

## FROM THE DESK OF THE PRESIDENT

**Dear Colleagues,**

Once again the budget has disappointed our industry that had placed a lot of hope on it this year. Once again we have not been conferred Industry status which we have been requesting for since the last many many years.

True that the Ministry of Tourism allocation in the Union Budget has been hiked by Rs 87.66 crores. True that Tourism will now get Rs 1297.66 crores, up from the Rs 1210 crores of last year and Rs 1110.96 crores in 2011-12, while allocation for the North East has gone up to Rs 129 crores, up from Rs 121 crores. The budget amount is for infrastructure development, and sewage systems improvement, among other things but will this declaration be translated into good news for us all in this trade?

Also the service tax on eating out in air conditioned restaurants above a certain size and higher tax on import of high end vehicles are further moves that will demoralize this industry. If we need to avail of these vehicles for the comfort of our tourists, then the increase in import duty on these vehicles from 75 per cent to 100 per cent is also going to have a negative effect on tourism. And we are constantly talking of enhancing tourism pan India a big way!

Will improving the infrastructural constraints bring down high aviation costs and help the sector to contribute to the growth of the industry?. Doesn't our industry deserve a lot more, considering the major contribution that tourism makes to jobs and GDP. We certainly do!

Yes my friends, TAAI is upset over neglect of tourism sector in the Budget 2013. Your Association has time and again requested the Government to give us some relief by reducing the service tax as this is very special request we have been making since the last few years. But nothing has come forward so far. Tourism sector is estimated to contribute more than 6 per cent to the GDP.

We have also been requesting the government to address some of the critical issues of the aviation industry including the fact that our industry is grieving over the loss of commission from airlines and now the scrapping of Transaction Fee from both domestic and international tickets sold by airlines have added to our woes. Members, please be assured that your Office Bearers and the entire MC team are working very hard with regard to the reinstatement of commission from airlines and we have already written to the DGCA, MOCA, all MLAs and MPs across the country and also to The PM, The President of India, the Tourism Minister, and Civil Aviation Minister. We have requested for personal meetings the dates of which are awaited.

Before I sign off let me thank each and every one of you for your undying faith in our efforts!

**M Iqbal Mulla**  
President



## Editor's Note

**Dear Colleagues,**

We all know that the Supreme Court ruling about Transaction Fee is hurting our industry. Our President and his team are doing all possible and have written once again to the DCGA as well as MOCA. We are awaiting responses from them. Members will soon get an update on this.

As for the Budget 2013, no real sops for our industry. We were expecting some service tax relief and industry reforms with recognition but there is no budget gain for the industry. Some amount has been increased in the budget allocated for tourism that is all. But tax on AC restaurants is going to hit us all the hard way. Read all about it in this issue.

**Manoj Sogani**  
Editor

## EMERGENT MC MEETING IN MUMBAI



The President Speaks



Meeting in Progress

**Mumbai:** An emergent TAAI MC meeting was held on February 11, 2013 in Mumbai to discuss the way forward after the ruling of the Supreme Court of India directing the airlines NOT TO CHARGE TRANSACTION FEE in any form, while selling tickets on domestic and international sectors. The MC had an intense discussions on this issue facing travel agents pan India putting the industry into turmoil and uncertainty. Agents want their right to remuneration reinstated and this was the topic on the agenda.

The President informed the MC that meetings are being held with the authorities, airlines and legal consultants on obtaining the information on way forward. The MC gave their inputs & suggestions for negotiating with the airlines/authorities etc on the remuneration part on the airline ticketing. Chapter Chairmen present informed that majority of the members were of the opinion that Commission was the only way forward and that the Principal-Agent relation and payment of remuneration should be well defined and sorted once and for all by the statutory regulatory in the country.

## TAAI & TAFI JOIN HANDS TO RESTORE LEGITIMATE REMUNERATION TO TRAVEL AGENTS



TAAI - TAFI Press Meet



Mr Mulla addressing the media and the agents at the press conference



Queries from the Press

### Holds Important Press Meet

**Mumbai:** TAAI AND TAFI having resolved to work together to restore legitimate remuneration to all travel agents in India ( following the order passed by the Hon'ble Supreme Court in Civil Appeal No 8771 of 2012, on 23rd January, 2013, directing airlines to NOT TO CHARGE TRANSACTION FEE in any form, while selling air tickets on both domestic and international Sectors.) held an urgent press meet in Mumbai on 11th February to appraise the press of the turmoil this has created in the travel & tourism industry. The associations have made representations to airlines to immediately restore legitimate remuneration & also to Secy. Ministry of Civil Aviation and to DGCA to kindly intervene in the matter and issue directions to the Airline Corporations operating to and from India to pay reasonable commission to Travel Agents as the same is inclusive in the definition of Tariff under Sub Rule 3 of Rule 54A of the Aircraft Rules, 1937. Mr Iqbal Mulla, President of TAAI and Mr. Zakir Ahmed, President of TAFI informed the press that all Airlines will have to comply with the law of the land. Both have appealed to Airlines to fairly remunerate Travel Agents considering all inputs of costs and not a measly token. Both Associations have pledged to work amicably with all Airlines to safeguard Interests of all concerned ensuring transparency to Travelling Public. They stressed the point that Tourism/Aviation Industry is one of the largest contributors of Foreign Exchange earnings to Government of India.

Said TAAI President "It is the principals who must lead and resolve this issue - and in this case it is the airlines. Across industries and across the globe, no principal-agent relationship can survive without the existence of due consideration, in this case commission. The abolition of commission to the distribution channel - in this case the travel agents - is tantamount to the entire contract being termed null and void." TAAI has also written an appeal to the PM, President of India, Tourism Minister, Civil Aviation Minister, as well as all MLAs and MPs of the Government of India, so that this impasse can be solved ASAP Legal courses are also being looked into and being worked upon

## "FAITH " MEETING HELD IN DELHI

**Delhi:** Federation of Associations of Indian Tourism & Hospitality (FAITH) had its general body meeting on 4th February 2013 in Delhi. FAITH has been formed with the aim to play the role of a united front and platform to collectively address the problems, grievances and also the issues faced by the tourism and hospitality stakeholders and also develop strategies to help boost the Indian tourism sector. Association Members present were Travel Agents Association of India (TAAI), Travel Agents Federation of India (TAFI), Indian Association of Tour Operators (IATO), Association of Domestic Tour Operators of India (ADTOI), Adventure Tour Operators Association of India (ATOAI), Federation of Hotel & Restaurant Association of India (FHRAI), India Convention Promotion Bureau (ICPB), India Heritage Hotels Association (IHHA) and Indian Tourist Transport Association (ITTA). Formulation of a common agenda was discussed in detail. It was observed that Ministry of Tourism takes up the issues with different Ministries in



The Formation of FAITH in 2012 President Mr Mulla signing the MOU

proper perspective and accordingly FAITH should deal with Ministry of Tourism. TAAI's Hon Secretary General, Mr Sunil Kumar also attended the meeting which concluded with vote of thanks to the Chair.

## AKANKSHA'13 - PONDICHERY UNIVERSITY



A Chandran, Asst. Prof & Coordinator (Akanksha'13), Dr. K.C. Rao, Dean (School of Management, Pondicherry University), S. Vaithanathan, Chairman, Akshaya India Tours & Travel (P.L.L.), Iqbal Mulla, President, TAAI, Prof. C. Krishnamurthy, V.Chancellor, Pondicherry University, Dr. Y.Venkata Rao, Associate Prof & Head Department of Tourism Studies, Pondicherry University, S. Chandrasekaran, Student (Coordinator -Akanksha'13).

**Pondicherry:** The annual two day institute-industry interface event Akanksha was held the 15th & 16th February, 2013. which serves as a platform for intensive deliberations by the industry experts and academics on various contemporary issues related to travel, tourism, and hospitality. Prof. Chandra Krishnamurthy, Vice-Chancellor of Pondicherry University was the Chief Guest for the inaugural function. Mr. Iqbal Mulla, our President, was the Guest of Honour. The Keynote Address was delivered by Sri. Vaithanathan, Chairman, Akshaya Tours and Travels, Chennai. Akanksha'13 had Panel Discussions, Special Lectures, Art & Photography exhibition and Cultural Fiesta by students of DTS. The three themes for the

technical sessions were a. Responsible Tourism for Resource Conservation and Local Community Development; b. How Affordable is Destination India? and c. 'Incredible India' in the Wake of Threats and Unlawful Incidents. A special lecture on the topic Ecotourism and Environmental Protection was delivered by Sri.M.B.Nirmal, Founder EXNORA International Chennai on the first day of the event. Another special lecture by Sri.Vivek Pattanayak, IAS (Retd.), Former Secretary, Ministry of Civil Aviation, Govt. of India on the topic Aviation Sector in India was also interesting. The Pondicherry University Tourism Studies Alumni Association (PUTSAL) Meet on 16.2.2013 had the release of the annual publication of DTS Yatra by Prof. Chandra Krishnamurthy, during the inaugural session. The first newsletter of PUTSAL 'Boomerang', was released by none other than our President Mr.Iqbal Mulla, The event concluded with the cultural programmes performed by the students of the Department at the Cultural-cum-Convention Centre. Said The President " It was a great honor for TAAI to be connected with this wonderful event and we support such programs for generation next that would be inducted into our industry. Now with "Boomerang" there will be great exchanges of communication concerning tourism studies and other related topics !" Dr. Y.Venkata Rao, Associate Professor & Head, Department of Tourism Studies was as well as the other officials were particularly happy with our president making time to grace the occasion.

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**VISIT BRITAIN'S INDIA SALES MISSION 2013**

**Mumbai:** Visit Britain as a part of their India Sales Mission 2013 organised a workshop for the trade on 25th Feb 2013 @ the Trident, Mumbai. President-Mr. Iqbal Mulla, MC Member – Mr. Marzban Antia and WR Chairman- Mr. Jay Bhatia were invited by their Director – Overseas Network – Mr. Keith Beecham, to a special discussion on the current market scenario & how Visit Britain can position itself to drive the growth of outbound tourism to UK from India. The President, welcomed the initiative of Visit Britain team who have now embarked to promote themselves for the Indian Traveller with their workshops, tradeshows and interactions with the travel trade across the country. Mr.Keith Beecham and his team comprising of RM, Asia Pacific & Middle East - Ms. Sumathi Ramanathan, Country Manager India – Ms Shivali Suri & RM-India West – Mr. Vishal Bhatia had organised a fantastic b2b session from suppliers, tour operators, hoteliers etc from Britain. Members of the trade were present in large numbers to gain information and product knowledge.

Mr. Marzban Antia stated that the need to promote Britain as a destination for sports tourism would boost up the sector and travellers from India were keen in football, cricket, tennis etc and Britain being one interests the fans for County leagues as well as the global tournaments. He further requested the tourism body to assist the trade in seeking support for visas for tourists as the time taken for the visas ranged from 10days to 2months.WR Chairman – Mr. Jay Bhatia pointed out to the VB team, that more awareness and information on other parts of Britain other than London was required to be imparted to the travel trade in India for promoting Britain as a whole.

He stated that Britain is a diverse nation and a destination for all age groups, holiday tastes of adventure, scenic beauty, history, arts and culture, gastronomy, sports, cosmopolitan towns to small villages, fashion, music and lots of more activities. TAAI offered all the support to Visit Britain Team to take forward their initiatives for members of the travel trade.

**SRILANKA TOURISM PROMOTION**



**Bangalore:** The Srilanka Tourism promotion bureau under the guidance of the Ministry of Economic Development organized a Sri Lanka Travel Trade forum in the city of Bangalore on 22nd February as part of their new "Get Srilankan'ed" campaign. The Travel trade forum was attended by over 65 Sri Lankan travel operators and over 120 Indian travel operators. The forum was a grand success with several business deals closed and many new relationships created. Mr.Iqbal Mulla, our President, was the Chief Guest at the forum and he addressed the gathering about the importance of trade relationships between the two countries. He was also keen to understand the India focused packages the Sri Lankan travel traders had brought in. Also present at the meet, were His Excellency Ameer Ajwad, Deputy High Commissioner of Sri Lanka to India, Mr. Bhashwara Gunaratne, Chairman, Sri Lanka Tourism Promotion Bureau and Mr. Rummy Jauffer, Managing Director, Sri Lanka Tourism Promotion Bureau.



## TRADE NEWS

### BILL TO REPLACE DGCA TO BE TABLED IN PARLIAMENT

(Feb 21, 2013) Financial Chronicle / PTI

A BILL to replace DGCA by a new aviation regulatory body -- the civil aviation authority (CAA) - with full operational and financial autonomy, is likely to be tabled in Parliament in the upcoming budget session. "We are preparing a cabinet note on creating the CAA. We have sent a draft of the proposal to the law ministry.

We hope we will be able to table the bill in the second half of this budget session itself," civil aviation minister Ajit Singh told reporters here. Maintaining that passenger and freight traffic and aircraft movement have grown manifold in the past six years, he said the strength of DGCA, which regulates all these activities, had gone up only in "a minuscule manner" primarily due to the

"cumbersome" recruitment process under the UPSC. With full functional and financial autonomy, the proposed CAA would be able to recruit its own staff, decide on their pay structure and the powers to fix and collect fees for rendering services like safety oversight and surveillance of air navigation services, he said. "The CAA will be self-financing. It will have a separate fund that would finance its entire expenses. In addition, this fund will also get budgetary support," the Minister said, adding that the estimated cost of the Authority would be around Rs 112 crore. Singh said it would "not be a noticeable amount ... Just Rs five per ticket. ... As the number of passengers grows, the burden on them will come down." The CAA would have a chairperson, a director general and 7-9 members, including five whole-time members

### TOURISM SECTOR NEEDS A MAKEOVER: ECONOMIC SURVEY

India's tourism sector needs an urgent image makeover with higher investment in infrastructure, through PPP mode to capitalise on opportunities provided overall growth in world tourist arrivals, the Economic Survey said today. Global tourist arrivals are expected to increase by 43 million every year on an average from 2010 to 2030. The Survey for 2012-13 tabled in Parliament said there is also a need to address issues like high luxury taxes on hotels by states and ensure greater cleanliness and safety for tourists, which can help in giving a big boost to this sector.

"With world tourist arrivals expected to increase by 43 million every year on an average from 2010 to 2030 and FTAs in emerging countries expected to grow faster than in advanced economies, a goldmine of opportunity in tourism is waiting for India, which at present has a paltry share of 0.64% in world tourist arrivals," the survey said. It, however, said "an image change for Indian tourism is needed with higher investment in tourism infrastructure including through PPP mode." Calling for more private participation in the sector, the report said: "Even user charges could be levied if monuments or tourist sites are developed by the private sector or through PPP (public private partnership)." On taxation issues, the survey said refunding VAT as done in countries like Thailand and Singapore can be replicated to help the tourism sector.

Domestic tourism is also an important contributor to the growth of this sector with a 14.34% CAGR of domestic tourist visits from 1991 to 2011. During 2011, there were 851 million domestic tourists, the Survey noted. The hotels and restaurants sector with a 1.5% share in India's GDP in 2011-12 is an important sub-component of the tourism sector. As per the 12th Five Year Plan approach paper, India's travel and tourism sector is estimated to create 78 jobs per million rupees of investment compared to 45 jobs per million rupees in the manufacturing sector, the Survey said. "As per Tourism Satellite Account (TSA) data 2009-10, the contribution of tourism to India's GDP was 6.8% (3.7% direct and 3.1% indirect) and its contribution to total employment generation was 10.2% (direct 4.4% and indirect 5.8%)," it added.

To promote tourism, the government has taken many policy initiatives including a five-year tax holiday for 2, 3, and 4 star hotels located around all UNESCO, World Heritage sites (except Delhi and Mumbai) for hotels which start operating with effect from April 1, 2008 to March 31, 2013.

**Source : Press Trust of India | New Delhi February 27, 2013 / Business Std**

### TOURISM GETS RS 88 CR MORE THAN LAST BUDGET

New Delhi, Feb 28 (PTI) Tourism sector got a fillip in the Union Budget with the allocation to the tourism ministry hiked by Rs 87.66 crore. The allocation for the Ministry this year is Rs 1297.66 crore while it was Rs 1210 crore in the Union Budget 2012-13 and Rs 1110.96 crore in 2011-12. The budget allocation for plan projects/schemes for the benefit of North East region and Sikkim has been hiked from Rs 121 crore to Rs 129 crore. The allocation under tourist infrastructure is for construction of budget hotels, wayside amenities, tourist reception centers, refurbishment of monuments, special tourism projects, adventure and sports facilities, sound and light shows, illuminations of monuments,

providing for improvement in solid waste management and sewerage management, procurement of equipments directly related to tourism and rural tourism projects etc. This provision also relates to large revenue generating projects, generating revenue through levy of fees or user charges like tourist trains, cruise vessels, cruise terminals, convention centre, golf courses etc. and creation of land bank for hotels to provide hotel accommodation by purchasing land and build hotels through public private partnerships. The provision also includes Externally Aided Projects including UNDP Endogenous Tourist Projects and assistance to central agencies for tourism infrastructural development.

### Quote Of The Month

**"The fundamental cause of trouble in the world is that the stupid are cocksure while the intelligent are full of doubt."**

**- Bertrand Russell (1872-1970)**

