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DOWNTURN IN INTERNATIONAL ARRIVALS: TOUR OPERATORS REPORT 20-25% DROP IN BUSINESS

THE PAST YEAR HAS SEEN A VERY ALARMING SLOWDOWN IN INTERNATIONAL TOURIST ARRIVALS TO INDIA AND CONSEQUENTLY BUSINESS FOR A VAST MAJORITY OF TOUR OPERATORS. THE ORGANIZED TOURISM INDUSTRY IS UNDER THE BIGGEST THREAT IT HAS EVEN BEEN IN THE PAST 20 YEARS. COMPANIES ARE IN CRITICAL CONDITION AND MANY SMALL AND MEDIUM PLAYERS ARE ON THE VERGE OF CLOSING DOWN IN CASE SITUATION DOES NOT IMPROVE SOON.

Sulagna Ghosh

Tourism began to pick up after Prime Minister Narendra Modi made tremendous impact in the international market and in all the meetings which he held; he spoke about tourism as an important part of the Indian business segment. Despite of PM Modi promoting Indian tourism all over the world, ground reality is different due to various reasons.

The Indian tourism industry is facing negative growth. The decline can be attributed to a number of reasons. Worldwide economy is on slow mode and not stable; most of the countries' economies are not doing well and they have negative growth in GDP so disposal income has shrunk. There are political disturbances, war and terrorists attack in some regions of the world and even the developed countries are involved in this. Bad press coverage of India about safety of women, rape cases, tourists being molested or cheated has also affected demand. Due to unreasonable tax structure on hotel and tour operation, Indian tourism products turn out to be expensive. There is taxation on hotels and when the same hotels are used in the tour, there is another tax on tour so taxes are multiplying and India is not able to compete with neighboring countries.

To get a clear picture on the situation, Wonderlust spoke to the industry itself and their responses say it all. If the same scenario of this decline in growth continues, trade fears that soon they will come in a position to shut their businesses.

The past year has seen a very alarming slowdown in tourist arrivals into India and consequently business for a vast majority of tour operators. There is an undeniable increase in the number of Foreign Tourist Arrivals (FTAs) YOY. However, the growth rate, if compared to the corresponding period of the previous year is arguably decreasing. FTAs during the period January-December 2015 were 80.16 lakh with a growth of 4.4%, as compared to the FTAs of 76.79 lakh with a growth of 10.2% in January-December 2014. These numbers are well below the potential that India has.

According to **Anup Nair**, Managing Director, Inspiration India, Government continues to pat itself on its back as the 'percentages' show positive trends, but then, the real measure should not be statistics, but real facts. "Are the agencies showing growth a 'real tourist' business? Are the 'bodies on beds' showing growth in tourist occupancies? Are the Foreign Exchange figures showing a positive growth from direct tourist spends? We can only begin to work at remedying the situation if we are honest enough to accept that the real numbers are actually declining," he opined.

Speaking on the same issue, **Sarab Jit Singh**, Managing Director, Travelite (India), asserted, "This clearly shows that the Government departments are not working in a cohesive manner; where certain things are done, various others are not even initiated. Most of the efforts are actually on the an-

nouncement stage and have not gone beyond. The decline in growth rate can be attributed to various sectors and no support by the Ministry to the Foreign Tour Operators (FTOs). 70% of the overseas tourist offices are without senior officials and the Ministry's official website is nowhere near, where it should have been."

Bharat Bhushan Atree, Managing Director, Caper Travel Company, said, "The financial year 2015-16 has been a bad season for inbound tourism in India. There is a sharp decline in tourists' traffic and hotels, tour operators and other stakeholders are badly affected. As per the market feedback, there is fall by approx 30 per cent in inbound tourists' arrival correspondingly dip in occupancy of hotels."

When PM Modi announced the Electronic Tourist Visa (e-TV) system for tourists, entire travel industry was optimistic with a hope that this scheme will yield more numbers. However, they were not able to achieve the numbers they had aimed. Indian Association of Tour Operators (IATO) has been pleading to the Government to open window of e-TV application 180 days



Sarab Jit Singh



Bharat Bhushan Atree



Anup Nair

in advance instead of 30 days, to allow multiple entries instead of single entry, duration of stay under the e-TV scheme to be increased from 30 to 60 days, creation of more bio-metric facilities at airports to ensure faster processing of e-TV travellers.

India has been a very exotic country for travellers around the world since many years but unfortunately in recent past, due to some unwarranted situations India got a bad reputation which is affecting the interest of foreigners to travel and spend their holidays here, says **Ravi Gosain**, Managing Director, Erco Travels Pvt. Ltd. He further states that there is an overall fall in total number of tourist in leisure segment on an average of 20-25 per cent. "Our company has a similar decline. It's a matter of concern for all of us and unless we take any concrete steps, situation will be worse in coming years," he said.

Also, India as a destination is burdened with multiple taxes, rendering



the tourism industry to a weak state. Referring to this issue, **Debjit Dutta**, Director & CEO, Impression Tourism Services (India) Pvt. Ltd., said, "The Indian tourism industry is the most taxed and least user friendly in comparison to our competitors. Our tourists pay the highest taxes in comparison to South East Asia or Sri Lanka."

Dutta further said that being less explored the share of incoming traffic to East and North East India is still very low in comparison to the other top line destinations in India. There has been a downfall; however it is not that prominent in comparison to the other parts of India. He said that remarkable increases in direct arrival have been noted in the recent past due to strategic campaign initiated by the state tourism departments along with India Tourism.

Many countries do not perceive India as a safe destination for women from the time of the gang rape in Delhi on 16th December 2013. Suddenly, the world attention went negative and this was re-established by a number of subsequent attacks on foreign women at different locations. The embassies of various countries have issued advisories to their citizens to avoid going to some places in India.

Gosain mentioned that Indian media plays an important role in projecting country's image, so they need to be bit sensitive and understand the larger

impact of their reporting because whatever they show or publish reflects on international media as well. "Our government especially Information and Broadcasting Ministry plays an important role to sensitize media and give them briefing on periodical basis to publish positive news about country in same quantum as they do for negative incidents," he said.

Another major concern highlighted by Nair was poor surrounding infrastructure of national monuments. "We have terribly weak infrastructure—roads, railways and very slow traffic. Then there are easily correctable issues like very dirty public areas, extremely high taxes, touts and beggars at every turn, a perceived fear for safety and many unrecognized travel agencies that deliver poor quality experiences," he said.

Federation of Associations in Indian Tourism & Hospitality (FAITH), the nodal body of the entire tourism and hospitality industry highlighted some of the key issues affecting the growth of the tourism sector.

- As a destination, India is quite an expensive country especially, in comparison to other competing destinations. The major reason being the tax component which is between 20–25% of the tourist package cost.
- Coupled with this is the airfare to India from tourist generating countries which is always expensive in comparison to equidistant tourist destinations.
- Getting Indian visa has always been a Herculean task for tourist from

most of the countries. The lengthy visa application and the documents required as well as personal attendance have instilled a negative picture about India in the minds of not only the tourist but also tour operators and agents. E-TV is a good step forward but the publicity about this is somehow missing. One is amazed to see that even now, the tourist are approaching the embassies for visa and are not being informed by the embassies to go and apply online.

- Negative publicity in the international press regarding the safety and security of women tourist is a major point of concern for the tourist to decide against visiting India. The Government is making efforts on this issue, however, it is also important to be proactive and counter such news in the international media.

- The garbage on the roads in India especially near the monuments and tourist attractions puts off the tourist. People are very concerned about the hygiene & cleanliness and, therefore, decide against travelling to India.

- The luxury tourist trains in India have their tariff in Dollars which plays us spoilsport for the agents and operators both in India and overseas. All other tourist products in India are sold in local currency. Similarly, the tariff for luxury trains should also be in Indian Rupees.

- The domestic airlines hardly play their role as facilitators for tourism sector. Very little effort has been made by them to connect tourist destinations properly. Moreover, during peak season, the airlines tend to take undue advantage and charge 2-3 times the normal airfare.

- On international flights, 23-30 kgs is the baggage allowance per passenger which has been reduced to 15 kgs by the domestic airlines, creating lot of problems for the tourist. Tourist is compelled not to do shopping in India. Thus, we lose additional source of earning foreign exchange.

- The entrance fee to the ASI controlled monuments is being increased between to 100% to 300% across India. The package costs are announced by operators more than 1 year in advance, that's why it cannot be taken into consideration at this point of time i.e. at the beginning of the season. The foreign tourist is paying much more than the Indian counterpart, but there are no additional/special facilities available for them. Despite taking additional sums, very little facilities in the surroundings of the monuments have been created that includes toilets, parking, drop off and pick-up points.

- Most of the places of interest visited by the foreigners are overcrowded. We have to find ways & means to either reduce traffic or streamline it. May be a separate entrance for people paying higher bracket entrance fee be considered, as it is being done in several other countries.

- Quality of guides across the country is quite dicey. Guides' Training Programmes must be conducted in all regions and specifically at tourist centres focusing not only on English language but various important international languages as well.

- Hotels & resorts in the country are mostly reeling under financial burden due to very less business/ traffic. It is very difficult for hotels who meet their financial commitments and operating costs. Somewhere similar is the position of transport operators who are unable to upgrade or replace their fleets and are forced to keep using old vehicles. All this put together is not a good sign for the tourism industry in India.

- Tourist would love travelling by Indian Railways but it is impossible to book a ticket because of the booking system of Indian Railways. When a tourist travels by train, he encounters problems like dirty coaches in the train, filthy toilets, overcrowded platforms and delays. All tour operators recognized by Ministry of Tourism, Govt. of India, should be allowed to book tickets online at least for the foreign tourist initially. International standard additional coaches may be added to existing trains for tourist where Indian Railways charges full fare without any subsidy.

- The drop in tourist arrivals is also linked to the state of national and state highways linking tourist destinations, where the average speed is much below the international norms coupled with this is the absence of wayside amenities on most of the circuits.

- The knee jerk reactions by the authorities showing concerns about environment when they order closure of national parks, closure of hotels/resorts working in the parks or buffer area and similarly, closure of camps and

white water rafting in Himalayas sends the tourism industry into a spin. This happens only because we do not have any clear cut policy on the environment.

- Hot weather is one main reason that season in India is curtailed to a maximum of 6 months. Proper shaded walkways should be planned and erected to make it easier for the tourist to visit the monuments and attractions even during off season heat.

- The Buddhist Circuit has immense potential but India has not reaped its benefits. Macro level planning of the entire Buddhist Circuit is the need of the hour. We should have proper rail, road & air connectivity linking all the sites. An international standard train must operate on circular route connecting all sites. We do not have air connectivity; therefore, there is no demand visible. But, due to the absence of this facility, the affluent Buddhist Tourists are giving a pass to India. At least 4-Star Hotels, if not 5-Stars, should be available at all Buddhist centres. As we were never pro-actively involved in the promotion of Buddhist Sector, therefore, we have actually turned away lot many good promoters and investors. We will have to go pro-actively to convince people to consider this opportunity afresh.

- GST may be implemented soon. We have to ensure tourism activities remain at the lower rate. The transactions in foreign exchange should attract 0% GST only, to make India competitive globally.

- The working of foreign tourist offices needs to be re-evaluated completely. Latest technology and communication facilities should be fully used to make tourist offices more efficient. The unfilled vacancies are having its toll on the overall performance of tourism sector.

Sarab Jit Singh, who is also the Vice Chairman of FAITH, said, "We have discussed the aforesaid points giving some indication to the ground realities. It is very clear that we will not get different results by pursuing same methodology. We need

to change our approach, our working, our interaction with the international community be it tour operators, media or tourist itself."

Atree suggests that the availability of land for hotels at reasonable rates, tax reforms and rationalization, introduction of GST for uniform tax structure, treating inbound business as an export industry and giving some incentives on foreign exchange earnings and lastly good PR, communication and branding to create awareness and brand building exercise, should be done to improve the condition of Indian inbound industry.

Gosain also feels that government's facilitation in visa, infrastructure, airlines, taxes, publicity, media management etc., can play an important role in promoting tourism to India. He says, "Government should not forget tourism is one of the largest generators of employment and valuable foreign exchange for India. I appreciate that MoT is doing best possible efforts on their level, recently launching new phone info line or helpline in different languages for foreigners is a right step in this direction. Now, we all have to popularize it, which may help in creating a safe environment for foreign travellers." Nair announces the requirement of immediate action by the Indian government to eliminate the issues hampering the tourism in India. He says, "The government should immediately set its house in order. Hire professional representatives who have a focused agenda and who can be held accountable for their work. Immediately start to work on correcting the obvious shortcomings- clean up the dirt, round up the touts and pay the police better to ensure that they function more efficiently at traffic management and safety issues. Finally, get to work on the irrational tax structure that is killing the goose that lays the golden egg."

The need of the hour is to embark on an image and goodwill building effort and campaign in all important source markets instead of generalizing our promotional campaigns. According to Dutta, long term strategic campaign targeting the major source markets across the globe, should be launched and applied to position India as a safe destination to travel.

Singh, representing FAITH further suggests that the government should promote India worldwide aggressively and pro-actively. "Roadshows should be planned in the major tourist generating countries. India has to aggressively approach FTOs in all the countries and convince them to sell Indian packages while providing them financial support to do so," he explained.



Ravi Gosain



Debjit Dutta