

# Budget 2014-2015: Great Expectations

The Indian travel and tourism industry is eagerly waiting for this year's Union Budget 2014-2015. The industry continues to grapple with issues like taxation and infrastructure woes. So will the new government deliver? It remains to be seen.

■ Rajesh Tiwari

**A**nkur Bhatia, Executive Director, Bird Group and Member, CII National Committee on Civil Aviation said, "We, at Bird Group, welcome the new government and look forward to working with them. We are confident that together we can provide a positive environment favourable for the growth of Indian aviation industry,"

"Having said that, I firmly believe that for the Indian aviation industry to overcome the brunt of aggressive price cuts, rising costs of aviation fuel, high interest payments, insufficient infrastructure and shortage of skilled and trained manpower, the new Government certainly needs to look at

addressing some of these fundamental challenges immediately. A strong focus on regional infrastructure and connectivity will also benefit in bringing in investments from foreign airlines as well for generating employment. Therefore, we certainly hope that the new Government will look at addressing some of these issues, to stimulate the overall growth of the industry," he added.

According to **Sarab Jit Singh**, Vice Chairman, FAITH said, "We are very optimistic that based on the proposal submitted to the Ministry of Finance on behalf of the fraternity, some favourable announcement will be made in the upcoming general budget. We expecting the new government will recognise the potential of this industry and will concentrate on tax issue and infrastructure development."

**Rajiv Kohli**, Vice President Indian Association of Tour Operators (IATO) said, "We have a dynamic new government in place at the national level. There is a new focus on tourism and that gives us new hope and new beginnings. In our new tourism minister, we have a very experienced and able administrator who has the ears of the Prime Minister. I do think the tourism industry has a lot of positivity to look forward to. We do expect some bitter measures to be put in place, given that the last government seems to have left the economy in shambles. The government has already increased rail fares by 14 per cent last week. I guess for us to have a strong economy, we do have to take some drastic steps. Let's see how that pans out."

On the other hand The Federation of



**Ankur Bhatia**  
Executive Director  
Bird Group

Hotel & Restaurant Associations of India (FHRAI) has presented its pre-budget Memorandum for 2014-15 to the Union Ministry of Finance, encompassing recommendations on various issues of direct/ indirect taxation and financial policy, pertaining to the hospitality sector. A delegation from FHRAI, led by the President, **S.M. Shervani** also participated in a high-level pre-budget meeting, chaired by the Secretary (Revenue),



**Rajiv Kohli**  
Vice President  
IATO

Government of India, **Rajiv Takru**. Outlining FHRAI's key proposals, Shervani said, "The past two years have been a particularly challenging phase for the industry, due to the impact of continued global economic uncertainties and a sharp domestic downturn. However, despite these adverse headwinds, the long-term potential of India's tourism sector and



**Sarab Jit Singh**  
Vice Chairman  
FAITH

its strategic role in supporting our country's quest for inclusive growth remains undiminished. In this scenario, FHRAI's recommendations for the forthcoming Union Budget have focused on policy measures which can allow our industry to deftly navigate the myriad near-term challenges which we confront and also build a strong foundation for the sector's rapid and sustainable future growth."



**S.M. Shervani**  
President  
FHRAI

As per FHRAI there are three key priorities which merit the Finance Minister's urgent consideration including Rationalisation of industry's multiple tax structure, so as to position India as a globally competitive tourist destination, facilitating a broad spectrum of institutional mechanisms by which the hospitality industry, including

small and medium enterprises, can access lower cost long-term finance and offering fiscal concessions and incentives to help mobilise the massive capital investment of over ₹1,25,000 crore, which is required to augment the country's hotel room inventory by an additional 1,80,000 rooms, in view of the ambitious targets envisaged in the 12th Five Year Plan (2012-17).

"We were greatly enthused when the Hon'ble Prime Minister himself very eloquently articulated that tourism will be one of the five pivotal drivers of India's transformational growth. Recognising tourism's multifaceted contribution as a key enabler of socio-economic progress through creation of jobs, enterprise, infrastructure development and foreign exchange earnings, his party's election manifesto had proposed a visionary roadmap to more effectively leverage the sector's vast untapped potential. We are optimistic that this unequivocal commitment will also be amply reflected in the Government's maiden budget, by way of giving a strong policy impetus to the hospitality and tourism industry," added Shervani.

**Neelu Singh**, COO, Ezeego1.com said, "We would expect the new government to bring in vital tax reforms across the country that help tourism, improve the current state of economy and position India as a globally competitive tourist destination. It is also imperative to enhance our current infrastructure capabilities to be able to seamlessly handle a large influx of tourists. This includes physical infrastructure such as ports of entry and different modes of transport as well as urban infrastructure such as access roads, electricity, water supply and telecommunication. Rationalizing tax on ATF is crucial, since the entire aviation industry today is grappling with high ATF prices, which in turn makes air travel expensive for travellers."

"Also, airport modernization across the country, especially in smaller towns, is required for better management and operation, which will serve to boost leisure and business travel within and outside the country. Most importantly, there is a pressing need to address issues regarding safety of single female travellers within India," she added.