

Widespread disappointment with India tourism budget

- A Monitor Desk Report

Date: 02 February, 2021



New Delhi: As the world hopefully finds a way to begin healing from the COVID-19 pandemic, both in health and the economy, the India tourism budget has turned out to be a huge disappointment for industry players.

There is widespread disappointment in the travel and hospitality industry which was expecting relief from the [India tourism budget presented in Parliament by Finance Minister Nirmala Sitaraman](#). Leaders cutting across the many associations have pointed out that once again an opportunity has been lost to revitalize the sector, which does much for the economy by way of jobs and GDP.

Rajendera Kumar, past president of FHRAI and Director of The Ambassador, regretted that still, an elitist view of the hospitality industry has taken shape. He noted that during the COVID-19 pandemic, the hotels had not sacked staff and continued to help the economy. Kumar said that the budget was an ideal opportunity to help tourism get back on its feet but this was lost.

The FAITH Secretary-General, Subhash Goyal, pointed out that millions of jobs were at stake, and it was a great opportunity to revive the sector. There was no mention of the services sector, he also noted.

The tourism budget has taken a drop of 18 percent, from rs2499 crores in 2020 to rs2032 crores in 2021. However, Tourism Minister P. Patel felt that wellness tourism may get a boost as wellness centers are to be built in rural and urban areas.

IATO President P. Sarkar said the budget was disappointing as there was no mention of tourism, even as there were many expectations from it.

TAAI President Jyoti Mayal felt that while infrastructure projects will get a boost, there was no mention of travel and tourism even though it contributes a lot to the GDP.

“We feel demotivated,” said FHRAI Vice President G. S. Kohli.

Domestic Association President P. P. Khanna wondered how schemes like seeing local places will be possible in the absence of funds. Office bearers of adventure and outbound associations also expressed regret at the treatment meted out to tourism.

The Managing Director of Noor Mahal, Mr. Roop Partap, had this to say about the budget: “Although the budget has not offered any major relief to the struggling travel and tourism industry, providing Rs 1.15 lk cr for railways and privatizing airports, the government has given some aid to domestic tourism. A special impetus to local infrastructure development will definitely encourage domestic hospitality, travel, and tourism. The development of road networks across the country gives regional and stand-alone players, at locations considered off the main grid, a fair chance to compete with the main-stream hospitality circuits. Other infrastructure developments in Tier-II cities would assist the growth potential of regional hospitality players and possibly flip the whole scenario in near future.

“The industry largely expected a more liberal and reasonable investment and loan framework from the union budget. A more flexible and tolerant financial environment could have supported small hospitality players to explore more growth avenues in these tough times. To encourage guest occupancy, boost domestic travel and help small/independent properties to be more competitive in the market, GST on room bookings should also be reduced from 18% to 10% as government efforts to support the industry on its path to recovery.”

Managing Director of SOTC Travel Vishal Suri said: “Union Budget 2021 focused on infrastructure, agriculture, healthcare, education, and industrial sectors. While the Union Budget 2021 did not directly address several of the demands being made by the travel and tourism industry, it addressed a relatable need that acts as a medium for growth of the infrastructure sector. More economic corridors are being planned to boost road infrastructure with an allocation of 1.18 Lakh Crore.

“The government has set an ambitious target of building infrastructure in the country with [a] special scheme to nudge states to spend more of their budget on infrastructure, providing Rs 1.10 Lakh Crore for railways, privatizing of airports, and [an] Indian railways national rail plan for India to prepare a future-ready railway system by 2030. These contribute towards sustainable growth within the tourism sector. With airports to be privatized in tier 2 and 3 cities, it will improve regional connectivity. Addressing concerns like immediate waiver/rationalization of 5 percent TCS for outbound tourism, rationalization of taxes will create the

necessary boost for the tourism segment.”