

[Print](#)  [Close](#)

Budget 2021: How can govt ease COVID-hit tourism sector's pain?

BusinessToday.In January 26, 2021

One of the sectors directly and severely hit due to pandemic-led travel restrictions has been tourism. With lockdowns around the world, the industry lost not only international and domestic tourists, but even local visitors.

The losses to Indian tourism industry over the last year have been massive. CARE Ratings estimates the sector suffered losses of Rs 1.25 lakh crore during calendar year 2020. The rating agency assessed the impact of the pandemic on tourism at about 50 per cent during January and February 2020, while it may be higher at 70 per cent in March alone, following the suspension of international flights. In April-June period, CARE Ratings projected a revenue loss of Rs 69,400 crore for the sector, marking a loss of 30 per cent on annual basis.

ALSO READ: Budget 2021: Govt likely to formulate dedicated policies for toys sector

With vaccination against the coronavirus underway, the sector is finally hopeful of a turnaround. It is also hoping for Finance Minister Nirmala Sitharaman to announce measures to substantiate this optimism.

In its wishlist ahead of the Budget, the tourism sector has asked for industry status by including it in the concurrent list. Industry body Federation of Associations in Indian Tourism and Hospitality (FAITH) has asked for export earnings to be exempted from taxes and incidence of taxes in tourism earnings to be zero rated. It has also recommended Service Exports From India Scheme (SEIS) of 10 per cent to all foreign exchange earning members in tourism to be made applicable for 5 years to facilitate recovery after the pandemic.

ALSO READ: Budget 2021: COVID-19 crisis emphasises need for higher allocation for healthcare sector

The tourism industry expects a concerted strategy to help it become a mainstay domestic industry. To this end, measures like an income tax exemption on travelling within India, income tax credits for up to Rs 1.5 lakh when spending with GST registered domestic tour operators, travel agents, hoteliers, and transporters anywhere within the country are required have been recommended by FAITH. The industry body also wants a structured mechanism to secure travel agents' payments in future.

The tourism industry is one of the largest industries and accounts for 6.23 per cent of the country's gross domestic product (GDP) and provides employment to 8.78 per cent of the population. The sector supplements others, including travel, hospitality, restaurant industries.

ALSO READ: [Budget 2021: Measures FM Nirmala Sitharaman should announce to spur pandemic-hit economy](#)

Print  Close

URL for this article :

<https://www.businesstoday.in/union-budget-2021/news/budget-2021-how-can-govt-ease-covid-hit-tourism-sector-pain/story/429165.html>

@ Copyright 2019 India Today Group.