

Update on IATO Activities (Friday 1st April to Friday 15th April 2022)

Dear Members

Greetings

Please find appended relevant activities of our association for the period (Friday 1st April to Friday 15th April 2022)

Segments covered are

- 1. Communication / Letters that addressed key issues**
- 2. Webinars/ Panel Discussions/Circulars/Meetings/Chapter news**
- 3. Media Coverage**
- 4. Chapter News**

Request your feedback to further the content of our weekly report.

1. Communication / Letters that addressed key issues

Segment 1 update sequence by date:5,11,12 April

Tuesday, 5th April

- **IATO thanked Mr. K.C. Varshney, Joint Secretary, Tax Policy and Legislation (TPL-I), Central Board of Direct Taxes in accepting IATO's representation for withdrawal of TCS on sale of overseas tour package for foreign tourists.**

IATO mentioned that It appeared that the Govt. had granted a partial relief to the domestic tour operators by exempting collection of TCS only in the case of individual buyers who were not residents in India. The notification was silent about the FTO / corporate entity who buy overseas tour package for travel of their client's / non-resident individuals. The buyer is FTO and not the individual. The individual foreign tourist buys the tour package from the FTO who in turn approaches the Indian tour operator and books the outdoor tour package in Nepal, Bhutan, Maldives etc. for the benefit of his individual clients / tourists. Since the Indian tour operator raises invoice to the FTO buyer, IATO recommends that in such case TCS should not be made applicable on billing to the FTO buyers located outside India. However, the notification recently issued by the CBDT talked of individual buyer alone. IATO therefore, suggested that suitable notification may be issued or existing notification dated 30.03.2022 to be amended to notify that the provisions of section 206C(1G) of I.T. Act, 1961 shall not apply to sale of overseas tour packages to non-resident individuals as well as to foreign tour operators/corporate bodies located outside India.

IATO further added that the TCS notification No. 20/2022 dated 30.03.2022 was applicable in the case of an individual buyer who was not resident in India **and who was visiting India**. Very often a foreign tourist plans his tour from his native country say U.K. to Nepal directly without touching India and after completion of his tour, he returns to London from Nepal. Since in this scenario the tourist does not visit India neither before nor after Nepal tour, strictly speaking, going by the language of the notification, the benefit of TCS exemption will not be available to the Indian tour operator and thus there would be no relief from collecting TCS as additional levy on billing to the foreign tourist. With this intent, the condition of non-resident individual visiting India becomes otiose. It was, therefore, suggested that the condition viz., "who is visiting India" in the said notification dated 30.03.2022 may be omitted.

A copy of the letter was marked to Mr. J. B. Mohapatra, Chairman, Central Board of Direct Taxes, Ministry of Finance

- **IATO apprised Shri Pramod Kumar, Director (TRU-II), Central Board of Indirect Taxes & Customs (CBIC) on the Tourism Tax in Thailand, Malaysia and Singapore**

Thailand

Government tax is only 7% on Hotel and there is no other tax on tourism service providers that is one-time tax only.

Malaysia

MYR10 per room per night - Foreign tourists staying at paid accommodation in Malaysia are subject to pay a Tourism Tax of MYR10 per room per night effective from 1 September 2017. The Tourism Tax is mandatory and regulated by the Ministry of Finance and the Royal Malaysian Customs Department.

In Malaysia Tourism Service Tax was exempted during Covid 19 Pandemic from March 2020 to January 2022 as per following notification.

Singapore

The additional charge is 17.7% on the base amount. The 10% Service Charge is also subjected to the 7%. Aside from food & beverage outlets, all other retailers must show prices inclusive of GST.

The total tax on tourism in Singapore works out to 7% only.

IATO hoped that the above information was useful and would help in removing the cascading effect on GST on Tour operator's services. IATO assured that once the cascading effect on GST was removed It shall be able to bring more tourists to India year on year basis which would help generate additional direct jobs and bring lots of private sector investment in tourism sector. With the growth of tourism business, it would indirectly bring more taxes for the Government

Monday 11th April

- **IATO wrote to Mr. Anil Oraw, Regional Director, Indiatourism North regarding the late information being received for the inspection/classification of Hotels, Tour operators and Bed & Breakfast units.**

IATO wrote to Mr. Anil Oraw, Regional Director, Indiatourism North with a request that information for any inspection should be sent to IATO Office with at least 3 working days' prior notice so that there is sufficient time to find a suitable member for the inspection.

Tuesday 12th April

- **IATO requested Mr. Sunil H. Talati, Chairman, Service Export Promotion Council to waive off SEPC Membership Renewal Fee for the financial year 2022-23**

The request was made as Tourism industry especially the Inbound Travel and Tourism industry was worst affected due to Covid-19 pandemic as all Visas and operations of scheduled International flights were suspended in March 2020. Offices of Inbound Tour Operators were closed since 25th March 2020 and since then, there is zero business, zero billing and zero cash flow. The tour operators would not be able to take any benefit of foreign exchange earnings for the financial year 2020-21, 2021-22 and may be for 2022-23 also as there being no business.

Keeping in view the financial crisis, IATO waived off the Annual Subscription for their members for the financial year 2021-22 and for the financial year 2022-23 considering to charge a nominal fee of 10% of the actual fee to ensure continuity of their membership.

Further the SEIS was discontinued w.e.f. 2021 and new proposal submitted by SEPC, the DRESS was not approved for the new FTP policy of Ministry of Commerce and also there was no mention of any incentive from the Government for Tourism Export Services in the new foreign trade policy being finalized for 2022-27. Under the present circumstances IATO members are in dilemma whether to renew SEPC membership or not.

*A Copy of the letter was marked to **A. Dr. Abhay Sinha, Director General. B. Mr. Karan Rathore, Vice Chairman and C. Mr. Pronab Sarkar, Member Central Governing Council Travel & Tourism Services, Service Export Promotion Council***

- **Fake websites for India-E-Visa/Normal Visa**

IATO apprised Shri Sumant Singh, Joint Secretary (Foreigners), Ministry of Home that it had come across a fake website for applying for India E-Visa/Normal visa in which word "**gov.in**" was also being used which gave a feeling that this was a Govt. of India official website for applying for visa. Even the National Emblem of India was being used on the websites home page www.indianvisasgov.in

These websites/links could easily cheat foreign nationals applying for Indian Visa.

IATO requested that

- Suitable action be taken immediately to avoid foreign nationals applying on these websites and filling their data which was also a security threat besides cheating the foreign nationals applying for Visa/e-Visa.
- Furthermore, Ministry of Home Affairs should direct all Indian Embassies/High Commissions/Consulates to run an awareness campaign in their respective countries to promote Government official website of <https://indianvisaonline.gov.in/> and <https://indianvisaonline.gov.in/evisa/tvoa.html> so that there were no fraudulent activities which could give bad name to our country.

A Copy of the letter was marked to A. Shri Ajay Kumar Bhalla, Secretary Home Affairs B. Shri Arvind Singh, Secretary (Tourism), Ministry of Tourism, C. Shri Rajeev Ranjan Verma, Commissioner, Bureau of Immigration, D. Mr. G.Kamala Vardhana Rao, Director General (Tourism), E. Shri Rakesh Kumar Verma, Additional Director General (Tourism) and F. Mrs Rupinder Brar, Additional Director General (Tourism), Ministry of Tourism, Government of India

2. Webinars/ Panel Discussions/ Circulars/ Meetings

Segment 2 update sequence by date: 4, 5, 8, 11, 13, 14, April

Monday, 4th April

- All Members were informed on the Revision of Special Baggage rates for the foreign tourists booked by IATO members on IndiGo
- All Members were informed on the Withdrawal of levy of Tax Collection at Source (TCS) on sale of overseas tour package for foreign tourists

For the last two years IATO had been pursuing with the Government to withdraw levy of tax collection at source (TCS) on sale of overseas tour packages for foreign tourists who book tours through its members / tour operators in India. The Association had represented at all fora

The matter was also taken up personally with the Hon'ble Finance Minister, Mrs. Nirmala Sitharaman, when IATO met her in her office on 16th July 2021 to discuss the TCS and GST-related issues. The Hon'ble Finance Minister appreciated the grievances and assured to look into this matter positively.

Tuesday, 5th April

- All members were detailed on the Quality Travel Fair being organised by Vagabond on 22nd October 2022 in Copenhagen, Denmark

Friday 8th April

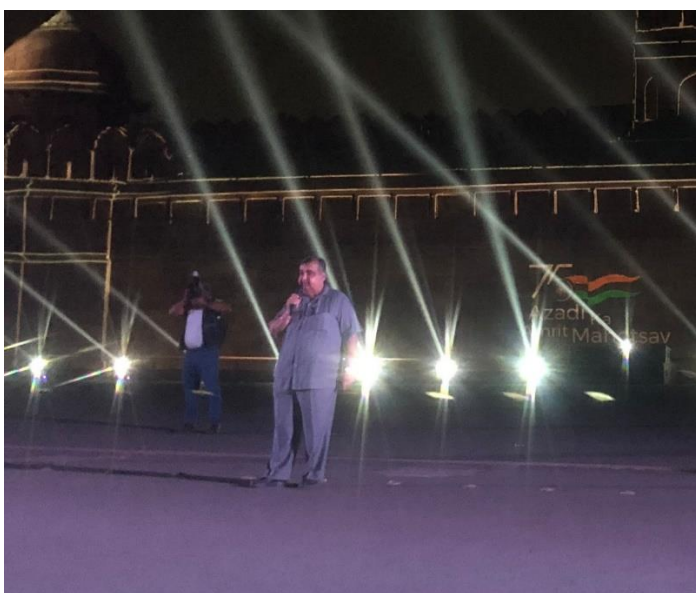
- A Hybrid Tourism conference “Tourism promotion between Phu Quoc, Kien Giang and India in 2022” was organised on 8th April 2022 from 1330 hours to 1520 hours (IST). All Members re informed on the 6th April.

Monday 11th April

- Reminder sent to All Member regarding the Dispatch of IATO Manual 2021-22 They were to inform IATO Office if their office is presently open so that courier can be sent to the official address. If NO, then to let the IATO Office know about any other address with Pin Code where the manual could be sent. Members who have already replied to ignore the email
- All Members were informed on the Invitation for the Road Show on 12th April 2022 being organized by Della Adventure and Resorts Pvt Ltd in association with IATO

Wednesday 13th April

- Active Members went on a Visit to the Red Fort on the 13th April 2022 at 07:30 PM on an invitation from M/s. Dalmia Bharat Limited through FAITH to attend a programme



Thursday 14th April

- All Members were invited to the Talk on Tales of an Explorer – Five Decades of Adventure Travel on 19th April 2022 at 6.30 pm at India International Centre, New Delhi

3. Media Coverage

Segment 3 update sequence by date:2,3,4,6, April

Saturday, 2nd April

'Recovery in international travel has a long way to go'

IATO chief says incoming foreign tourists will touch half of pre-Covid levels in Oct

ABHISHEK LAW
New Delhi, April 1

International airfares are currently "three times" higher than pre-Covid levels but indications point out to a moderation over the next few months as flight operators – both international and Indian – increase frequencies, according to Rajiv Mehra, President of the Indian Association of Tour Operators (IATO), the national body of tour operators. Airlines like Virgin Atlantic, American and home-grown Vistara are already ramping up flights from India.

India opened up scheduled international commercial flight operations, to and from the country, from March 27.

"In the next two to three months, international air-

fares could come down to March 2020 levels. Flight frequencies will increase and so will the number of seats available," Mehra told *BusinessLine*, adding that visa processing for some key countries such as the US or Canada is taking time due to a shortage of staff.

Pent-up demand

Booking trends for April suggest that there is pent-up demand and "sufficient queries" have been generated. Indications are that by April-end, international tourist inflow could be at 1-2 per cent of pre-Covid levels.

Corporate bookings (international travellers) have also begun, with key cities of Mumbai, Bengaluru, Delhi and Hyderabad driving initial numbers.



Geo-political tensions, mostly the Russia-Ukraine war, could have some impact on specific holiday destinations.

RAJIV MEHRA
President of the Indian Association of Tour Operators

Mehra added that bookings are now being made on a 45-day window (45 days before travel date) against the 60-90 day window that was the norm in pre-Covid times.

"If there are no unforeseen circumstances, by October this year, international tourists coming into India

should be at 50 per cent of pre-Covid levels. All indications point to good recovery in incoming tourists and international corporate travellers," he said.

Geo-political tensions, mostly the Russia - Ukraine war, could have some impact on specific holiday destinations like Goa, Mehra added.

Indians are also looking to travel abroad as enquiries for holiday destinations in Europe, the US, Bangkok, Maldives and the United Kingdom have started coming in.

Robust domestic travel

Domestic travel remains "robust". Bookings continue to be better than pre-Covid levels, with hotel room rates recovering "faster than expected" and at least 25 per cent higher than pre-Covid levels.

"Weekend leisure destinations are running nearly full

capacity and hotels now have the bandwidth to increase room rates. In fact, over a regular day, weekend room tariffs are up by at least 50 per cent. In some premium destinations or in demand spots, it is up even 100 per cent," Mehra said.

High ATF tax

The dampener, though, is high air fares. Domestic air fares are almost "twice than what they were earlier" and the increase is "quite visible". However, there could be a 20-25 per cent drop once the summer season cools off and Indian carriers start "full fledged operations with more airlines".

"High ATF tax has an impact on ticket prices too as airlines are passing on the cost to passengers," he said, adding that "the Centre must seriously consider bringing ATF under GST ambit".

Sunday, 3rd April

The screenshot shows the ANIL TV MEDIA app interface. At the top, it displays the time as 09:33 and battery level at 90%. Below the header, there are several news articles and advertisements. One article is titled "Gangotri National Park and Gairsang Gali skywalk open for tourists". Another article is titled "IATO thanks govt for withdrawing TCS on overseas tour packages for foreigners". There are also advertisements for the "TWO app" and "Himachal's Bir to host two-day music festival". The bottom of the screen shows navigation icons and contact information: E-post: aasharma@indiaah.in Ph: 9818079063.

Monday, 4th April

- Big relief for travel and tourism fraternity

<http://bwhotelier.businessworld.in/article/Big-relief-for-travel-and-tourism-fraternity/01-04-2022-424269/>

- Incoming-foreign-tourists-could-be-at-50-per-cent-of-pre-covid-levels-by-october-rajiv-mehra-of-the-indian-association-of-tour-operators

<https://www.thehindubusinessline.com/companies/incoming-foreign-tourists-could-be-at-50-per-cent-of-pre-covid-levels-by-october-rajiv-mehra-of-the-indian-association-of-tour-operators/article65281806.ece>

<https://thetechagents.in/incoming-foreign-tourists-could-be-at-50-per-cent-of-pre-covid-levels-by-october-rajiv-mehra-of-the-indian-association-of-tour-operators/>

- Govt-announces-withdrawal-of-5-per-cent-tcs-on-tour-packages-for-NRIs visiting India

<https://traveltradejournal.com/govt-announces-withdrawal-of-5-per-cent-tcs-on-tour-packages-for-nris-visiting-india/>

- Big-relief-for-India-tour-operators-on-withdrawal-of-tax

<https://biz.crastr.net/big-relief-for-india-tour-operators-on-withdrawal-of-tax/>

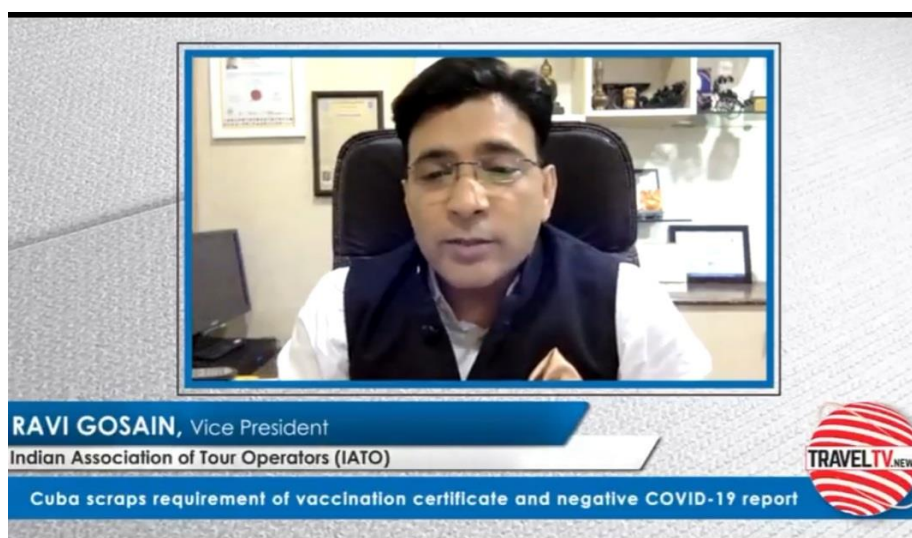
<https://eturbonews.com/3064771/big-relief-for-india-tour-operators-on-withdrawal-of-tax/>

- IATO expresses its gratitude to the Govt for withdrawing TCS on sale of overseas tour packages for foreign tourists -

[IATO expresses its gratitude to the Govt for withdrawing TCS on sale of overseas tour packages for foreign tourists - Travel Turtle](#)

Wednesday, 6th April

- VP IATO talks about International Road Shows with the Ministry of Tourism, Govt of India



Positive vibes only:



Opening of international commercial flights will give tour operators time to plan for the coming season, which will start from October. Indian Association of Tour Operators also welcome multiple entry e-visa, saying that it fulfils their long-standing demand.

Nisha Verma

Sharing how happy they were at the news of opening of international commercial flights, **Ravi Gosain**, Vice President, Indian Association of Tour Operators (IATO), said, "We were waiting eagerly for two and a half years for the opening of scheduled international flights. This will give encouragement to both tour operators as well as travellers coming to India. While this season is already gone, we are expecting that we will get some good business in the coming season, which will start from October 2022. This will give us a lead time to plan travel and we may get some last-minute business as well. However, we are not focusing on that but we want to make plans based on this news. We also wanted the government to ease the e-visa, but that demand has now been fulfilled," he said.



Ravi Gosain
Vice President, IATO

He explained that multiple entry visa was a need since tourists coming to India also visit neighbouring countries like Bhutan and Nepal. "We need people to come with a multiple entry visa and I am sure that there will be more flights opening when traffic will increase, which in turn, would really help tourism industry, which is suffering for two and a half years," he pointed out.

Gosain shared that they have been working closely with the Ministry of Tourism and various

stakeholders for the last two years to bring back tourism on track. "There are lots of changes happening every now and then and there have been various up and downs. One of our biggest concerns is that we will lose the skilled manpower and we have to work together to get them back on track. In fact, if one is out of business for two years and not doing the same activity, then they tend to forget many things. These are just a few things that are important. We did many presentations and will do again as the next season starts. The flights have restarted in summer, which unfortunately is the off season for us. Hence, we will have time to work on all our skills to be ready to cater to tourists when it is season time," he informed.

He further added, "We have been closely working with the MOT on the National Tourism

Policy as well as the National Tourism Digital Mission and overseas promotions and other activities they are doing. We are happy with the policies the government is adopting and the work which is being undertaken by the MOT. I hope

Opening of flights will give us a lead time to plan travel and we may get some last-minute business as well.

It will be implemented in time. It was part of the meetings for new incredible India website, which will be a great thing for India, as the MOT is working on a timeline, which will be great. I think India will have the best website.

More than equality is need

Sunday 10th April

Sri Lanka crisis hits Indian exporters, tourism sector

India has extended a Line of Credit of \$500 million to Sri Lanka

ARSHAD KHAN

THE timing of the Sri Lankan economic crisis could not have been worse for Indian businesses. The uncertainty due to the geopolitical crisis in eastern Europe is already taking a toll on exporters, travel and tourism industry and all other businesses in general, and now with the Sri Lankan economy floundering in the neighbourhood, things can't get bleaker.

The island nation is smaller in size but is of significant interest for India, both strategically and economically. Several Indian companies have a presence in the country. According to Indian High Commission in Sri Lanka, major investments from India are in the areas of petroleum, retail, IT, financial services, real estate, telecommunication, hospitality & tourism banking and food processing, metal industries, tyre manufacturing, cement, glass manufacturing, infrastructure development (railway, power, water supply) etc.

Companies like Tatas, Dharti Airtel, Indian Oil, Mahindra & Mahindra and several Indian banks like SBI and Indian Overseas Bank operate in Sri Lanka. However, exporters and the travel and tourism industry are most affected by the recent crisis, it seems.

Exports

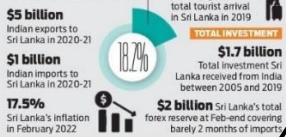
India is the biggest trading partner of Sri Lanka with around \$8 billion annual trade. India had exported \$5 billion worth of goods and services in 2020-21 with textile, metals & steel, ships and boats, capital goods being the major exports to Sri Lanka. Sri Lanka accounted for 1.3% of India's total exports in 2020-21.

The crisis (in Sri Lanka) has hit most exports to the country barring the essential items like food and pharma goods, says Ajay Sahai, Director General and CEO of Federation of Indian Export Organisations (FIEO). He adds it is a major crisis and the government of India must support Sri Lanka with financial help to ensure exports of essential items are not disrupted.

The Indian government has extended a Line of Credit (LoC) of \$500 million to Sri Lanka for the purpose of financing purchase of petroleum products from India. Out of the total credit by Exim Bank under the agreement, goods, works and services of the value of at least 75% of the contract price will be supplied by the seller from



India connection



India, and the remaining 25% of goods and services may be procured by the seller for the purpose of the eligible contract from outside India. Indian imports from Sri Lanka are small adding up to around \$1 billion most of it comprising tea, coffee, spices, animal fodder, edible nuts, among others.

Travel and tourism

Tourism and hospitality industry is one of the major contributors to Sri Lanka's economy, approximately 12% to its GDP and is the fifth largest source of foreign revenue in the country. India plays a big role in this as the total number of tourist arrivals from India to Sri Lanka during pre-covid year (January-December 2019) was \$55,002, or 18.2% of the total tourist arrivals into Sri Lanka. The current economic turmoil in Sri Lanka is unlikely to benefit India when it comes to attracting tourists who are seeking an alternative. According to travel industry experts, increased airfares are a big concern for leisure travel and that other South Asia nations are better placed to attract tourists, thanks to their friendly policies.

"In normal course (referring to the current crisis in Sri Lanka), it should have benefited India but the countries like the

UK which have high number of people travelling to Sri Lanka, don't have an E-visa arrangement with India, and with Easter Holidays are worried that we won't benefit much," said Rajiv Mehra, President, Indian Association of Tour Operators (IATO). Mehra added that the current airfares are exorbitantly high and leisure travel has been hugely impacted by this.

A one-way economy class flight between Mumbai and London is costing a traveller anywhere between Rs 30,000-40,000 if one has plans to travel in the next one week. Non-stop flights may even cost Rs 1,00,000 extra. According to a travel agency executive, tourist inflow in the island nation has been on a downward trajectory since the Easter bombings that took place in April 2019.

He said, "After the attacks, Covid-19 pandemic wiped out tourism in Lanka and now when the global tourism industry is showing signs of recovery, Sri Lanka has gone into a deep economic crisis."

When asked if India's tourism sector stands to gain from this, the executive said that some pockets such as Kerala, the Andamans and Goa are seeing increased interest, but for foreign travellers, Sri Lanka has always offered a different experience, thanks to its excellent beaches. FIEO contacted several Indian companies with business exposure in Sri Lanka, but they declined to comment on the issue.

India, which hasn't issued a warning as such, is also witnessing a lower flight movement between the two nations due to poor passenger load factor.

The crisis in Sri Lanka has hit most exports to the country barring the essential items like food and pharma goods. The Indian government must support Sri Lanka.

Ajay Sahai, CEO of FIEO

4 Chapter News

Segment 4 update sequence by date:11,13 April

Monday 11th April

- IATO (Ts&Ap Chapter) along with RLGS, felicitated the Vice Principle of British Residency, Hyderabad. Several inputs were given by the IATO Chapter to improvise the opening of Iconic building to the Public soon 🌸



Wednesday 13th April

- IATO Chapter (TS&AP) being facilitated by NITHM (IATO member) Director Dr Chinnam Reddy garu (13April2022) during Cricket awardees function 🌸 🌸

