

RBI survey indicates that tourism & hospitality most stressed sectors

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Federation of Associations in Indian Tourism & Hospitality, the policy federation of all the national associations representing the complete tourism, travel and hospitality industry of India (ADTOI, ATOAI, FHRAI, HAI, IATO, ICPB, IHHA, ITTA, TAAI, TAFI) & cause partner AIRDA has again requested multiple Ministries of Government of India, RBI & Niti Aayog.

FAITH has over the week requested RBI, Ministry of Finance, Ministry of Civil Aviation, Ministry of Commerce, Ministry of Tourism, Niti Aayog for structured fiscal & monetary support to the tourism, travel & hospitality industry.

FAITH has quoted the Systemic Risk Survey carried out by RBI which has been presented in their Financial Stability Report, July 2020. In these five sectors have been identified which are most affected by the COVID-19 pandemic. Within them further, tourism & hospitality sector is the one which is most affected where 90% of the respondents foresee a bleak business scenario for at least the next six months. FAITH has also quoted the feedback from collections data of GST & IT from Q1 that too demonstrate that the hospitality and tourism sectors are among the most facing difficulty. This implies that almost 75% of the FY 2020-21 business of Indian Tourism, travel & hospitality will get compromised till a mass vaccine is available.

From the Ministry of Finance, FAITH has requested complete fiscal & statutory support. They have requested for a Tourism COVID 19 fund which enables tourism businesses to support their employees and their operating costs. They have requested prioritised access to very low-cost funds for tourism which are much closer to the repo rate made available through a process of direct benefit transfer mechanism from Ministry of Finance. Additionally considering the scenario of negligible cash flows for tourism industry, they have requested a consideration of waiver of statutory payment obligations for the FY 20-21.

FAITH has requested RBI to consider urgently a tourism sector specific economic & monetary package which considers relief through multi-year moratorium for both principle & interest and a access to very low cost funds closer to the repo rate. They have also request RBI to consider a restructuring package for tourism, travel & hospitality industry.

From Ministry of Commerce, FAITH has requested help with enabling SEIS credit to be made available to tourism industry against the foreign exchange earnings. They have also requested that at this time of crisis and business re-building for the tourism industry the SEIS rate should be pegged at 10% for both tour operators and hotels category and should be made applicable on gross foreign exchange earnings. To provide cash flow support and policy continuity they have requested it may be made available for FY 2019-20 and also for the policy period of the FTP 2020-25 with a provision of an additional 500 basis points increase during lean tourism period to stimulate enhanced foreign exchange earnings.

FAITH has requested the Ministry of Civil Aviation to help with a robust policy mechanism to ensure cash refunds to travel agents & tour operators from both domestic and foreign airlines. Majority of travel intermediaries are micro & small enterprises and with their cash flows blocked they are undergoing an unprecedented crisis of existence and confidence from both customers and employees.

Tourism connectivity has to be started in true earnest. FAITH has also requested the Ministry of Civil Aviation to expand air connectivity to Asia, Middle East & Africa, in addition to the planned ones for USA & to Europe. While this move will encourage tourism & trade, it needs to be accompanied by travel friendly Standardised quarantine policies across the country which ensure passengers are pre tested at point of embarkation as per WHO guidelines and only the ones with positive symptoms are quarantined and not all the incoming travellers.

Faith had also earlier requested the Chief Ministers of all states & the Member of Parliament of both the houses individually for their support with the above. FAITH has requested Niti Aayog for help with all of these points and with the other ministries of Government of India & with State Governments.

Internationally countries are stepping in to support the Tourism, Travel & Hospitality sector. In UK, Government has reduced VAT on restaurants by 75% to encourage dining and is also subsidising 50% of the food bill. In Japan financial support is being extended to the sector for their lost income during lock down. Even in EU, under the SURE program, tourism enterprises have access to funding to save jobs through a corpus and also give access to vouchers to consumers to support their preferred tourism service

providers. In Singapore, the government has supported the Tourism industry with funding for rent, taxes and salaries.

FAITH has also urgently requested the Ministry of Tourism for help with the other ministries of Government of India & with State Governments on these points. They have also requested them ensuring travel agents & tour operators for getting back cash refunds from airlines, railways & state national parks.

To fast track revival of tourism interest, FAITH has also requested Ministry of Tourism to request their creative agency to suggest ideas which elegantly communicate positivity & safety of Indian tourism while weaving these messages around different product segments, destinations and incredible concepts of Indian tourism. These could be designed as multiple series of 30 second social media ads each with different versions of voice over of maybe 5-7 Indian and international languages to help stimulate both domestic & international tourism traffic as soon as external conditions permit.

Almost all segments of the tourism industry (inbound, domestic or outbound) will remain highly stressed whether they are travel agents, hotels, tour operators, restaurants, tourist transporters and any other tourism businesses. There will be negligible cash inflows for most of the tourism businesses but the pressure on cash outflows will remain throughout the FY 2020-21.

FAITH has said that these actions will help in preventing further tourism business shutdowns and job losses. For the tourism sector to survive and thereafter revive this structured support is most critical from among all ministries of Central Government, State Governments, Niti Aayog & the RBI. This is once in a century crisis that has threatened the very existence of generations of tourism businesses in India.

URL : <https://www.internationalnewsandviews.com/rbi-survey-indicates-that-tourism/>

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