

Budget disappoints tourism industry

The tourism and hospitality industry was disappointed with the national budget for 2008-09, saying it has ignored this booming sector completely.

'The budget failed to grant infrastructure status to the hospitality business which we have been hoping since long. Even the pending issue of depreciation on hotel buildings has remained unchanged,' said S.P. Jain, managing director of Pride Group of Hotels.

The tourism and hospitality industry has, however, welcomed the tax holidays that are now available for setting up two-, three- and four-star hotels at heritage sites for the next five years.

'We are building a hotel near Hampi in Karnataka in the next five years, so we can benefit from the tax holiday near Unesco heritage sites,' Keshav Balaji, vice-president of corporate affairs at Royal Orchid Hotels, told IANS.

But Balaji said that tax holidays should have been given on a pan-India basis considering that there is a shortage of 100,000 hotel rooms.

Director of Cox and Kings India Ltd Peter Kerkar, said: 'Although heritage sites have a crying need for quality accommodation, India goes beyond Taj Mahal and Unesco.'

The increase in personal income tax exemption will lead to an increase in disposable income and lead to a growth in travel spends. This is good news for the travel industry, said Kerkar.

Lalith Sheth, chairman and managing director of Raj Travel and World, said: 'The budget was disappointing. We had asked for exemption from service tax and fringe benefit tax for tour operators. But it remains unchanged.'

Echoing a similar sentiment, chairman of Stic travel group and Confederation of Tourism Professionals Subhash Goyal, said: 'The government is killing the goose which is laying golden eggs. We are responsible for creating jobs in export and handicrafts sectors.'

Goyal said after depreciation of the dollar, there was a drop of genuine tourists coming to India.

'Rupee appreciation has made tourism more expensive here and there has been a drop of tourists coming here.'

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