

President's Message

Friends,

I warmly congratulate Prime Minister Narendra Modi and his government for launching the biggest tax reform of Independent India –the Goods and Services Tax (GST), a major historic tryst with destiny. Being a monumental game changer, this has made India the most prominent free and democratic market in the history of humankind. Aply called the “Good and Simple tax,” by Prime Minister, Narendra Modi, it seeks to create a common market for goods and services by subsuming multiple taxes at the national and state level, thereby creating a paradigm of “One Nation, One Tax, One Market.”

I am positive that GST will improve the ease of doing any kind of trade, commerce or business in India along with reduction in the cost of doing business in the coming times. Businesses shall be able to perform more efficiently while consumers would benefit by reduction in the prices of goods and services.

The Chamber appreciates the taxes on the commodities of mass consumption in the rationalized trajectory of 5- 12 percent; however, it looks forward towards rationalization of the taxes on the white goods and other consumer goods under the ambit of 28 percent.

The Chamber welcomes a proactive role of the government in resolving the issues and challenges faced by trade and industry under the framework of GST as challenges in the implementation process would be inevitable. It would be our endeavour to continuously organize and engage in GST awareness programs for the benefit of industry. As a pre-requisite, I fully endorse the quote, “You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.”

The Indian economy is headed to become the fastest growing economy world-wide in the longer-term with the government's pulsating reform measures yielding visible outcomes in all areas of the economy.

One such sector, the tourism sector, being a large employment generator accounts for 7.6 percent of GDP and its contribution is expected to reach US\$ 280 billion by 2026. Tourism and hospitality are not only high foreign exchange grossers, they are also among the largest



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tax revenue generators. Prime Minister too declared that the growth of the nation will parallel the growth of tourism.

India is an ideal destination for tourists seeking both historical and geographical delights given its natural beauty and the endless variety of landscapes, monuments and places to explore. Travel and change of place with diverse cultures impart new vigour to the mind and India offers all of this.

I wholeheartedly appreciate the government's recent thrust on the tourism sector including the numerous incentives such as approved e-visa facility to nationals of 161 countries, e-medical facility, multi-lingual helpline, infrastructure development, cleanliness and launch of schemes like Swadesh Darshan and PRASAD. The government's push to increase transparency in the visa process by introducing an on-line visa application portal saw increased arrival of tourists through e-Tourist Visa which is expected to double the tourist inflow to India. The country's eight percent compound annual growth rate in foreign tourist arrivals at a time when the world's CAGR stands between 4-5 percent is extremely noteworthy. We attract more than 8.89 million foreign tourists annually.

The setting up of five special tourism zones, special pilgrimage and tourism trains and worldwide launch of Incredible India campaign are boosting up the sector. The Ministry of Tourism's thriving initiatives of promoting India as a 365 days destination by ensuring repeat visits of tourists by promoting niche products such as Cruise, Adventure, Medical, Wellness, Golf & Polo, Eco Tourism, Film Tourism

and Sustainable Tourism are encouraging inflow of investments to benchmark India at an international arena. During April 2000-December 2016, the hotel and tourism sector attracted around US\$ 9.93 billion of FDI. I must highlight that India is projected to be the fastest growing nation in the wellness tourism sector in the next five years, registering more than 20 per cent growth annually through 2017.

These efforts have paid dividends by improving India's ranking in the World Travel and Tourism index to the 40th position among 136 nations this year. Also, given that tourism provides more than 40 million jobs, the importance of focusing on it only intensifies.

However, I would like to caution that a number of constraints remain which act as a deterrent for tourists visiting India such as cumbersome visa regulations, bad travel infrastructure, poor sanitation, weak law enforcement systems and concerns about women's safety. Tourists experience manipulation and cheating, theft and sexual harassment across the country. I would like to emphasize that stringent action is required by law enforcement agencies through proper policing to curb this menace of touts in religious destinations, market areas, monuments and festivals across the country. The government should adopt policies that encourage travellers, such as the new visa regime, developing world class infrastructure, and encourage start-ups to do business with ease.

I must comment that under GST regime, staying in luxury hotels with tariffs above Rs. 7,500 will cost the guests more as the tax under the new GST slab has been set at 28 per cent. While the government's efforts to keep GST between 5-12 percent for restaurants without AC is laudable, the high GST slab of 18 percent for AC restaurants and 28 percent for 5-star restaurants is disappointing. Neighbouring countries pay 5-12 percent GST or an equivalent tax. This may hinder the promotion of tourism as well as hospitality sector in the long-run. I think the government needs to review these rates.

Given that tourism and hospitality sector creates jobs and foreign exchange, let us work in co-ordination with the government to make India an ideal sought after tourist destination in the world and in the process make it a win-win situation for all stakeholders!

