



## **What's your Band-width? Are you a Solution Provider?? Repositioning our CORE**

In the language of Computer Networks, "Bandwidth" is a synonym for data transfer rate – the amount of data that can be carried from one point to another in a given time period (usually a second). In Communication "Bandwidth" is the range of frequencies. **In business – "Bandwidth" is referred as a synonym for capacity or ability – to have "time or skill or staffing or some USP" available to tackle a challenge or offer the best solution.**

Whatever definition we relate to – in an evolving industry that carries with it the paradox of "growing volumes & diminishing profits" at all levels – what matters is our "Bandwidth" – our ability to encounter any challenge thrust on us. How effectively can we successfully encounter any onslaught on us that deprives us of the comfort levels we had experienced earlier is the real poser.

For a bye-stander or a spectator it seems too difficult to comprehend or interpret the travel industry where the common concern of most participating players is the diminishing profits with the threats of survival – despite exponential growth in volumes and size.

As service-providers with extensive investments – the questions we must ask are - Are we "Solution Providers" or only "Problem hi-lighters"? Surely, we have a right to emphasize problems or state crisis, but within our own abilities, how effective are we in creating solutions to overcome the attack on us by the complex environment. Are we "superior to circumstance" or are we "helpless to the external scenario"?

To identify better forms of survival is what we must fine-tune - different from our established practices. An efficient "Bandwidth" that inspires us to generate solutions will be of immense support, absolutely! As with most products & services, we need to revisit our "core" and reposition it in a manner that champions our superior to circumstance stand.

Henry Ford's twin statements say it all. **Whether you think you can or think you can't – on both occasions you are right;** and the other - **There is no man living who isn't capable of doing more than he thinks he can do.**

The old proverb "As a man thinketh – so is he" mandates us too, to think beyond and reestablish our core and band-width to bring up new solutions and newer ways to surge ahead.

**Southwest Airlines and its consistent profits** is a great story on sustaining the environment. It proves their "Bandwidth" and hi-lights their core. Here's something interesting from Warren Buffet.

*The airline industry is notoriously brutal. As Warren Buffett once wrote in a letter to shareholders, "If a farsighted capitalist had been present at Kitty Hawk, he would have done his successors a huge favor by shooting Orville down." Yet Southwest Airlines just recorded its 39th consecutive year of profitability—in a business sector where profits can be excruciatingly tough to come by.*

## **FROM THE DESK OF THE ACTING PRESIDENT**

The Southwest story accentuates its well positioned "Core" that *earned profits for 39 years consecutively*. "Keeping operations simple" has been their core – *simpler operations means fewer things that can go skewed and upset the whole process*. Here's an example - Southwest's fleet of jets. While other airline fleets can employ 10 or more types of aircraft, Southwest uses just one, the Boeing 737. VP of ground operations Chris Wahlenmaier explained - this results in all manner of cost-saving efficiencies: *"We only need to train our mechanics on one type of airplane. We only need extra parts inventory for that one type of airplane. If we have to swap a plane out at the last minute for maintenance, the fleet is totally interchangeable—all our on-board crews and ground crews are already familiar with it. And there are no challenges in how and where we can park our planes on the ground, since they're all the same shape and size."*

Another example is their free check in baggage – first and second check-in-bags are free. Most others charge to check bags these days. Resisting the trend, Southwest says - *this "bags fly free" policy is good marketing. But it also has operations benefits: "When you charge people to check bags they try to carry more on, sometimes more than can fit in the overhead bins - That results in more bags being checked at the gate, right before departure. And that wastes time."*

**Unless we are willing to turn our sights and relate to the needs of the customers – our bandwidth can lose its relevance. It is important to revolve on how we deliver service and how we can be different in utilizing our "core" to retain our customers. If we cannot harness our core – we cannot evolve our USPs.**

At **General Motors**, the new management team took bold action besides just shedding costs. Leading the transformation to auto design was **Mary Barra**, the product development chief who is the new CEO. Barra favored lighter, more stylish cars, and *engineering based around customer insights. This was best typified by the resurgence of the Chevy Malibu, which now ranks among the top ten vehicles sold in the U.S.*

Today, repositioning the core business, even if it means getting smaller, is a strategy that sells.

TAAI as an association with the best of expertise the industry can boast of – must go through its re-engineering as well. It is not enough to acclaim that we are the largest or we are 63+ years. How relevant are we to our membership and their evolution into better practices – at all levels – must define our effectiveness. Our "Core" must evolve into that specialist stature offering solutions and supporting efficient band-widths of our members. We must firm our approaches to grow beyond the normal and use our inestimable and priceless resource of our member's abilities. We can't take it forward without our members joining us. We must collectively aim to bring in that change. In today's world it is not mere literacy or qualifications that matter. Maybe our environment today is not chasing the focus need. We may need to re-focus.

**We are chasing literacy – We are not chasing education  
We are chasing qualifications – We are not chasing the ability to bring in the change**

Just like a successful marriage that requires falling in love many times, always with the same person, let us get passionate with our industry involvement and reposition our strengths for the future. **That is one way we can continue to grow with the industry on which we have spent most of our lives.**

All the very best!  
Sincerely yours

**Sunil Kumar**  
Acting President  
sunilkindia@gmail.com

## TAAI INAUGURATED ITS 20TH REGIONAL UNIT - THE UTTAR PRADESH & UTTARAKHAND CHAPTER



The 20th Regional Unit - The Uttar Pradesh & Uttarakhand was installed in LUCKNOW on 7th September, 2014. The Chapter was inaugurated by Secretary & DG Tourism Mr. Amrit Abhijat, TAAI Acting President, Mr Sunil Kumar, - Hon Secretary General, Mr Harmandeep Singh Anand, M C Member and Chairman TAAI Membership Council, Mr Kirti Vyas, alongwith Chairman of TAAI Northern Region, Mr Rajan Sehgal, Secretary, Neeraj Malhotra and Treasurer, Gaurav Dogra graced the important occasion. Chief Guest, Shri Om Prakash, Hon'ble Minister for Tourism, Uttar Pradesh, had graciously consented to inaugurate the Chapter but due to last minute party engagements. was unable to do so. However he was kind enough to send his personal message and greetings.

The inauguration commenced with the welcome of Secretary & DG Tourism Mr. Amrit Abhijat by Mr. Rajan Sehgal and welcome of Mr. Sunil Kumar R by Mr. Neeraj Malhotra. Mr. HS Anand conducted the proceedings. Mr. Sunil Kumar then spoke about TAAI's strength by its number of Regions & Chapters. He emphasized the role of a TAAI agent and how he's different from the other agents.

The DG was then requested to speak who mentioned about the policies of Shri. Akhilesh government and how UP is marching

towards a big change in its Tourism policies and within a year these changes would be noticeably visible. He assured TAAI of all cooperation in its ventures. and extended his invite to TAAI to hold more of its meetings and seminars in UP. The Chapter was then inaugurated and the new team of office bearers, Mr. Sunil B Satyawakta as Chairperson, Mr. Kirti Kumar Srivastava as Secretary and Mr. Syed Maqbool Ahmed as treasurer was installed by the Director General and Mr. Sunil Kumar handing over the standees of new chapter to the new team. Mr Sehgal spoke about holding TAAI N R meet soon in UP.

Mr. Sunil B Satyawakta spoke about what being the head of association meant to him and his plans of his chapter being a bridge between his members and the tourism authority. He also assured the DG that with the big network of 2500 agents of TAAI members festivals like Lucknow Mahotsav, Taj Mahotsav and Safai Mahotsav can be made a big success by bringing in tourist from all parts of India and abroad.

Vote of thanks was delivered by Mr. Kirti Kumar Srivastava, who thanked UP Tourism and others for their kind sponsorship for the event. The Chapter is all set to increase its membership soon and will play an integral part in enhancing tourism to UP & UK supported by the concerned tourism departments



## TAAI & MÉXICO TOURISM IN MUMBAI



H E Jamie Nualart - Ambassador of Mexico to India and Mr. Guillermo Eguiarte, Director - Mexico Tourism for Japan, Korea, India and South East Asia, met the Travel trade in Mumbai on 5th Sept 2014 at the Four Seasons Hotel, for a presentation organised in collaboration with Travel + Leisure.

Tourism Council Chairman, Mr Jay Bhatia along with Western Region - Chairman, Mr Sampat Damani, Secretary, Col P Shashidharan, VSM, AFV and Treasurer, Mr Sameer Karnani met the officials during the event.

Mr. Eguiarte in his presentation said Mexico is one of the top 15 tourism destinations of the world and number 2 in spa resorts. Their shores span across 12,000 Kms, 32 world heritage sites, 3000 years of history, 30,000 archeological sites, over 623,000 hotel rooms and over 50 world class golf resorts. Mexico Tourism's target is getting 2 lac visitors from India into Mexico by 2020 as compared to 33,860 in 2013.

He added that their target travellers were from the high end tourists, FIT passengers (from age group of 35-60), Businessmen, Honeymooners and of course the Mice and Wedding Market. The presentation gave the trade a glimpse of the many tourism avenues and age old sites Mexico has to offer.

México is a must for fans of world-class museums, archeological treasures, beaches, golf resorts, spa, international cuisine, incredible shopping experiences, stately mansions, colonial neighborhoods and dazzling nightlife besides inviting plazas & gardens or great city parks. More and more Indians are discovering Mexico and introduction of more flights will help in enhancing tourism to this lovely destination.

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## TAAI AND IATA MEET

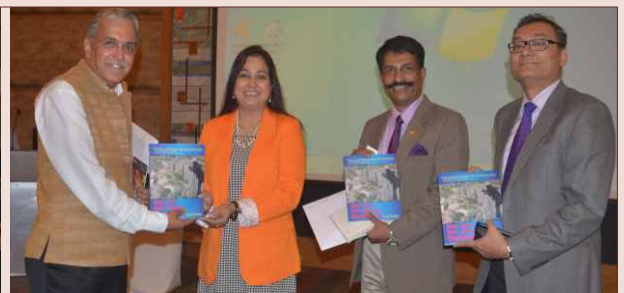


TAAI Team met IATA officials in Mumbai on 30th September. TAAI gave insights of the Indian business environment and the perspectives of travel agents. IATA has assured to review the matters. In the Picture(L to R) : Mr. Sampat Damani - Western Region Chairman-TAAI, Mr. Jay Bhatia - Co-Chairman Airline Council - TAAI, Ms. Yeoh Hoy Chin - Regional Director - Asia Pacific, IATA, Mr. Sunil Kumar, Acting President - TAAI, Mr. Conrad Clifford, Regional VP, Asia Pacific IATA, Mr. Marzban Antia, Mr. Sunil Chopra-IATA, MR. Amitabh Khosla - Country Director India, Mr. Rustom Cavina, IATA India.

## WORLD TOURISM DAY CELEBRATIONS 2014 BY YOUNG ENVIRONMENTALISTS



World Tourism Day 2014



World Tourism Day celebrations on September 29th in Mumbai was a house packed roaring success.

The celebrations saw H.E. Consul General of South Africa, Pule Malefane and H.E. Consul general of Vietnam .Vu Son Thuy, TAAI TOURISM COUNCIL CHARIMAN, Jay Bhatia, Ahmer Shaikh of Maharashtra Tourism Development corporation-MTDC, Niranjan Hiranandani, Actors Mukesh Rishi and Actor Karan Goddwani, Master chef Saransh Goila of Food Food, Gladwyn Pinto from TAFI and celebrity Arti Surendranath from the Wild life trust, along with diplomatic Officer Pinkey Ahluwalia from the Belgium consulate, Leena Karkera from Madhya Pradesh tourism, Clarence Fernandes-Rwanda Development Board, Co-Chairman Travel, Tourism/ Hospitality Committee-Indian Merchants' Chamber and a host of travel delegates from around the world including representatives from Oman, Thailand, Reunion islands, Tourism board of Kenya. What a line-up !!

Also many travel and media enthusiasts gathered to mark the occasion through various colourful audio video films connecting people on this day. Elsie Gabriel founder of the Young Environmentalists Programme Trust who planned and organized the event first showed the official film by UNWTD 2014 to the audience to introduce and share the theme for 2014. As this year's World Tourism Day draws special attention to the role of tourism in contributing to one of the building blocks of a more sustainable future for all: Community development, Several community leaders were also called for the function. Going beyond the immediate impact of job creation and multiplying the tourism impact was well expounded upon by Chairman Jay Bhatia "We are happy to celebrate world tourism day here with Young Environmentalists and Meluha ecotel. We need to support tourism through our united efforts. The travel industry not only provides jobs and careers for the community but also uplifts local and ecological tourism which leads to sustainability. Our association works unanimously for the same goal."



## NEWS FROM GUJARAT CHAPTER



TAAI Gujarat Chapter organized an informative and educational workshop with VFS, Ahmedabad on 11th September 2014. The Workshop included informative presentations on Schengen, Australia, Canada and Malaysia visas by the VFS office followed by a Q & A session for the benefit of members. Ms. Monaz Billimoria – VFS Zonal head, Western India along with other Senior Manager and local VFS, Ahmedabad team along with Ms. Nital Dave, head of VFS - Ahmedabad. were present at the workshop that was followed by Hi Tea.

Members brought along one staff each from their Visa/Facilitation department for this Workshop who were more than happy to get this opportunity. After all they are the ones to



actually process the papers for visa.

Members welcomed the initiative of this useful workshop and thanked Chairman, Shreeram Patel, Secretary Paras Lakhia and Treasurer, Virendra Shah for their efforts. TAAI members also were part of the event.

## VISIT FLORIDA LAUNCHES ITS ONLINE SPECIALIST PROGRAM ~Trade Partners can now be certified travel agents for VISIT FLORIDA~



VISIT FLORIDA recently launched its online specialist program for the Indian market amidst the presence of leading travel agents at a glitzy event in Bangalore. The e-learning has been specially created for the Indian travel agents, in order to aid them to plan better itineraries and designed to showcase different aspects of the destination. This course highlights general information as well specific cities that would assist in understanding the major selling segments of Florida such as Attractions, Shopping, Art and Culture, Nightlife, Music and Theatre, Festivals and Events, Accommodations, Beaches and Water Activities, Spas and Golf. The agents will find a wealth of information that will not only provide

them with an expert view of one of the hottest tourism destinations in the world, but it will also serve as a go-to resource whenever they are booking a Florida vacation for their client. The program offers certain benefits and offers on completion. A VISIT FLORIDA Specialist would get priority to be a part of VISIT FLORIDA FAM trips. He/she will receive a VISIT FLORIDA Specialist Certificate along with a VISIT FLORIDA Specialist logo. The agent will have complete access to VISIT FLORIDA's sales materials and will be eligible to enter VISIT FLORIDA contests, if any. The networking event was attended by over 120 travel agents & tour operators. To lighten up the evening further, VISIT FLORIDA conducted games, with winners taking away exciting prizes such as a Florida holiday and attractive goodies. TAAI M C Member and Co Chairman Tourism Council, Mr Lokesh Bettaiah, Karnataka Chairman, Mr Anil Kumar, Secretary, Mr M S Raghavn and Treasurer, Amish Desai attended the event and found the course very informative and useful for agents to be involved with.

## TAAI ANNOUNCES RELIEF FUND

TAAI has announced its intention to form a 'TAAI Relief Fund to cover its agent members all over India against natural calamities. This was announced by the TAAI Managing Committee during a meeting in Mumbai on World Tourism Day on September 27. Also present at the meeting was Shamim Ahmed Shah its J&K Chairman. Sunil Kumar, Acting President, TAAI, also announced the initial donations made by the association's Managing Committee to this fund. "Our 90-odd members from the J&K Chapter have been deeply affected by the floods. We are therefore making contributions to the TAAI Relief Fund in the form of Rs 5.5 lakh from the Managing Committee, Rs 1.5 lakh from TAAI plus and Rs 1.5 from our reserves towards helping our J&K Chapter members." A mail has been sent to its entire membership requesting them to generously donate to this fund. All in all, TAAI expects to Rs 25 lakh that will cover all future calamities.

The unprecedented devastation brought about by floods in Jammu and Kashmir & the aftermath whereby still thousands of people are battling to come back to normal living. The Kashmir valley has seen the worst floods ever. This enormity of the tragedy has made it impossible for anyone organisation, government set ups or international relief agencies to deal with the situation on their own. TAAI has been sent to its entire membership requesting them to generously donate to this fund. All in all, TAAI expects to Rs 25 lakh that will cover all future calamities. TAAI appeals to all its members to come forward & do their best to save the lives, property and dignity of the people affected by the worst ever floods in living memory in Kashmir region. These are very hard times for people living in Jammu & Kashmir and we hope that we can collectively do something to help them.



## TAAI MEET IN SRINAGAR

Chapter Chairman of TAAI Jammu & Kashmir Mr, Shamim Ahmed addressing the members at the Chapter Meeting

## NAGPUR CHAPTER'S FAM TRIP TO PENCH



It was time, thought TAAI Nagpur Chapter to arrange a Fam cum Picnic to Pench and that is what exactly what they did ! On 14th Sept, the Chapter members took off to at Tathastu Resort where the arrangements were perfect. A mini coach took them to the Resort, where lunch & high tea were hosted for them by the hotel. Tathastu Resort is located in 15 acres of land near Turiya Gate, Pench( 80m Kms from Nagpur). Said Mrs Madhuri Deo, Chairperson, "Their hospitality was wonderful, and members had fun being involved in an exciting Treasure Hunt activity."



Soon it was time to go and TAAI members thanked Mr Rishi Anand in organising such a fun filled endeavor that also gave them an opportunity to explore Pench.



## NEWS FROM TAAI SOUTHERN REGION Three day FAM programme at Andamans



On the first day the Andaman Tourism Board and Andaman Travel Operators hosted the Meeting at Port Blair Megapode Resort in Sept., 2014. (L to R) Mr. Vinoth, The President of Andaman Tour Organisation, Mr. V.K.T.Balan, Chairman TAAI - SR, Mr. Viswa Kannan, Director of Tourism Andaman Administration, Mr. Mohamed H. Jawet, Hony. Warden Consulate General of USA, Mr. Rangarajan, India Tourism, Govt. of India, Mr. Arul Lazaran, Hony. Secretary TAAI - SR., Mr. Lalith Kumar Jain, Hony. Treasurer TAAI - SR Mr. V. Palanichamy, Director (News) All India Radio, Chennai

The three day familiarization programme of TAAI (SR) FAM tour concluded With an award ceremony and valedictory function held in the conference hall of Megapole resort. The member of Parliament, Shri Bishnu Pada Ray, Chief Guest of the function distributed awards to the best service providers in travel tourism, hospitality and general tourism sector. Addressing the gathering, the MP said that there is an enormous scope of tourism in these island. They are not only beautiful but also pleasant places, having unique flora and fauna and are historically significant. There is an urgent need to develop them into most sought after destination with more tourism infrastructure to be developed, he said urging tour operators and entrepreneurs to invest in the Island by providing luxury cruisers for tourists, purpose of action for further development in the sector as also convince people in the mainland to visit these virgin island. He also appealed to tourists not to forget visiting the historically significant Viper Island during their stay here.

The MP also threw light on the history of the island and that they were known as Kala Pani, the place of harsh punishment to the freedom fighters. Speaking on the occasion, the Secretary (Tourism) Shri Rakesh Bali lauded the initiative of TAAI and said that the Island is a unique tourist destination in the country having beautiful beaches, lovely forest and peace loving people. Tourism being the bigger employment provider, must be developed and the effort of all required for the purpose he said. He also informed that the Administration had taken serious steps towards safety of tourism after the recent boat tragedy. Everything is now in place and people should be convinced not to be apprehensive in visiting These islands, he added. Shri V.K.T.Balan, Chairman TAAI (SR) in his address said the aim of TAAI was to promote tourism in the Island and hence its reputation so as to take it into the highest level. He assured all supports in developing Andamans as a favourable tourist destination. Shri Rajan Dani, an active TAAI member (Mumbai) said that the main hindrance in islands' tourism development was absence of trained man-power. However, things are now changed and trained man-power is now available, he said adding that so far three international training have been conducted in the Island. Earlier, Shri Mohd. H.Jadwet, Ex-President ACCI welcomed the gathering and the function concluded with a vote of thanks proposed by Shri M. Krishnamachai of AITA.



members of TAAI - SR and Andaman Tour Operators.



TAAI - SR - FAM tour to Andaman - Valedictory Function (L to R) Mr. Bishnu Pada Rai, MP., Mr. Anand Prakash, Chief Secretary, Andaman Administration, Mr.Mohamed Jawet, President, Andaman Commerce.



In the front Row: Ms. Usha Surendranath, Ms.Prema Radhakrishnan, Ms. Nazreen Bhanu, Ms.Hema R.V.Chandran, Ms. Rajalakshmi and Ms. Devaki Thyagarajan. Also in the photo are Mr.S.M.Mohideen, Mr. P.M.Sadiq Ali, Mr.Anandavelu, Mr.Thomas Vincent, Mr.J.Ramesh, Mr. Bright Manohar, Mr.S.Haskar, Mr.S.N.Gokularaman, Mr.H.S.Habees Mohd., Mr.Jahir Hussain, Mr. Susai Selvanathan, Mr. Joseph Ravi, Mr.Kishore Kumar, Mr.Mohd.Shameer Hussain, Mr.V.K.T.Balan, Mr.B.N.Veera Kumar, Mr.H.S.Ashraf Ali, Mr.Sivakumar, Mr.S.Somasekaran, Mr.Sai Ayyappan, Mr.V.C.Krishnarajan, Mr.Prem Kumar, Mr.Babu, Mr.Kaja Mohideen, Mr.P.Ashok Kumar, Mr. Lalith Kumar Jain, Mr.G.Mohan, Mr. Arul Lazaran, Mr.Shajahan, Mr. Selvaquiamze Zegandin.



Mr Lalith Jain, Hon. Treasurer, TAAI-SR welcoming the new Chief of Consular Services at the Office of the Consulate of United States of America , Chennai, Dr. Lawrence J. Mire and his wife to Chennai on 4th of September 2014

## NEWS FROM SOUTH TAMILNADU CHAPTER



M.S. PARAMASIVAM Chairman, informs us that his chapter members were part of the Sharjah Tourism Roadshow held on 19th September in Chennai. It was a very informative roadshow with members achieving destination updates and product information.

From L to R Chairman M.S.PARAMASIVAM, TAAI MC MEMBER Mr. Basheer Ahmed and Sharjah Tourism Director General Mr.Khalid Jasim Al Midfa were seen on the Sharjah Tourism Roadshow.

## ON WORLD TOURISM DAY IN TAMILNADU



A Hindu Newspaper report on World Tourism Day dated 27th September, 2014, has M.S. Paramasivam, Chairman, TAAI - South Tamilnadu Chapter speaking on TAAI's involvement in Tourism

for me.' The World Tourism Day is a reminder of our shared responsibility to achieve a sustainable future for tourism globally. Our future depends on how well we make decisions on social, economic and environmental issues. Tourism is the largest service industry in India making a significant contribution to the GDP and employment in the country."

"TAAI takes tourism to greater heights" said He "TAAI is continuously striving for taking tourism to greater heights and initiates necessary steps to ensure that tourism in India (both inbound and outbound) flourishes and encourage more people to travel. In a message on the World Tourism Day, Mr. M.S. Paramasivam, Chairman of TAAI South Tamil Nadu, says 'On this special day I would like to wish everybody around the world a happy world tourism day. I would like everyone to celebrate this day with harmony across the globe, Tourism is the only mode of spreading peace in the world. Tourism is passion

"The last five years" he continued "and the next 10 years will show a high growth potential in the tourism sector in India. Issues related to sustainability are important for our future and we need to work proactively in this regard. As destinations and travel providers we should incorporate environmental policies and business practices to safeguard our cultural and natural resources"



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## SERVICE TAX MATTERS

Members, you have been receiving inputs regularly from our Service Tax Consultant & CA - Manish Gadia and Hon Secretary General, & Chairman of Service Tax Council, Mr Harmandeep Singh Anand, regarding the nitty gritty of Service Tax procedures and its implications. Here is some important information coming in from Mr Gadia. Please address your queries, if any, to [taai@taai.in](mailto:taai@taai.in) for responses.



### QUERIES

Q.1. I would like to know the Service Tax liability for the upfront payment received from GDS/CRS. Can it be on completion of service or at the time of receipt of upfront payment? Please confirm. Regards, Soma Travels, Nagpur.

A.1. There shall be service tax liability on the same W.E.F 1st July, 2012. In the instant case, the ATAs are carrying out the act of booking tickets through the software of the said GDS/CRS companies for which they are receiving consideration hence it would be liable to service tax @ 12.36%. The Service Tax on the above shall be payable under the category of "Other taxable services [services other than the 119 listed above]".

Generally GDS/CRS companies are making upfront payment of segment payout may be for 6 months to 2 years in advance. As per service tax law service tax shall be payable on issuance of invoice (if invoice is issued within 30 days of completion of Service) or receipt of money for the services to be provided, whichever is earlier. In case of segment payouts are received in advance by ATA from the said GDS/CRS companies for the services to be provided, hence ATA is liable to pay the service tax on advance received by him.

There may be possibility that ATA may receive excess upfront payment than the actual segment booking at the end of period and refund the excess money to the said GDS/CRS companies on which ATA had already paid the service tax in this case ATA can adjust the excess service tax paid on upfront payout by issuing credit note on the said GDS/CRS companies under Rule 6(3) of The Service Tax Rules, 1994.

### CHANGES IN SERVICE TAX RELATING TO TRAVEL & TOURISM INDUSTRY W.E.F. 1ST OCTOBER, 2014

#### 1. Services by Radio Taxis

- 1.1. Currently services provided by metered cabs, radio taxis or auto rickshaws are not liable to service tax.
- 1.2. However, effective from 1st October, 2014 services provided by radio taxis or radio cabs such as Meru Cabs, Easy Cabs, etc.

whether or not air conditioned will be liable to service tax with the benefit of abatement available to such service providers.

1.3. "Radio taxi" has been defined as a taxi including a radio cab, which is in two-way radio communication with a central control office and is enabled for tracking using GPS or GPRS.

1.4. Abatement (exemption) benefit of 60% is available; hence Service tax will be applicable on 40% of the value of services.

#### 2. Determination of Rate of Exchange - Section 67A

2.1. W.e.f. 1st October, 2014, the rate of exchange for determination of value of taxable service i.e. if the billing is done in foreign currency or bill is received in foreign currency and such services are liable to service tax then the applicable rate of exchange shall be as per the generally accepted accounting principles on the date when service tax is liable to be paid as per the Point of Taxation Rules, 2011, as against current law of taking rate of exchange as specified under Explanation to Section 14 of Customs Act, 1962.

#### 3. Renting of motor vehicle designed to carry passengers/Motorcab (Operator to Operator)

3.1. The rent-a-Motorcab (cab) operator can take the abatement (exemption) subject to the condition that Cenvat credit of inputs, capital goods and input services has not been taken.

3.2. W.e.f 1st October, 2014 Cenvat credit of input services of the rent-a-Motorcab operator will be available i.e. rent-a-Motorcab operator to rent-a-Motorcab operator abatement benefit can be taken and Cenvat credit of such input services of said services can also be taken.

**3.3. The representation for the above Cenvat credit availability was prepared by GMJ & Co for TAAI and was presented before the Ministry by the Honorary Secretary General of TAAI and accordingly the Cenvat credit will now be allowed.**

3.4. The said provision is explained with the help of the following situations –

3.5.Thus, in short even if abatement is taken then also Cenvat credit of input services of renting of motorcab is available i.e. operator to operator Cenvat credit is available.

Sl. No.	Service tax on	Cenvat available or not	
		Upto 30.9.2014	W.e.f. 1.10.2014
1	Inputs	No	No
2	Capital Goods	No	No
3	Input services of renting of motorcab	No	Yes
4	Any other input services, other than 3 above	No	No

3.6.Further, the availment of Cenvat credit of Sl. No. 3 in the above table is restricted to 40% i.e. service receiver operator can avail only 40% of Cenvat credit.

#### 4. Services by a tour operator(Operator to Operator)

4.1.The tour operator can take the abatement (exemption) subject to the condition that Cenvat credit of inputs, capital goods and input services has not been taken.

4.2.W.e.f 1st October, 2014 Cenvat credit of input services of the tour operator will be available i.e. tour operator to tour operator abatement benefit can be taken and Cenvat credit of such input services can also be taken.

**4.3.The representation for the above Cenvat credit availability was prepared by GMJ & Co for TAAI and was presented before the Ministry by the Honorary Secretary General of TAAI and accordingly the Cenvat credit will now be allowed.**

#### 4.4.Example:

Star Travels purchases a tour package from Moon Travels for Rs. 1,00,000/- plus Service tax(including cess) @ 3.09% of Rs. 3,090/-Star travels in turn sells the same package to its client for say Rs. 1,20,000/- plus Service tax (including cess) @ 3.09% of Rs. 3,708/-

S.N.	Particulars	Upto 30.9.2014	W.e.f. 1.10.2014
1	Service tax payable by Star Travels on sale of package tour	3,708	3,708
2	Cenvat credit of service tax charged by Moon Travels	-	3,090
3	Net Service tax payable by Star Travels	3,708	618

#### 5. Mandatory E-Payment of Service Tax

5.1.Presently, assessee who had paid service tax of Rs. 1 Lakh or more in preceding Financial year are mandatorily required to make e-payment. However, effective from 1st October, 2014, all assesseees are compulsorily required to make e-payment.

5.2.The time to time monetary limit for e-payment is tabulated below-

From	To	Monetary Limits
01/10/2006	31/03/2010	Above 50 lakhs
01/04/2010	31/12/2013	Above 10 lakhs
01/01/2014	30/09/2014	Above 1 lakh
From 01/10/2014	--	Mandatory, irrespective of amount paid in previous F.Y.

#### 6. Reverse Charge Mechanism in case of Renting of Motor Vehicle

6.1.In case where abatement has not been taken by the service provider, the percentage of service tax payable by the service provider and service receiver has been modified to 50% each w.e.f. 1st October, 2014.

6.2.In a nutshell, where abatement has been taken, service receiver will pay service tax on 40% of value of service and in case where abatement has not been taken, both the service provider and service receiver will pay service tax on 50% of value of service.

6.3.The aforesaid is tabulated as under –

Particulars	Service Tax @ 12.36% payable on			
	Upto 30.9.14		W.e.f 1.10.14	
	SP	SR	SP	SR
Renting of Vehicle with abatement	0	100#	0	100#
Renting of Vehicle without abatement	60	40	50	50

SP = Service Provider

SR = Service Receiver

#It is to be noted that the service receiver can claim an abatement and pay service tax on 40% value.

#### 7. Changes in Point of Taxation

7.1.Point of Taxation means the point of time when the services shall be deemed to be provided. Service tax has to be paid by the 6th of the month / quarter following the date on which point of taxation takes place.

7.2.Point of taxation for Service tax to be paid under reverse charge mechanism is when the payment of invoice is made to the service provider. However, if payment of invoice value is not made to such service provider within 6 months of date of invoice then service tax becomes due on the date of invoice.

7.3.Now, w.e.f. 1st October, 2014, the said provision has been amended to reduce the time limit of 6 months to 3 months. It



has further been provided that where payment is not made within 3 months of date of invoice, then service tax becomes due for payment on the next day after expiry of said 3 months.

7.4. Effectively, point of taxation for service tax payments under reverse charge mechanism shall be the date of payment or 1st day immediately after 3 months from date of invoice, whichever is earlier.

S.N.	Particulars	Upto 30.9.2014	W.e.f. 1.10.2014
1	Bill date	05.10.14	05.10.14
2	Payment date (within 3 months)	01.01.15	01.01.15
3	Point of Taxation (for S.N. 2 above)	January 15	January 15
4	Payment date (after 3 months but before 6 months)	15.03.15	15.03.15
5	Point of Taxation (for S.N. 4 above)	March 15	January 15
6	Payment date (after 6 months)	10.05.15	10.05.15
7	Point of Taxation (for S.N. 6 above)	October 14	January 15

7.6. The amended rule is applicable only to invoices issued on or after 1st October, 2014. For invoices issued but not paid upto 30th September, 2014, following shall be the scenario:

S.N.	Particulars	Upto 30.9.2014
1	Bill date	05.09.14
2	Payment date (within 6 months)	15.03.15
3	Point of Taxation (for S.N. 2 above)	March 15
4	Payment date (after 6 months)	10.05.15
5	Point of Taxation (for S.N. 4 above)	September 14

## 8. Changes in Interest Rate

8.1. W.e.f. 1st October 2014, flexible rate of Interest for late payment of service tax based on period of delay in payment of service tax which is as under,

S.N.	Delay	Rate of simple interest*	
		Upto 30.09.2014	W.e.f. 1.10.2014
1	Upto 6 Months	18%	18%
2	More than 6 months and upto 1 year	18%	a) 18% for the first 6 months of delay; and b) 24% for the delay beyond 6 months
3	More than 1 year	18%	a) 18% for the first 6 months of delay; b) 24% for the period beyond 6 months upto 1 year; and c) 30% for any delay beyond 1 year

\*Note: For assessee having a taxable turnover upto sixty lakhs in preceding financial year, interest rate shall be reduced by 3% for every period of delay. Interest on delayed payment of service tax is Mandatory and there is no upper limit.

### Scope limitation:

- Views given above are general purpose views. Views may vary after going through the agreement, invoices etc. Readers are advised to obtain professional opinion or advice before taking any action
- The views are not binding on the TAAI or any member of the TAAI and acceptance of it including any subsequent and resultant planning or action will be at TAAI or any member of the TAAI's sole discretion and risk, without recourse to the author.
- The views mentioned there in are based on our understanding and interpretation of the legislations, and are not binding on any regulators or court and there can be no assurance that the regulators or court will not take a position, contrary to our opinion and comments.
- The view given here are the personal view of the Service Tax Doctor. It is not necessary that TAAI concur the same view.

## QUOTE OF THE MONTH

**“Strength is Life, Weakness is Death.  
Expansion is Life, Contraction is Death.  
Love is Life, Hatred is Death.”**

**- Swami Vivekananda**



## TAAI TIES UP WITH:

**Accor Hotels Group** comprising of over 3500 hotels worldwide for special discount @ 30% EXCLUSIVELY for its Active/Associate members traveling personally at 1500 ++ hotels worldwide including Sofitel, Pullman MGallery Hotels, Novotel, Suite Novotel, Mercure Hotels, @all seasons worldwide as per the Star Program/ For more details members please refer TAAI circular # TAAI / GEN / AC - AS / 140 / 2014

### TAAI & Oberoi Hotels & Resorts / Trident in India

EXCLUSIVE rates for the benefit of TAAI Membership holding #TAAI Photo ID cards. Include properties in : Agra, Jaipur, Udaipur, Cochin, Bhubaneswar, Mumbai, Chennai, Hyderabad, Gurgaon, Ranthambore, Shimla, New Delhi, Bangalore and many more...

For more details members refer TAAI members circular # TAAI/GEN/ALL/200/2014 dated 13th August 2014.

### TAAI & Dream Hotel Cochin - From the Vikram Chatwal Group

Special promotional rates offered (valid upto 31st March 2015) to Authorized Representatives of TAAI members holding valid

TAAI Photo ID cards. TAAI Members please refer circular # TAAI / GEN / ALL / 196 / 2014 dated 12th August 2014 for details.

**TAAI & Taj Hotels, Resorts and Palaces** All Taj Group hotels in India with Special & Exclusive offers for authorised representatives of TAAI accredited members holding Photo id. Trade Partner offer valid from 01 October 2014 to 15 April 2015. Members please refer TAAI Circular # TAAI/ GEN/ALL/216/2014 dated 02 Sept 2014 for more details.

### Special Rates from Waterstones Hotel, The Gordon House & Rokeby Manor for TAAI Members.

Members are requested to contact the respective Sales & Marketing official(s) from Mars Enterprises in case of any further queries. Note that all rates mentioned herein are exclusively for TAAI members only, for their personal use. Travel Agent Members who wish to give special rates to their clients should contact the respective Sales & Marketing official(s) from Mars Enterprises for more details. Please refer to TAAI email of 10th May 2014, TAAI / GEN / ALL / 120 / 2014i



### TAAI ties-up with HAMPSHIRE PLAZA HOTEL, HYDERABAD

for benefit of TAAI membership upto 31st March 2015. Special, exclusive & promotional rates to authorized representatives of TAAI members holding valid TAAI photo ID cards.

Hampshire Plaza Hotel, Hyderabad

For more details Members to refer circular # TAAI / GEN / ALL / 237 / 2014 dated 27th Sept 2014

### TAAI & Kenilworth Hotels & Resorts in GOA Tie –up to benefit of

TAAI Members holding TAAI Photo id: offering Exclusive Promotional rates to the trade. Valid from Sept 2014 to Sept 2015. "This offer is NOT FOR SALE by the Agents to their clients."

For more details TAAI Members to refer : circular # TAAI/GEN/ALL/235/2014 dated 24th Sept 2014.

### Tie-up with The Zanzibar Collection for Exclusive

Free Stay offer for TAAI Members.

The Zanzibar Collection, a privately owned collection of beautiful luxury hotels and resorts inspired by the magic of Zanzibar, lying on one of the Top 30 Island beaches in the world.

Offer valid from :

1st Nov - 20th Dec 2014 16th Mar - 30th Jun 2015

For more details TAAI members to refer circular # TAAI / GEN / ALL / 245 / 2014 dated 16th Oct 2014.





## TRADE NEWS

### PM ANNOUNCES LONG-TERM VISA FOR US TOURISTS

#### Life-long Visa for PIO also on the cards

Addressing an audience of over 18,000 from the Indian American community at the historic Madison Square Garden in New York yesterday, Prime Minister (PM) Narendra Modi announced a slew of measures to ease travel to India for US travellers as well as People of Indian Origin (PIO) and Overseas Citizens of India (OCI). These announcements came towards the end of his near hour-long speech. The major announcement was the new government's intention to facilitate long-term Visa for citizens of US for India. The PM said that Electronic Travel Authorisation (ETA) and Visa on Arrival (VoA) for US citizens are on the cards and will be implemented in the immediate future. Another major decision which was received with a thunderous applause by the Indian community settled in the US was the PM's announcement to extend life-long Visa for PIO cardholders. Noting that there are certain differences between the PIO and OCI schemes, the PM said PIO cardholders will be granted Visa for life, and a new scheme will be announced soon, merging the two.

Throughout his speech, Modi spoke about the vision of his government to bring major turn around in the development agenda of the country. He said that the focus of the government is to do away with all the regulatory frameworks which are archaic and act as a stumbling block for development. He spoke about the various schemes initiated by his government to bring major change in the society with the participation of the people, including the Clean India initiative, Ganga rejuvenation plan, etc. He exhorted the Indian diaspora to join the effort of the government in the development process of the country.

India introduced the tourist VoA scheme for citizens of five countries, and now, the facility is available for citizens of 12 countries—Finland, Japan, Luxembourg, New Zealand, Singapore, Cambodia, Vietnam, Philippines, Laos, Myanmar, Indonesia and South Korea.

## MINISTRY OF TOURISM

Performance of Tourism Sector during September 2014

Ministry of Tourism compiles monthly estimates of Foreign Tourist Arrivals (FTAs) on the basis of data received from major ports and Foreign Exchange Earnings (FEEs) from tourism on the basis of data available from Reserve Bank of India. The following are the important highlights regarding FTAs and FEEs from tourism during the month of September 2014.

Foreign Tourist Arrivals (FTAs):

- FTAs during the Month of September 2014 was 4.95 lakh as compared to FTAs of 4.54 lakh during the month of September 2013 and 4.12 lakh in September 2012.
- There has been a growth of 9.2% in September 2014 over September 2013.
- FTAs during the period January-September 2014 were 51.79 lakh with a growth of 7.6%, as compared to the FTAs of 48.14 lakh with a growth of 5.4% during January-September 2013 over the corresponding period of 2012.
- The percentage share of Foreign Tourist Arrivals (FTAs) in India during September 2014 among the top 15 source countries was highest from Bangladesh (14.79%), followed by USA (11.88%), UK (8.33%), Sri Lanka (4.77%), Malaysia (4.18%), Japan (3.69%), Australia (3.54%), Germany (3.10%), China (2.96%), France (2.57%), Canada (2.57%), Nepal (2.49%), Singapore

(2.18%), Pakistan (2.14%) and Afghanistan (1.56%).

### Foreign Exchange Earnings (FEEs) from Tourism in Indian rupee terms and US\$ terms

- FEEs during the month of September 2014 were `8,810 crore as compared to `7,811 crore in September 2013 and `6,652 crore in September 2012.
- FEE from tourism in rupee terms during January-September 2014 were `86,160 crore, as compared to the FEE of `76,369 crore during January-September 2013
- FEEs in US\$ terms during the month of September 2014 were US\$ 1.447 billion as compared to FEEs of US\$ 1.224 billion during the month of September 2013 and US\$ 1.219 billion in September 2012.
- The growth rate in FEEs in US\$ terms in September 2014 over September 2013 was growth of 18.2% as compared to the growth of 0.4% in September 2013 over September 2012.
- FEE from tourism in terms of US\$ during January-September 2014 were US\$ 14.186 billion with a growth of 5.8%, as compared to US\$ 13.402 billion with a growth of 7.3% during January-September 2013 over the corresponding period of 2012.





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