

Business Standard

Packaged tours are attractive but expensive

A do-it-yourself module is stressful but you can do much more by following a few basic rules

Kiran Telang February 15, 2014 Last Updated at 20:30 IST

There are two kinds of travellers: those who let others do the planning and those who let serendipity be their guide. Some people always plan their holidays and never enjoy package tours. And people who always take packaged tours dread the effort required to plan a holiday! So, what kind of a traveller are you?

These days, a number of travel packages are on offer right from world tours to trips across continents. For example, an eight-day, seven-night stay in Manali, a seven-day trip to Singapore, Malaysia, an 18-day all-round tour of Europe, off-beat trips to Antarctica! are some of the raft of options for the coming summer holidays. To top it all there are free tickets and discounts offered by various airlines.

BANG FOR THE BUCK

- Book in advance to secure better choices and rates.
- If in a group, negotiate rates at hotels. You will be able to secure lower rates than rack rates.
- If you travel just before/after the peak season, you will get lower rates. Look for such peak season dates on the websites of hotels.
- Larger tourist attractions such as Disneyland usually run discount schemes if you have a multi-day pass or if you stay at one of its hotels.
- Be aware of currency-exchange rates. Usually, travel agents offer better rates than banks. The worst rates are at airport currency changers.
- Plan your holidays and have a good time!

On other hand, if you want to just explore places on your own, with lots of information available online and through travel guides, individuals can plan their own holiday with their finger tips. Individuals can comb through a number of airlines to get the lowest prices on their travel trips, find great discounts on bookings, or even plan a holiday in style.

DOMESTIC TRAVEL		INTERNATIONAL TRAVEL	
Bonus (₹)	1,00,000	Estimated amount required (₹)	5,00,000
Monthly investment (₹)	5,000	Tenure remaining	36 months
Months	12	Estimated rate of return	9%
Estimated rate of return	8%	Monthly savings required (₹)	12,149.87
Corpus (₹)	1,70,549.58		

The truth is that you can mix and match to your tastes and preferences by looking up easily available information on the net. Of course, individuals will be doing a lot of homework of their own when planning a trip to Australia on their

own. Your challenge is to make a list of the multitude of options available, and sign up for the ones that match your style, budget and interest.

On the other hand, if you want to see some of the world's most exotic locales without troubling yourself too much, a pre-packaged travel may be your best option (and sometimes the only option) to plan a trip. As with all packaged tours, individuals can here too get special rates due to bulk discounts, and pack in more options in a few days.

The do-it-yourself is the most customised that you can get in planning your holiday. Depending on how diligently you plan, you can work out holidays at cheaper rates than packaged tours. You can do a mix-and match of styles, number of days, stay options, food options, etc., to suit your requirements. I know of friends who have combined a stay at a five-star resort and a stay at a youth hostel within the same holiday! Staying at service apartments, which have facilities to cook can not only be a boon for people with special needs such as vegetarians or families with small children, it can also save much money. Buying basic groceries at local malls can work out well in preparing quick meals that suit your palate. Other options like home stays and bed-and-breakfast places also work out less expensive.

The major drawback of the DIY method is that you need to spend time to chalk out details. This could be difficult in your busy schedule. Though this might not really be a drawback for travel enthusiasts for whom planning is as interesting as the journey itself! You might not get discounts on your stay options as your requirements would be small. Local travel might need to be done at the destination itself as you might not have the resources to tie-up from a remote location. This can add an element of surprise in the expenses. Doing the paperwork will be your responsibility including visa, health insurance, etc.

This is the simplest option for very busy people. Just select your package, pay the money and you are done. It is the simplicity that is most appealing. Group tours have in-built discounts that a travel company secures for stay and travel options through bulk bookings. The uncertainty about local travel, availability of food, etc., is removed when you deal with travel companies. Many people also enjoy meeting new people, those who are travelling as a part of the group. As this is a specialised service, the service provider has fees and charges built into the package. Most of the time, costs are known upfront so you are able to plan better.

On the other hand, your freedom is restricted about where to go, when to go and how much time you can spend at a particular location. You cannot do as you please, You need to stick to the group schedule. This often causes fatigue as the travel company tries to build in much sight-seeing within a short period with the aim to give you more bang for your buck.

Holidays are refreshing and invigorating. They increase your productivity, so it is essential that you take a break. Planning for the expenses will give you a better chance to enjoy your holiday without worrying about the impact on other aspects of your financial life.

Planning for holidays comprises two steps. First, estimating costs and second, setting up an investment plan to meet the target amount. Estimation of costs should include travel, lodging and boarding, visa and other fees, travel insurance, entrance fees to various attractions, shopping and a buffer to cover unprecedented expenses. You can also estimate how many holidays you will plan in the year. For most people in jobs, this also helps them better plan official leave.

Once an estimate is made, you can plan by either creating an ongoing holiday fund for regular holidays or a specific fund for high-end holidays. For an ongoing holiday fund, allocate a small portion from your regular savings, enough to cover the estimated cost of your annual holidays. Allocate your bonus to this fund, too. Ultra-short-term bond funds can be used for this purpose as they are highly liquid, offer better returns than savings account and are easy to manage.

When budgeting for holidays, if the time frame is longer, look at appropriate debt funds, either short or medium-term. For example, if your budget is lower (see domestic travel table) you can allocate Rs 1 lakh of your bonus towards your vacation fund and add Rs 5,000 a month to it at an estimated rate of return of 8%. At the end, you can have Rs 1.70 lakh at the end to spend on a holiday.

If you have a bigger budget and want to spend on an international holiday, for example, you need to plan in advance. For expenditure of Rs 5 lakh after 36 months. You need to save approximately Rs 12,000 a month at an estimated rate of return of 9% to accumulate the amount required (see international travel table)

If detailed planning is more your style, then even on a shoe-string budget you can plan a good holiday tour for yourself. With the rupee depreciation, outbound travelling has become dearer, hence there's a need for individuals to plan their foreign tours a lot better, and try and get the maximum travel bang for the buck. On average, a foreign tour cost has increased from anywhere between 15-20 percent in recent times. But there are good deals still available. All you have to do is spend a little extra time scouting for them.

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