

How to plan a last-minute holiday, within a budget

Be smart about choosing deals but don't compromise on your financial goals

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You went out with friends last weekend and realised over dinner that most of them are going on a holiday this summer. Suddenly, you too felt the urge to go on a vacation. You discussed it with your family, and the urge became a resolve. But planning a vacation at short notice can be quite a task. Most hotels are booked in advance for the holiday season. If you do manage to find a vacant accommodation you prefer, chances are it will come at a steep price at the peak of holiday season. It's also a task to book train tickets at the last moment, while flight ticket prices may be going through the roof. But if you are desperate to take that holiday despite all the challenges, you are not alone.

According to Neeraj Singh Dev, senior vice-president, e-business, Thomas Cook India Ltd, a tour and travel operator, 30% of the bookings for international holidays and 50% for domestic holidays happen within 45 days of the date of travel.

Now that you have made up your mind, how should you go about planning the trip so that you make the most of it in terms of the destination you choose and the deals you get? Here's what you can do.

CHOOSING A DESTINATION

A good vacation, in terms of a preferred destination, duration of stay and indulging in entertainment and recreational activities, requires some amount of planning. But during holiday season, it may be difficult to get last-minute bookings to a preferred destination. If you are willing to adjust a bit, you can still choose to go to an alternative destination which is worth while.

"If you are booking like two weeks prior to your date of travel, long-haul destinations like US, Europe, Australia or New Zealand are ruled out as the visa processing time taken for these destinations itself is over a month," said

Dev. Instead you can look for destinations that allow visa-free travel or visa on arrival for Indians. There are close to 50 countries that allow a visa on arrival to Indians. These include popular destinations like Thailand, Maldives and Mauritius.

When choosing a destination, look for places that have multiple flights by low-cost or no-frills airlines. "If there are more flights to a destination, the overall package cost will be lower as there is travel competition for that destination," Dev said.

One more factor to keep in mind is the exchange rate of the currency of the place you are visiting. If the rupee is appreciating against a currency, it makes sense to plan a holi-



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DOs

- ▶ **Look for deals;** travel operators have distress sales 45-21 days before the travel date
- ▶ **Choose destinations** having multiple flights as it can get you cheaper tickets
- ▶ **Explore** domestic and visa-on-arrival destinations

DON'Ts

- ▶ **Don't** liquidate corpus accumulated for other financial goals
- ▶ **Don't** disturb the contribution for long-term financial goals
- ▶ **Don't** use your emergency fund if you are not sure you can replenish it
- ▶ **Taking a loan** to travel may not be a good idea

day to those destinations. Travel and personal finance experts say that travellers only calculate the hotel, travel and sight-seeing costs. "For that amount the impact of rupee appreciation or depreciation may not seem much. But what happens is that a lot of people end up spending about five times that amount on shopping and other activities," Dev said.

You can also explore domestic destinations if a foreign holiday is stretching your finances. You can also reduce your expenses by exploring options like Oyo and Airbnb instead of hotels.

LOOKING FOR DEALS

Bookings are important when you are travelling with family. But most flights and hotels give deals if you are booking in advance. So if you are looking for deals on short notice, finding a good deal may not be easy and you will need

to search more. One thing to understand here is that travel companies book large chunks of these tickets and hotels much in advance which are later sold to their customers booking travel packages.

"When we have this inventory, most of the time what happens is that we are not able to sell 100% of it. So what we do is we start notifying our customers and app users about the stock sale. As these seats are limited in nature, nobody advertises it. This distress sale of inventory is pretty often, almost every month. This is especially true for visa-free or visa-on-arrival destinations, which is a lot of destinations," Dev said.

As these are limited seats, travel

companies prefer targeted marketing through their own apps instead of taking to a larger marketing campaign. This distress sale happens 45 to 21 days before the travel dates. "Because this is the period where our agreements with airlines and hotels are such that we need to make our bookings latest by this period. By two weeks remaining to the travel date, the chances are high that the tour operator has already decided if they want to use or release that inventory," he said.

PLANNING THE FINANCES

If you haven't planned your holiday in advance, chances are you are not prepared financially either. This could put your liquid assets or emergency funds at risk.

Financial planners advise to plan for vacations and set aside a savings basket for this specific purpose. So even if you have not planned your travel, you can use these funds for a last-minute holiday.

But what if you have not created such a savings bucket? In such a situation, first take stock of your cash flow, and then decide if you want to dip into your emergency fund to finance that holiday. "Digging into your emergency fund temporarily is okay. But making it zero and not finding a source to replenish it is not something that you should do. Dig into your emergency fund only if you are sure that you will be able to replenish it over the next few months," said Prakash Praharaj, founder, Max Secure Financial Planners, a financial planning firm.

You could look to replenish the corpus through a one-time bonus you may be expecting or another similar income source. If there is no such source and if you need to touch your savings meant for other long-term goals or if your contribu-

tion to your long-term goals is affected by this holiday, financial planners advise against crossing the line.

One way to replenish your emergency fund could be reducing your discretionary expenses once you are back. "At times it gets difficult to say no to your family for a vacation. If you are unable to find any additional source of income to fund your holiday or to replenish your emergency fund after the holiday, then look at reducing some other discretionary expenses like movies or eating out in the subsequent months. But make it a point to replenish your emergency fund over the next few months," Praharaj said.

Similarly, taking a loan to fund a holiday is also something that financial advisers warn against. If you do not have a cash flow to build or replenish your emergency fund, chances are you will find it difficult to service a loan as well. This is something that millennials should pay special attention to. A recent study by digital lending platform IndiaLends said that ahead of summer vacations, lending has seen 55% growth in personal loans for travel purposes. Moreover, 85% of these loan seekers are millennials, who are seeking loans in the range of ₹30,000 to ₹2.5 lakh.

Also do not forget to optimize your forex spending. Carrying too much cash could be risky and your credit or debit card could lead to additional charges that you might not be aware of. A better way is to get a travel forex card and carry some amount in cash. Read more details at bit.ly/2VrrQ08.

Research about the destination you finalise and stick to your plan of travel so that you do not overspend.