

**COMMITTEE ON PUBLIC UNDERTAKINGS
(1969-70)**

(FOURTH LOK SABHA)

SEVENTIETH REPORT

**INDIA TOURISM DEVELOPMENT CORPORATION
LTD.**

MINISTRY OF TOURISM AND CIVIL AVIATION



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1970/Vaisakha, 1892 (S)

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COMMITTEE ON PUBLIC UNDERTAKINGS

(1969-70)

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Shri M. N. Kaul—*Under Secretary.*

*Appointed Chairman from 10-12-1969 *vice* Shri G. S. Dhillon, resigned.

**Ceased to be member w.e.f. 3-4-1970 consequent on his retirement from Rajya Sabha.

**STUDY GROUP II ON AVIATION, PROMOTIONAL AND
DEVELOPMENT UNDERTAKINGS**

COMMITTEE ON PUBLIC UNDERTAKINGS

(1969-70)

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6. Shri Rajendra Pratap Sinha—*Member*.

INTRODUCTION

1. the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Seventieth Report on the India Tourism Development Corporation Ltd., New Delhi.

2. This Report is based on the examination of the working of the India Tourism Development Corporation Ltd., upto the year ending 31st March, 1969.

3. The Committee took evidence of the representatives of the India Tourism Development Corporation Ltd., on the 3rd and 4th March, 1970 and of the Ministry of Tourism and Civil Aviation on the 10th March, 1970.

4. The material relating to the India Tourism Development Corporation Ltd. was processed at various stages by the Study Group II on Aviation, Promotional and Development Undertakings of the Committee.

5. The Report was considered by the Committee on 21st April, 1970 and adopted on the 27th April, 1970. The Report was sent to the Ministry of Tourism and Civil Aviation/India Tourism Development Corporation on the 27th April, 1970. They were requested to examine the report urgently to see that it was factually correct and to communicate the discrepancies, if any, by the 28th April, 1970. It was also pointed out that in case no comments were received by the date specified above, it will be presumed that the Ministry/ITDC accepted the facts and had no comments to offer. Till the mid-night of 28th April, 1970, the Ministry/ITDC had not communicated their comments to the Committee.

6. The Committee wish to express their thanks to the officers of the Ministry of Tourism and Civil Aviation and the India Tourism Development Corporation Ltd. for placing before them the material and information that they wanted in connection with their examination.

NEW DELHI;

April 28, 1970.

Vaisakha 8, 1892 (S)

M. B. RANA,
Chairman,

Committee on Public Undertakings.

I
INTRODUCTORY

A. Background

Importance of Tourism as a foreign exchange earner and also as a stimulant to internal development is being recognised all over the World. It is one of the largest and fastest growing industries and has been responsible for diversifying the economy of countries which are dependent on small exports. Tourist traffic to India has been increasing very rapidly. From 1966, the trend of tourist traffic to India has been as follows:—

Year	No. of Tourists.	Percentage increase over previous year
1966	1,59,603	7.9
1967	1,79,565	12.5
1968	1,88,820	5.2

1.2 The tourist arrivals in India constituted 0.12 per cent. of the world tourist traffic in 1966 and 0.13 in 1967. The growth rate of tourist traffic in India was 7.9 per cent in 1966, 12.5 per cent. in 1967 and 5.2 per cent. in 1968.

1.3. The Hotel Review and Survey Committee worked out the projection of tourist arrivals in India on the basis of traffic studies made by the Boeing Air Company for the years 1968 to 1981 as follows:—

Year	Tourist arrivals
1968	207000
1969	238000
1970	273700
1971	314800
1972	362000
1973	416300
1974	478700
1975	556600
1976	695600
1977	656200
1978	738800
1979	806100
1980	908700
1981	1000000

1.4 The total number of beds available in the approved hotels as on 31st December 1968, were 16,816.

1.5 With a view to developing tourism in the country, the Government of India in the Department of Tourism set up during 1964-65 three separate Corporations, *viz.*, "India Tourism Hotel Corporation Ltd." (subsequently renamed "Hotel Corporation of India Ltd."). India Tourism Corporation Ltd. and India Tourism Transport Undertaking Ltd. with authorised capitals of Rs. 400 lakhs, Rs. 50 lakhs and Rs. 19 lakhs respectively, under the provisions of the Companies Act, 1956. The main functions of these Corporations were to construct and manage hotels in public sector, to produce materials for tourist publicity and to provide transport facilities to tourists respectively. While the India Tourism Hotel Corporation Ltd. was incorporated on the 21st January, 1965, the India Tourism Corporation Ltd. was incorporated on the 31st March, 1965 and the India Tourism Transport Undertaking Ltd. was incorporated on the 1st December, 1964.

1.6 The Government of India later decided to merge these undertakings into one composite Undertaking for the purpose of securing coordination in the policy and efficient and economic working of the three Corporations. Accordingly the Government of India issued "India Tourism Corporation Amalgamation Order, 1966" on the 24th September, 1966, in terms of which Hotel Corporation of India Ltd. and the India Tourism Transport Undertaking Ltd. were dissolved and merged into India Tourism Corporation Ltd. and its name altered to "India Tourism Development Corporation Ltd."

1.7 The unified Corporation started functioning with effect from the 1st October, 1966. The Corporation is now a composite body constituted for the purpose of developing and promoting tourism in the country. The authorised capital of the unified Corporation is Rs. 5 crores.

B. Objectives

1.8 Clause III of the Memorandum and Articles of Association of India Tourism Development Corporation lays down in detail the main objects and the incidental or ancillary objects of the Corporation. Broadly the objects and functions of the unified Corporation fall under the following categories:

- (i) Construction and management of hotels, restaurants, tourist bungalows, guest houses at various places for the stay of tourists.
- (ii) Provision of transport facilities to tourists.
- (iii) Production and sale of tourist publicity material.
- (iv) Provision of entertainment facilities to tourists by way of cultural shows, dances, music concerts, film shows, sound and light shows, etc.
- (v) Provision of shopping facilities to tourists.

1.9. The working of the three erstwhile Corporations or of the Company resulting after amalgamation—India Tourism Development Corporation Ltd. has not been examined earlier either by the Estimates Committee or the Committee on Public Undertakings.

C. Justifications for setting up of three Corporations

1.10. Explaining the justification for the setting up of these three undertakings in quick succession and as to why no planned and co-ordinated action was taken at the very outset, it has been stated that it was really a sequel to the recommendations contained in the Report of *Ad hoc* Committee on Tourism appointed in 1963 that three separate companies were set up. The Committee had recommended that in view of the importance of tourism, the public sector should play a more active and positive role in the promotion of tourism, and that **this should include activities such as hotel building, provision of road transport facilities, tourist publicity, entertainment for tourists etc.** This Committee had also recommended that in order to ensure flexibility in operations, a Corporation might be set up under the Companies Act rather than having a Statutory Corporation. This matter was considered by the Government and it was decided to set up one or more undertakings in the public sector for handling the commercial undertakings connected with tourism such as hotels, road transport facilities etc. The Department of Tourism was to concentrate on activities directly or indirectly connected with the working of Government Departments and exercise regulatory control wherever necessary, and give policy guidance.

1.11. In pursuance of this policy, three Government Companies were accordingly established. At that time it was envisaged that the functions of the three Corporations would be—as their names indicate the Hotel Corporation of India Ltd. being responsible for construction of hotels, India Tourism Transport Undertaking Ltd. for the Transport facilities and the India Tourism Corporation Ltd. being responsible for the production of publicity material, establishment of duty-free shops at International Airports, entertainment of tourists son-et-Lumiere etc.

1.12. It may be submitted that at the time, that is, in 1964 and early 1965, when the three Corporations were established, Government were still in an experimental stage and there was the inevitable process of gaining experience and building up an infra-structure for tourism.

1.13. The essential requirement at that stage was that work should be started immediately. It was then felt that the setting up of three separate Companies would provide the necessary flexibility in approach. Subsequently, however, it was felt that it would ensure better coordination as also saving in expenditure if the three Corporations were merged into one. Accordingly, a decision was taken in May, 1966 to merge the three Corporations. It is, of course, now

possible to say that one Corporation should have been established in the first place, but as stated earlier, Government were in an, experimental stage and there was the inevitable process of some trial and error and of learning by experience.

1.14. When the three Corporations were originally established no formal feasibility studies were, however, made at that stage. Before the Corporations were merged into one, however, the Company Law Board invited suggestions from the three Companies on the proposed amalgamation. No objections were received from the Companies and the order was issued after it had been approved by the Boards of the three Companies.

1.15. The amalgamation had facilitated integration of operation, pooling of resources and coordinated effort in promoting tourism.

1.16. The management is stated to have incurred expenses amounting to Rs. 41,546.00 in connection with the incorporation of these companies as follows:

(i) India Tourism Hotel Corporation, Ltd. .	Rs. 31,840
(ii) India Tourism Transport Undertaking Ltd.	Rs. 3,518
(iii) India Tourism Corporation, Limited	Rs. 6,188
	<hr/>
TOTAL .	Rs. 41,546.00
	<hr/>

The net loss incurred by the three Corporations up to 30th September, 1966 (the date after which they were merged) was as follows:

(i) India Tourism Hotel Corporation .	Rs. 2.69 lakhs
(ii) India Tourism Transport Undertaking . . .	Rs. 1.54 lakhs.
(iii) India Tourism Corporation (Up to 31st March, 1966)	Rs. 0.55 lakhs.
	<hr/>
TOTAL .	Rs. 4.78 lakhs.
	<hr/>

1.17. The Committee find a continuous increase of tourists traffic in the country. In 1966 the percentage increase of tourists over previous years was 7.9%, the number of tourists being 1,59,603. In 1967 the percentage of increase over previous years was 12.5 per cent, the number of tourists being 1,79,565 and in 1968 percentage of increase over previous year was 5.2%, the total number being 1,88,820. Moreover, the projections of tourist arrivals in India made on the basis of studies by the Boeing Air Company for the years 1968 to 1981 roughly shows five-fold increase. The Committee find in 1968 the tourist arrival according to these projections were expected to

be 2,07,000 and whereas the beds available are only 16,816 which works out to a negligible percentage of the demand. The Committee, therefore, feel that ITDC should bear in mind that in co-operation with other agencies in the field plan will have to be evolved and successfully executed to meet the demands of rising tourist traffic by augmenting the hotel accommodation in the country and by improving the facilities for development of tourism.

1.18. The Committee find that three separate undertakings were set up by Government to undertake the construction of hotels, to improve transport facilities and for development of tourism on 21st January 1965, 1st December 1964 and 31st March 1965 respectively. Within the expiry of 1½ years, the Government decided to merge these three undertakings into one in May, 1966. They realised its integration necessary and confessed that "the Government was still in an experimental stage and there was an inevitable process of gaining experience and building up an infra-structure for tourism through a process of some trial and error and learning by experience." This hasty decision to create 3 Corporations and then merging them into one lead to unnecessary expenditure and avoidable dislocation of programme of work. The Committee deplore the lack of mature thinking in the Government before taking decision on such important matters and urge that such tendency should be curbed in future.

1.19. The Committee hope that the integration of these undertakings into one to realise the ultimate objectives of the Corporation, viz. to find maximum accommodation, transport facilities, entertainment and publicity material for tourists both Indian and foreign will meet with success.

D. Amalgamation of Ashoka, Janpath, Lodhi and Ranjit Hotels With ITDC

1.20. It has been stated that Ashoka, Janpath, Lodhi and Ranjit Hotels have been amalgamated with India Tourism Development Corporation with effect from 28th March 1970 pursuant to the recommendations of Administrative Reforms Commission to form a single sector corporation to derive benefits of large scale management. Such an integrated corporation it is claimed would achieve the economies of large scale operations, common service facilities in the fields of consultancy, training of personnel and sales promotion, as also better personnel management with wider prospects for managerial and technical personnel and the development of the managerial resources in the public sector. The merger would also help integrated development of hotel industry in the public sector. It had been stated that all over the world the trend now was to create hotel chains with a view to effecting overall economies, for example, the Hilton, and International chains in U.S.A. etc.

1.21. It had been claimed that the amalgamation would make possible the unified management of the public sector hotels and secure benefits of large scale management by permitting coordination in policy integration of operation, pooling of resources, etc. The ITDC would be able to draw upon the experience and expertise of these public sector hotels in the management of its new hotels. It had been stated that possible fields in which economy could be effected with the merger of these four hotels with the ITDC were central purchases of provisions and hotel equipment, training programmes, maintenance and renovation of the hotels etc.

1.22. The expenses of amalgamating these three companies would be of the order of Rs. 60,000 as per details given below:

(i) Registration fee	Rs. 37,500
(ii) Fees for valuation of shares	Rs. 13,500
(iii) Printing of Memorandum and Articles of Association, Share Certificates, etc.	Rs. 9,000

1.23. The Committee note the reasons behind the decision to integrate the 4 hotels in public sector in ITDC. "It has been claimed that the amalgamation would make possible the unified management of public sector hotels and secure benefits of large scale management by permitting coordination in policy integration of operations, pooling resources etc." The Committee find that all the 4 hotels brought under one administration are meant to cater to the different categories of tourists mainly drawn from higher income groups. Moreover, they do not belong to one uniform standard even among themselves. Ashoka for example cannot be equated with Ranjit and Janpath Hotels. While recognising the fact that some advantages are likely to accrue by this merger, the Committee feel that adequate room for decentralisation should be made available to each one of them so that each one may function confidently and without any sense of superiority or inferiority. Undue interference of one with the other should be avoided.

1.24. The Committee also notice that all these 4 hotels in Delhi cater to the needs of higher class and upper middle class tourists and no provision has been made to cater to the need of the lower income groups of tourists both Indian and foreign. The Committee recommended that ITDC being a public utility undertaking, should endeavour to cater to the needs of different groups instead of confining its activities to meeting the requirement of the tourists coming from affluent society alone. They feel that Delhi being the Capital of India should have hotels suiting the pockets of not only upper income group but also of the lower income groups of tourists both Indian and foreign. They recommend that ITDC should set up hotels in Delhi and elsewhere to meet the requirement of lower income groups.

1.25. While setting up hotels ITDC should bear in mind that maintenance of standard of efficiency and service is vital. The Committee recommend that ITDC should make every effort to maintain the respective standards of efficiency of their hotels and improve them to match the comparable Indian and International standards. In the context of amalgamation of abovementioned hotels, the Committee recommend that lessons be drawn by the ITDC from the experience of major unified corporations for Steel, Fertilizer, Chemical and Oil Industries etc. and the difficulties encountered in those organisations with regard to working of separate units should be studied in advance by the Corporation with a view to prevent their recurrence in future in ITDC.

II

ROLE OF I.T.D.C. VIS-A-VIS DEPARTMENT OF TOURISM

2.1. Tourism has now come to establish itself as an important industry in India as a means of earning the much needed foreign exchange. It provides employment and promotes international contacts and understanding. The broad approach in the Fourth Five Year Plan is to expand and improve tourist facilities with a view to promoting 'destinational' traffic as distinct from transit traffic. It is proposed to take up integrated development of selected areas and encourage charter traffic. Emphasis is being laid on provision of accommodation, transport and recreational facilities. Efforts will be concentrated in areas where there is an identified large flow of foreign tourist traffic.

2.2. The tourism promotion work is at present being handled at three different levels. The highest level is that of the Central Department of Tourism. The activities of the Department fall under the following heads .

- (1) Compilation, collation and dissemination of tourist information in India and abroad, attending to enquiries from tourists.
- (2) Cooperation with international travel at non-government levels.
- (3) Facilitation work such as simplification of frontier formalities, either directly or in cooperation with the Union Ministries and State Governments.
- (4) Development of tourist infra-structure.
- (5) Publicity at home and abroad with a view to promoting tourism.
- (6) Regulation of activities of various segments of the travel trade, such as hotels, travel agents, Shikar outfitters, guides, tourist car operators and shopkeepers.
- (7) Compilation of statistics and market research on tourist traffic to India.

2.3. The Central Department of Tourism is assisted by the Tourist Development Council which is the principal advisory body at the national level. Reconstituted in August, 1968 its members now include State Ministers of Tourism, representatives of the Departments of Government of India concerned with tourism, Members

of Parliament, representatives of travel and hotel industry and persons distinguished in public life. Some of the important recommendations of this council relate to the improvement of facilities at airports and approach roads to airports, construction of hotels and motels, development of wild life tourism including viewing and photography. A review of restrictions on photography at places of tourist interest, and facilities for pilgrim tourism. The Council has urged the formation of State Tourist Development Committees under the Chairmanship of Chief Ministers to ensure speedy implementation of schemes and effective action for promotion of tourism.

2.4. The next level is that of the ITDC, whose sphere of activity is somewhat limited, if not, subsidiary to the role of Central Department of Tourism. Its functions as pointed out in para. 1.4 relate more to commercial part of promoting tourism in India, such as construction/management of hotels, tourist bungalows, etc. provision of transport facilities, production and sale of publicity literature, provision of entertainment facilities and shopping facilities.

2.5. The third level is that of the States. Here the concentration is largely on the home tourists-construction of low-income rest houses, development of tourist centres and publicity.

2.6. Besides, there are a number of other Government agencies, though they are not directly responsible for development of tourism in the country, yet they have a very significant role to play in promotion of tourist industry. They are Indian Embassies/Missions abroad. Department of Archaeology, airports and customs, Indian Airlines, Indian Railways, State Transport Undertakings, Forest Departments, Wild Life Board/Sanctuaries, Handloom/Handicraft Boards, Public Sector Hotels, local municipalities, etc. It is highly essential that there should be a complete coordination and cooperation not only amongst the organisations who are directly responsible for tourism but also those whose interest is secondary in the tourist trade, if we have to give a unique and satisfying experience to tourist.

2.7. It would thus be seen that as the situation stands today, a number of agencies are involved in the development of tourism in India. The Central and State Governments and both public and private sectors are concerned. The problem is further complicated by confusion in thinking with regard to development of home tourism *vis-a-vis* international tourism. The relative roles assigned to the Central and the State agencies in this matter are not clear, as tourism is a State subject. There is no enunciation of policy with regard to parts to be placed by public and private sectors. Within a short span of time, the public sector has come to control a vital segment of the tourist economy and it is growing. During the course of the evidence of the representatives of the I.T.D.C., the Committee en-

quired whether the role of I.T.D.C. *vis-a-vis* the Central Department of Tourism was clear cut. It was admitted that :

“No clear cut decision regarding demarcation of activities between the Department of Tourism and the Corporation emerged. The concensus of opinion, however, seems to be that the role of the Corporation in promoting tourism in the country should be confined to commercial activities and that of the Department of Tourism to promotional and developmental activities.”

2.8. The Ministry of Tourism and Civil Aviation also informed the Committee like-wise as under :

“While no formal orders have so far been issued giving a clear cut demarcation of the relationship between the Department of Tourism and the India Tourism Development Corporation, a well understood division has emerged from a combination of working experience and the overall Government policy that public sector Corporations should operate at a profit. Thus the India Tourism Development Corporation undertakes all commercial activities linked with Government’s direct involvement in tourism. In addition, the Corporation undertakes on an agency basis a number of tasks intrinsically non-profitable but essentially commercial. Because they are organised to handle commercial operations, they are in a better position to do this but because they would not ordinarily undertake non-profitable tasks, Government provides the basic investment. For example, the production of the *Son-et-lumiere* is financed by Government and the Corporation merely runs the programme without including investment costs and depreciation on equipment in their operation. A similar proposal is about to be undertaken to run special tourist buses on certain routes. In this context the India Tourism Development Corporation is directly linked with planned investment in tourism.”

2.9. Elucidating further on this point the Ministry informed the Committee as follows :—

“The Government is studying afresh the whole organisational structure of the Department of Tourism and its relationship both with the Ministry and the India Tourism Development Corporation, with the object of developing a single Tourist/ Authority which will cover all aspects of its operation. This flows from a conclusion of the Estimates Committee which considered that “an effective efficient Central Organisation has to be set up to create a strong tourism consciousness at all levels of administration and to formulate well thought out proposals and policies for the development of tourism in the country with proper coordination and liaison between the central tourist organisation, the state tourist organisation and the business community involved.” In order to view the whole requirement in perspective an independent body, the Indian

Institute of Public Administration, has been commissioned to prepare a report on this. The Institute has had consultations with the Indian Institute of Management, Ahmedabad, and has called in as a Consultant the Director General of the Irish Tourism Board who heads what is considered one of the most successful tourist operations in the world tourist industry."

2.10. The Committee find that there is lack of clear cut definition of role of the ITDC, Government of India and other agencies including the State Governments. It has been brought to the notice of the Committee that there are several agencies e.g. Department of Tourism, Tourist Development Council, ITDC, State Tourist Departments, Indian Embassies abroad and other private agencies, all working towards one goal namely the development of tourism in the country.

The Committee recommend that a clear cut demarcation of functions between the Government/ITDC and other agencies including the State Governments should be made on the following principles :

- (i) Government i.e. the Department of Tourism both at the Centre and States should be responsible for promotion of tourism and development of place/areas of tourist interest in the country.**
- (ii) ITDC should work on commercial lines like any other undertaking in the public or private sector by providing to tourists accommodation, transport facilities, entertainment, and organising the production/sale of tourist publicity material within the limits prescribed in their Memorandum and Articles of Association. The ITDC should be judged on merits of their performance and on the basis of the profits it makes while performing the functions assigned to it.**
- (iii) There should be proper coordination between the Central Department of Tourism, ITDC, State Departments of Tourism and private agencies to avoid overlapping, while maintaining healthy competition.**

2.11. The Committee notice a tendency on the part of the Government to identify ITDC as an agency of Government for promotion of tourism which they highly disapprove. They reiterate that the overall development of tourism should be the exclusive responsibility of the Government and not of the ITDC.

2.12 The Committee feel that ITDC may not be able to handle the entire tourist traffic of the country owing to its limited resources and experience. This will naturally involve the participation of other public sector undertaking like Air India and private sector undertakings in the rendering of services to the tourists for the time being.

III

HOTELS, TOURIST BUNGALOWS AND RESTAURANTS

A. Construction of Hotels

3.1. The Hotel Corporation of India Ltd. which was incorporated on the 21st January, 1965 carried out feasibility surveys in respect of the hotel projects at Bombay, Calcutta, Madras, Agra, Bangalore, Varanasi and Hyderabad. The Board of Directors of the erstwhile Hotel Corporation of India Ltd. had approved the construction of nine hotels during the first phase of the programme of construction of hotels at the following places at an estimated cost of Rs. 6 crores, including Rs. 1 crore on account of value of land and equipment which would form part of equity capital of the State Governments/foreign collaborators:

- (1) Bombay—2 hotels—one at Juhu Beach (100 rooms) and another at Santa Cruz (50 rooms);
- (2) Madras—2 hotels—one each at Marina Beach (50 rooms) and Mount Road (100 rooms);
- (3) Agra—100 rooms;
- (4) Varanasi—100 rooms;
- (5) Hyderabad—100 rooms;
- (6) Bangalore—100 rooms;
- (7) Dum Dum Airport, Calcutta—100 rooms.

3.2. The Hotel Corporation of India Ltd. had made a preliminary selection of the architects to be appointed for the hotel projects by calling particulars from about 30 leading architects. Pending amalgamation of the three Corporations, the Ministry of Finance did not allot funds for the construction of hotels. Consequently, the Hotel Corporation of India Ltd. could not take concrete action for the implementation of the nine hotel projects.

3.3. Before the first annual general meeting of its shareholders could be held the Corporation was merged in the India Tourism Development Corporation Ltd. Till 31st March, 1966, the Corporation had suffered a loss of Rs. 1,48,615.

3.4. The unified Corporation initiated action for implementing the Package Programme for promotion of tourism prepared by the Department of Tourism, Government of India, which included a provision of Rs. 2.70 crores for construction of nine hotels—transit hotel at Dum Dum Airport (50 rooms), transit hotel at Santa Cruz Airport (50

rooms), hotel at Srinagar (House-boat hotel with 15 house-boats), Varanasi (100 rooms), Bangalore (100 rooms), Juhu Beach (50 rooms), Goa (50 rooms), Kovalam (50 rooms), and expansion of Laxmi Vilas Palace Hotel at Udaipur. The programme of construction of hotels including the Package Programme was considered at the meeting of the Standing Committee of Directors held on 19th November, 1966. The views of the Committee were as follows:

- (i) "In view of the pressing necessity for accommodation at Bombay and Calcutta airports, the capacity of these hotels may be increased from 50 rooms to 100 rooms with consequential increase in cost from Rs. 50 lakhs to Rs. 100 lakhs.
- (ii) Instead of the House-boat Hotel at Srinagar, a regular hotel may be built.
- (iii) Irrespective of classification by "stars" the hotels to be established by the Corporation should be of a good standard with facilities like central air-conditioning, swimming pool and bath tubs to make them popular with foreign tourists.
- (iv) The hotels at Varanasi and Juhu Beach should be of a higher standard than other hotels so that they may be able to cater to a better class of tourists visiting these places.
- (v) On the basis of feasibility survey report there was a need for additional hotel accommodation at Jaipur, Agra, Hyderabad, Madras, Bhubaneshwar and Konarak.

While it may not be possible to consider all these places in the Package Programme due to paucity of funds, there was a pressing need for additional hotel accommodation at Jaipur and this hotel project may be taken up with priority along with other hotel projects included in the Package Programme."

3.5. The recommendations of the Standing Committee were forwarded to the Government. The matter was also discussed by the then Managing Director with the then Secretary, Ministry of Civil Aviation and Tourism, who felt it was not advisable for the Corporation to suggest any changes in the programme as approved by the Government for the Fourth Plan period. He indicated that the allocation of funds would be made according to this programme and that the funds should be utilised for the project for which they had been earmarked. These views were placed before the Board of Directors of the unified Corporation at their meeting held on 20th January, 1967. The Board discussed in detail the package programme of the Department of Tourism and fixed the following *inter se* priorities for the various hotel projects:

- | | |
|--|----------|
| (1) Transit Hotel at Santa Cruz
Airport | 100 beds |
| (2) Transit Hotel at Dum Dum
Airport | 100 beds |

(3) Varanasi	200 beds
(4) Udaipur expansion of Laxmi Vilas Palace Hotel	
(5) Bangalore	200 beds
(6) Juhu Beach, Bombay	200 beds
(7) Goa	200 beds
(8) Srinagar	100 beds
(9) Kovalam	100 beds

3.6. In October, 1967, the Board of Directors was reconstituted and it decided to give a fresh look to the programme of hotel construction including selection of sites, type of construction to be put up, possibility of outright purchase of land instead of through equity participation, possibility of revocation of the existing agreements with the architects, appointment of new architects commended for their professional talent, appointment of consultants to supervise the work of the architects, arrangement for interior decoration, etc.

3.7. Hardly the plans of construction of hotels of ITDC had taken any concrete shape, when the Fourth Five Year Plan of the ITDC was announced making a provision of Rs. 6.75 crores for the construction of Hotels as under:

	(Rs. in lakhs)
1. Bangalore	100
2. Srinagar	150
3. Gulmarg	50
4. Dum Dum	100
5. Jaipur	75
6. Kovalam (Tourist Cottages)	50
7. Expansion of Laxmi Vilas Palace Hotel, Udaipur	50
8. Aurangabad	100
TOTAL	675

3.8. The tentative targets of construction and commissioning of each of the Hotel Projects had been fixed as follows:

Name of the Project	Date of starting the work	Date of completion of work
1. Bangalore	July, 1967	October, 1970
2. Kovalam—		
(i) Cottages	October, 1970	September, 1971.
(ii) Hotel	October, 1970	March, 1972.

Name of the project	Date of starting the work	Date of completion to work
3. Dum Dum	October, 1970	September, 1972.
4. Aurangabad	October, 1970	March, 1972.
5. Jaipur (Projects are under consideration).	October, 1970	March, 1972.
6. Srinagar (Projects are under consideration).	April, 1971	September, 1972 .
7. Gulmarg (Projects are under consideration)	April, 1971.	September, 1972.
8. Udaipur—Expansion of LVP Hotel, Udaipur	October, 1970.	September, 1971.

3.9. The position of the different Hotel Projects undertaken by the ITDC to-date was as follows:—

(i) *Madras and Agra Hotel Projects*

Madras and the Agra Projects were given up on account of inadequate resources. As these projects did not go beyond the planning stage, no expenditure is stated to have been incurred on them.

(ii) *Srinagar House Boat Hotel*

The Government of Jammu and Kashmir decided to abandon the site at Nagin Lake Club premises, originally allotted for this project due to the agitation of the House Boat Owners Association. An expenditure of the order of Rs. 27.375 was incurred on this project as under:

Items of expenditure	Amount Rs.
Fees and compensstion paid to the Architects	13,375.00
Soil exploration	10,700.00
Expenditure in connection with the foundation laying ceremony	2,180.00
TA/DA of Officers	1,120.00
	27,375.00

The question of recovering the above expenditure incurred in relation to the old site was being pursued with the Government of Jammu and Kashmir.

(iii) *Kovalam sea beach:*

A provision of Rs. 50 lakhs was included in the Fourth Plan on account of tourist cottages at Kovalam. The scope of the project has since been widened to a 100 room hotel and 40 tourist cottages. The estimated cost of the project has, therefore, increased from Rs. 50

lakhs to Rs. 135 lakhs. M/s. G. C. Sharma, Sons and Associates were originally appointed as Architects for the Kovalam Project, but their services were subsequently dispensed with. Shri C. M. Correa had now been selected as architect for the Kovalam Beach Project in pursuance of the decision of the Board of Directors that the Corporation should utilise for its Hotels the services of the same architects as were selected by the Government of India for the integrated resorts like Gulmarg, Kovalam and Goa etc. As a result of the termination of their agreement M/s. G. C. Sharma, Sons and Associates had preferred a compensation claim amounting to Rs. 57,812.50. After negotiations with them, the amount of compensation had been brought down to Rs. 17,562.50.

(iv) *Juhu Sea Beach and Santa Cruz Hotel Projects:*

The Santa Cruz and Juhu Beach Projects have been transferred to Air India in pursuance of the decision taken by the Government of India. No expenditure is stated to have been incurred on these projects as these did not go beyond the planning stage.

(v) *Transit Hotel, Dum Dum:*

The work of preparing a feasibility study in respect of this project had been entrusted to the Indian Institute of Management, Ahmedabad. It was expected that the study would be ready by the end of December, 1969.

As the Transit Hotel at Dum Dum would be the first Airport Hotel in India, it was proposed to utilise the services of M/s. Steingenberger consultants for planning this project. The Indian architects had just submitted preliminary plans for a 100 rooms hotel.

(vi) *Varanasi:*

The Varanasi Hotel Project had been given up as His Highness the Maharaja of Banaras was not prepared to sell the plot of land.

(vii) *Bangalore:*

The Government of India had approved the construction of the Hotel India Bangalore at an estimated cost of Rs. 100 lakhs. The execution of this project had been entrusted to the P.W.D. of Mysore Government. Consultations were held with expert hoteliers in order to improve the functional efficiency of the hotel and the plans had been slightly modified. Additional land had to be acquired and according to the latest estimates the project was expected to cost Rs. 150 lakhs. The revised cost estimates of the project had been approved by the Board of Directors and the Government of India had also been requested to approve the increase in the estimated cost from Rs. 100 lakhs to Rs. 150 lakhs. The increase in the estimated cost had been attributed to the acquisition of 6 acres of land, provision of full air-conditioning, addition of Conference Halls and pneumatic tube conveyor system, increase in consultancy charges, increase cost of sanitary water supply and electrical systems, swimming pool etc.

In order to expedite the work of this project, a project engineer had been posted at site. The building had reached the fourth floor level. The hotel was likely to be completed in the later half of 1970.

(viii) *Goa:*

While the architects were appointed for this project, no agreement had been executed with them. They had prepared preliminary plans. The hotel was to be constructed on land belonging to the Goa Administration. In view of the decision of the Government of India to allot this hotel to a hotelier in the private sector, no further action has been taken by the ITDC for this project. Apart from meeting travelling expenses of the officers of the Corporation, no other expenditure has been incurred on this project.

(ix) *Laxmi Vilas Hotel, Udaipur:*

The property of the Laxmi Vilas Palace Hotel, Udaipur was purchased by the Department of Tourism, Government of India from the Maharaja of Udaipur at the price of Rs. 7 lakhs. The Government of India entrusted the management of this hotel to the erstwhile Hotel Corporation of India Ltd. with effect from 1st December, 1965 and the ownership of the hotel was transferred to the ITDC with effect from 1st January, 1969 along with the other Travellers' Lodges. The Hotel had shown a surplus of Rs. 0.12 lakh for the period from 1st April, 1969 to 31st December, 1969.

(x) *Srinagar and Gulmarg Hostel Projects:*

The Fourth Five Year Plan of ITDC provided for Rs. 150 lakhs for the construction of a Hotel at Srinagar and Rs. 50 lakhs for the construction of a Hotel at Gulmarg. An alternative site had been selected for the Hotel Project at Srinagar.

The services of the Indian Institute of Management, Ahmedabad has been commissioned to carry out the feasibility study of this project. The study is expected to be completed by the end of December, 1969. Only on receipt of the study, it will be possible to take a decision in regard to this project.

As regards the Gulmarg Hotel Project, architect had been selected. As regards the desirability of setting up a Hotel Project at Gulmarg it has been stated that the hotel project at Gulmarg was a part of the integrated project of the Government of India for the development of winter sports at Gulmarg-Khilanmarg area. It was understood that Gulmarg was selected as the major centre for winter sports development on the advice of four foreign experts (one each from Italy and France and two from Austria) who independently came to the conclusion that Gulmarg possessed some of the finest Ski slopes in the world.

(xi) *Aurangabad Hotel:*

The ITDC management have stated that the Ministry of Railways had since agreed in principle to hand over the Railway Hotel at

Aurangabad to the Ministry of Tourism and Civil Aviation. The details of the transfer of the hotel were being worked out. If transfer of the hotel materialises, the plan provision for construction of a new hotel at Aurangabad would be utilised for acquisition and expansion of the Railway Hotel. The feasibility study, now under preparation, would *inter alia* examine the feasibility of taking over the Railway Hotel.

Occupancy Ratio

3.10. To a question as to how much occupancy the ITDC expected in respect of the different hotels, the ITDC management have stated that the occupancy ratio was the resultant of many factors like location of the hotel, the flow of foreign as well as home tourists, the tariff, the star category of hotel, the degree of competition from other hotels etc. It was, therefore, difficult to lay down a precise pattern for obtainable occupancy ratio in respect of a particular project. By and large, the following pattern of occupancy ratio had been assumed in planning the various hotel projects:

Year	Occupancy ratio
1st	30% to 35%
2nd	35% to 40%
3rd	40% to 45%
4th	45% to 50%
5th	50% to 60%

The hotels were likely to break even when the occupancy ratio was 60 per cent. or more.

3.11. The Committee have carefully gone into the whole question of construction of hotels by the ITDC and have come to the conclusion that the following features stand out rather conspicuously while reviewing the whole course of events of the various efforts made by the ITDC in this regard :

- (i) There has been a considerable delay in coming to firm conclusions regarding the construction of hotels. The initial hurdle in most cases was the shelving of plans because of the impending merger of the Hotel Corporation in the India Tourism Development Corporation. An ab-initio decision to have a multi-purpose corporation would have served to expedite matters and reduce costs. As it is the Hotel Corporation of India suffered a loss of Rs. 148,615 by the end of March, 1966, which could have been perhaps avoided had a firm decision been reached initially.
- (ii) The frequent changes in the order of priorities for construction of hotels and the dropping of schemes of con-

struction originally contemplated was not based on realistic and practical considerations.

- (iii) Frequent changing of Estimates as originally planned and finally adopted became matter of regular occurrence. The increase of Rs. 50 lakhs in each case of Kovalam Sea Beach and Bangalore Hotel Projects are instances to support that the concept of a realistic planning was lacking in the Corporation.
- (iv) The anticipated occupancy ratios of the projected Hotels appear to be far too low and don't offer fair chances for the economic viability of the undertakings. This deserves detailed examination followed by intensification of efforts for ensuring that the Hotels function on profitable lines.

3.12. The Committee find that the plan for construction of hotels has been as follows :

- (a) Bangalore, Kovalam, Dum Dum, Aurangabad, Srinagar, Gulmarg, Udaipur—(Expansion of LVP Hotel).
- (b) ITDC abandoned the plan to construct hotels in Madras, Agra, Srinagar House Boat Hotel, Varanasi, Juhu Sea Beach Santa Cruz and Goa.

3.13. The Committee find absence of a well thought out plan on the basis of which site/station are being selected for construction of hotels by ITDC. ITDC should drop places where hotel facilities exist in plenty and where ITDC will have to face keen competition to make profits. Moreover from the public utility point of view hotels in such places may not serve useful purpose. Hotels in places like Kovalam Beach and Aurangabad may not be highly popular as compared to Kanyakumari, Ellora and Ajanta. The Committee feel that the urge of the tourist is to live within the vicinity of tourist spot. Tourists, for instance, would prefer to stay in Ellora or Ajanta instead of in far away Aurangabad. Similarly, tourists are interested to visit places of well known all-India importance e.g. Kanyakumari, Agra, Varanasi and Gir forest in Gujarat.

3.14. The Committee would like to suggest the following principles for selection of hotel sites of ITDC :

- (a) the places/spots should be of all-India importance;
- (b) in the popular places where hotels in Public/Private Sector exist in plenty e.g. Bombay, Srinagar, Gulmarg, Calcutta, etc. ITDC should not lock up its limited resources;
- (c) ITDC should set up hotels in places where adequate hotel facilities do not exist and there is scope for hotel building owing to less competition coupled with prospects of profit

making e.g. Ajanta, Ellora, Veraval, Konarak, Varanasi, Agra, etc.)

- (d) ITDC should as far as possible avoid building hotels in areas where their activities would create unemployment among existing small hotel traders (e.g. House Boat owners in Srinagar);
- (e) the selection of sites/stations of tourist interest should be done only after a very careful study of the survey of the tourist traffic coupled with the study of their economics and profitability.

3.15. The Committee find that the ITDC have stated in their written reply in their post-evidence information "that it was difficult to lay down a precise pattern for obtainable occupancy ratio in respect of a particular project. By and large, the following pattern of occupancy ratio had been assumed in planning the various projects:

Year	Occupancy ratio
1st	30% to 35%
2nd	35% to 40%
3rd	40% to 45%
4th	45% to 50%
5th	50% to 60%

The hotels were likely to break-even when the occupancy ratio was 60 per cent or more."

3.16. It is unusual to find that ITDC is unable to work out "a precise pattern for obtainable occupancy ratio" of their hotels and have come to the conclusion that "they can break even subject to the occupancy ratios being 60% or more". In other words they have looked forward to a long gestation period of 5 years before they can break even to make profit. They are also not very definite as to what extent and in which project they would be able to break even. The Committee are amazed to find that without applying their mind to the fundamentals of planning on the basis of occupancy and profitability, the ITDC is working up its hotel projects. The Committee highly deprecate this sort of hotel construction without definitely assessing its economics and commercial viability and cannot excuse the undertaking/Ministry for such lapses. They strongly recommend that ITDC hotel projects should be subjected to a thorough study by a Committee of Experts before they are allowed to go ahead with the execution of their plan beyond what they have started executing. The Committee would also reiterate that hotels having long gestation period should as far as possible be avoided in future.

3.17. ITDC is going in for the construction of hotel buildings. The Committee would like the ITDC to take into consideration what the Committee have observed in respect of the conceptual drawings of hotels to be put up by Air India. The Committee are convinced that as far as the construction of hotels is concerned there is adequate talent available in India who are capable of preparing conceptual drawings and designs of hotels. The Committee would like ITDC to make use of indigenous talent and consultancy service for designing hotels. If, however, on some special point they feel that expert advice from foreign countries need be taken in the interest of making the hotel project a success, they could do so but the primary consultants should always be Indians which is in line with Government's general instructions for making use of the Indian consultancy as far as possible.

B. Tourist Bungalows and Restaurants

3.18. The Department of Tourism, Government of India transferred to the Hotel Corporation of India Ltd. the management of eighteen tourist bungalows and restaurants with effect from 1st April, 1966 on the terms and conditions that the profit or loss resulting in the management of the tourist bungalows and restaurants would be passed on to the Department of Tourism. After one month's management of these establishments by the Hotel Corporation of India Ltd., the Government reversed this arrangement and the management of these establishments was re-vested in the Department of Tourism.

3.19. In August 1966, the Director General of Tourism proposed that the Hotel Corporation of India Ltd., might take over these establishments on lease on the basis of a fixed annual rent and assumed full responsibility for the financial results of their operational maintenance, depreciation, etc. This proposal was considered by the Board of Directors of Hotel Corporation of India Ltd. but a decision in the matter was kept pending for the unified Corporation i.e. I.T.D.C. The I.T.D.C. decided to purchase these establishments subject to the following conditions :

- (i) The I.T.D.C. would have the right to sell away any unprofitable portion of the property.
- (ii) Parliamentary approval for the transfer of the ownership to the I.T.D.C. would be obtained before September, 1968.
- (iii) The I.T.D.C.'s budget for 1968-69 would not be affected by the transfer taking place in that year.
- (iv) The I.T.D.C. need not apply the agency of CPWD for effecting the renovation and improvements in the tourist bungalows, etc. Further the ITDC need not hold up the execution of the renovation/expansion pending the actual

transfer of ownership of these establishments. If the transfer of ownership did not materialise, the Government would make good the expenditure incurred by the Corporation on renovation and expansion of these establishments.

3.20. Pending the settlement of the terms and conditions of the transfer of ownership of these establishments to the ITDC it was decided that the management of these establishments might be taken over from the Department of Tourism with effect from 1st April 1967 on the terms already settled by the Hotel Corporation of India Ltd. with the Department of Tourism. In pursuance of this decision, the Government transferred the management of these establishments to the I.T.D.C. with effect from 1st April 1967.

3.21. A list of twenty-four tourist bungalows/canteens restaurant-cum-retiring rooms (now termed as Traveller Lodges) being managed by the India Tourism Development Corporation Ltd. on behalf of the Department of Tourism is at Appendix I. Out of these 15 are bungalows, 1 motel, 5 restaurants, 2 restaurant-cum-retiring rooms and 1 Reception Centre. All the bungalows have been classified as 'Class I'. The State-wise distribution is Madras—6, Madhya Pradesh and Maharashtra—3 each, Mysore, Orissa, U.P. and H.P.—2 each and Rajasthan, Bihar, Delhi and Haryana—1 each. establishments, one bungalow at Khajuraho, one restaurant-cum-retiring room at Ajanta, four restaurants at Ellora, Surajkund and Agra and one reception centre at Jalgaon are managed by private contractors on lease.

3.22. When asked whether the ownership of these tourists bungalows/restaurants had been transferred to I.T.D.C., the Committee were informed that the ownership of 26 Travellers' Lodges and one Hotel (Laxmi Vilas Palace Hotel, Udaipur) had since been transferred to the Corporation w.e.f. 1st January, 1969 by the Department of Tourism as per statement at Appendix II. The value of both these bungalows and the hotel at the time of taking over had been provisionally fixed by the Government at Rs. 75 lakhs. The Government of India had, however, been requested to furnish the exact valuation of each property.

3.23. The Committee were informed that a provision of Rs. 100 lakhs had been included in the Fourth Five Year Plan of the Corporation on account of expansion and renovation of Travellers' Lodges. It was proposed to renovate and expand the Travellers' Lodges having more than 50% occupancy. With the expanded capacity, these establishments would be in a position to take in larger

group bookings. A tentative break-up of the plan provision is indicated below :

Name of the Travellers' Lodges	Plan provision
	(Rs. in lakhs)
Madurai	15
Mahabalipuram	15
Thanjavur	15
Hassan	15
Bhubaneshwar	15
Kulu	10
Bijapur	10
Bodhgaya	5
TOTAL	100

3.24. To a question as to what percentage of return they accepted from these Travellers' Lodges, the ITDC management have stated that most of the Travellers' Lodges did not break even since the frequency of the visitors to remote places was not spread even round the year. Consequently the occupancy ratio at some of the Travellers' Lodges like Mandu, Bharatpur, Ranchi, Kancheepuram, Kushinagar, Konarak and Trichy was very poor and insufficient to cover the expenses. The break even could only be achieved if the occupancy ratio ranged between 40% to 50%. It was expected that they would break even after the renovation and expansion of some of the lodges. The travellers' lodges at Mahabalipuram, Madurai, Thanjavur, Hassan, Bhubaneshwar, Bodh Gaya, Kuti Mavali, Laxmi Vilas Palace Hotel were, however, paying units.

Working Results of the Travellers' Lodges

3.25. The following table shows the working results of the Travellers' Lodges/Restaurants for the years 1966-67 to 1968-69 :

S. No.	Name of the Bungalow' Restaurant	(Rs. in thousands)			
		1966-67	1967-68	1968-69*	1-4-1968** 10/31-3-1969
1	2	3	4	5	6
1.	Mahabalipuram Lodge	(+) 4.0	(+) 8.4	(+) 7.7	(-) 19.5
2.	Madura: Lodge	(+) 9.7	(+) 19.5	(+) 25.4	(+) 9.0
3.	Thanjavur Lodge	(+) 2.8	(+) 3.0	(+) 3.7	(-) 3.5
4.	Trichy Lodge	(-) 7.7	(-) 7.9	(-) 11.3	(+) 4.5

1	2	3	4	5	6			
5. Hassan Lodge .	(+)	6.4	(+)	12.0	(+)	14.8	(-)	14.9
6. Bijapur Lodge .	(-)	6.7	(-)	2.1	(-)	9.3	(-)	16.8
7. Konarak Lodge	(-)	3.9	(-)	0.7	(-)	2.3	(-)	10.8
8. Bhubaneshwar Lodge	(-)	0.8	(-)	11.3	(+)	12.2	(-)	5.7
9. Bodh Gaya Lodge	(-)	1.7	(+)	8.6	(=)	3.3	(-)	1.4
10. Kushinagar Lodge .	(-)	6.9	(-)	4.7	(-)	4.3	(-)	9.9
11. Sanchi Lodge .	(-)	10.4	(-)	8.7	(-)	7.7	(-)	15.7
12. Mandu Lodge .	(-)	6.6	(-)	4.3	(-)	9.2	(-)	14.6
13. Bharatpur	(-)	7.7	(-)	9.3	(-)	12.6	(-)	17.4
14. Kulu	(+)	8.0	(+)	4.4	(+)	3.7	(-)	4.3
15. Kancheepuram Lodge	(-)	9.8	(-)	9.2	(-)	10.9	(-)	6.0
16. Manali Lodge .			(-)	1.3	(+)	2.8	(-)	25.7
17. Mahabalipuram Restaurant	(-)	7.4	(-)	5.4	(-)	10.6	(-)	16.0
18. Laxmi Vilas Palace Hotel	(+)	25.2	(+)	15.3	(+)	13.0		
TOTAL.							(-) 185.9***	

3.26. The ITDC management have stated that from 1st January 1969 i.e. the date of their taking over to 31st December 1969, these Travellers' Lodges including the Laxmi Palace Hotel had shown a net deficit of Rs. 4.25 lakhs which included depreciation of Rs. 2.61 lakhs.

The following steps had been taken to make these places more popular and attractive for tourists :

- (a) Publicity was given through press and journals.
- (b) Attractive folders had been printed and supplied to Travel Agents, Tourist Offices, Embassies, Hotels, Business Houses and their distribution had also been arranged abroad through the Department of Tourism.

*Before depreciation.

**After depreciation.

***(-) 185.9

(-) 68.0

(-) 253.9 Direct expenses

Note :—The working results do not include administrative overheads and depreciation.

- (c) Adequate equipment, linen, crockery, cutlery had been provided to all the establishments during the last 1½ years. 77 Geysers had been fitted at various Travellers' Lodges and 10 room air-conditioners have also been fitted to provide air-conditioned accommodation to tourists. During last 18 months an amount of Rs. 1.52 lakhs has been spent on this account.
- (d) A training programme for the Managers of the Travellers' Lodges had been introduced on experimental basis.
- (e) Transport facilities had been provided at one of the Lodges i.e. Khajuraho and this facility was proposed to be provided at a few more lodges also for the benefit of tourists.
- (f) An experienced catering inspector had been appointed recently who would be visiting all these units on regular inspection basis in order to impart practical training facilities on the spot and also ensure required standard of services.
- (g) A provision of one crore had been made for renovation and expansion of these lodges during the Fourth Five Year Plan period.

3.27. The Committee are highly depressed to study the working results of the Travellers' Lodges for the years 1966-67/67-68/68-69. During the financial year 1968-69 almost all the Travellers' Lodges except one suffered losses. It is more distressing to note that the Travellers' Lodges that earned profit in the previous years have also shown signs of losses in the current year. The Committee have acquired the impression that ITDC has not been able to do its work creditably in so far as the management of Travellers' Lodges is concerned. They urge that the top management of ITDC should strive to locate the reasons for such depressing state of affairs of Travellers' Lodges and adopt measures to remedy them.

C. Running of the Travellers' Lodges

3.28. The Committee enquired as to whether there were any Travellers' Lodges/Restaurants which had been leased out to private contractors and if so what were the reasons therefor. In the post evidence replies furnished to the Committee the ITDC management have stated that the following Travellers' Lodges had been leased out to private contractors :

- (1) Ajanta.
- (2) Ellora.
- (3) Jalgaon.
- (4) Taj Restaurant, Agra.

3.29. The following Restaurants had been leased out to the State Governments :

- (1) Suraj Kund, Haryana State Government.
- (2) Qutab Restaurants—It is run by Janpath Group of Hotels.
- (3) Hampi—Mysore State Government.

3.30. The ITDC management have stated that as a matter of policy it had been decided that all the Travellers' Lodges should be run departmentally as experience of contractor to run lodges was not very happy. Despite best efforts the contractors had failed to maintain the required standard of services, food stuff etc.

- (i) Ellora and Jalgaon Restaurants were still with the contractor although his contract period had since expired on 15th May 1969 and 14th May 1969 respectively. He had refused to hand over these establishments to ITDC and the matter was still *sub-judice* in the Court.
- (ii) Ajanta Restaurant had been leased out for a period of 2 years to one Maj. D. S. Naik of Aurangabad and he had already completed one year and the present contract would expire by the end of 1970.
- (iii) Taj Restaurant contract would expire by the end of March, 1971.
- (iv) Regarding Suraj Kund Restaurant, the Haryana Government had already been informed that they should hand this establishment to the ITDC as the ITDC would like to run it in a better way as the Haryana Government had not paid any special attention to improve the catering or the services.
- (v) Hampi Restaurant was made over to the Mysore State Government by the Department of Tourism when the ownership of these establishments vested with them and it was proposed to allow the Mysore Government to continue to its running for some time more as it was considered that they could manage it more conveniently.

3.31. The sad experience said to have been undergone in the Travellers' Lodges run by private contractors should serve as a lesson to I.T.D.C. for avoiding the risks involved in leasing out such concerns to private businessmen. The Committee feel that these sites are of international repute and attract tourists from all over the world. They recommend that ITDC should set up Lodges/Restaurants of decent standard suiting the pockets of all categories of tourists.

D. Training of Managers of Travellers' Lodges

3.32. The Corporation have stated that a scheme of the training of Managers of Travellers' Lodges had been introduced during the current financial year and so far two Managers had undergone the training programme. After completion of the training programme of the two Managers the training programme had been reviewed and it was considered necessary to make changes in the training schedule in order to make it more concentrated and useful for the Managers. It had, therefore, been decided to discontinue the training programme at Delhi where most of the time the trainees were required to be attached to various establishments for practical training and experience. For theoretical training they were required to attend the Institute of Catering at Delhi. It was now proposed to request the Catering and Nutrition Institute, Bombay to work out a special concentrated programme lasting about 6—8 weeks for the Managers and as soon as this was finalised, the Managers would be deputed for training in batches. The cost of the training at Delhi aggregated to Rs. 600/- per head excluding pay and other allowances.

3.33. Now, however, only trained personnel having diploma from the Institute of Catering were being recruited for the post of Manager of Travellers' Lodges. Training would be arranged for such Managers who had working experience but did not possess any formal diploma.

3.34. The training programme drawn for Delhi was as follows:

Orientation of the programme	1 day
Lodi Hotel	4 days
Janpath Hotel	6 days
Ashoka Hotel	6 days
Ranjit Hotel	4 days
Hotel Diplomat—House keeping	1 day
Hotel Claridges—Food & Beverage control	1 day
President Hotel—Tandoor Restaurant	} 1 day
YMCA Tourist Hostel—Conference facilities	
Qutab Restaurant—out-door catering	} 1 day
Vigyan Bhavan	
Obero's Inter-continental	
Institute of Hotel Management, Catering & Nutrition, New Delhi	6 days
Guest Speakers both at Institute and in the Office—Group discussion	4 days
Termination of the programme and to disperse	1 day

3.35. The Committee note the efforts made by the Corporation to train the Managers in orientation and in-service training. They are not averse to having in-service training for orientation purposes of the Managers of Travellers Lodges and other staff of the hotel. They would recommend that help of existing training schools should as far as possible be taken instead of creating new schools in the undertakings for that purpose. ITDC should also send its officers/staff to study in the Indian Branches of the world wide organisation of Y.M.C.A. who are known for their efficiency of service to the tourists at reasonable cost. The Committee is aware that a large number of Management training organisations have come into being in regard to the different spheres of technological/professional studies and they would recommend that this project should not do anything to add to their proliferation.

E. Motels

3.36. In order to cater to the needs of transport motorists by providing parking, petrol-cum-service station and rest room facilities the ITDC proposes to construct five motels during the Fourth Plan period. The locations of other motels would be finalised in the light of findings of traffic surveys.

3.37. It had been reported that the consensus of opinion in ITDC was that the motels may be located on highways rather than in towns. It was, therefore, desirable that requirement of motels on the different national highways should be assessed. Later on there was a change in the thinking when it was suggested that to begin with ITDC may plan construction of two motels only in the year 1968—one in the North and one in the South. It was also opined that there was no need to embark upon detailed survey for ascertaining the feasibility of construction of motels on different national highways as the Department of Tourism had offered to provide suggestions on the routes on which there seemed to be a need for a motel.

3.38. The ITDC had got one motel at present—Ghana Bird Sanctuary Motel, Bharatpur (Rajasthan). It was open throughout the year and was meant for six beds. ITDC inherited it from the Department of Tourism.

3.39. In the subsequent note furnished to the Committee it had been stated that a provision of Rs. 150 lakhs had been included in the Fourth Five Year Plan of the Corporation on account of construction of motels, which provided for construction of five motels

at the places indicated below:

	Plan provision (Rs. in lakhs)
1. Jammu	25
2. Gwalior	25
3. Siliguri	25
4. Barhi/Hazaribagh	25
5. Varanasi	50
	150

3.40. Architects for the motel project at Jammu had been appointed and they had prepared preliminary plans and cost estimates. In addition to Jammu, four other places i.e. Varanasi, Siliguri, Gwalior and Barhi/Hazari Bagh had been tentatively selected as possible sites for construction of motels. The Indian Institute of Management, Ahmedabad, had been requested to carry out a feasibility study in respect of the motel-cum-reception Centre at Varanasi. The study was expected to be ready by the end of December, 1969. The motel projects at Jammu, Siliguri, Gwalior, Barhi/Hazari Bagh were likely to cost Rs. 25 lakhs each. The estimated cost of the motel-cum-reception Centre at Varanasi was Rs. 50 lakhs.

3.41. It had been stated that the sites for motel projects were selected keeping in view the magnitude of the vehicular traffic, the places of tourist attraction near the site, need for hotel accommodation, etc.

3.42. Originally efforts were made to secure financial participation of IOC in the setting up of these motels on 50-50 basis. The Corporation had initiated negotiations with the Indian Oil Corporation for setting up of the motels at important places where Indian Oil Corporation had their petrol pumps. Indeed they had carried out feasibility study for the location of a motel at Belgaum which, however, did not now seem to be justified on commercial grounds.

3.43. As a result of discussion with the Chairman, IOC on the 6th August, 1968 it had now been decided to restrict the scope of collaboration between I.O.C. and I.T.D.C. While the I.O.C. will instal and operate the service-cum-petrol stations and make arrangements for sale of essential accessories and spare parts for tourist vehicles, the I.T.D.C. will arrange to provide to the I.O.C. necessary land on rental basis in the premises of the motel for construction of petrol pump and service stations.

3.44 The Committee would in this connection like to draw attention to the following recommendation of the Estimates Committee

contained in paras 6.81-82 of its 90th Report on the Ministry of Tourism and Civil Aviation, Department of Tourism :—

“The Committee do not think that sufficient attention has been paid towards the construction of motels in the country. They feel that since the motel concept is new to India, the precise location of each motel should be determined very carefully. It may be advantageous to construct motels either as units attached to petrol pumps and service stations along the national highways or on the outskirts of big cities where it would be advantageous for the tourists travelling by road to stop over night instead of going to the city in search of suitable accommodation.

The Committee further recommend that traffic survey for the setting up of each motel may be made exhaustively and the economics of each motel worked out in detail before proceeding with the project. The Committee also suggest that efforts should be made to resolve financial and administrative difficulties in collaboration with the Indian Oil Corporation so as to induce them to participate in the motel projects.”

3.45 The Committee would reiterate the above recommendation and would urge that the construction of motels having already been decided upon and found to be useful to the transport motorists, it becomes the responsibility of the Corporation to proceed with the construction of motels with utmost promptness and on the basis of well defined realistic plans with emphasis on economical and efficient service.

3.46 The Committee has recommended earlier that ITDC being a public utility concern should also cater to the services of the tourists of the lower income group, both Indian and foreign. In that connection they suggest that Motels furnished at inexpensive cost and charging fairly moderate rates should be put up. Such motels should be constructed in larger number particularly in the areas not served by the railways and the traffic is mostly dependent on long road journeys. Routes like the Jammu and Kashmir road route and Pathankot and Manali road are some such instances.

IV

TRANSPORT DIVISION

A. Setting up the Division

4.1 The erstwhile India Tourism Transport Undertaking Ltd. was incorporated on the 1st December, 1964. The aim was to elevate the standard of the transport amenities to a level acceptable to foreign tourists, who are accustomed to considerably higher standards of services than those existing in the country. It was intended to act as a pace setter in providing tourist transport facilities. The undertaking took over from the Department of Tourism, Government of India, the Unit at Bombay comprising a fleet of 14 luxury cars with retrospective effect from 1st November, 1964. The Unit functioned till the middle of May, 1966, when its operation had to be closed down because of the continued losses sustained by it.

4.2 The unfavourable operational results were attributable to lack of basic facilities, inadequate patronage by the State Government and the State Transport Undertaking. The unit incurred a loss of Rs. 0.18 lakhs. The 14 cars, costing Rs. 6.25 lakhs were disposed of through the State Trading Corporation Ltd. for Rs. 5.17 lakhs. The Delhi Unit of the Undertaking, which presently constitutes the Transport Division of the unified Corporation came into being in December, 1965.

4.3 The Undertaking suffered a net loss of Rs. 1,33,726.35 as on the 31st March, 1966.

4.4 The present fleet of the Transport Division of the India Tourism Development Corporation comprises 31 Dodge Polars air-conditioned cars fitted with 8-cylinder engines, 24 DLY cars, 5 Ford Thames Super De-Lux coaches and 11 Tata Mercedes Benz coaches (2 air-conditioned and 4 non-airconditioned and 4 Mini Buses). While the 30 cars and 5 coaches were taken over from the erstwhile India Tourism Transport Undertaking Ltd., the 6 TMB coaches and 15 DLY cars were added to the fleet by I.T.D.C.

4.5. The fleet of cars is mainly used for sight-seeing—local and long-distance trips to neighbouring towns of tourist attraction and for transport facilities of VIPs and foreign guests of the Government of India. Cars are also utilised for air transfers.

B. Tourist Coach Service in Delhi

4.6 Coaches are usually utilised for local sight-seeing services in and around Delhi in collaboration with Delhi Transport Undertaking under joint operational arrangement. It has not been possible for ITDC to secure regular carriage or contract carriage permits from the

Delhi Administration. Consequently, it was necessary to enter into a joint operational arrangements with the Delhi Transport Undertaking, so that the coaches of I.T.D.C. could be operated on permits issued in favour of D.T.U. It has been stated that this arrangement was not considered satisfactory, as it presented problems of disparity in equipment and service standards of the two participating organisations. There was no option but to continue the joint operational arrangement with DTU till carriage permits were granted to I.T.D.C.

4.7 The I.T.D.C. approached "the Delhi Administration to give exclusive operations responsibility for the tourist sight-seeing services to I.T.D.C. by issuing necessary stage carriage and road permits. The Delhi Administration are, however, not prepared to accept the position as under the Delhi Municipal Corporation Act, 1957 this responsibility devolves on the D.T.U. Further, the Delhi Administration are considering a proposal to set up a separate Road Transport Corporation for Delhi State and keeping in view the interest of the proposed corporation, they are not inclined to give the permits to the I.T.D.C. They have, however, given 6 temporary contract carriage permits in favour of the I.T.D.C."

4.8 The arrangement for joint operation of services with the D.T.U. was arrived at on 25th December 1965 and continued till 31st March 1969. The disparity in standard of service and equipment resulted in complaint from tourists and as a result of which it was discontinued.

4.9 The Committee are perturbed to note the lack of coordination between ITDC and DTU for local sight seeing services in and around Delhi. The Committee are of the view that neither the ITDC nor the DTU should have any monopoly, but both should carry on their operations on a commercially competitive basis.

C. Inter-State Tourist Transport Service

4.10 I.T.D.C. occasionally accepts bookings for long distance trips on their coaches on temporary permit basis. But there are certain difficulties in organising these services on a regular basis. In this connection I.T.D.C. has stated as follows:

"In order to organise a net work of inter-State tourist transport services, the Corporation requested the Delhi Administration to sponsor and approve the scheme for Inter-State services and take up with the neighbouring States the question of entering into reciprocal arrangements for the purpose of allocating tourist services and road carriage permits to transport operators based in the various States. The Delhi Administration are prepared to issue permits in favour of the I.T.D.C. for running two Inter-State Services between Delhi-Agra and Delhi-Jaipur, subject to the following conditions:

- (a) Only air-conditioned or proto-type services are run on these routes; and

- (b) No objection is obtained by the Corporation from the concerned State Government with clear stipulation that these services would be treated as special services, i.e., the question of sharing of traffic would not be raised by them and that this would in no way prejudice Delhi's claim to the number of permits on these and any other Inter-State routes.

4.11 While condition (a) can be easily satisfied, it looks well nigh impossible to persuade the concerned State Governments to agree to condition, (b) as this matter can only be resolved by means of reciprocal agreement between the Delhi Administration and the concerned State Governments. It is, therefore, obvious that unless I.T.D.C. is recommended as a nationalised road transport undertaking for the purpose of grant of road permits, it will not be possible to make any headway in implementing the scheme for Inter-State tourist transport services."

4.12 It was also pointed out to the Committee by I.T.D.C. that in 1966-67 the Corporation was granted temporary permits for operation of a coach service between Delhi and Jaipur under a reciprocal arrangement. The temporary permits issued in favour of the I.T.D.C. were granted subject to the condition that the coaches of the Corporation would not be allowed to pick up or discharge passengers *en-route*. As a result of this stringent condition with no similar restrictions in respect of Rajasthan State Road Transport Corporation, which was operating parallel service, the operational results were not favourable. Hence, the service was discontinued after an operational experience of 4 months.

4.13 One of the discouraging factors to the development of tourism is the unsatisfactory road transport facilities available to tourists in the country. Apart from the fact that comfortable vehicles having necessary modern amenities are not usually available, there are numerous restrictions of the movement of tourist vehicles. Permission is generally not given by the concerned Regional Transport Authorities for setting up special tourist transport units to meet the requirements of tourist traffic. Although the need and justification for inter-regional and inter-State road permits for luxury taxis and tourist coaches under section 63(b) of the Motor Vehicles Act has already been accepted, it is yet to be implemented in letter and spirit. It has been stated that the present policy of the various States and Regional Transport Authorities does not provide any encouragement for establishing special tourist transport units to cater to the tourism exclusively. I.T.D.C. has stated that it is difficult to make any headway in any of the States unless there is a definite change in the attitude and approach of the Regional and State Transport Authorities towards an organisation like I.T.D.C. which has been established with the objective of organising and providing high standard tourist transport facilities.

4.14 In order to facilitate unrestricted movement of tourist vehicles on an all-India basis, the Ministry of Transport circulated draft Tourist Vehicles Model Rules in February, 1964 on the lines approved

4.18 The Srinagar Unit was established on an experimental basis to cater to the needs of the tourists in the valley during summer. This provided full utilisation of the idle capacity, when there was not much demand for vehicle in Delhi.

4.19 It has been stated that all possible efforts are being made to enlarge the scope of commercial activities of the Transport Division and to expand the net work of Services. During the last three years Transport Division of I.T.D.C. as a whole shows the following profits:

Year	Net Profit
	(Rs. in lakhs)
1966-67	0.31
1967-68	0.77
1968-69	0.51
TOTAL	1.59

4.20 There is a provision of Rs. 150 lakhs for the eight transport units for the Fourth Five Year Plan period. The requirement of vehicles is indicated below against each unit:

	Cars	Coaches	
		Air-conditioned	Non-air-conditioned
1. Delhi (including requirement of transport counter at Ashoka and Similar contracts with Janpath, Lodhi and Ranjit Hotels)	50	15	15
2. Srinagar (including the requirement of the proposed hotel of ITDC)	15	..	5
3. Agra	10	4	5
4. Aurangabad (including possibilities of transport contract with the Railway Hotel)	5	..	3
5. Madras	10	2	..
6. Bangalore (including the requirement of the ITDC Hotel)	15	2	3
7. Patna-Nalanda and Bodh Gaya temples	3	1	2
8. Jaipur	5	1	2
TOTAL	113	25	35

4.21 The requirement of funds for setting up the above transport units would be of the order of Rs. 150 lakhs as indicated below:

(a) 1. 113 imported cars @ about Rs. 50,000/- per car	Rs. 57.00 lakhs
2. 25 air-conditioned coaches @ Rs. 1.85 lakhs per coach	Rs. 46.25 "
3. 25 de-luxe coaches @ Rs. 1.10 lakhs per coach	Rs. 27.50 "
4. 10 mini buses @ Rs. 70,000/-	Rs. 7.00 "
5. Spare parts at 5% of total value of tourist vehicles	Rs. 7.00 "
(b) 1. Construction of depots	Rs. 5.25 "
	<hr/>
	Rs. 150.00 "
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4.22 The foreign exchange component of Rs. 70 lakhs is required for importing cars, air-conditioning units and spare parts.

4.23 The Committee note the progress made by the Transport Division of I.T.D.C. and the efforts being made to spread the sphere of activity into different cities. In order to have a broad based plan, the Committee would suggest the feasibility of establishing subsidiary tourist transport unit in those States. Pending this, the Committee would like the State Governments in whose jurisdiction the existing Units of I.T.D.C. are located to patronise the vehicles of I.T.D.C. liberally.

4.24 The Committee also suggest that I.T.D.C. should examine the feasibility of running a transport service, on the lines of Srinagar unit, for serving places of tourist interest in Himachal Pradesh. A Unit with a base either at Chandigarh or at Pathankot could meet the needs of tourists going to Simla, Manali, Kulu etc. This may help the tourist promotion efforts in that region.

PUBLICITY

A. Role of Publicity

5.1 One of the important aspect of publicity for the promotion of tourism is the creation of an interest in the country and its people. It is only when a desire to know India has been awakened that people start enquiring into the possibilities of stay, travel and allied details. The development of travel and tourism through publicity imposes a set of problems not found in the promotion of sales through advertising of physical goods. The reason is to be found in the nature of the commodity the traveller buys, his motives for buying and his subconscious expectations from the purchase. The tourist buys surroundings, beautiful sights, spiritual satisfaction, atmosphere, a sense of relaxation, snow, sunshine, air and water, just as he buys train tickets, hotel rooms, meals and souvenirs. From this it follows that travel has to be sold differently in terms of promotion. It required a special visual technique in advertising—in film and T.V., a unique approach to public relations, and in sales promotion and point of sales advertising an exceptional yet initially subtle form of showmanship.

5.2 The problems of travel publicity can be solved only with adequate finance; yet the nature of the travel industry's organisation is such that only all sections collectively or, as is more usual, the State or some public authority can command the necessary funds. The entry of the State into travel promotion is never motivated by political considerations, the need arises from the organisation of the industry as well as from the tangible and intangible desires composing the demand for travel. Above all, where Governments are balance-of-payment conscious, the tourist industry presents itself as an ideal export trade.

B. Publicity Division of ITDC

5.3 I.T.D.C. has a separate Publicity Division, which looks after production of publicity material for supply to the Department of Tourism, Government of India and for market sale. Before the unified Corporation was constituted, the erstwhile India Tourism Corporation Ltd. had under implementation a publicity programme comprising a number of folders, posters, travel manual, pictorial diary 1967, "Traveller in India", picture postcards, etc. The India Tourism Corporation, however, did not produce any publicity material in its first year.

5.4 In the year 1966-67, I.T.D.C. produced tourist material of the value of Rs. 15 lakhs, which was mainly for the Department of Tourism. In addition to Pictorial Diary India 1967, two issues of "Tra-

“weller in India”, a number of folders, posters and insets, I.T.D.C. undertook several jobs for the Department of Tourism in connection with the International Tourist Year.

5.5 In the year 1967-68, I.T.D.C. produced tourist publicity material of the value of Rs. 14.53 lakhs. Besides the usual diary, posters, postcards and the journal, a special publication for reference ‘Travel Manual’ was produced. Some literature on behalf of the State Government was also produced.

5.6 In the year 1968-69, I.T.D.C. produced tourist publicity material worth about Rs. 51 lakhs. They also started sale of this material in the market.

5.7 The Production and Publicity Division of the India Tourism Development Corporation is at present directly financed by the Department of Tourism. On the basis of tourist trends and availability of travel facilities, transportation, accommodation, etc., the Department of Tourism draws up a programme for production of publicity literature. The programme takes into account the actual requirements of overseas tourist offices and the views of travel experts, publicity consultants, etc. The views of the State Governments are also taken into account while drawing up these programmes. A detailed brief is then prepared by the Department of Tourism giving broad guidelines of the contents of each publication required. Once the programme is drawn up and the brief prepared, the production is entirely the responsibility of the I.T.D.C. Since, however, the Department of Tourism is the principal users of the publicity material, the I.T.D.C. consults the Department of Tourism at various stages of production to ensure the designs, texts, etc. conform to the requirements of the Department.

5.8 The Committee enquired from the representatives of the India Tourism Development Corporation Ltd., whether this division of responsibility in respect of publicity material was working satisfactorily, the I.T.D.C. replied as follows:

“The present system makes the Corporation largely dependent on the Department of Tourism. If the entire funds for production and distribution of publicity material are made available directly to ITDC, it can handle the entire planning, execution and distribution of the tourist publicity literature. Of course, the Department of Tourism’s cooperation of statistical and other factual information to be obtained through their Regional Tourist Offices in India and abroad, would always be required.”

5.9 Likewise in a written note submitted to the Committee, after the evidence of the representatives of the Ministry of Tourism and Civil Aviation, the Ministry has stated as follows:

“At present a segment of the Publicity Division concerned with preparing publicity literature is located in the Tourism Department. This involves some duplication of efforts and leads

inevitably to some delays. It would be logical to merge the elements concerned with this in the Department with the India Tourism Development Corporation so that there is one single organisation coordinating publicity."

5.10 The Department of Archaeology also produces such literature, which is rather of scholarly interest in specific monuments. The Directorate of Advertising and Visual Publicity only produces only a few items of general interest, which have already been developed either by the Department of Tourism or I.T.D.C.

5.11 The Committee find that there is a duplication of efforts in regard to the publicity between the Publicity Division of the Tourism Department and the ITDC. The Ministry in their written note have stated as follows :

"At present a segment of the Publicity Division concerned with preparing publicity literature is located in the Tourism Department. This involves some duplication of efforts and leads inevitably to some delays...."

The Committee feel that a specialised agency or cell should be available to prepare the publicity material for the tourists. Such materials should be prepared by a specialised agency who should write the script in a fairly high standard comparable to national/international standard of repute. Such a centralised cell, the Committee feel, would be able to coordinate the publication work of tourist importance and arrange the issue of publicity material. They feel that this coordination of preparation and distribution of publicity material should be handed over to the ITDC. This organisation should work on purely commercial lines. ITDC should undertake the work on behalf of the Central Government, Department of Tourism, Public Undertakings and State Governments etc. on payment. The Committee do not approve of free distribution of publicity material and instead they would recommend that their work should be charged on commercial lines by ITDC.

The Committee also feel that such publicity materials should be prepared in Hindi and other regional languages also to facilitate publicity among the Indian tourists in different States.

C. Quality of Material

5.12 The Committee have examined some of the publicity material brought out by the India Tourism Development Corporation Ltd. The Corporation has a complacent attitude towards the publicity material brought out by it. There is hardly any competition in this field. A foreign tourist would perhaps judge the standard of the publication, with the one being published in his country. Perhaps there is very little for him to choose from. The Corporation's own saying that "the year 1968-69 saw the production of tourist literature of high standard in the country for the first time" and that "a sample market survey conducted in Delhi revealed that tourist literature produced by I.T.D.C. was in good demand". is a self-recommendation.

5.13 The Committee were informed that there were a number of difficulties in printing of this material. Import of all printing material was banned and the required types of ink and glazing paper were not available. In spite of this all printing was got done within India and no foreign exchange was being spent on this item. Whatever brochure or folder which is brought out by I.T.D.C., not only carries the image of the country but also an image of the huge organisation behind it. Though there is considerable improvement in the general get up of the various items from year to year, there is a big scope for improving the quality of publicity literature—specially the one brought out on behalf of the States for the home tourist. The quality of picture is far below the level of a similar card of a European country.

5.14. Though there is considerable improvement in the general get up of the various items of tourist literature, there is a considerable scope for improving the quality of publicity literature. The Committee would suggest that the picture postcards representing the different Tourist spots of the country should also include areas not widely known (e.g. Sikkim, Manipur, Eastern Himalaya's Mount Abu, Gir Forest, Konarak etc.). The picture postcards should be printed in good indigenous material by Indian printers. The Committee are convinced that Indian Paper Industry and Indian Printers are capable of producing materials comparable to foreign standard and recommend they should be patronised by ITDC.

5.15 It has been observed that activities of the Public Sector are highlighted in the publicity material brought out by the ITDC. The Committee feel that the ITDC's endeavour should be to give an overall picture of facilities and amenities available to tourists both in private and public sector in the country. The Committee suggest that care should be taken by ITDC to indicate in the publicity material the facilities provided by the private sector also to the tourists.

D. Tourist Maps

5.16. The printing and publication of region-wise railways and road maps is not the responsibilities of I.T.D.C., since they do not produce any literature for free distribution. However, I.T.D.C. has produced one Tourist Map of India and four city Guide Maps. In addition to this, the multi-coloured folders on cities produced for free distribution contain road map of that particular city.

5.17 At the instance of the Department of Tourism, I.T.D.C. placed an order for the production of eight Regional Road Maps with the Survey of India, Dehra Dun/Calcutta on the 21st June, 1968. This job has not yet been completed. It has been pointed out that maps can be brought uptodate with the information up to March, 1965 only.

5.18 The Committee suggest that maps should be as uptodate as possible. I.T.D.C. should take special pains to produce latest Regional Road maps for the use of the Tourists.

VI

ENTERTAINMENT

A. General

6.1 One of the objects and functions of ITDC is also to make provision of entertainment facilities to tourists by way of cultural shows, dances, music concerts, film shows, sound and light shows, etc. Very little has so far been done by ITDC in this respect, except the Son-et-Lumiere show. A foreign tourist who spends most of the day in sight-seeing, has nothing to look forward towards an entertaining evening, specially at places which are not near big cities. Even in metropolitan cities entertainment provided in the hotels is not of very high standard. On the other hand a classical item of dance or music is not likely to be very much appreciated, except once in a while by the foreign tourist, because he would be new to this type of music and dance.

6.2 During the course of the evidence, the Committee were informed by the representatives of ITDC that this question of providing an entertainment was engaging the minds of the authorities concerned and that they were in contact with the All India Radio and fine Art Academies to find out a solution for the problem. To provide an entertainment on a commercial scale may perhaps call for a subsidy from the Government. In a place like Bombay, the ITDC was thinking in terms of providing a tour of the city in the evening. Even to make this scheme self-supporting the ITDC would have to fall back on a subsidy in the beginning in the initial years. For smaller places, it was feared that regular performance by artists would call for an expert organisation with sufficient financial backing. Another suggestion put forward was to open some of the leading clubs of the country to tourist by introducing some sort of temporary membership.

6.3 The Committee are distressed to note that no serious attention has so far been paid to evolve suitable and adequate forms of tourist entertainment. This was commented by the Estimates Committee (1968-69) in their Ninetieth Report on the Ministry of Tourism and Civil Aviation (Department of Tourism). The Jha Committee also made some suggestions in this regard in 1963. The Estimates Committee had expressed surprise that in a vital matter of this kind the initiative appears to have been left entirely to the non-official agencies with the result that nothing much has been done in this matter since 1963. They further observed that:

“The Committee realise that the bulk of the foreign tourists visiting this country is from U.S.A., Europe and Australia, most

of whom are from affluent sectors of society, with plenty of money and leisure at their disposal and accustomed to some 'live' form of entertainment like cabarets/floor shows etc. The Committee feel that the foreign tourists do not look forward to see cabaret etc. form of entertainment in this country which at best can be a poor imitation of what they are accustomed to see in their own country. What they are really interested to see is a form of entertainment depicting the culture and tradition of our country and the manner in which our people entertain themselves. The Committee, therefore, feel that to go in for night clubs and cabaret etc. and importing foreign artistes, therefore, even for a limited period would be a waste of effort and resources and is not in keeping with our culture.

In the opinion of the Committee there is vast scope for developing tourist entertainment according to the genius and fabric of our own culture and tradition. It is well known that we have a rich tradition of music and dancing—not merely classic. The Committee, therefore, recommend that Government should make an intensive study of the whole aspect of entertainment and its various forms and formulate in consultation and cooperation with State Governments and other official as well as non-official agencies, a comprehensive scheme for the development and promotion of Indian dance and music and other recreational programmes including sports and athletic activities, so as to provide a unique and interesting entertainment to the foreign tourists at various places of tourist interest. They have no doubt that adequate guidance and necessary assistance will be made available by the Government to the concerned agencies for this purpose.

The Committee further suggest that the State Governments may also be persuaded to explore the possibilities of developing outdoor sports and recreational facilities in each region having potentiality of attracting tourists."

6.4 The Committee feel that in small way side Tourist Resorts like Ajanta/Ellora or Khajuraho, Gir Forest, Bhuvaneshwar, Konarak, Veraval etc. the ITDC should arrange for entertainment facilities by making local talents available.

6.5 The Committee would also urge complete coordination between the Song and Drama Division of All India Radio, Sahitya Kala Akademi and the ITDC in the matter of providing entertainment to the tourists.

B—Son-et-Lumiere

6.6 The Corporation purchased sound and light show from the Department of Tourism at a price of Rs. 6.5 lakhs. This has been installed at Red Fort, Delhi. The Ministry of Tourism and Civil Aviation (Department of Tourism) agreed to sell the show to the ITDC at a price equivalent to the excess of expenditure incurred by the Government in mounting and running the show over the receipts earned since its inception. The show was transferred to the Corporation on the 1st April, 1967. It had been stated that the Sound and Light at Red Fort was showing good results. During 1967-68, the running of the show resulted in a surplus of about Rs. Rs. 67,000. During the year 1968-69, about 1.31 lakhs people visited the show recording an increase of 14 per cent over the last year. The net earning from the show during the course of this year amounted to As. 2.92 lakhs.

6.7 The Corporation has under consideration proposals to mount-son-et-lumiere shows at (i) Shalimar Gardens (Srinagar) (ii) Meenakshi Temple (Madurai) and (iii) Sabarmati Ashram (Ahmedabad). The estimated cost of mounting of each of these projects is as follows :—

Name of the Project	Estimated Cost
	(Rs. in lakhs)
Shalimar Gardens . (Srinagar)	25.40
Meenakshi Temple . (Madurai)	20.60
Sabarmati Ashram . (Ahmedabad)	17.80

6.8 Feasibility studies were under way for mounting a show at Meenakshi Temple, Madurai to find out the economic viability of the project. Provision for mounting shows at Konark (Shiv Temple) and Calcutta had been included in the Fourth Five Year Plan of the Department of Tourism.

6.9 To a question as to how the sharing of the capital cost of each of these projects had been done amongst the state Governments concerned, the ITDC management in their post evidence replies furnished to the Committee have stated as follows :—

Sound and light show at Sabarmati Ashram (Ahmedabad)

The project was being executed by ITDC on behalf of the Government of India. The total estimated cost of mounting the show was of the order of Rs. 17.80 lakhs. Out of this a sum of Rs. 7.00 lakhs operation cost would be borne by the Government of Gujarat, towards the cost of civil works. Thus Government of India will have to finance the project to the extent of Rs. 10.80 lakhs.

Sound and Light show at Shalimar Garden (Srinagar)

The Ministry of Finance had given their approval to the proposal of operating the show at Shalimar Garden at an estimated cost of Rs. 23.25 lakhs. The scheme was to be executed and operated by ITDC on behalf of the Department of Tourism. Certain clarifications had been sought from the Department of Tourism. These had not been received so far. After they were received further necessary action will be taken by the ITDC.

Sound and Light show at Meenakshi Temple (Madurai)

A feasibility study in regard to the sound and light show at Madurai was under preparation. A decision regarding the mode of financing the project would be taken after the feasibility study was completed."

6.10 It had been stated that the economics of the projects had been worked out in the case of each of them. It was anticipated that the working results during the first three years of the operations would be as follows:—

(Rs. in lakhs)

Name of the show	Year	Operational Profit	Depreciation @ 10% of total cost	Net result Profit/Loss (+) (—)
Sabarmati Ashram	First	1.37	1.78	(—)0.41
	Second	1.24	1.78	(—)0.54
	Third	1.14	1.78	(—)0.64
Shalimar Gardens	First	0.73	2.54	(—)1.81
	Second	0.58	2.54	(—)1.96
	Third	0.48	2.54	(—)2.06
Meenakshi Temple	Feasibility study under preparation.			

6.11 The Committee feel that sound and light shows have a great part of play in making the people conscious and feel proud of the historic associations of the monuments, and spot lighting the glorious pages of history. The Son-et-Lumiere show has evinced a keen interest among the Indian and Foreign Tourists. They hope that financial results of the Projects (at least in Delhi) Red Fort) would be profitable.

6.12 The Committee note that the economics of the Sabarmati Ashram and Shallmar Gardens projects had been worked out and in the case of Meenakshi Temple Project feasibility study was under preparation. The anticipated working results during the first three years of the operation in the Sabarmati Ashram and Shalimar Gardens projects, however, show that these projects would be losing propositions. The Committee are surprised why decision was taken

to undertake in spite of the fact that they were losing propositions. They would, therefore, urge that no project be started which is not economically viable and especially the Shalimar Gardens project be dropped as in the Committee's view son-et-lumiere show at Srinagar would hardly be an attraction to the tourists when Kashmir was gifted with so much of natural wealth.

C—Revision of Script of Son-et-Lumiere Show at Red Fort

6.13. The original English Script of Son-et-Lumiere, was written by Shri Khuswant Singh in 1964 and was translated into Hindi by Shri Ali Sardar Jafri. They were paid fees of Rs. 5,000 and Rs 1,000 respectively. It had now been stated that the revision in the script of the Son-et-Lumiere show at Red Fort had become necessary in order to include in the script Netaji's voice, INA marching Song/ Slogans and Bande Matram, opportunity would also be taken for correcting few errors that had crept in the original script. The work of the revision of the script had been entrusted to Shri Ali Sardar Jafri who had since submitted revised Hindi Script for the show. The revision of the show was expected to be completed by the end of March, 1971.

6.14. The ITDC management had stated that the total expenditure involved in changing the script would be known after the script was finalised and cost estimated for artistic production of the show had been worked out.

6.15. The Committee feel that there is a wealth of talent in the country which can be usefully tapped for preparing two or even three different scripts which by variety would help invite greater attention from the spectators. Moreover it is the imaginative and artistic presentation that counts and research in this direction would no doubt yield maximum dividends in increased participation of the audience in these shows.

6.16. The Committee feel that now since the Corporation was undertaking the revision of the script of the Son-et-Lumiere, opportunity should be taken to give a narration of history of Delhi starting from the days of Mahabharata. The revised script should inter alia include the role of freedom fighters such as Lokmanya Tilak, Netaji Subhas Bose, Sardar Patel, Maulana Abul Kalam Azad, Bholabhai Desai etc. besides including in the script Netaji's voice, INA marching song slogans and Bande-Matram. The Committee would also urge the simplification of the language of the script so as to make it more intelligible to the common people.

D—Entrusting of the work of mounting of Son-et-Lumiere show to M/s. Phillips India Ltd.

6.17. It had been stated that the work of technical production of the Sound and Light show being mounted at Sabarmati Ashram

(Ahmedabad) had been entrusted to M/s Phillips India Ltd. who had mounted the first such show at Red Fort, Delhi. The proposals for mounting similar shows at Shalimar Gardens (Srinagar) and Meenakshi Temple (Madurai) were under consideration. It was proposed to entrust the work of installation of these shows to the same agency.

6.18. To a question as to which firms in India undertook the mounting of Son-et-Lumiere shows other than Phillips India Ltd., the ITDC management have stated that only Phillips India have undertaken the work of mounting Sound and Light Shows in India. When asked whether the estimates of Phillips (India) Ltd. were reasonable, the Committee were informed that in the absence of competitors in India there was no yardstick to assess the reasonableness of the estimates of Phillips (India) Ltd.

6.19. The Committee are not clear as to whether any tender open or limited was issued in regard to the installation of the Son-et-Lumiere instruments before entrusting it to Phillips (India) Ltd. The I.T.D.C. have stated that "in the absence of competitors in India there was no yardstick to assess the reasonableness of the estimates of Phillips (India) Ltd." Before entrusting the job to Phillips for other Projects, the Committee feel that I.T.D.C. should have at least satisfied itself, the reasonableness of prices. To that extent the Committee feel the I.T.D.C. had allowed itself to be dictated by the firm.

6.20. In the Committee's view it was wrong to think that nobody other than Phillips (India) Ltd. was in a position to undertake the installation of the Son-et-Lumiere. The Committee would, therefore, recommend calling of open tenders for the installation of Son-et-Lumiere in future.

E—Short Deposits made by the Manager Sound and Light Show at Red Fort

6.21. During the course of internal audit of the accounts of Sound and Light Show at Red Fort for the year 1967-68 and part of 1968-69, it was noticed that there were short deposits of collections by the Manager. The shortfall amounted to Rs. 2,899.00. Out of this amount, a sum of Rs. 2,679.00 had already been recovered from the previous Manager. The balance of Rs. 220|- would be recovered by the end of April, 1970. It had been stated that the Manager had been censured and transferred to another post. To a question as to what measures had now been taken to conduct a daily check to see the sale proceeds of the tickets of the show and to ensure that the amount tallied with each other, it had been stated that the daily sales were sent to the Accounts Division for verification and checking.

6.22. The Committee are highly concerned with the laxity of financial control demonstrated by the non-detection of temporary misappropriation of funds (Rs. 2899.00) by the previous manager of the sound and light show. They hope that by the steps taken, such instances would not be repeated again.

They are not satisfied with the mere "censure and transfer" of the unreliable official by the I.T.D.C. A more severe action like demotion if not removal from service should be considered by the I.T.D.C.

VII

DUTY-FREE SHOPS

A—Duty-Free Shops:

7.1. As part of the programme of providing shopping facilities to foreign tourists, the IITDC have set up Duty-Free Shops at each of the International Airports, Palam (Delhi), Dum-Dum (Calcutta), Santa Cruz (Bombay) and Meenambakkam (Madras). A sum of Rs. 2 lakhs had been provided in the Fourth Five Year Plan for establishment and expansion of Duty-Free Shops. The Duty-Free Shops at Palam airport started functioning with effect from the 1st September, 1967; whereas the Duty-free shop at Dum-Dum, Santa-Cruz and Meenambakkam started functioning on 15th May, 1968, 5th January, 1968 and 19th December, 1969. Some of the articles sold against foreign exchange at the Duty-free shops are listed below :

Liquors, cigarettes, cigars, tobacco, perfumes, photographic goods, cosmetics, pens and pencils, binoculars, electric shavers, H.M.T. watches, etc.

7.2. In addition to the above goods, Indian handicrafts are also sold at these shops.

7.3. Prices of the articles have been fixed keeping in view the prevalent prices at other duty-free shops in the world and they give an overall margin of about 30%. It was expected that the foreign exchange earnings would increase substantially in the course of the next few years.

7.4. The following table shows the profits|losses and the amount of foreign exchange earned by each of the duty-free shops since their coming into existence :

Name of the Duty-free shop	Year	Receipts	Expenditure	Profit(+)/ Loss(-)
(1)	(2)	(3)	(4)	(5)
1. Palam	1967-68	0.85	1.03	(-)0.18
	1968-69	3.94	3.69	(+)0.25
	Upto 30th Sept., 69	4.00	3.17	(+)0.83
2. Dum Dum	1968-69	2.19	2.10	(+)0.09
	Upto 30th Sept., 69	1.68	1.26	(+)0.42
3. Santa Cruz	1968-69	1.04	0.93	(+)0.11
	Upto 30th Sept., 69	2.98	2.52	(+)0.46

The gross foreign exchange earnings are indicated in column (3).

7.5. According to the ITDC assumptions, the estimated expenditure, receipts and profit in running the Duty-Free Shops in the Fourth Five Year Plan period was expected to be as follows :—

	Expenditure	Receipt	Profit
	(Rs. in lakhs)		
1969-70	8.5	10.5	2.0
1970-71	11.5	14.2	2.7
1971-72	12.0	15.0	3.0
1972-73	14.0	17.5	3.5
1973-74	16.0	20.0	4.0

B—Setting up the Airport Bazar

7.6. In a note entitled 'The Role of ITDC in the promotion of tourism' it had been stated that tourist generally spends 1/5th of his expenditure while on tour on shopping. It was, therefore, essential that adequate shopping facilities are provided to the tourists. Attempts should be made to popularise Indian handicrafts so that more money in terms of foreign exchange could be earned. In lieu of a duty free shop, the Corporation should have some sort of airport bazar having about 8 to 10 stalls. The Corporation should have complete monopoly of arranging the management of these stalls to the exclusion of privately owned shops where exclusively selected Indian handicrafts could be sold in large numbers in addition to imported duty free articles. This was because among the things which a tourist would like to go in for were souvenirs which rightly establish a link with the places visited. From that angle handicrafts were likely to be more in demand than the imported articles, which can interested intransit foreigner might get at cheaper rates at other international airports particularly those which were places of origin.

7.7. A large number of tourists might like to go in the airport bazar where they could witness the manufacturing of some handicrafts which they want to carry with them. They might also like to visit a stall where they could purchase costly Banaras silks sarees and brocades provided somebody was there to demonstrate to them how to wear a sari.

7.8. The ITDC management in their post evidence replies furnished to the Committee had stated that the opening of an airport Bazar containing Indian Handicrafts would be of greater interests to the foreigners in addition to imported duty free articles as foreign tourists were generally interested in Indian Handicrafts and Souvenirs. The ITDC were, therefore, thinking of opening an airport Bazar to meet the shopping requirements of the foreign tourists.

7.9. There is already much evidence based on experience with tourists during the last several years as to how commodities and goods of Indian origin command the fancy of the tourists much more than the goods produced on Western standard. It is an important duty of an organisation dealing with tourists traffic to have sample studies of tourist demands and provide effective catering for such items. The provision of easy accessibility of such goods for the foreign tourists should be provided by the Undertaking. The Committee trust that the implementation of the scheme of opening airport bazars would be a welcome step in this direction. They would also urge that these bazars should accept payments only in foreign exchange.

C—Exemption from Excise Duty for the Duty-Free Shop run by ITDC at Palam Airport

7.10. It is stated that the India Tourism Development Corporation applied to the Delhi Administration in June, 1967, for exemption from excise licence for its duty free shop at Palam Airport, since liquor was to be sold only to the transit passengers against payment in foreign exchange, but no reply had been received from the Delhi Administration.

7.11. When asked whether opportunity had been taken to thrash out the question at the conference with the representatives of the Corporation, the Committee were informed that the matter had been discussed with the officers of the Delhi Administration at various levels. The Managing Director of ITDC had also met the Executive Councillor on the 27th January, 1970. The Executive Councillor had agreed to consider the request of ITDC sympathetically.

7.12. When asked whether similar facilities had been offered to the ITDC by the other State Governments for its Duty Free Shops at Calcutta, Bombay and Meenambakkam (Madras) the ITDC management have stated that the Governments of West Bengal and Maharashtra have extended similar facilities to ITDC and the matter was under consideration of Government of Tamil Nadu.

7.13. Exemption from excise duty at the Duty-free shop at Palam Airport will help the Duty free shop immensely. The Governments of Maharashtra and West Bengal have given this facility to I.T.D.C. at Santa Cruz and Dum Dum respectively. The Committee are neither aware nor have gone into the reasons for withholding grant of this facility at Palam and the Meenabakkam airports. It is hoped that it would be possible for the authorities concerned to help the I.T.D.C. in this connection.

VIII

ORGANISATION AND PERSONNEL MATTERS

A—Board of Directors

8.1. Article 60 of the Articles of Association of India Tourism Development Corporation provides that the President shall from time to time determine the number of Directors of the Company. The above article also stipulates that the number of Directors shall not be less than two and more than fifteen. The composition of the Board of Directors of ITDC during the last 5 years has been as follows :—

Year	Total Members on the Board of Directors of ITDC	Official Directors	Non-official Directors
1965-66 .	15	5	10
1966-67 .	11	3	8
1967-68 .	10	3	7
1968-69 .	9	4	5
1969-70 .	9	4	5

8.2. It would be seen from the above that the composition of the Board of Directors of ITDC has been changing from year to year. Explaining the precise reasons for these changes, the Government has stated that in terms of Article 60 of the Articles of Association of ITDC, it is open to the President to appoint any number of Directors ranging between 2 and 15.

8.3. The Committee do not agree that the changes in the working strength of the Board of Directors of ITDC from year to year were in any way justified. They feel that with the experience gained so far from the functioning of Board of Directors of different public sector undertakings it should be possible for the Government by now to draw valuable lessons for rationalising the working strength of the Board of Directors consistent with the need of representing the necessary talent, experience and interests adequate for carrying on effectively an activity of this type.

B—Attendance at the Board Meetings

8.4. The table below gives the number of meetings held during the years 1965—69 and the number of meetings attended by each of the Directors during each of these years:—

(a) Number of meetings held during this period

Year	No. of meetings
1965-66	4
1966-67	4
1967-68	5
1968-69	4

(b) Number of meetings attended by each Director

1965-66			
Sh. Naval H. Tata	4	Sh. Kushwant Singh	3
Sh. S. N. Chib	4	Sh. S. Hamid	1
Sh. A. K. Ghosh	3	Sh. N. V. Venkataraman	3
Smt. Rajan Nehru	2	Sh. V. Shankar	3
Sh. S. S. Vasist	4	Sh. Y. T. Shah	2
Sh. Jagdeesh Kudesia	4	Sh. Chanchal Sarkar	2
Mrs. Ushi Khan	3		
1966-67			
Sh. Naval H. Tata	4	Sh. Chanchal Sarkar	2
Sh. S. N. Chib	1	Smt. Rajan Nehru	4
Sh. V. Shankar	2	Sh. A. C. Bauerjee	1
Sh. N. V. Vankataraman	1	Sh. Gajraj Singh	3
Sh. A. K. Ghosh	2	Sh. B. Israani	2
Sh. S. S. Vasist	2	Mrs. Ushi Khan	1
Sh. Jagdeesh Kudesia	2	Sh. B. Mukhopadhyay	1
Sh. M. H. Samuel	2	Smt. Mohmeeda Shareef	2
Sh. K. Shankar Pilla	2	Smt. Renu Mookerjee	2
Sh. Inder Sharma	1	Sh. C. S. Jha	1
Sr. P. N. Jain	1	Sh. P. K. Samal	1
Lt. Col. G. N. Raja	2	Sh. N. V. Kak	1

1967-68

Sh. Naval H. Tata	1	Sh. Romesh Thapar	4
Sh. J. N. Goyal	1	Sh. Assadullah Mir	2
Sh. B. Israni	3	Sh. S. K. Kooka	1
Sh. M. H. Samuel	1	Sh. S. K. Roy	4
Sh. Inder Sharma	1	Sh. N. V. Khote	2
Sh. S. D. Nargolwala	5	Smt. Renuka Ray	4
Sh. N. V. Kak	1	Begum Ali Yavar Jung	3
Lt. Col. G. N. Raja	1	Sh. M. Ct. Muthiah	2
Smt. Rajan Nehru	1	Smt. Mahmeeda Shareef	1
Sh. Gajraj Singh	4		

1968-69

Sh. Romesh Thapar	4	Sh. S. K. Kooka	4
Sh. M. S. Sundara	3	Sh. Bikram Shah	1
Sh. M. Ct. Muthiah	2	Smt. Renuka Ray	1
Sh. S. D. Nargolwala	4	Lt. Col. Chandra	2
Sh. S. K. Roy	4	Sh. K. T. Satarawala	2
Sh. B. Israni	1	Sh. Himmat Singhji of Mansa	2
Sh. N. V. Khote	3	Sh. R. K. Kochhar	1

8.5. The statistics of attendance of Members of the Board of Directors of I.T.D.C. given in the table above make distressing reading. It appears that the Members of the Board of Directors who are supposed to be associated with Planning, direction and review of the activities of the Corporation have not been taking interest in the working of the Corporation. In the Committee's view this is not peculiar to the I.T.D.C. alone but is a common malady in the case of all the public sector undertakings. The Committee would urge that Government should devise suitable measures so that only those who can effectively contribute to the development of the organisation are appointed on the Board of Directors of the various public sector undertakings. The Government should also ensure that persons drawn from the private sector and especially with experience of hotel industry are appointed on the Board of Directors of ITDC. This should be particularly kept in view while re-constituting the Board of Directors of I.T.D.C.

C—Chairman/Managing Director

8.6. According to Article 61(b) of the Articles of Association of the India Tourism Development Corporation, the Chairman is appointed by the President on such terms and conditions and on such remuneration

ration as he may deem fit. The Chairman functions in an honorary capacity and no remuneration is paid to him, except the sitting fee of Rs. 75 per meeting attended and actual T.A. and D.A. expenses when he undertakes any tour in connection with the business of the Corporation.

8.7. Consequently on the merger of the Ashoka Hotels Ltd., and Janpath Group of Hotels (Janpath, Lodhi and Ranjit Hotels) with the India Tourism Development Corporation, the Board of Directors of the amalgamated companies has been reconstituted with effect from 28th March, 1970 as follows:—

- | | |
|-----------------------|--|
| 1. Shri S. K. Roy | . Director General Tourism and <i>Ex-Officio</i>
Additional Secretary, Ministry of Tourism
and Civil Aviation, Chairman (Part-time). |
| 2. Shri M. S. Sundara | . . . Managing Director (Full-time). |

DIRECTORS

- | | |
|---------------------------|--|
| 3. Shri B. B. Lal | . . . Additional Secretary, Ministry of Finance. |
| 4. Shri. K. T. Satarawala | . General Manager, Indian Airlines. |
| 5. Shri S. K. Kooka | . Commercial Director, Air India. |
| 6. Shri M. C. Muthia | . Non-official. |
| 7. Shri N. V. Khote | . Do. |
| 8. Shri Sanjoy Sen | . Do. |

8.8. It would be seen from the above that in the reconstituted Board Shri S. K. Roy, Additional Secretary and Director General of Tourism, Ministry of Tourism and Civil Aviation has been appointed as a part-time Chairman of amalgamated company, India Tourism Development Corporation. During the course of evidence and in the written replies furnished to the Committee on the 28th March, 1970, the representatives of the Corporation stated that they had no information in this regard and the Ministry had stated that the term Shri Romesh Thapar as Chairman was upto 27th March, 1970 and that with the proposed merger of Ashoka Hotels and Janpath Hotels Ltd. with I.T.D.C. from 28th March, 1970, the question of reconstituting the Board was under consideration. In the written reply furnished by the Ministry on the 30th March, 1970, details of the reconstituted Board from 28th March, 1970 had been furnished according to which Shri Romesh Thapar ceased to be the Chairman on 27th March, 1970 and Shri S. K. Roy, Director General of Tourism and *Ex-Officio* Additional Secretary was appointed as part-time Chairman of I.T.D.C.

8.9. Government decided in November, 1961 that 'no Secretary of a Ministry/Department shall be a member of any Board'. The practice of appointing the Secretaries of the Ministries as members of the Board much less as Chairman of the Boards of Public Undertakings

also runs counter to the recommendations of Estimates Committee. In their 52nd Report, the Estimates Committee (1963-64) had observed as follows:—

“The Committee have expressed themselves clearly on many occasions about the inadvisability of the practice of associating senior secretariat officials with the Boards of Directors of Public Undertakings. They have pointed out that (i) the practice leads to blurring of responsibility of the Secretary of the Ministry who has to advise the Minister on matters of policy while at the same time, as the member of the Board, has to share responsibility for the execution of those policies and; (ii) It is not possible for such an official to give efficient attention of the affairs of the undertakings in addition to performing his normal duties. The Committee would like to add that decisions at the Board meetings are arrived at by consensus of opinion. It may well happen that if the Secretary is out-voted, he can be embarrassed if he has to fight the recommendation before his Minister. The Committee do not understand why the Secretaries or Additional Secretaries have been appointed as Chairman in six undertakings some of which were set up as far back as 1950. It is unfortunate that this arrangement is being continued despite Government's decision against it. Once a decision is arrived at and communicated to the Parliament, the Parliament expects that it would be acted upon.”

8.10. In their 23rd Report on Indian Airlines Corporation, the Committee on Public Undertakings also deprecated the practice of appointing Secretary as Chairman of a Corporation. The Administrative Reforms Commission also recommended in their Report on Public Sector Undertakings as follows:—

“No Officer of a Ministry should be made Chairman of a Public Undertaking nor should the Secretary of a Ministry be included in its board of management.”

8.11. The Government accepted the above recommendations and decided that the restriction about Secretaries to Government not being included in the Board of Management should, however, apply only to Industrial and Commercial Undertakings.”

8.12. As pointed out above, the Estimates Committee and the Committee on Public Undertakings had unmistakably commented upon the inadvisability of inclusion of a Secretary or Additional Secretary in the management of public sector undertakings. In spite of the above recommendation, it is noticed with surprise that Additional Secretary of the Government has been appointed as part-time Chairman of India Tourism Development Corporation as recently as in 1970. The Committee have taken strong exception to the deliberate flouting of the recommend actions of Parliamentary Committee and of Administrative Reforms Commission and would recommend that

the recent appointment of Chairman of Board of Directors of LT. D.C. should be immediately reconsidered in the light of the recommendations earlier made and already accepted by the Government.

D—Combination of the post of Chairman and Managing Director

8.13. As stated earlier under Article 61 of the Articles of Association of the India Tourism Development Corporation, the President appoints the Chairman and the Board of Directors and one of the Directors is appointed by him as the Managing Director. The Managing Director is the Chief Executive of the Corporation.

8.14. The Administrative Reforms Commission has recommended that for public sector corporation, there should be full-time Chairman-cum-Managing Director. Government have decided that as a normal rule, there should be a full-time Chairman-cum-Managing Director but wherever it becomes necessary to have a part-time Chairman, there should be a full-time Managing Director.

8.15. So far as India Tourism Development Corporation is concerned, Government's view is that after some time, when the Corporation gets into stride and takes on more of the executive functions at present being performed by the Department of Tourism, it should have a full-time Chairman-cum-Managing Director. The objective will be kept in view.

8.16. It is well known that a part-time Chairman has no specific functions or responsibilities besides presiding over the meetings of the Board, the executive responsibility being vested in the Managing Director. A Chairman who has no trapping of authority is not of much functional value. The Committee would, therefore, urge that the Government should review the position and combine the post of Chairman and Managing Director in the case of ITDC at an early date.

E. Delegation of Powers

8.17. The Committee were informed that the present Delegation of Powers in the case of ITDC from the Board to the Managing Director was made in June, 1969, and the special delegation of powers from Managing Director to other officers was based on the earlier powers delegated to the Managing Director by the Board. This was made in February, 1969. The review of these delegations of powers was done with a view to confer adequate powers on the Managing Director and also on the subordinate officers of the Corporation to have a decentralised administration. This was also in consonance with the recommendations of the Administrative Reforms Commission accepted by the Government.

8.18. Some of the important powers delegated to the Managing Director are detailed below:—

Nature of power	Extent of power	General condition
1. Power to sanction works/schemes.	Upto Rs. one lakh	Subject to specific funds being provided in the budget estimates.
2. Power to enter into and execute contracts for the procurement of Plant and machinery.	1. Full in the case of approved schemes. 2. Upto Rs. 1 lakh in other cases for individual items.	Do.
3. Power to accept a tender other than the lowest.	Full—within the limits indicated at 2 above.	
4. Power to invite and accept limited/negotiated tender.	Full	Reasons for not accepting the lowest tender to be recorded in writing.
5. Power to award work without calling tenders.	Upto Rs. 10,000 in each individual case.	
6. Power to sanction purchase of:		
(i) Raw-materials (ii) Plant and Machinery (iii) Stores and Spares (iv) Tools and equipment.	Full	Subject to budget provision, purchases exceeding Rs. 1 lakh to be reported to the Board.

8.19. The following powers are, however, subject to concurrence of the Financial Adviser and Chief Accounts Officer:—

Nature of power	Extent of power	General conditions.
1. Creation of posts	Posts carrying approved pay scales the maximum of which does not exceed Rs. 1250 p.m.	
2. Creation of temporary posts for a period of not exceeding six months at a time.	Posts carrying a pay scale the maximum of which exceeds Rs. 1250/- but does not exceed Rs. 1800.	Subject to intimation to the Board.
3. Power to grant daily allowance in excess of 10 days while on tour.	Full	
4. Power to restrict pay of an officiating employee.	Full	
5. To grant administrative approval of works/project.	Full	Subject to specific funds being provided in the budget estimate.
6. Power to enter into and execute contracts for works and in other cases without calling for tenders in emergent cases.	Works—full other cases: upto Rs. 10,000.	Subject to reporting to the Board.

8.20. It has been stated that the powers delegated by the Managing Director to the various subordinate officers are also in accordance with the above recommendation of the Administrative Reforms Commission and the principle of decentralised management.

8.21. The Committee feel that the concentration of powers in the hands of the Managing Director has been a big drawback in the case of public sector projects. In the case of ITDC also the Committee note that large powers have been delegated in the hands of the Managing Director. They would recommend that the Board/Government should keep a regular watch on the exercise of those powers and would insist that no financial powers should be exercised by the Managing Director unless it has been concurred in by the F.A. and C.A.O.

They would also urge that an Advisory Committee like the one in Air India may also be constituted in the case of ITDC as well so that it could advise the Corporation in the matter of tourist needs etc.

F. Organisational Set-up

8.22. The ITDC has set up the following six Divisions for the efficient and smooth functioning of the Corporation:

1. Tourist Services Division.
2. Projects Division.
3. Publicity Division.
4. Commercial Division.
5. Finance and Accounts Division.
6. Secretarial and Administrative Division.

8.23. A statement showing the organisational set up of the Corporation is shown in the organisational chart, at Appendix IV.

G. Personnel

8.24. The Corporation employs a total staff of 433 of various categories as indicated below:—

Sl. No.	Category	1966-67	1967-68	1968-69*	Remarks.
1	Top Management Officials	7	5	7	
2	Other Officers/Supervisory	26	49	48	
3	Ministerial and Other technical personnel	36	48	107	
	of which (Skilled and Unskilled)	59	227	281	During 1967-68 persons employed in the Travel Lodges totalling about 100 were transferred from the department of tourism. Further new Transport Units were also set up.
		129	329	433	

8.25. To a question as to how the assessment of manpower requirements were made in the case of ITDC, the Committee were informed that before creating any new post, the Head of the Division works out the staff requirements assisted by the Personnel Department and it was ensured that initially the minimum most staff should be provided which could be subsequently increased, if justified by the volume of work and activities.

8.26. It is seen from the above that the staff strength of the Corporation rose from 128 employees in 1966-67 to 329 employees in 1967-68 and to 433 employees in 1968-69.

8.27. The staff strength of ITDC had thus been showing a steep rise. The Committee are not aware whether the ITDC management have laid down systematic norms for different categories of staff. The Committee consider the fixing of norms of work load as essential for efficient and economic utilisation of the staff. In fact, they consider the increase in staff strength from 128 in 1966-67 to 433 in 1968-69 as disproportionately high. The Committee recommend that steps should be taken by the ITDC management to determine the norms of work load for all categories of staff expeditiously with the help of an independent specialised agency like Staff Inspection Unit and to reassess and rationalise the staff strength accordingly.

8.28. The Committee would like to caution the ITDC that with the amalgamation of four public sector hotels with the ITDC the personnel management problems will increase. They would therefore, urge that the individual units should be given adequate autonomy in their internal administration.

8.29. The ITDC may also explore the possibility of ensuring provision of accommodation for their staff at places near the place of their work for the sake of efficiency.

H. Training for Company Secretaries and Chartered Accountants

8.30. It had been stated that practical training was afforded to candidates who had qualified in the final examination for the Company Secretaries and sponsored by the Company Law Board. These candidates were given training in Personnel, Administration, Company Law, Finance and Income Tax etc.

8.31. To a question as to how far the training in such subjects was helpful or connected with the activities of the India Tourism Development Corporation, the Committee were informed in the post evidence replies furnished to the Committee that at the request of the Company Law Board, training to the sponsored candidates qualified in the final examination of the Company Secretaries was given to enable them to obtain the diploma of the Company Law Board. Since these candidates qualify to hold the positions of Company Secretaries, training in personnel and Administration, Company Law, Finance and Income Tax was imparted to them. Thus, by providing facilities for

training, the Corporation was helping the Company Law Board in placement facilities for their students as a social obligation. Three persons had been trained so far.

8.32. The need for having an inflow of qualified Chartered Accountants for the growing requirements of the Corporation was obvious. The qualified Chartered Accountants could later be absorbed in the Finance and Accountants Division of the Corporation and its associate Hotels if they fulfilled the qualifications prescribed for the various posts and were otherwise suitable. These trainees would have an advantage of being familiar with the accounting procedures in vogue in the Corporation.

8.33. The Committee note that the question of providing facilities for training to candidates sponsored by the Company Law Board with an eye for their eventual absorption in the Undertakings has been accepted by I.T.D.C. It is hoped that the scheme will prove successful.

I. Management Trainees Scheme

8.34. The Corporation had embarked upon the training of managerial staff by recruiting Management/Executive Trainees. In the post evidence replies furnished to the Committee, it had been stated that the Management Trainees scheme could be placed into two broad categories as follows:—

1. Management Trainees (Generalists):

They are young graduates holding Post Graduate Diploma in Business Management from the Indian Institute of Management, Calcutta/Ahmedabad. They are given intensive training in the various Management functions. To start with these, trainees are given a specific project and they are required to live in the Project Area itself and to work in under the guidance of the Project Officers of the Corporations. They also travel well within the Project Area and collect all primary data and submit periodic reports. They submit final Project Report which is examined in the Projects Division to study the profitability or otherwise of a Project. The training programme for them includes intensive orientation into the planning and implementation of the Projects as well as the connected schemes. They also make pilot surveys and conduct feasibility studies for the various Projects.

2. Executive Trainees (Hotel Division):

Under this programme, young boys who have already received specialised training in Hotel Management or who possess a first Class Degree in Arts|Science|Humanities with at least 4/5 years' experience as Junior Executives are recruited. They are immediately placed in one of the associate Hotels and have

to learn the various activities in a Hotel by observation and actual participation. They are attached for specific period to the different Departments such as Reception/Front Office, Bookings, Reservation/Information Counters, Food and Beverages, Entertainment and Cultural Programmes, Security, Stores, Purchase and Inventory Control, Finance and Accounts and Personnel and Administration. The idea is to provide them intensive training in all aspects of Hotel Management so that they are in a position to take up independent assignments in the Hotels of the Corporation."

8.35. To a question as to whether it would not have been advantageous to train the staff of ITDC at the specialised and independent Management Institutes, e.g., National Productivity Council, Indian Institute of Management, Ahmedabad, the ITDC management have stated that their staff was encouraged/sponsored to take up short term courses which were run by various training institutes, like Indian Institute of Management, National Productivity Council, Delhi Management Association and National Council of Applied Economic Research etc. The Corporation was a member of the last two organisations. However, since the courses run by the Indian Institute of Management were mostly of longer duration, say of 2/3 years, it was not possible to sponsor the staff members for longer training programmes. However, for Management Trainees, a Diploma from the Indian Institute of Management had been prescribed as an essential qualification. The deserving staff members were often deputed to attend professional courses/seminars which were arranged by the various Training Institutions.

8.36. It need hardly be said that the Corporation having undertaken the task of training candidates in management and executive functions, it is an imperative necessity to ensure that trainees do get adequately trained and become fit to handle the responsibilities for which they have been earmarked. A proper programme of periodic assessment and follow-up measures may have to be evolved for that purpose. The trainees selected should be competent and capable drawn out from a very wide range, preferably through the medium of advertisement throughout India so that there can be no breath of suspicion that favouritism has played a part in giving opportunities to a favoured few. The Committee also trust that trainees have executed the necessary undertaking to serve the organisation for a pre-determined period of time so that the time, effort and money spent on such trainees do not get lost.

J. Recruitment, Promotion and Conditions of Service Rules

8.37. The ITDC had not so far formulated any Recruitment, Promotion and Conditions of Service Rules. In the post evidence replies furnished to the Committee, it had been stated it was proposed to finalise the Service Rules in accordance with the requirements of various statutory provisions such as the shops and Commercial Establishments Act, the Motor Transport Workers Act, the Indian Factories

Act and the Industrial Employment standing Orders Act in the near future. The provisions of the aforesaid Acts were being followed strictly in the matters of governing the conditions of service.

8.38 Regarding the recruitment policy, it had been stated that the vacancies covered by the Compulsory Notification of Vacancies Act were notified to the concerned Employment Exchange and Advertisements were also released in the Press to attract the best available candidates. Thorough scrutiny of each application was done in the Personnel Department under the guidance of the concerned Head of the Division. The candidates with necessary qualifications and experience were called for trade test/interview by a Selection Committee consisting of a representative of the Personnel Department, concerned Head of the Division. For senior positions, outside experts were also associated with the selection proceedings. Other things remaining the same, Scheduled Castes/Tribe, Ex-Servicemen were given preference in recruitment, if otherwise found suitable.

8.39. Regarding promotion, the departmental candidates were given preference if they fulfil the prescribed qualifications for the post and were otherwise found suitable. The principle of merit-cum-seniority was observed while determining promotions and the previous Character Rolls and Outstanding merit, if any, were also taken into consideration.

8.40. It is of primary importance that Recruitment, Promotion and Conditions of Service Rules should be framed for any undertaking so that administration and personnel policies conform to well defined patterns. There has already been some delay in the preparation of such rules for this Corporation. The Committee urge that the Rules be finalised without any further delay taking care that the rules bear the imprint of latest techniques and needs of administration in the light of current practices in efficient sister organisations. The Committee would also urge the formulation and introduction of incentive schemes on the basis of performance.

K—Hiring of office Accommodation

8.41. It is noted that the India Tourism Development Corporation since its existence on 1st October, 1966 has shifted its premises four times and the following amount has been spent by way of rent, etc., for the various places occupied:—

Period	Place	Rent paid.
1-10-1966 to 11-8-1967	63, Sundar Nagar, New Delhi.	Rs. 48,428.80
1-10-1966 to 10-7-1967	Marshall House, New Delhi	Rs. 4,360.90
11-7-1967 to 8-3-1969	N.D.S.E. Part II	Rs. 108,645.08
	TOTAL	Rs. 205,434.78
9-3-1969 to date	Jeevan Vihar, Parliament Street and 'L' Block C. Place, New Delhi.	Rs. 29,128.48 per month.

8.42. Explaining the reasons for frequent shifting of premises of the Corporation, it has been stated that at the time of the merger of Hotel Corporation of India and India Tourism Development Corporation Ltd. in October, 1966 the following premises were being rented by the respective Corporations:—

Name of the Corporation	Location	Area	Rent
India Tourism Corpn. Ltd. (now Production and Publicity Divn.).	Marshall House, Hanuman Road, C. Place.	2075 sft.	Rs. 5,187.50 (Rs. 2.50 per sft.)
Hotel Corporation of India Ltd. (Now Hotel Division of the Corpn.)	*63, Sundar Nagar, New Delhi.	4000 sft.	Rs. 4,000.00 (Rs. 1/- per sft.)
India Tourism Transport Undertaking Ltd. (now Transport Division of the Corporation).	L-Block Jeevan Man- sion, C. Place.	1700 sft.	Rs. 355.00

* (The Administration and Finance Divisions of the Corporation are also located in this Building).

8.43. After the formation of the unified Corporation, the Board of Directors, however, felt that it will ensure economy and efficiency if all the divisions of the Corporation were located in one Building. Accordingly, the accommodation in South Extension was hired and all the offices of the Corporation were located there. However, the space in South Extension was grossly inadequate for the expanding activities of the Corporation. It was, therefore, necessary to go in for a bigger place in view of the proposed merger of the Ashoka and Janpath Corporation in India Tourism Development Corporation. After some effort, the present premises on the Parliament Street, namely, Jeevan Vihar, were secured in January, 1969.

8.44. The Corporation had no plan present to have its own building either in Delhi or outside.

8.45. When asked as to how much area in the present premises of ITDC was being actually utilised by the Corporation and how much area was in excess of the Corporations requirements it has been stated that pending the setting up of Hotel Division of the Corporation, an area of 2279 sq. ft. was rented to the Rural Electrification Corporation Ltd. This accommodation had, however, since been vacated by the above Corporation and would be utilised for the Hotel-Division. Thus, there was no area in excess of the Corporation requirement.

8.46. The Committee are perturbed to note the fabulous rents paid by the Corporation on account of hiring of accommodation. While

the Committee are fully conscious that the Corporation of this type should put up a presentable appearance to attract tourists, it is a matter for consideration whether such excessive hiring charges which are out of all proportion should have been resorted to.

8.47 The Committee feel that now since the Ashoka and the Janpath Group of Hotels have been merged with the ITDC, it should build its own accommodation instead of paying huge rents in the hiring of accommodation. They would also urge that till such time ITDC's own building comes up, the Corporation should exercise utmost economy in the hiring office accommodation.

IX

FINANCIAL MATTERS

A.—Capital Structure of I.T.D.C.

9.1 After providing for all working expenses, ITDC made a net profit of Rs. 4.36 lakhs during the year 1968-69. The authorised capital is Rs. 5 crores and the paid up capital as on the 31st March, 1969, including share application money was Rs. 187.59 lakhs. The following statement shows the financial position of I.T.D.C.:—

	(Rs. in lakhs).		
	1968-69	1967-68	1966-67
Authorised Capital .	500.00	500.00	500.00
Equity Capital	187.59	87.59	24.6
Net worth	190.20	85.9	20.7
Capital employed	178.05	80.6	15.4
Profit	4.36	2.2	1.1
Non-operating and prior period receipt of expenses	0.08	..	0.5
Deferred revenue expenditure written off	1.75	1.7	..
Net Profit	2.53	0.5	1.6
Dividends declared			
Percentage of—			
(i) Net profit to equity	1.4	2.5	4.4
(ii) Profit to capital employed	1.5	2.7	5.3

B.—Internal Audit

9.2 The Company Auditors in their report dated the 3rd May, 1968 had pointed out that the system of Internal Audit was not in vogue in the ITDC. When asked during evidence the Committee were informed that the Internal Audit cell was created in ITDC on the 8th August, 1967 when Internal Auditor was appointed. The strength of the cell was increased to three in July, 1968.

9.3 In this connection, the Administrative Reforms Commission in its Report on Public Sector Undertakings while emphasising the importance of the role of Internal Audit in relation to public enterprises had observed as under:—

“(1) Internal audit should be effectively organised in every public enterprise as a staff function.

- (2) The principal tasks of internal audit should be—
- (a) to review the soundness, adequacy and application of accounting, financial and operational controls;
 - (b) to ascertain the extent of compliance with prescribed plans and procedures and accuracy of accounts and other data developed within the organisation;
 - (c) to make constructive suggestions for improvement; and
 - (d) to review and report the action taken by line authorities on the points brought out in previous audit reports of internal as well as external auditors.
- (3) Other duties that may be assigned to the internal audit organisation are—
- (a) to verify that proper authorisations exist for the acquisition and disposal of assets of the enterprise; and
 - (b) to test-check a certain percentage of transactions and verify inventories with a view to helping in the prevention and pilferage."

9.4 The importance of internal audit in modern undertaking is well known. Besides discovering irregularities, if any, concurrently it has the added advantage of bringing in advance to the notice of the management the weak areas and help them to streamline financial, procedures, cutting out waste etc. It is a great ally of the management in efficient running of the organisation. The Committee feel that I.T.D.C. had been indifferent towards raising a suitable internal audit unit in their organisation. The Committee would, therefore, urge that the internal audit cell in the Corporation should be properly constituted without any further delay and its work should start forthwith.

C.—Accounting Manual

9.5 The Company Auditors of ITDC in their report dated 3rd May, 1968 had pointed out that in the case of ITDC for the time being no Manual for Accounting had been evolved and the financial powers in the conduct of day-to-day operations were vested in the Managing Director who had in turn, authorised the Administrative Officer and the Accounts Officer to verify and pass for payment petty expenditures and obligatory charges which were to be incurred on scales already approved. The Managing Director was the sole authority for operation of bank accounts and his approval was deemed to have been obtained on his signing the cheques for asking payments and for reimbursing imprests.

9.6 In the post evidence replies furnished to the Committee, it has been stated that the Accounting Manual had recently been prepared by M/s. Vaidyanath Aiyar and Co., Chartered Accountants and had

been received by the ITDC in January, 1970. It had been circulated to the different heads of Divisions and their comments were awaited. The ITDC management had also admitted that the formulation of an Accounting Manual was essential for a streamlined working of the Corporation.

9.7 The need to prepare an Accounting Manual containing the financial and accounting procedures prescribed from time to time by rules regulations or otherwise has been emphasised in the earlier reports of the Committee and the Report of the Administrative Reforms Commission on Public Sector Undertakings. The Committee would, therefore, recommend the expeditious completion of the Accounting Manual in the interest of systematised working of ITDC.

D.—Costing System

9.8 The Company Auditors in their Report dated the 3rd May, 1968 had pointed out that in the I.T.D.C., there was no system for preparation of cost accounts. In the post evidence replies furnished to the Committee, the I.T.D.C. management had, however, stated that a small costing cell had since been created. Complete and detailed operational and maintenance statistics in respect of fleet owned by the Corporation were maintained and analysed at the Headquarters every month in order to ensure maximum gainful utilisation of the vehicles.

9.9 The need for developing sound and efficient accounting and cost accounting units in the Public Sector Undertakings have been emphasised in the earlier reports of the Committee. The Committee would, therefore, insist that cost data be regularly and promptly presented to the Board of Directors to enable them to take corrective action. The Committee would also commend the development of integrated system of cost and financial accounts and also standard costs without any further loss of time.

E.—Sundry Debtors

9.10 It has been stated that out of the total debts of Rs. 10,51,508 as on 31st March 1968, a sum of Rs. 9,56,436.05 had been recovered upto 30th September, 1969. The period-wise break up of the balance of outstanding sundry debts of Rs. 95,071.95 was as follows:

Period for which the debt is outstanding	Amount
	Rs.
(i) 6 months to one year	37,477.33
(ii) 1 year to 2 years	1,368.18
(iii) 2 years and over	56,226.44
TOTAL	95,071.95

9.11 The Committee were informed that out of the above amount Rs. 37,477.33 were outstanding against Department of Tourism, Ministry of Tourism and Civil Aviation for over six months and Rs. 26,411.70 were outstanding against State Trading Corporation of India for more than two years. Besides these there were few other parties against whom small amounts were outstanding. No amount had, however, been written off as bad debt.

9.12 The Committee feel that the amount of sundry debts is considerable and does not testify to the alertness and efficiency of the Corporation in realising its dues. Moreover, there should be no reason for huge outstandings against the Government Departments and undertakings. The Committee trust that efforts will be speeded up in this respect and a better picture will emerge as a result.

NEW DELHI;
 April 28, 1970
 Vaisakha 8, 1892 (S).

M. B. RANA,
 Chairman,
 Committee on Public Undertakings.

APPENDIX I

(Vide para. 3.21)

List of Tourist Bungalows/Canteens/Restaurant-cum-Retiring Rooms being managed by the India Tourism Development Corporation Ltd. on behalf of the Department of Tourism.

1. Govt. of India Tourist Bungalow (Class I), Mahabalipuram, (Madras).
2. Govt. of India Tourist Bungalow (Class I), Alagarkoil Road, Madurai (Madras).
3. Govt. of India Tourist Bungalow (Class I), Vellam Road, Thanjavur (Madras).
4. Govt. of India Tourist Bungalow (Class I), Race Course Road, Kajamalai, Tiruchirapali, (Madras).
5. Govt. of India Tourist Bungalow (Class I), Bilapur (Mysore).
6. Govt. of India Restaurant-cum-Retiring Rooms, Kancheepuram (Madras).
7. Govt. of India Tourist Bungalow (Class I), Hassan (Mysore).
8. Govt. of India Tourist Bungalow (Class I), Bodh Gaya (Bihar).
9. Govt. of India Tourist Restaurant, Mahabalipuram (Madras).
10. Govt. of India Tourist Bungalow (Class I), Bhubaneswar (Orissa).
11. Govt. of India Tourist Bungalow (Class I), Konarak (Orissa).
12. Govt. of India Tourist Bungalow (Class I), Kushinagar (Deoria Distt.), U. P.
13. Govt. of India Tourist Bungalow (Class I), Kulu (H.P.).
14. Govt. of India Tourist Bungalow (Class I), Manali (H.P.).
15. Ghana Bird Sanctuary Motel, Bharatpur (Rajasthan).
16. Govt. of India Tourist Bungalow (Class I), (Distt. Dhar) M.P.
17. Govt. of India Tourist Bungalow (Class I), Mandu (Distt. Dhar). M.P.
- *18. Govt. of India Tourist Restaurant (Class I), Khajuraho (M.P.).
- *19. Govt. of India Tourist Restaurant, Ellora (Distt. Aurangabad) Maharashtra.
- *20. Govt. of India Tourist Restaurant-cum-Retiring Rooms, Ajanta (Distt. Aurangabad) Maharashtra).
- *21. Reception Centre, Jalgaon (Maharashtra).
- *22. Qutab Restaurant, Qutab, Mehrauli (Delhi).
- *23. Surajkund Restaurant, Surajkund (Haryana).
- *24. Tourist Restaurant, Near The Taj Mahal, Sahajchan Gardens, Agra Cantt.
25. Travellers' Restaurant, Hampi (Mysore State Govt.) Mysore State.
26. L. V. P. Hotel, Udaipur.
27. Elephanta Travellers' Restaurant Elephanta Caves.
28. Travellers' Restaurant Mahabalipuram (Madras).

*The management of these establishments has been entrusted to private contractors on lease.

APPENDIX II

(Vide para. 3'22)

List of Traveller's Lodges and Restaurants

Departmentally managed	Managed by contractor.
A. HOTELS :	
Laxmi Vilas Palace Hotel, Udaipur.	
B. LODGES :	
1. Traveller's Lodge, Bharatpur	1. Travellers' Lodge, Ajanta. Major D. S. Naik.
2. Travellers' Lodge, Bhubaneswar	2. Travellers' Lodge, Jalgaon— Shri R. B. Agarwal (under litigation).
3. Travellers' Lodge, Bijapur	
4. Travellers' Lodge, Bodhgaya.	
5. Travellers' Lodge, Khajuraho.	
6. Travellers' Lodge, Hassan.	
7. Travellers' Lodge, Konark.	
8. Travellers' Lodge, Kancheepuram	
9. Travellers' Lodge, Kulu.	
10. Travellers' Lodge, Kushinagar.	
11. Travellers' Lodge, Madurai.	
12. Travellers' Lodge, Mahabalipuram.	
13. Travellers' Lodge, Mandu.	
14. Travellers' Lodge, Manali.	
15. Travellers' Lodge, Sanchi.	
16. Travellers' Lodge, Thanjavur.	
17. Travellers' Lodge, Tiruchirapalli.	
C. RESTAURANT :	
1. Travellers' Restaurant, Mahabalipuram	1. Travellers' Restt. Hampi, Mysore, Govt.
2. Travellers' Restaurant, Elephanta	2. Travellers' Restt. Ellora. Sh. R. B. Agarwal (under litigation).
3. Travellers' Restaurant, Nehru Park Udaipur (Not owned but managed by ITDC)	3. Travellers' Restt. Surajkund. Govt. of Haryana.
	4. Travellers' Restt. Taj Agra. B. D. Sharma & Bros.
	5. Travellers' Restt. Qutab Delhi—Janpath Hotels.

APPENDIX IV

Summary of Recommendations/Conclusions of the Committee on Public Undertakings contained in the Report

Sl. No.	Ref. to Para No. in the Report	Summary of Conclusions/Recommendations
(1)	(2)	(3)
I	I. 17 to I. 19	<p>The Committee find a continuous increase of tourists traffic in the country. In 1966 the percentage increase of tourists over previous years was 7.9 per cent., the number of tourists being 1,59,603. In 1967 the percentage of increase over previous years was 12.5 per cent., the number of tourists being 1,79,565 and in 1968 percentage of increase over previous year was 5.2 per cent., the total number being 1,88,820. Moreover the projections of tourist arrivals in India made on the basis of studies by the Boeing Air Company for the years 1968 to 1981 roughly shows five-fold increase. The Committee find in 1968 the tourist arrival according to these projections were expected to be 2,07,000 and whereas the beds available are only 16,816 which works out to a negligible percentage of the demand. The Committee, therefore, feel that ITDC should bear in mind that in cooperation with other agencies in the field plan will have to be evolved and successfully executed to meet the demands of rising tourist traffic by augmenting the hotel accommodation in the country and by improving the facilities for development of tourism.</p> <p>The Committee find that three separate undertakings were set up by Government to undertake the construction of hotels, to improve transport facilities and for development of tourism on 1st January, 1964, 21st February, 1965 and 31st March, 1965 respectively. Within the expiry of 1½ years, the Government decided to merge these three undertakings into one in May, 1966. They realised its integration necessary and confessed that "the Government was still in a experimental stage and there was an inevitable process of gaining experience and building up an infrastructure</p>

for tourism through a process of some trial and error and learning by experience." This hasty decision to create 3 Corporations and then merging them into one led to unnecessary expenditure and avoidable dislocation of programmes of work. The Committee deplore the lack of mature thinking in the Government before taking decision on such important matters and urge that such tendency should be surbed in future.

The Committee hope that the integration of these undertakings into one to realise the ultimate objectives of the Corporation viz., to find maximum accommodation, transport facilities, entertainment and publicity material for tourists both Indian and foreign will meet with success.

2 I 23 to I.25

The Committee note the reasons behind the decision to integrate the 4 hotels in public sector in ITDC. "It has been claimed that the amalgamation would possible the unified management of public sector hotels and secure benefits of large scale management by permitting coordination in policy, integration of operations, pooling resources etc." The Committee find that all the 4 hotels brought under one administration are meant to cater to the different categories of tourists mainly drawn from higher income groups. Moreover, they do not belong to other uniform standard even among themselves. Ashoka for examination cannot be equated with Ranjit and Janpath Hotels. While recognising the fact that some advantages are likely to accrue by this merger, the Committee feel that adequate room for decentralisation should be made available to each one of them so that each one may function confidently and without any sense of superiority or inferiority. Undue interference of one with the other should be avoided.

The Committee also notice that all these 4 hotels in Delhi cater to the needs of higher class and upper middle class tourists and no provision has been made to cater to the need of the lower income groups of tourist both Indian and foreign. The Committee recommend that ITDC being a public utility undertaking, should endeavour to cater to the needs of different income groups instead of confining its activities to meeting the requirement of the tourists coming from affluent society alone. They feel that Delhi being the

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Capital of India should have hotels suiting the pockets of not only upper income group but also of the lower income groups of tourists both Indian and foreign. They recommend that ITDC should set up hotels in Delhi and elsewhere to meet the requirement of low income groups.

While setting up hotels ITDC should bear in mind that maintenance of standard of efficiency and service is vital. The Committee recommend that ITDC should make every effort to maintain the respective standards of efficiency of their hotels and improve them to match the comparable Indian and International standards. In the context of amalgamation of above-mentioned hotels, the Committee recommend that lessons be drawn by the ITDC from the experience of major unified corporations for Steel, Fertilizer, Chemical and Oil Industries etc. and the difficulties encountered in those organisations with regard to working of separate units should be studied in advance by the Corporation with a view to prevent their recurrence in future in ITDC.

3 2.10

The Committee find that there is lack of clear cut definition of role of the ITDC, Government of India and other agencies including the State Governments. It has been brought to the notice of the Committee that there are several agencies, e.g., Department of Tourism, Tourist Development Council, ITDC, State Tourist Departments, Indian Embassies abroad and other private agencies, all working towards one goal namely the development of tourism in the country.

The Committee recommend that a clear cut demarcation of functions between the Government/ITDC and other agencies including the State Government should be made on the following principles:—

- (i) Government *i.e.*, the Department of Tourism both at the Centre and State should be responsible for promotion of tourism and development of place/ areas of tourist interest in the country.
- (ii) ITDC should work on commercial lines like any other undertaking in the public or private sector by providing to tourists accommodation, transport facilities, enter-

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		tainment and organising the production/sale of tourist publicity material within the limits prescribed in their Memorandum and Articles of Association. The ITDC should be judged on merits of their performance and on the basis of the profits it makes while performing the functions assigned to it.
		(iii) There should be proper coordination between the Central Department of Tourism, ITDC, State Departments of tourism and private agency to avoid overlapping while maintaining healthy competition.
4	2.11	The Committee notice a tendency on the part of the Government to identify ITDC as an agency of Government for promotion of tourism which they highly disapprove. They reiterate that the overall development of tourism should be the exclusive responsibility of the Government and not of the ITDC.
5	2.12	The Committee feel that ITDC may not be able to handle the entire tourist traffic of the country owing to its limited resources and experience. This will naturally involve the participation of other public sector undertakings like Air India and Private Sector undertakings in the rendering of services to the tourists for the time being.
6	3.11 to 3.17	<p>The Committee have carefully gone into the whole question of construction of Hotels by the ITDC and have come to the conclusion that the following features stand out rather conspicuously while reviewing the whole course of events of the various efforts made by the ITDC in this regard:</p> <p>(i) There has been a considerable delay in coming to firm conclusions regarding the construction of Hotels. The initial hurdle in most cases was the shelving of plans because of the impending merger of the Hotel Corporation in the India Tourism Development Corporation. An <i>ab-initio</i> decision to have a multi-purpose corporation would have served to expedite matters and reduce costs. As it is, the Hotel Corporation of Indian suffered a loss of Rs. 148,615 by the end</p>

of March, 1966, which could have been perhaps avoided had a firm decision been reached initially.

- (ii) The frequent changes, in the order of priorities for construction of Hotels and the dropping of schemes of construction originally contemplated was not based on realistic and practical considerations.
- (iii) Frequent changing of Estimates as originally planned and finally adopted became matter of regular occurrence. The increase of Rs. 50 lakhs in each case of Kovalam Sea Beach and Bangalore Hotel Projects are instances to support that the concept of a realistic planning was lacking in the Corporation.
- (iv) The anticipated occupancy ratios of the projected Hotels appears to be far too low and don't offer fair chances for the economic viability of the undertakings. This deserves detailed examination followed by intensification of efforts for ensuring that the Hotels function on profitable lines.

The Committee find that the plan for construction of hotels has been as follows:—

- (a) Bangalore, Kovalam, Dum Dum, Aurangabad, Jammu, Srinagar, Gulmarg, Udai-pur—(Expansion of LVP Hotel.)
- (b) ITDC abandoned the plan to construct hotels at Madras, Agra, Srinagar House Boat Hotel, Varanasi, Juhu Sea beach, Santa Cruz and Goa.

The Committee find absence of a well thought out plan on the basis of which sites/stations are being selected for construction of hotels by ITDC. ITDC should drop places where hotel facilities exist in plenty and where ITDC will have to face keen competition to make profits. Moreover from the public utility point of view hotels in such places may not serve useful purpose. Hotels in places like Kovalam Beach and Aurangabad may not be highly popular as compared to Kanyakumari, Ellora and Ajanta. The Com-

mittee feel that the urge of the tourist is to live within the vicinity of tourist spot. Tourists, for instance, would prefer to stay in Ellora or Ajanta instead of in far away Aurangabad. Similarly, tourists are interested to visit places of well known of all-India importance, e.g., Kanyakumari, Agra, Varanasi and Gir forest in Gujarat.

The Committee would like to suggest the following principles for selection of hotel sites of ITDC:—

- (a) the places/spots should be of all-India importance.
- (b) in the popular places where hotels in Public|Private Sector exist in plenty e.g., Bombay, Srinagar, Gulmarg, Calcutta, etc. ITDC should not lock up its limited resources.
- (c) ITDC should set up hotels in places where adequate hotel facilities do not exist and there is scope for hotel building owing to less competition coupled with prospects of profit making e.g., Ajanta, Ellora, Veraval, Konarak, Varanasi, Agra, etc.).
- (d) ITDC should as far as possible avoid building hotels in areas where their activities would create unemployment among existing small hotel traders (e.g., House Boat owners in Srinagar).
- (e) The selection of sites/stations of tourist interest should be done only after a very careful study of the Survey of the tourist traffic coupled with the study of their economics and profitability.

The Committee find that the ITDC have stated in their written reply in their post-evidence information "that it was difficult to lay down a precise pattern for obtainable occupancy ratio in respect of a particular project. By and large, the following pattern of occupancy ratio had been assumed in planning the various projects:

	<i>Year</i>	<i>Occupancy ratio</i>
}	1st	30% to 35%
	2nd	35% to 40%

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		<table border="0"> <thead> <tr> <th><i>Year</i></th> <th><i>Occupancy ratio</i></th> </tr> </thead> <tbody> <tr> <td>3rd</td> <td>40% to 45%</td> </tr> <tr> <td>4th</td> <td>45% to 50%</td> </tr> <tr> <td>5th</td> <td>50% to 60%</td> </tr> </tbody> </table>	<i>Year</i>	<i>Occupancy ratio</i>	3rd	40% to 45%	4th	45% to 50%	5th	50% to 60%
<i>Year</i>	<i>Occupancy ratio</i>									
3rd	40% to 45%									
4th	45% to 50%									
5th	50% to 60%									

The hotels were likely to break-even when the occupancy ratio was 60 per cent. or more."

It is unusual to find that ITDC is unable to work out "a precise pattern for obtainable occupancy ratio" of their hotels and have come to the conclusion that "they can break even subject to the occupancy ratios being 60 per cent. or more". In other words they have looked forward to a long gestation period of 5 years before they can break even to make profit. They are also not very definite as to what extent and in which project they would be able to break even. The Committee are amazed to find that without applying their mind to the fundamentals of planning on the basis of occupancy and profitability, the ITDC is working up its hotel projects. The Committee highly deprecate this sort of hotel construction without definitely assessing its economics and commercial viability and cannot excuse the undertaking/Ministry for such lapses. They strongly recommend that ITDC hotel projects should be subjected to a thorough study by a Committee of Experts before they are allowed to go ahead with the execution of their plan beyond what they have started executing. The Committee would also reiterate that hotels having long gestation period should as far as possible be avoided in future.

ITDC is going in for the construction of hotel buildings. The Committee would like the ITDC to take into consideration what the Committee have observed in respect of the conceptual drawings of hotels to be put up by Air India. The Committee are convinced that as far as the construction of hotels is concerned there is adequate talent available in India who are capable of preparing conceptual drawings and designs of hotels. The Committee would like ITDC to make use of indigenous talent and consultancy service for designing hotels. If, however, on some special point they feel that expert advice from foreign countries need be taken in the interest of making the hotel project a success, they could do so but the primary consultants should always be

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Indians which is in line with Government's general instructions for making use of the Indian consultancy as far as possible.

7 3.27

The Committee are highly depressed to study the working results of the Travellers' Lodges for the years 1966-67|67-68|68-69. During the current year almost all the Travellers' Lodges except one suffered losses. It is more distressing to note that the Travellers' Lodges that earned profit in the previous years have also shown signs of losses in the current year. The Committee have acquired the impression that ITDC has not been able to do its work creditably in so far as the management of Travellers' Lodges is concerned. They urge that the top management of ITDC should strive to lock the reasons for such depressing state of affairs of Travellers' Lodges and adopt measures to remedy them.

8 3.31

The sad experience said to have been undergone in the Travellers' Lodges run by private contractors should serve as a lesson to ITDC for avoiding the risks involved in leasing out such concerns to private businessmen. The Committee feel that these sites are of international repute and attract tourists from all over the world. They recommend that ITDC should set up lodges| restaurants of decent standard suiting the pockets of all categories of tourists.

9 3.35

The Committee note the efforts made by the Corporation to train the Managers in orientation and in-service training. They are not averse to having in-service training for orientation purposes of the Managers of Travellers' Lodges and other staff of the hotel. They would recommend that help of existing training schools should as far as possible be taken instead of creating new schools in the undertakings for that purpose. ITDC should also send its officers/staff to study in the Indian Branches of the world wide organisation of YMCA who are known for their efficiency of service to the tourists at reasonable cost. The Committee is aware that a large number of Management training organisations have come into being in regard to the different spheres of technological/professional studies and they would recommend that this project

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		should not do anything to add to their proliferation.
10	3.44	<p>The Committee would in this connection like to draw attention to the following recommendation of the Estimates Committee contained in paras 6.81-82 of its 90th Report on the Ministry of Tourism and Civil Aviation, Department of Tourism:—</p> <p>“The Committee do not think that sufficient attention has been paid towards the construction of motels in the country. They feel that since the motel concept is new to India, the precise location of each motel should be determined very carefully. It may be advantageous to construct motels either as units attached to petrol pumps and service station along the national highways or on the outskirts of big cities where it would be advantageous for the tourists travelling by road to stop over night instead of going to the city in search of suitable accommodation.</p> <p>The Committee further recommend that traffic survey for the setting up of each motel may be made exhaustively and the economics of each motel worked out in detail before proceeding with the project. The Committee also suggest that efforts should be made to resolve financial and administrative difficulties in collaboration with the Indian Oil Corporation so as to induce them to participate in the motel projects.”</p>
11	3.45	<p>The Committee would reiterate the above recommendation and would urge that the construction of motels having already been decided upon and found to be useful to the transport motorists, it becomes the responsibility of the Corporation to proceed with the construction of motels with utmost promptness and on the basis of well defined realistic plans with emphasis on economical and efficient service.</p>
12	3.46	<p>The Committee has recommended earlier that ITDC being a public utility concern should also cater to the services of the tourists of the lower income group, both Indian and foreign. In that</p>

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connection they suggest that motels furnished at inexpensive cost and charging fairly moderate rates should be put up. Such motels should be constructed in larger number particularly in the areas not served by the railways and the traffic is mostly dependent on long road journeys. Routes like the Jammu and Kashmir road route and Pathankot and Manali road are some such instances.

13 4.9 The Committee are perturbed to note the lack of coordination between ITDC and DTU for local sight seeing services in and around Delhi. The Committee are of the view that neither the ITDC, nor the DTU should have any monopoly, but both should carry on their operations on a commercially competitive basis.

14 4.16 It is a common knowledge that there are a number of procedural hinderances, on account of different sets of rules applicable in different States, in the inter-State travel by road. The Committee would suggest that the Central Government should examine the entire issue of inter-State travel by road in all of its aspects on an All-India basis and persuade the State Governments to follow a uniform policy with regard to issue of permits, registration of transport and non-transport vehicles, convenient and economical clearance of passengers at inter-State borders and allow unrestricted movement of tourist vehicles across State boundaries etc. Difficulties of ITDC can be removed only after such a step is taken by the Central Government.

15 4.23 to 4.24 The Committee note the progress made by the Transport Division of ITDC and the efforts being made to spread the sphere of activity into different cities. In order to have a broad based plan, the Committee would suggest the feasibility of establishing subsidiary tourist transport unit in those States. Pending this, the Committee would like the State Governments in whose jurisdiction the existing Units of ITDC are located to patronise the vehicles of ITDC liberally.

The Committee also suggest that ITDC should examine the feasibility of running a transport service, on the lines of Srinagar Unit, for serving places of tourist interest in Himachal Pradesh. A Unit with a base either at Chandigarh or at Pathankot could meet the needs of tourists.

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going to Simla, Manali, Kulu etc. This may help the tourist promotion efforts in that region.

16 5.11

The Committee find that there is a duplication of efforts in regard to the publicity between the publicity division of the tourism department and the ITDC. The Ministry in their written note have stated as follows :

“At present a segment of the Publicity Division concerned with preparing publicity literature is located in the Tourism Department. This involves some duplication of efforts and leads inevitably to some delays... ”

The Committee feel that a specialised agency or cell should be available to prepare the publicity material for the tourists. Such materials should be prepared by a specialised agency who should write the script in a fairly high standard comparable to national/international standard of repute. Such a centralised cell, the committee feel, would be able to coordinate the publication work of tourist importance and arrange the issue of publicity material. They feel that this coordination of preparation and distribution of publicity material should be handed over to the ITDC. This organisation should work on purely commercial lines. ITDC should undertake the work on behalf of the Central Government; Department of Tourism, Public Undertakings and State Governments etc. on payment. The Committee do not approve of free distribution of publicity material and instead they would recommend that their work should be charged on commercial lines by ITDC.

The Committee also feel that such publicity materials should be prepared in Hindi and other regional languages also to facilitate publicity among the Indian tourists in different States.

17 5.15

Though there is considerable improvement in the general get-up of the various items of tourist literature, there is a considerable scope for improving the quality of publicity literature. The Committee would suggest that the picture postcards representing the different Tourist spots of the country should also include areas not widely known (e.g. Sikkim, Manipur, Eastern Himalaya's Mount Abu, Gir Forest, Konarak etc.) The picture postcards should be printed in good indigenous material by Indian printers. The Com-

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		<p>mittee are convinced that Indian Paper Industry and Indian Printers are capable of producing materials comparable to foreign standard and recommend they should be patronised by ITDC.</p>
18	5.16	<p>It has been observed that activities of the Public Sector are highlighted in the publicity material brought out by the ITDC. The Committee feel that the ITDC's endeavour should be to give an overall picture of facilities and amenities available to tourists both in private and public sector in the country. The Committee suggest that care should be taken by ITDC to indicate in the publicity material the facilities provided by the private sector also to the tourists.</p>
19	5.18	<p>The Committee suggest that maps should be as upto date as possible. ITDC should take special pains to produce latest Regional Road maps for the use of the Tourists.</p>
20	6.3	<p>The Committee are distressed to note that no serious attention has so far been paid to evolve suitable and adequate forms of tourist entertainment. This was commented by the Estimates Committee (1968-69) in their Ninetieth Report on the Ministry of Tourism and Civil Aviation (Department of Tourism). The Jha Committee also made some suggestions in this regard in 1963. The Estimates Committee had expressed surprise that in a vital matter of this kind the initiative appears to have been left entirely to the non-official agencies with the result that nothing much has been done in this matter since 1963. They further observed that:</p> <p>“The Committee realise that the bulk of the foreign tourists visiting this country is from U.S.A., Europe and Australia, most of whom are from affluent sectors of society, with plenty of money and leisure at their disposal and accustomed to some ‘live’ form of entertainment like cabarets/floor shows etc. The Committee feel that the foreign tourists do not look forward to see cabaret etc. form of entertainment in this country which at best can be a poor imitation of what they are accustomed to see in their own country. What they are really interested to see is a form of entertainment depicting the culture and tradition of our country and the manner in</p>

which our people entertain themselves. The Committee, therefore, feel that to go in for night clubs and cabaret etc. and importing foreign artistes, therefore, even for a limited period would be a waste of effort and resources and is not in keeping with our culture.

In the opinion of the Committee there is vast scope for developing tourist entertainment according to the genius and fabric of our own culture and tradition. It is well known that we have a rich tradition of music and dancing—not merely classic. The Committee, therefore, recommend that Government should make an intensive study of the whole aspect of entertainment and its various forms and formulate in consultation and cooperation with State Governments and other official as well as non-official agencies, a comprehensive scheme for the development and promotion of Indian dance and music and other recreational programmes including sports and athletic activities, so as to provide a unique and interesting entertainment to the foreign tourists at various places of tourist interest. They have no doubt that adequate guidance and necessary assistance will be made available by the Government to the concerned agencies for this purpose.

The Committee further suggest that the State Governments may also be persuaded to explore the possibilities of developing outdoor sports and recreational facilities in each region having potentiality of attracting tourists.”

21 6.4

The Committee feel that in small way side Tourist Resorts like Ajanta/Ellora or Khajuraho, Gir Forest, Bhubaneshwar, Konarak, Vervel etc., the ITDC should arrange for entertainment facilities by making local talents available.

The Committee would also urge complete co-ordination between the Song and Drama Division of All India Radio, Sahityakala Akademi and the ITDC in the matter of providing entertainment to the tourists.

22 6.11 to 6.12

The Committee feel that sound and light shows have a great part to play in making the people conscious and feel proud of the historic associations of the monuments, and spot lighting the-

glorious pages of history. The Son-et-Lumiere show has evinced a keen interest among the Indian and Foreign Tourists. They hope that financial results of the Projects (at least in Delhi Red Fort) would be profitable.

The Committee note that the economics of the Sabarmati Ashram and Shalimar Gardens projects had been worked out and in the case of Meenakshi Temple Project feasibility study was under preparation. The anticipated working results during the first three years of the operation in the Sabarmati Ashram and Shalimar Gardens projects, however, show that these projects would be losing propositions. The Committee are surprised why decision was taken to undertake in spite of the fact that they were losing propositions. They would, therefore, urge that no project be started which is not economically viable and especially the Shalimar Gardens project be dropped as in the Committee's view Son-et-lumiere show at Srinagar would hardly be an attraction to the tourists when Kashmir was gifted with so much of natural wealth.

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and
6. 16

The Committee feel that there is a wealth of talent in the country which can be usefully tapped for preparing two or even three different scripts which by variety would help invite greater attention from the spectators. Moreover it is the imaginative and artistic presentation that counts and research in this direction would no doubt yield maximum dividends in increased participation of the audience in these shows.

The Committee feel that now since the Corporation was undertaking the revision of the script of the Son-et-Lumiere, opportunity should be taken to give a narration of history of Delhi starting from the days of Mahabharata. The revised script should *inter alia* include the role of freedom fighters such as Lokmanya Tilak, Netaji Subhas Bose, Sardar Patel, Maulana Abul Kalam Azad, Bholabhai Desai, etc., besides including in the script Netaji's voice, INA marching song/slogans and Bande-Matram. The Committee would also urge the simplification of the language of the script so as to make it more intelligible to the common people.

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24	6.19	<p>The Committee are not clear as to whether any tender open or limited was issued in regard to the installation of the Son-et-Lumiere instruments before entrusting it to Phillips (India) Ltd. The ITDC have stated that "in the absence of competitors in India there was no yardstick to assess the reasonableness of the estimates of Phillips (India) Ltd." Before entrusting the job to Phillips for other Projects, the Committee feel that ITDC should have at least satisfied itself, the reasonableness of prices. To that extent the Committee feel the ITDC had allowed itself to be dictated by the firm.</p>
25	6.320	<p>In the Committee's view it was wrong to think that nobody other than Phillips (India) Ltd. was in a position to undertake the installation of the Son-et-Lumiere. The Committee would, therefore, recommend calling of open tenders for the installation of Son-et-Lumiere in future.</p>
26	6.28	<p>The Committee are highly concerned with the laxity of financial control demonstrated by the non-detection of temporary misappropriation of funds (Rs. 2,899-00) by the previous manager of the sound and light show. They hope that by the steps taken, such instances would not be repeated.</p> <p>They are not satisfied with the mere "censure and transfer" of the unreliable official by the I.T.D.C. A more severe action like demotion if not removal from service should be considered by the I.T.D.C.</p>
27	7.9	<p>There is already much evidence based on experience with tourists during the last several years as to how commodities and goods of Indian origin command the fancy of the tourists much more than the goods produced on Western standard. It is an important duty of an organisation dealing with tourists traffic to have sample studies of tourist demands and provide effective catering for such items. The provision of easy accessibility of such goods for the foreign tourists should be provided by the Undertaking. The Committee trust that the implementation of the scheme of opening airport bazars would be a welcome step in this direction. They would also urge that these bazars should accept payments only in foreign exchange.</p>

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28	7.13	<p>Exemption from excise duty at the Duty-free shop at Palam Airport will help the Duty free shop immensely. The Governments of Maharashtra and West Bengal have given this facility to ITDC at Santa Cruz and Dum Dum respectively. The Committee are neither aware nor have gone into the reasons for withholding grant of this facility at Palam and the Meenabakkam airports. It is hoped that it would be possible for the authorities concerned to help the ITDC in this connection.</p>
29	8.3	<p>The Committee do not agree that the changes in the working strength of the Board of Directors of ITDC from year to year were in any way justified. They feel that with the experience gained so far from the functioning of Board of Directors of different public sector undertakings it should be possible for the Government by now to draw valuable lessons for rationalising the working strength of the Board of Directors consistent with the need of representing the necessary talent, experience and interests adequate for carrying on effectively an activity of this type.</p>
30	8.5	<p>The statistics of attendance of Members of the Board of Directors of ITDC given in the table above make distressing reading. It appears that the Members of the Board of Directors who are supposed to be associated with Planning, direction and review of the activities of the Corporation have not been taking interest in the working of the Corporation. In the Committee's view this is not peculiar to the ITDC alone but is a common malady in the case of all the public sector undertakings. The Committee would urge that Government should devise suitable measures so that only those who can effectively contribute to the development of the organisation are appointed on the Board of Directors of the various public sector undertakings. The Government should also ensure that persons drawn from the private sector and especially with experience of hotel industry are appointed on the Board of Directors of ITDC. This should be particularly kept in view while re-constituting the Board of Directors of I.T.D.C.</p>
31	8.12	<p>As pointed out in paras 8.6—8.11, the Estimates Committee and the Committee on Public Under-</p>

takings had unmistakably commented upon the inadvisability of inclusion of a Secretary or Additional Secretary in the management of public sector undertakings. In spite of the above recommendation, it is noticed with surprise that Additional Secretary of the Government has been appointed as part-time Chairman of India Tourism Development Corporation as recently as in 1970. The Committee have taken strong exception to the deliberate flouting of the recommendations of Parliamentary Committees and of ARC and would recommend that the recent appointment of Chairman of Board of Directors of ITDC should be immediately reconsidered in the light of the recommendations earlier made and already accepted by the Government.

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It is well known that a part-time Chairman has no specific functions or responsibilities besides presiding over the meetings of the Board, the executive responsibility being vested in the Managing Director. A Chairman who has no trapping of authority is not of much functional value. The Committee would, therefore, urge that the Government should review the position and combine the post of Chairman and Managing Director in the case of ITDC at an early date.

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The Committee feel that the concentration of powers in the hands of the Managing Director has been a big drawback in the case of public sector projects. In the case of ITDC also the Committee note that large powers have been delegated in the hands of the Managing Director. They would recommend that the Board/Government should keep a regular watch on the exercise of those powers and would insist that no financial powers should be exercised by the Managing Director unless it has been concurred in by the F.A.&C.A.O.

They would also urge that an Advisory Committee like the one in Air India may also be constituted in the case of ITDC as well so that it could advise the Corporation in the matter of tourist needs etc.

34 8.27 to 8.28

The staff strength of ITDC had been showing a steep rise. The Committee are not aware whether the ITDC management have laid down systematic norms for different categories of staff.

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		<p>The Committee consider the fixing of norms of work load as essential for efficient and economic utilisation of the staff. In fact they consider the increase in staff strength from 128 in 1966-67 to 433 in 1968-69 as disproportionately high. The Committee recommend that steps should be taken by the ITDC management to determine the norms of work load for all categories of staff expeditiously with the help of an independent specialised agency like Staff Inspection Unit and to reassess and rationalise the staff strength accordingly.</p>
		<p>The Committee would like to caution the ITDC that with the amalgamation of four public sector hotels with the ITDC, the personnel management problems will increase. They would, therefore, urge that the individual units should be given adequate autonomy in their internal administration.</p>
35	8 29	<p>The ITDC may also explore the possibility of ensuring provision of accommodation for their staff at places near the place of their work for the sake of efficiency.</p>
36	8.33	<p>The Committee note that the question of providing facilities for training to candidates sponsored by the Company Law Board with an eye for their eventual absorption in the Undertakings has been accepted by ITDC. It is hoped that the scheme will prove successful.</p>
37	8 36	<p>It need hardly be said that the Corporation having undertaken the task of training candidates in management and executive functions, it is an imperative necessity to ensure that trainees do get adequately trained and become fit to handle the responsibilities for which they have been earmarked. A proper programme of periodic assessment and follow-up measures may have to be evolved for that purpose. The trainees selected should be competent and capable drawn out from a very wide range, preferably through the medium of advertisement throughout India so that there can be no breath of suspicion that favouritism has played a part in giving opportunities to a favoured few. The Committee also trust that trainees have executed the necessary undertaking to serve the organisation for a pre-</p>

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determined period of time so that the time, effort and money spent on such trainees do not get lost.

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It is of primary importance that Recruitment, Promotion and Conditions of Service Rules should be framed for any undertaking so that administration and personnel policies conform to well defined patterns. There has already been some delay in the preparation of such rules for this Corporation. The Committee urge that the Rules be finalised without any further delay taking care that the rules bear the imprint of latest techniques and needs of administration in the light of current practices in efficient sister organisations. The Committee would also urge the formulation and introduction of incentive schemes on the basis of performance.

39 8.46 to 8.47

The Committee are perturbed to note the fabulous rents paid by the Corporation on account of hiring of accommodation. While the Committee are fully conscious that the Corporation of this type should put up a presentable appearance to attract tourists, it is a matter for consideration whether such excessive hiring charges which are out of all proportion should have been resorted.

The Committee feel that now since the Ashoka and the Janpath Group of Hotels have been merged with the ITDC, it should build its own accommodation instead of paying huge rents in the hiring of accommodation. They would also urge that till such time ITDC's own building comes up, the Corporation should exercise utmost economy in hiring office accommodation.

40 9.4

The importance of internal audit in modern undertaking is well known. Besides discovering irregularities, if any, concurrently it has the added advantage of bringing in advance to the notice of the management the weak areas and help them to streamline financial procedures, cutting out waste etc. It is a great ailay of the management in efficient running of the organisation. The Committee feel that I.T.D.C. had been indifferent towards raising a suitable internal audit unit in their organisation. The Committee would, therefore, urge that the internal audit cell

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in the Corporation should be properly constituted without any further delay and its work should start forthwith.

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The need to prepare an Accounting Manual containing the financial and accounting procedures prescribed from time to time by rules regulations or otherwise has been emphasised in the earlier reports of the Committee and the Report of the Administrative Reform Commission on Public Sector Undertakings. The Committee would, therefore, recommend the expeditious completion of the Accounting Manual in the interest of systematised working of ITDC.

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The need for developing sound and efficient accounting and cost accounting units in the Public Sector Undertakings have been emphasised in the earlier reports of the Committee. The Committee would, therefore, insist that cost data be regularly and promptly presented to the Board of Directors to enable them to take corrective action. The Committee would also commend the development of integrated system of cost and financial accounts and also standard costs without any further loss of time.

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The Committee feel that the amount of sundry debts is considerable and does not testify to the alertness and efficiency of the Corporation in realising its dues. Moreover, there should be no reason for huge outstanding against the Government Departments and undertakings. The Committee trust that efforts will be speeded up in this respect and a better picture will emerge as a result.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI					
24.	Jain Book Agency, Connaught Place, New Delhi.	11	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi—1.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	MANIPUR		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annex, Imphal.	77
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	AGENTS IN FOREIGN-COUNTRIES		
32.	Jayans Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON W.C.—2.	59

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