

GST Reforms to Strengthen Hospitality, Transport and Cultural Sectors

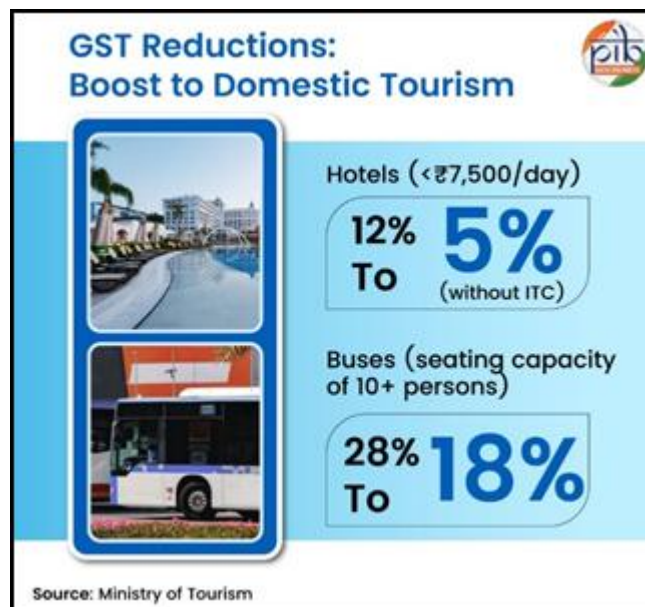
Lower taxes to support tourists and craftsmen

Posted On: 22 SEP 2025 11:28AM by PIB Delhi

Introduction

The Government has announced significant GST rationalization measures aimed at making India's tourism sector more affordable, enhancing public transport use, and supporting artisans and cultural industries. These reductions will strengthen the domestic tourism ecosystem, promote cultural heritage, and encourage investment in related sectors. Under the leadership of PM Modi, these reforms align with the vision of sustainable and inclusive growth, fostering job creation and investment in hospitality, transport, and traditional crafts, while also accelerating the post-pandemic recovery of India's tourism sector.

GST Reduction on Hotels (<₹7,500/day) – From 12% to 5% (without ITC)



- Lower GST rates will make hotel stays more affordable for **middle-class and budget travellers**.
- Aligns India's hospitality tax structure with international tourism destinations, becoming **more attractive for foreign tourists**.
- Expected to boost **weekend travel, pilgrimage circuits, heritage tourism, and eco-tourism**.
- Will encourage investment in new mid-segment hotels, homestays, and guesthouses, **creating jobs and improving infrastructure**.

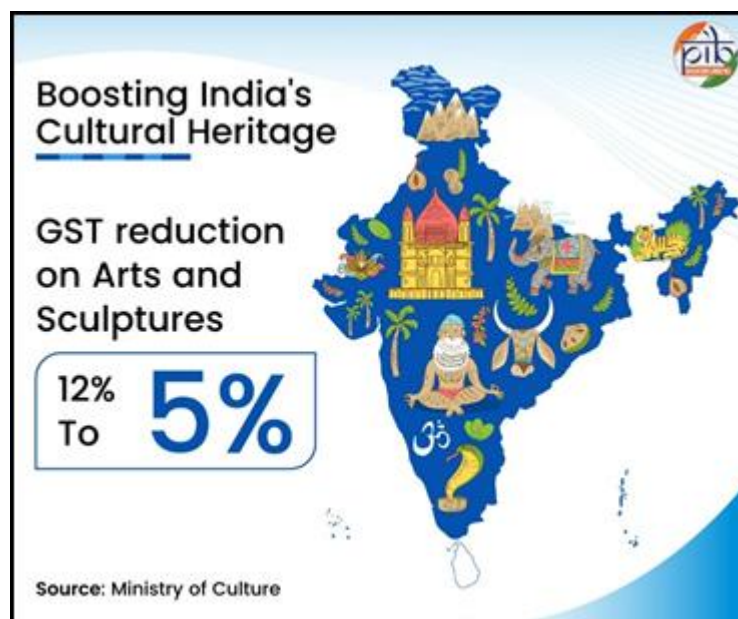
GST Reduction on Buses (Seating Capacity of 10+ Persons) – From 28% to 18%

- Cuts upfront cost of buses and minibuses, making them more accessible for fleet operators, schools, corporates, tour providers, and state transport undertakings.
- Will help bring down ticket fares, especially in semi-urban and rural routes.
- Encourages a shift from private vehicles to shared/public transport, reducing congestion and

pollution.

- Supports fleet expansion and modernization, improving comfort and safety standards in public transport.

From 2021 to 2024, Foreign Tourist Arrivals (FTAs) in India showed a significant increase from **15.27 lakh in 2021 to 99.52 lakh in 2024**, indicating a robust recovery and growth in tourism post-pandemic. This surge reflects a strong revival in international travel and heightened interest in India as a tourist destination during this period.



GST Reduction on Art and Cultural Goods – From 12% to 5%

- Applies to statues, statuettes, original engravings, prints, lithographs, ornamental articles, stone art ware, and stone inlay work.
- Provides direct support to artisans, craftsmen, and sculptors, many of whom are part of India's traditional cottage industries.
- Helps preserve living traditions of temple art, folk expression, miniature painting, printmaking, and stone craftsmanship.
- Will promote Indian culture and craftsmanship globally, integrating heritage economy with modern markets.

The Government of India, through the Ministry of Culture, has launched comprehensive efforts to preserve, promote, digitize, and globally showcase India's rich cultural heritage, including traditional arts, monuments,

and heritage sites, while actively supporting artisans and cultural institutions.

Expected Impact

- **Tourism boost:** Greater affordability in travel and accommodation will expand domestic and foreign tourist inflows.
- **Job creation:** Hospitality, transport, and artisan sectors will see expanded employment opportunities.
- **Cultural preservation:** Traditional Indian art forms will receive fresh economic viability.
- **Sustainability:** Promotes public transport usage, reducing emissions and easing traffic congestion.

Conclusion

These GST reductions reflect a strategic effort by the Government to boost India's tourism and cultural sectors by enhancing affordability, supporting traditional artisans, and encouraging sustainable transport. By fostering greater accessibility and preserving cultural heritage, these measures are poised to generate significant economic growth, create jobs, and promote India's image globally as a vibrant and inclusive destination.

References:

- Ministry of Culture
 - <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2150695>
- Ministry of Tourism
 - <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2157553>

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(Release ID: 2169427)