Government needs to urgently review its excise policy with specific reference to classification of hotels under MOT guidelines. My officers have taken up this matter, but we have not received any response since November, 2011. I am enclosing copies of the relevant letters for your kind information.

8. I am sure you will give immediate and serious consideration to the suggestions made in this letter so that we can continue to jointly promote growth of Safe, Honourable and Sustainable Tourism in the country.

9. I would appreciate an early response given the sensitivity of the matter.

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Yours sincerely,


(SUBODH KANT SAHAI)

Shri Oommen Chandy,
Chief Minister of Kerala
Room No. 141, 3rd Floor, North Block,
Government Secretariat
Thiruvananthapuram, Kerala.