

No Cheers but tears
(P. Dwarakanath, Consultant, Swamy Associates)

Tourism is an industry” that is what the Government and the Policy makers are crying hoarse from the roof-tops. There are many faces of “tourism”, like Adventure, Nature or eco-tourism, health-tourism etc., India, being marketed as ‘incredible’ all over the world is slowly but surely becoming a must for most of the Westerners to visit. In addition, the tourism sector within the country is now growing leaps and bounds, with Indians becoming wanderlust. Some of the States in India like Kerala, Goa, Karnataka highly depend on the income that is generated by the tourists visiting their states.

The back-bone for luring more tourists, either international or our ‘*desi*’ is infrastructure. The infrastructure for tourism industry consists of good connectivity between various tourism spots by air, rail and road, hotels for accommodation, restaurants etc., When the tourists are planning a visit to any place, be it Darjling in East or Ooty in South or Dwaraka or Somnath in West or Kulu-Manali in North, the first thing or the first act of a person planning a trip is lookout for accommodation within his means and offcourse once they reach, they do have to depend on restaurants churning out ethnic food or conducting various food-festivals.

Now, with the Union Budget, the Hon’ble Finance Minister, has proposed two new avenues of revenue for Service Tax and they are:

1. Services Provided by a restaurant
2. Short-term accommodation

With the advent of this new levy on Hotels and restaurants, whether attached to a Hotel or independent ones, there will be an additional expenditure to the Tourists. The tourists from foreign countries, who are also accustomed to having liquor as a part and parcel of their dining habit

shall have to shell down more money. Tourism spots like Goa and some parts of Kerala will be hit hard.

These new categories of Service Tax will definitely cast a shadow on an Industry, which is already suffering with losses due to heavy investments, less tourists arrivals due to various reasons like law and order problems, terrorist problem, infrastructure problems, etc.

Further, as per the Government " new levy is directed at services provided by high-end restaurants that are air-conditioned and have license to serve liquor. According to the Government, such restaurants provide conditions and ambience in a manner that service provided may assume predominance over the food in many situations. It should not be confused with mere sale of food at any eating house, where such services are materially absent or so minimal that it will be difficult to establish that any service in any meaningful way is being provided."

Now, the mute question is does the Government is of the opinion that only Air-conditioned Restaurants which serve liquor with a license are providing the ambience or the facilities of choicest food etc.? This is patently wrong and there are hundreds of specialised restaurants be it pure vegetarian or multi-cuisine which are totally air-conditioned and which cater to the needs of their patrons as discussed in the Scope of new Services, without a license to serve liquor and all these category of restaurants will go scot free. Perhaps all such restaurants in the State of Gujarat will thus go scot free due the "dry" policy of the State Government. The concept of the levy itself is thus incorrect and the choice of Service Providers is bad.

Before parting...

Already patriotic citizens like me are paying more taxes to the Government than others, because of the heavy burden of taxes on liquor and more burden is now cast on us!