

## INBOUND

## Implementation of TVoA will provide the necessary stimulus to the tourism sector

It is sad to see that the tourism industry in India today is facing numerous challenges, such as a difficult taxation policy, lack of infrastructure status to tourism, non-descript aviation policy, ineffective international promotion and marketing and non-friendly environment policy. Going forward, however, one of the primary tasks for the incumbent government is to accept that tourism is not an elitist activity but a very serious revenue generation source. The policy makers must embrace the cause with a firm belief that tourism is the real game changer.

Arjun Sharma



India is a barrage of experiences and visitors to India take back with them memories that stay for a lifetime. Therefore one of the most dominant trends would be experiential travel. Inbound traffic to India continues to be FIT dominated. Travel that helps local communities especially where tourists can give back something to host communities is becoming very popular. A very gradual growth was seen last year with a lot of changing trends in terms of customers' demands. Consumers have started opting for last moment bookings as against the earlier trend of booking in advance. It's quite clear that the customer is looking for value at every stage of the transaction.

With the changing demands of customers looking for unique and differentiated experiences, we try

to provide a mix of unique and niche products with the classic offerings in the most cost effective way. The customer is very price conscious and does compare destinations and products. It's important to give hassle free services and affordable accommodation, so we keep trying to provide the best deals to our guests.

The growth of new source markets which are today a large contributor to the leisure business have also led to increasing business. Western Europe and US continue to be the major source market for India in terms of foreign tourist arrival, with USA topping the charts now continuously from past five years. In coastal destinations in India Andamans has been of new interest for the tourists this season.

This year, we also saw the government taking a lot of initiative regarding the visa policies – the implementation of Tourist Visa on Arrival will be a game changer for inbound tourism and will do wonders, provided we are geared to meet the surge in tourist numbers. The simplification of the visa process will undoubtedly provide the necessary stimulus to the tourism sector. It was one of the long standing requests of the industry and of vital necessity. In fact a joint study carried out by UNWTO and WTTC in 2012 suggested that by implementing the electronic visa, India can benefit an additional six million travellers and over the next three years, the country can add approximately 1.8 million new jobs.

However, for us to see more positive results in the country, huge capital investment and improvement of infrastructure is required on an ongoing basis, as we are only building for the past and need to catch up on infrastructure requirements. Open sky policies are the order of the day as we need many more flights to increase the number of countries that have the potential to send us clients. We need a increase in seat capacity by at least 30 per cent each year for next 5 years.

Along with e-visas, there has to be rationalisation of the visa fees, which must not be based on reciprocity. There is an urgent need to recommence the international advertising campaign that has been discontinued since last two years. As a result, India has virtually no visibility in the international markets. At the infrastructure level, there is an urgent need to treat the hospitality sector differently from the real estate sector. Current policy includes

infrastructure status to projects that are ₹200 crore and above. There is a need to bring it down to ₹25 crore to increase domestic and value tourism taxes levied on tourism should be unified, rationalised and made globally competitive. Multiplicity of taxation at all levels kills the competitiveness of the industry. It is long term exercise where policy makers should be sensitised to the benefits of tourism especially to a country's economy. Also, India can create SEZs dedicated to the tourism industry. This area could have multiple hotels spread across all categories with facilities such as golf courses, convention centres, aquariums, shopping centres and its own dedicated airport to attract direct flights from all over the world.

Inbound tourism needs to work towards having a larger volume of international tourists and firmly place India on the international tourist map, we need to double our numbers from here in next three to five years. We need to provide more hotels, more airlines to service India, more international airports and more developed highways to cater to volumes so that we are price competitive. All of this, as of now, falls below expectations and we need liberal thinking in tourism development and other related ministries. A tourism approach supporting the private sector and foreign investments in infrastructure projects with tax incentives have to be adopted.

We can certainly hope for a better tourism environment in 2015. We need to revive the overseas marketing efforts by taking the Incredible India campaign to a new level by including niche tourism such as MICE/ Incentive/ Wellness. Overall, these are interesting times and we need to ensure brand Incredible India needs to stand out. However, we need to tread cautiously in the volatile world markets and keep an eye on being competitive and achieve our goals for tourism growth and development.

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