

29th April 2020

**Hon'ble Shri Narendra Modi
Prime Minister of India
South Block
Raisina Road
New Delhi -110011**

Hon'ble Prime Minister Sir,

**Sub: Formulation of Survival and Revival plans for the tourism industry
- Covid-19**

Greetings from Indian Association of Tour Operators (IATO) !

At the outset on behalf of the entire tourism industry, I would like to express our full support to you and the government of the measures being taken to control spread of COVID-19. The action taken by you have yielded good results so far and we have been able to control and fight with Coronavirus, which entire world is praising and giving examples of our country.

As you are aware, due to Covid-19, Tourism industry is badly hit. To safeguard the Indian Citizens from the spreading of Covid-19, Government has issued orders which started on the very first day when international flights for some countries were cancelled from first week of February followed by suspension of Visa/E-Visas announced for different countries and finally cancellation of all the international and domestic flights on 25th March 2020 including sealing of states boundaries and suspension of all visa for all foreign nationals. Tour Operators followed the Government orders in letter and spirit and cancelled all prevailing and immediate future tour bookings. This has put tourism industry into big loss and zero billing with no scope of generating any business and revenue for survival.

Due to the above unexpected situation, all the tour operators have come under acute financial crunch with no cash in hand and zero billing. It has become very difficult to run their organisations and pay salaries to all supporting staff and meet regular expenses.

There are now many challenges/hurdles being faced by the tourism industry, which are as follows:-

- Tour operators who had booked domestic air tickets of foreign tourists, advance tickets purchased for wildlife safaris from various State Governments, advance tickets purchased for luxury trains, etc., all their advance payments have stuck as no refund is received by them from the respective service providers till date.
- Foreign tourists who had to cancel their tour to India, started demanding refund as there were no flights and no visas and we have to refund the advance payments received from foreign clients. Foreign tourists for whom

arrangements were made, do not know when the situation is going to improve and they are not sure whether they will travel again.

- 90% of tour operators in our country are small tour operators and they do not have funds to pay salaries to their staff, rental for the premises, electricity and phone bills, Insurance and EMI on their loans for more than one month under present situation.
- Under the present circumstances, tourism business is not going to start even after the locked down is over. All other business shall start immediately after the locked down is over. Tourism industry cannot gain momentum unless there is a vaccine invented. It is understood that it will take 6 months to one year for the vaccine. Even vaccine is invented in 12 months it will take 6-12 months to vaccinate all the travellers of the world where population is in millions. Further, post Covid-19 tourism shall start again with social distancing and all passengers will have to carry a Covid-19 vaccine certificate like yellow fever for African countries by all travellers. Therefore, it will not be any easy revival for tourism industry. Sustainability of tourism industry is very bleak and it may take 18 months to 24 months to start the business again. With limited cash in hand, no company can survive without any sectoral bail-out package from the government or otherwise. Unless the Government extends help to this Industry, we are expecting huge job losses and closure of tourism companies in the very near future.

Suggestions for Relief measures for Survival and Revival

- We have made several representation to Ministry of Finance, Ministry of Commerce, Ministry of Tourism and also to Niti Aayog to support the tourism industry with bailout package for survival and revival and to avoid laying off of employees.

The recommendations made by IATO are as under:-

Immediate Relief required for Survival - Short Term Action Plan

- To Enhanced value of SEIS to 10% for 2019-20 on gross foreign exchange earnings.
- Extension of SEPC Membership till 31st March 2021.
- Bailout Package for Pay Roll support to pay salaries.
- Deferment of Statutory Dues for twelve months.
- Moratorium of Bank Loan EMIs for 12 months without any accrued and accumulated interest.
- Creation of Tourism Covid-19 Relief Fund by RBI or Ministry of Finance or Tourism to support salaries and establishment costs in the form of non-collateral interest free loan to Tourism corporates for repayment of the principle within 5- 10 year.
- Insurance Corpus of ESI to be used to provide wages to all tourism sector employees covered under ESI.

- Full Refund from Airline, State Governments and Luxury Trains, towards cancellations made by the foreign tourists without any cancellation charges.

Relief required for Post Covid-19 for Survival - Long Term Action Plan

- Complete withdrawal of Tax Collection at Source (TCS which is presently deferred till 30th September 2020) Due to Covid-19 all countries are suffering badly and no country shall be in a position to accept tourist for next one year or more.

Relief required for Post Covid-19 for Revival - Action Plan

- Extending SEIS for the tourism sector for 2020-2025 with enhanced value of 15% during off season(April-Sept) and 10% during season (Oct-Mar).
- Tourism Industry be given status of deemed exporters based on their foreign exchange earnings and all benefits that are given to exporters of goods and IT industry should be given to tourism industry including exemption of GST on foreign exchange billing.
- Tax Refund for Tourists (TRT) Scheme under section 15 of the IGST Act 2017.
- LTA Incentives for Indian Citizens to boost Domestic Tourism, operation should be available with all the tour operators recognised by the Ministry of Tourism, Government of India and not just restricted to Government tour operators only.
- Abolish tourist visa fees for the next few years as a marketing incentive to boost demand in competition with neighbouring countries.
- 50% Reduction in monument entrance fee at ASI Monuments for Foreign tourists.
- Design and undertake a detailed source market wise tourism marketing plan Electronic, Social & Print Media and Road shows by the Ministry of Tourism.
- To Promote MICE business within India give 200% tax reduction to encourage operate such MICE tourism with in India

Your Excellency, if there is no support extended by the Government to the tourism industry, most of the tour operators will not survive and will be forced to close down their business and this will result huge loss of employment. Even if some big and medium size tour operators who will continue their business, will lay off their employee due to shortage of funds.

Therefore, our request for bailout package and other relief should be favourably considered and these needs to be announced immediately to encourage the tourism industry stakeholders and show them some ray of light.

We look forward to favourable support from the government.

Thanking you and with best regards,

Sincerely,

Pronab Sarkar
President
(M) 9811102111



Indian Association of Tour Operators

(National Apex Body of Tour Operators)

310, Padma Tower II, 22, Rajendra Place,
New Delhi-110008

: 91-11-25750034, 25738803

: 91-1125750028

: iato@airtelmail.in, admin@iato.in

 www.iato.in



*Please consider the environment before printing. It is a Corporate Social Responsibility
of IATO to create awareness on environment*