

**ESTIMATES COMMITTEE  
(1975-76)**

(FIFTH LOK SABHA)

**HUNDREDTH REPORT**

**Ministry of Tourism and Civil Aviation  
(Department of Tourism)--Tourism.**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1976/Chaitra, 1898 (S)*

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Corrigenda to the 100th Report of Estimates  
Committee on 'Tourism'

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(1975-76)

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\*Elected w.e.f. 17-1-76 vice Shri Muhammed Khuda Buksh died.

(iv)

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Shri J. P. Goel—*Senior Financial Committee Officer.*

**ACTION TAKEN SUB-COMMITTEE OF THE ESTIMATES  
COMMITTEE**

**(1975-76)**

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4. Shri Jagannath Mishra
5. Shri Sudhakar Pandey
6. Shri Shiv Kumar Shastri
7. Shri Sant Bux Singh



## INTRODUCTION

I, the Chairman, Estimates Committee having been authorised by the Committee to submit the Report on their behalf present this Hundredth Report on the Ministry of Tourism and Civil Aviation (Department of Tourism)—Tourism.

2. The Committee took evidence of the representatives of the Ministries of Tourism and Civil Aviation (Department of Tourism) and Finance (Department of Expenditure) and India Tourism Development Corporation on the 11th and 12th December, 1975. The Committee wish to express their thanks to the Officers of these Ministries/Departments for placing before them the material and information which they desired in connection with the examination of this subject and for giving evidence before them.

3. The Report was considered and adopted by the Committee on the 15th March, 1976.

4. A summary of the Recommendations contained in the Report is appended (Appendix VI).

5. A statement showing the analysis of recommendations/conclusions contained in the Report is also appended to the Report (Appendix VII).

NEW DELHI;  
April 23, 1976  
Vaisakha 3, 1898 (S)

R. K. SINHA,  
Chairman,  
Estimates Committee.

## CHAPTER I

### INTRODUCTORY

1.1. The Estimates Committee (1972-73) examined the various aspects of Tourism and presented their 42nd Report (Fifth Lok Sabha) on the Ministry of Tourism and Civil Aviation (Department of Tourism)—Tourism to Lok Sabha on the 30th April, 1973. This report contained 85 recommendations in all.

1.2. Government's replies to these recommendations indicating action taken to implement them were examined and commented upon in the Fifty-Fifth Report (1973-74), Fifth Lok Sabha on the Action Taken by Government on the recommendations contained in the original (42nd) Report which was presented to the Lok Sabha on the 30th April, 1974. According to this Report, out of 85 recommendations, 61 recommendations had been accepted by Government, and the Committee did not desire to pursue 18 recommendations in view of Government's replies. In respect of the remaining 6 recommendations, final replies of Government were still awaited at the time of presenting the Action Taken Report.

1.3. The Estimates Committee at their sitting held on the 6th May, 1975 decided to pursue with the Government *inter alia* the action taken by Government to implement certain recommendations contained in the 42nd and 55th Reports of the Committee (Fifth Lok Sabha).

1.4. The Committee took the evidence of the representatives of the Ministry of Tourism and Civil Aviation (Department of Tourism) on the 11th and 12th December, 1975.

1.5. The various matters taken up by the Committee and their recommendations in this regard are dealt with in the subsequent chapters.

## **CHAPTER II**

### **POLICIES AND PLANNING**

#### **A. Cost Benefit Studies of Tourism**

2.1. In paragraph No. 1.11 of their Forty-Second Report on the Ministry of Tourism and Civil Aviation—Tourism, presented in April, 1973, the Estimates Committee had noted that besides the aspect of foreign exchange earnings, tourism had also a marked 'Multiplier Effect'. The full implications of multiplier system had not yet been studied in detail, because there had been inadequate research. The Committee had further noted that the overall analysis clearly established the basic premise that total economic benefits from tourism were very much greater than the foreign exchange earnings, that the combination of the turnover through the application of Tourism Multiplier Effect and local taxes resulted in substantially greater revenue than the total expenditure. The Committee had, therefore, recommended that the cost-benefit study on the various aspects of tourism might be taken up immediately to highlight the role of tourism in the economic growth of the country.

2.2. This recommendation of the Committee was accepted by Government. Stating the action taken in implementation of the recommendation, Government informed the Committee that the Department of Tourism had commissioned the National Council of Applied Economic Research, New Delhi to carry out a study of 'Costs and Benefits' of Tourism. The Study was to compare the net benefits to the economy of investments in different classes of accommodation. It was also to make a cost-benefit analysis of one resort project. It was also to try to measure the impact of tourism on a relatively backward region of the country, and the overall contribution of tourism to national income.

2.3. The National Council of Applied Economic Research have since completed their study on 'Cost Benefit of Tourism' and have submitted their Report on the 14th August, 1975. The main findings

and recommendations of the Report are given below:—

- (i) The rate of return on investment in the four and five star category hotels is better than in the other categories. However, assuming an annual occupancy rate of 70 per cent for all categories of hotels the investment in two or three star categories will yield a better rate of return.
- (ii) A comprehensive cost-benefit analysis should be attempted for each specific hotel project by the appropriate authority before taking significant investment decision.
- (iii) Based on the analysis of costs and benefits of the Kovalam project, it is found that the project is economically viable.
- (iv) A special agency such as a Kovalam Tourist Development Authority may be constituted which would undertake infra-structure planning, estate development, conservation and environmental control, financing of small enterprises and, wherever necessary, direct investments to promote tourism.
- (v) There is need for encouraging foreign tourist visits to Jammu and Kashmir, specially in off-season travels through additional investment particularly by the Central Government.
- (vi) Tourism is not yet a very significant sector of the national economy, although its share in the national income has been increasing rapidly since 1965-66.

2.4. The economic value of tourism to the national economy is measured generally in terms of its contribution to national income, employment and the tax revenue accruing to Government. According to the findings of the National Council of Applied Economic Research, the gross receipts from foreign tourists expenditure in the country rose very rapidly from about Rs. 150.4 million in 1965-66 to about Rs. 273.7 million in 1968-69 and to about Rs. 621.9 million in 1972-73. The average expenditure per tourist rose from Rs. 1,368 in 1968-69 to Rs. 1,646 in 1972-73.

2.5. The cost of foreign tourism is measured in terms of the out-flow of foreign exchange. The cost of tourism worked out to be 5.1

per cent of the gross income from tourists in 1972-73, whereas in 1968-69 it was 7.6 per cent, and in 1965-66, it was 6.2 per cent. In general, import of Capital goods accounted most to the outflow of foreign exchange followed by import of raw materials and intermediates, consumer goods and other payments. The income impact of tourism in India is stated to have been computed on the basis of two alternative values of 'tourism multiplier', namely 3.6 and 3.2. The estimated aggregate income from tourism accounted for 0.19 to 0.21 per cent of net national product (NNP) at factor cost in 1965-66; 0.25 to 0.28 per cent of NNP at factor cost in 1968-69; and 0.44 to 0.50 per cent of N.N.P. at factor cost in 1972-73. It has been observed by the National Council of Applied Economic Research on the basis of the above figures that "tourism is not yet a very significant sector of the national economy, although its share in the national income has been increasing rapidly since 1965-66."

2.6. It has been further observed in the N.C.A.E.R. Report that the "estimates of the impact of tourism employment obtained in the present study also show that tourism is not yet a very significant sector because its estimated share in the total employment works out to be less than one per cent in 1972-73. However, the estimates clearly show that since 1965-66, employment in the tourism sector has been rising at a significant pace. Similarly, the estimates presented in the report show that there is a sharp increase in the contribution of foreign tourism to tax revenue of Government from 1965-66 to 1972-73, although its relative importance in terms of its share in the total tax revenue (realised) is not very significant; it is less than one per cent."

2.7. It will be seen from the figures brought out in the Cost-Benefit Study of Tourism by the National Council of Applied Economic Research that tourism is not yet a very significant sector of the national economy, although its share in the national income has been increasing since 1965-66. The study also shows that tourism is not yet a very significant employment sector because its estimated share in the total employment works out to be less than one per cent even in 1972-73. Nor is it an important sector in terms of its share in total tax revenue which is less than one per cent. Asked how far the investment of the scarce resources in this sector has been commensurate with the results achieved in the context of the N.C.A.E.R. Report the representative of the Department of Tourism stated during evidence that the aggregate investment on tourism in the entire

Fourth Plan was of the order of about Rs. 25 crores (on the Calendar year basis from 1969 to 1973) whereas in roughly the same period (on the Calendar year basis from 1969 to 1973) the earning of foreign exchange alone was of the order of about Rs. 227 crores. Even in the N.C.A.E.R. Study it has been brought out that the foreign exchange expenditure on tourism is only five per cent of the earnings, and that is also progressively being reduced with the industrial development. The representative of the Department of Tourism, therefore, expressed the view that the results achieved have been more than commensurate with the investment.

2.8. In this connection it has been pointed out that compared to this countries like Thailand and Sri Lanka spend 30 per cent to 40 per cent of their foreign exchange earnings on import of goods and services to promote tourism. Tourism, therefore, is 'smokeless' industry which allows us to earn sizeable amount of foreign exchange without 'exporting' anything tangible by way of resources of the country. National Council of Applied Economic Research has also come to the conclusion that the multiplier effect of tourism is 3.2 at its lowest and 3.6 at its highest in relation to tourism in India. In other words, tourism generates many more jobs for the people compared to other industries. In 1972 the Indian Institute of Public Opinion came to the conclusion that 8 lakh people were employed in tourism or tourism related industries in India. In 1976 the estimated figure should exceed a million.

2.9. In the Second and Third Five Year Plans, tourism development schemes were categorised into three parts—Part I, II and III. Part I schemes were intended to create facilities for foreign tourists and were financed wholly by the Central Government. Part II schemes were intended to create facilities for home tourists at centres which were also important from the point of view of foreign tourists. These schemes were jointly financed by the Central and State Governments in ratio of 50:50. The schemes were treated as centrally sponsored schemes. Part III schemes were included in the State Plans and were wholly financed and executed by the State Governments. These schemes were intended to provide facilities for home tourists at centres which were of local or regional importance such as pilgrim centres and holiday homes. The total actual expenditure incurred on Part I, II and III Schemes during the Second and Third plans, the three annual plans, Fourth Plan and the first

year of the Fifth Plan was as follows:—

### Second Plan

The expenditure incurred during the Second Plan was Rs. 221.31 lakhs as follows:—

	(Rs. in lakhs)		
	Central Sector	State Sector	Total
Part—I	37.46	—	37.46
Part—II	49.425	49.425	98.85
Part—III	—	85.00	85.00
Total .	86.885	134.425	221.31

### Third Plan

The expenditure of Rs. 510.45 lakhs incurred during Third Plan was as follows:—

	(Rs. in lakhs)		
	Central Sector	State Sector	Total
Part—I	97.41	—	97.41
Part—II	47.71	47.71	95.42
Part—III	—	317.62	317.62
Total .	145.12	365.35	510.45

## THREE ANNUAL PLANS

### Central Sector

The expenditure during each of the three annual plans, 1966-67,

1967-68, and 1968-69 was as follows:—

(Rs. in lakhs)

	Central Sector	State Sector	Total
<b>1966-67</b>			
Part-I . . . . .	8.69	nil	8.69
Part-II . . . . .	9.86	9.86	19.72
Total . . . . .	18.55	9.86	28.41
<b>1967-68</b>			
Part-I . . . . .	25.14	nil	25.14
Part-II . . . . .	8.76	8.76	17.52
Total . . . . .	33.90	8.76	42.66
<b>1968-69</b>			
Part-I . . . . .	34.42	nil	34.42
Part-II . . . . .	15.82	15.82	31.64
Total . . . . .	51.24	15.82	67.06

#### STATE SECTOR

Year	
1966-67.	83.00
1967-68.	100.00
1968-69.	130.00
Total . . . . .	313.00

#### FOURTH PLAN

Department of Tourism . . . . .	1279.48
I.T.D.C. . . . .	1225.82
State Sector . . . . .	1631.83
Total . . . . .	4137.13



## FIFTH PLAN

(1974-75)

Department of Tourism . . . . .	405.77
I.T.D.C. . . . .	380.00
State Sector . . . . .	480.11 (Yet to be confirmed)
Total :— . . . . .	<u>1265.88</u>

2.10. To sum up, the expenditure incurred on Tourism schemes in the Central Sector was Rs. 28.40 crores in Second Plan, Third Plan, three Annual plans and Fourth Five Year Plan. The expenditure incurred in the State sector was Rs. 24.79 crores.

2.11. In the first year of the Fifth Five Year Plan 1974-75 the expenditure incurred in the central sector (Department of Tourism and I.T.D.C.) on Tourism schemes was Rs. 785.77 lakhs. In the State Sector the anticipated expenditure is Rs. 480.11 lakhs.

2.12. Foreign exchange earnings from tourism are estimated on the basis of tourist arrivals and figures of average tourist expenditure obtained through sample surveys. The foreign exchange earnings from tourism during the earlier period are as under:—

<i>Plan period</i>	<i>Foreign exchange earned (Rs. in crores)</i>
Second Plan . . . . .	82.00
Third Plan . . . . .	102.6
Annual Plan 1966 . . . . .	22.6
Annual Plan 1967 . . . . .	25.2
Annual Plan 1968 . . . . .	26.5
Fourth Plan . . . . .	227.3
Fifth Plan 1974 . . . . .	69.3 (at 1972-73 prices)
Fifth Plan 1975 . . . . .	104 at current price level

2.13. It has been brought out in the note on Tourism Policy in India that the estimated earnings of foreign exchange during 1975-76 will be about Rs. 100 crores, and adopting the projection of 8 lakhs foreign tourist arrivals after the end of the Fifth Five Year

Plan the foreign exchange earnings from tourism by the end of the Fifth Plan should be about Rs. 200 crores at 1975 prices.

2.14. The Committee note that in implementation of the recommendations contained in the 42nd Report of the Estimates Committee (1972-73) a Cost Benefit Study of Tourism in India was entrusted to the National Council of Applied Economic Research. The Study has brought out that although tourism is not yet a very significant sector of the national economy, its share in the national income has been increasing rapidly since 1965-66. The gross receipts from foreign tourists expenditure in the country rose from about Rs. 150.4 million in 1965-66, to Rs. 273.7 million in 1968-69 and to about Rs. 621.9 million in 1972-73. On the other hand cost of tourism appears to be coming down. Against 7.6 per cent in 1968-69 it worked out to be 5.1 per cent of gross income from tourists in 1972-73. The estimates also clearly show a sharp rise in employment in the tourism sector and its contribution to tax revenues of Government.

2.15. The Committee also note that while the aggregate investment in the Central Sector during the Fourth Five Year Plan was Rs. 25 crores, the foreign exchange earned during the period was estimated at Rs. 227 crores. They further note that the estimated earnings in 1975 in terms of foreign exchange are Rs. 100 crores and adopting the projection of 8 lakh foreign tourist arrivals at the end of the Fifth Plan the foreign exchange earnings from tourism by the end of the Fifth Plan are assessed at about Rs. 200 crores at 1975 prices. Tourism has, therefore, come to be recognised as an important foreign exchange earning industry in the country.

2.16. The Committee, therefore, urge that with its vast potential as a foreign exchange earner, Government should accord due recognition and priority to tourism in the national plans so that it can inter alia play an effective role in the economic growth of the country and particularly stimulate the socio-economic development of those areas of the country which have tourist attraction.

#### B. Tourism Policy

2.17. In paragraph 4.22 of their 42nd Report (1972-73), the Estimates Committee had observed that a number of non-official organisations who appeared before the Committee urged that Government should formulate a tourist promotion policy and bring it forward as a Resolution so that the policy in this behalf is put on a stable and assured basis. The Committee had urged Government

to examine this matter in all its aspects. The Committee had expressed the view that it would certainly be helpful if the national policy concerning tourism could be laid down on a firm basis so as to provide a clear frame work for implementation at all levels.

2.18. In reply Government stated in November 1973 that the National Tourism Board has taken up this suggestion and a draft resolution on Tourism policy is under consideration.

2.19. Again in January, 1974, the Committee were informed that "the Members of the National Tourism Board have prepared a draft paper on Tourism Philosophy. If this paper is accepted by the Government, a resolution on tourism policy will be prepared in due course.

2.20. However, in a note furnished to the Committee in October, 1975 Government stated as follows:—

"The national policy on tourism has already been laid down from time to time in successive plans which provides a clear framework for implementation at all levels. In this connection it has to be borne in mind that tourism is a fast changing activity and Government has to keep its option open to adjust its policies and programmes according to the changing needs of international tourism. The policy on tourism is therefore, kept constantly under review."

2.21. Asked to indicate clearly whether Government intended to formulate any definite tourism policy or not, the Secretary, Ministry of Tourism and Civil Aviation stated during evidence thus:

".....The fact is that there has been no formulation, formal formulation of Tourism policy in the sense that you are wanting."

2.22. Expressing his personal view on the tourism policy in India, the Secretary, Ministry of Tourism and Civil Aviation stated as follows:—

"The objective of the tourism policy of the Central Government is promotion of international tourism and to earn as much foreign exchange for the country as is possible. This is in the context of the continuing difficulty which the country has been facing in regard to the balance of payments which, as we are all aware, has got extremely accentuated in recent times. The tourism industry is

viewed by the Central Government as an export promotion effort. This objective, has to be achieved and for achieving that objective, the Fifth Plan document has pointed out—there is two pronged strategy—(1) by strengthening the infra-structure in India and (2) by improving our tourist image abroad with a view to increase our share in the World Tourism market.”

2.23. The Committee desired that a note on Tourism Policy in India might be furnished to them in consultation with the Ministry of Finance and Planning Commission. The note subsequently furnished by the Department of Tourism on the subject is at Appendix-I.

2.24. It has been brought out in the note furnished to the Committee that the Ministry of Tourism and Civil Aviation has:—

- (i) conducted studies from time to time at promoting tourism to India to provide in India the necessary infra-structure for meeting the flow and needs of tourism.
- (ii) established for itself clearly defined targets of annual growth of tourism in India.
- (iii) kept before itself certain guidelines which would be regarded as considerations behind the policy for encouraging tourism to India.

2.25. Indicating the considerations behind the policy for encouraging tourism in India, it has been brought out in the note furnished by the Ministry of Tourism and Civil Aviation that the advantages, benefits and blessings of tourism are many—both in the economic and sociological spheres. In purely economic terms international tourism is to be considered as an export industry, since income arising in India from such Tourism has economic effects similar to earnings from commodity exports or other invisible exports like shipping and air services. In fact, investment in tourism is and should be relatively a more efficient earner of foreign exchange than investment in commodity production for export. There is the well-known multiplier effect whereby every unit of money spent in tourism circulates in the economy and thereby brings about increasing benefit to the people concerned. Indirect employment through tourist expenditure on food, shopping and guides would indicate that the total impact of tourism in terms of employment creation is an important factor to be taken into account in determining the priority to be given to this sector. Apart from foreign tourism, domestic tourism can achieve analogous objectives in the

economic and development spheres. It can also be a force in creating awareness and understanding of the many different peoples and cultures which inhabit this land. It can give our people a sense of unity and identification, a broadening of their emotional and cultural horizon, a sense of belonging and pride and above all, a sense of the wonder that is this vast country. There is sociological impact of tourism, which can help to break down prejudices, barriers and suspicions, leading to greater goodwill and better understanding. Keeping the foregoing considerations in view, the Department of Tourism have laid down broad guidelines as indicated in the succeeding paragraph to encourage the flow of international tourists to India as also to encourage that such tourists prolong their stay in India.

2.26. In this endeavour it is not only the Central Department of Tourism which has to play its part but also the State Governments and the public and private sectors. Besides town and country planning authorities as also local and municipal bodies have also to play their respective roles relating to environmental factors, land-scapping, beautification, removal of irritants, shopping etc. It is also particularly necessary to note that the Tourism plan is closely linked with (a) the plans of the Indian Airlines and Air-India, and the Airport construction authorities; (b) the Ministry of Transport and Shipping with regard to roads and road-transport, inland water and coastal traffic; (c) the Department of Archaeology in respect of historical sites, for which coordinating machinery already exists; and (d) the Department of Forests, as well as the State authorities, in respect of wild life tourism.

2.27. The broad division of responsibilities in the tourism sector, between the Central Government on the one hand and the State Administrations on the other, should be that the Centre should invest in projects and programmes which are intended predominantly to stimulate international tourism. The State Governments, within the ambit of their resources, should concentrate on the development of facilities for domestic tourism, giving highest priority to the lowest income group among travellers e.g., for the mass movements to pilgrimages and fairs. The next priority in the State Plan should be to provide accommodation for middle class tourists visiting archaeological sites and holiday resorts.

In so far as the Central Plan is concerned, the investment priorities have been broadly indicated as follows:

- (i) provision of accommodation and transport to match the anticipated growth in international tourism, on the basis of past trends;

- (ii) the development of new resorts and tours, in order to accelerate the growth in tourism, and also to spread the traffic over different regions of the country as far as feasible, relaxation of frontier formalities; and
- (iii) tourism promotion abroad.

2.28. As to the question of adopting a formal resolution on Tourism Policy in India, it has been stated by the Department of Tourism that 'quite apart from the rapid changes which occur from time to time in an industry such as Tourism, there is also the fact that Tourism is affected by a number of aspects. Thus security considerations, entry of foreigners, cleanliness of our cities and towns, problems of urban development, removal of beggars and touts, foreign exchange regulations, foreign collaboration, import controls for hotel equipment, coaches and transport services, customs laws, purchase of air-craft fleet for our airlines, civil air transport policies including air services agreements, establishment of overseas offices, Centre-State relations, inter-State movement, export of antiquities temperance or prohibition laws, archaeological services etc.,' are some of the examples, of inter-relationship with tourism. There are also other important factors such as the need of preserving our well-defined unique culture, protecting our wild life against depredations and creating a climate whereby on the one hand the local population is not affected by conspicuous consumption and on the other the visitor carries lingering and happy memories of his stay in India. It is also true that often tourism is affected by political considerations, law and order situation and such like. Any policy on Tourism in India will, therefore, have to be worked out with care and caution, as a part of an integrated policy of Government of India, having regard to various segments and factors which influence and are influenced by Tourism. It has also to be recognised that any such policy will have to be pragmatic and flexible to meet changing situations as they arise from time to time and cannot be regarded as a mere academic exercise. It is with this in view that certain studies have been conducted and consultations have been considered necessary with the Planning Commission and the Ministry of Finance.

2.29. It has been stated by the Department of Tourism that having regard to these factors the 'Policy on Tourism in India' has not been finalised as such in the shape of a resolution.

2.30. The Committee had recommended in paragraph 4.22 of their 42nd Report (1972-73) that Government should formulate a tourist promotion policy and bring it forward as a resolution so that

the policy in this behalf is put on a stable and assured basis and laid down in some depth and firmness so as to provide a clear framework for implementation at all levels. The Committee, however, note that even though the recommendation was accepted by Government and a paper on tourism philosophy was also prepared, the policy on tourism has not been formulated so far on the ground that this is a fast changing industry and that it involves "security considerations, entry of foreigners, cleanliness of our cities and towns, problem of urban development, \*\*\* foreign exchange regulations, foreign collaboration import controls for hotel equipment, coaches and transport services, customs laws, purchase of aircraft fleet for our airlines, civil air transport policies including air services agreements, establishment of overseas offices, Centre-State relations, inter-State movement, export of antiquities, temperance or prohibition laws, archaeological services etc." The Committee would in this connection like to draw attention to the fillip the export promotion effort received in the country as a result of adoption of the Export Policy Resolution, although export promotion is also a fast changing subject like tourism.

The Committee feel that a formal formulation of the Tourism Policy laying down the basic approach to the promotion of tourism in the country would not only reinvigorate the tourism promotion effort but would also provide a clear framework for implementation at all levels.

The Committee would, therefore, urge Government to review the position and determine to what extent it would be advantageous to formulate a tourism policy in the light of experience gained so far, keeping in view the development of tourism in the country.

### C. Planning

#### (i) Trends in Tourist Traffic

2.31. In paragraph 3.12 and 3.13 of their 42nd Report, the Estimates Committee had made the following recommendations:—

"The Committee note that India has many things to offer for tourism. It has scenic beauty in its mountains, sea-side places and its forests. It has an unlimited number of historical monuments of great interest. It has places of architectural beauty and above all, it has an extraordinary diversity of people who are warm and friendly, a point of special attraction from the point of view of foreign tourists. The Committee are unhappy to note the slow pro-

gress in the development of tourism in the country as is borne out by the fact that the total tourist arrivals in India constituted 0.12 per cent only of the world tourist traffic in 1966 and 0.17 per cent only in the year 1972. In terms of percentage it means that whereas the total world turnover increased by 359 per cent during 1960 to 1971, India's turnover increased only by 104.6 per cent with the result that India's share of the World turn-over decreased from 0.67 per cent in 1960 to 0.27 per cent in 1971.

The Committee note that the Department of Tourism had originally fixed an ambitious target of 600,000 tourists by 1973 with a view to stimulate the various sectors of the industry to much greater efforts in developing and promoting tourism in the country. These targets were, however, revised and fixed at 400,000 tourists by 1973 consequent on the pruning down of the allocations for tourism in the Fourth Five Year Plan. The Committee note that that a total of 342,950 tourists had visited India during 1972. On the basis of these arrivals, the Ministry expects that targets of 400,000 tourists by 1973 would be realised. The Committee further note that in order to attain a target of 1 million tourist arrivals by 1980, India would require a compound growth rate of 14 per cent over the 1973 target of 400,000 tourist arrivals. The Committee further note that to achieve a target of 800,000 tourist arrivals by 1978 and one million arrivals by the end of the decade (1980), an annual growth rate of 15 per cent upto 1978 and 12 per cent thereafter would have to be attained. The Committee observe that India had already attained the growth rate of 13.6 per cent during 1965—70. The Committee therefore, share the hope of the Minister of Tourism and Civil Aviation expressed at the 21st Annual Convention of Travel Agents held at Srinagar on the 23rd April, 1972 that the target of reaching 800,000 tourist arrivals in India by 1978 and one million mark by 1980 would be achieved. In order to achieve the stipulated target the Committee need hardly stress that the basic requirements for promotion of tourism viz., (i) provision of hotel accommodation of international standards, (ii) adequate air transport, (both international and domestic), (iii) vastly improved rail and road transport facilities, (iv) provision of necessary off-site improvements for development of tourist resorts, adequate entertainment facilities etc. are provided at a much quicker and speedier



pace than was hitherto being taken. There is need for sustained and vigorous effort on the part of Department of Tourism and other connected agencies to build up the requisite infra-structure to make comfortable the stay of one million tourists in India by 1980."

2.32. In their reply furnished to the Committee in November, 1973, Government had while sharing the views expressed by the Committee, stated that the Fifth Five Year Plan on Tourism was primarily intended to build up the necessary infra-structure for achieving the target of 800,000 tourists by 1978 and 1-million tourists by 1980. The Committee were informed that detailed achievements were being drawn up in consultation with the State Governments, Archaeological Survey of India, Forest Department, Civil Aviation Department, India Tourism Development Corporation, the hotel industry and the travel trade to ensure a coordinated and sustained effort in developing the tourism infra-structure.

2.33. The Table below gives the total number of tourists who visited India from 1960 to 1972:—

Year	Number of Tourists	Percentage increase over previous year
1960	1,23,095	..
1961	1,39,804	13.6
1962	1,34,360	3.9
1963	1,40,821	4.8
1964	1,56,673	11.3
1965	1,47,900	5.6
1966	1,59,603	7.9
1967	1,79,565	12.5
1968	1,88,820	5.2
1969	2,44,724	29.6
1970	2,80,821	14.8
1971	3,00,995	7.2
1972	3,42,950	13.9

2.34. The estimated world international tourist arrivals, total tourist arrivals in India and tourist arrivals in Asia, Africa and Australia as a percentage of total world arrivals and tourist arrivals in India as a percentage of arrivals in Asia, Africa and Australia and India's estimated earnings from Tourism during 1973 and 1974 are given in the following statement:—

Year	Estimated World International tourist arrivals (millions)		Tourist arrivals in India (nos)	Tourist arrivals in Asia, Africa and Australasia as a percentage of total world arrivals	Tourist arrivals in India as a percentage of arrivals in Asia, Africa and Australasia	India's estimated earnings from tourism (Rs. crores)
	Total	Excluding Europe and the America				
1	2	3	4	5	6	7
1973	215.0	13.4	409,895	6.2	3.1	67.5
1974	209.0	14.0	423,161	6.7	3.0	69.7

2.35. It will be seen that out of the total world tourist arrivals, the Americas and Europe received 93.8 per cent in 1973 and 93.3 per cent in 1974. Thus the total share of Asia, Africa and Australasia came to 6.2 per cent in 1973 and 6.7 per cent in 1974. The Department of Tourism are of the view that when one considers that in Australasia and Asia also, there are highly developed countries like Japan, the share of the developing world must be regarded as pitiful.

2.36. It has also been pointed out in this connection that all earnings throughout the world can only be treated as rough and tentative as each country has its own yardstick for such measurement. We, for instance, do not count the international air fare whilst computing for figures of our earnings whereas many other countries do. Secondly our figures of earnings of Rs. 67.5 crores in 1973 and Rs. 69.7 crores in 1974 are based on certain criteria developed some years ago and are also based on earlier price levels. The Committee have been informed that a survey is shortly going to be made which will reflect the correct picture of our earnings from tourism.

2.37. It has been pointed out further that whereas the world average of a tourists stay is 4-days, in India a tourist stays for an average of 28-days.

2.38. A statement showing the countrywise tourist arrivals in India during 1973 and 1974 is enclosed (Appendix—II).

2.39. Tourist arrivals in India during 1973, 1974 and 1975 aggregated 409,895; 423,161; 465, 275 respectively. An increase of 3.2 and 10 per cent was recorded in 1974 and 1975 respectively over the preceding years.

The Department feel that keeping in view these statistics, India's share of 4.65 lakhs foreign tourists in 1975 will by all standards be considered satisfactory.

2.40. A target of 400,000 tourists set upto the end of the Fourth Plan is stated to have been exceeded in 1973 by 9,895 tourists despite the dislocation caused by the lockout in Indian Airlines in the later part of November and throughout December, 1973.

2.41. The Committee have been informed that several factors which adversely affected tourist flow in 1974 were the high cost of fuel and consequent increase in international air fares, inflation in the tourist originating markets, the Railway Strike, Indian Airlines lock-out and the Air India lock-out. Despite these adverse factors the country could still maintain a growth rate in tourist arrivals (3.2) per cent as against an estimated decline of 2.7 per cent in world tourism in 1974.

2.42. The Department of Tourism has set a target of 800,000 tourist arrivals by 1978 and one million by 1980. Asked what were the trends in regard to achieving of these target it has now been stated that in order to achieve these targets, a growth rate of 17.3 per cent upto 1978 and 11.8 per cent thereafter will be required.

2.43. Asked how the Department hoped to achieve these targets with a growth rate of only 3.2 per cent in 1974 over the previous year, the representative of the Department of Tourism stated during evidence that 1974 was a very bad year for tourism all over the world. In spite of this it had been possible to achieve 3.2 per cent growth rate over the previous year and as against the downward trend in the world tourism in the rest of the world. The representative, however, assured the Committee that the position in 1975 was encouraging. Upto the end of November, 1975 the growth was 9.8 (or 10) per cent over the year 1974. That is one reason why the Department did not intend at present to revise the target. On the other hand, certain measures are stated to have been taken with a view to see that the targets are fulfilled. The measures are to promote tourism in an aggressive way in the oil rich countries in West Asia. It was planned

to open one office in Kuwait. From Japan and East Asia also it was possible to get more tourist traffic by promoting tourism. For instance, from Japan the anticipated growth rate in 1975 was 22 per cent. For Australasia the growth rate so far has been 21 per cent in 1975. Regarding growth of tourist traffic from Australasia it has been stated in the study on Effect of Fuel crisis on tourism in India that since Australasia has not been affected by oil crisis, we should take advantage of the situation and accelerate the tempo of growth from the entire Australasia region which includes Newzealand, Fiji and some neighbouring islands. West Germany was also the market for India. The representative of the Department expressed the view during evidence that it would be possible to attain a better growth with some effort.

2.44. The Committee are concerned to note that there has been as uneven growth of tourist arrivals in India since 1969 onwards. While a growth rate of as much as 29.6 per cent was recorded in 1969 over the previous year, it fell down to 14.8 per cent in 1970, 7.2 per cent in 1971, 13.9 per cent in 1972, 3.8 per cent in 1973, 3.2 per cent in 1974. The Committee understand that the precipitate fall in the growth rate of tourist arrivals in India has been mainly due to dislocation caused by several factors which adversely affected tourist flow to India in 1974. These were the high cost of fuel and consequent increase in international air fares, inflation in the tourist originating markets, the Railway strike, Indian Airlines lockout and the Air India Lockout. The Committee also note that 1974 was a bad year for tourism all over the world

The Committee have been informed that the position in 1975 was encouraging inasmuch as the growth was 9.8 per cent over the year 1974. The Committee note that Government have taken certain measures like promotion of tourism in a big way in the oil rich countries in West Asia, with a view to see that the targets are fulfilled.

The Committee also note that the target of 4 lakh tourists upto the end of the Fourth Plan had been exceeded in 1973 by 9,895 tourists despite difficulties, and it was also possible to achieve a growth rate of 3.2 per cent in 1974 inspite of the fact that the world tourist traffic suffered an estimated decline of 2.7 per cent during the year. Further, viewed in the context that lion's share in world tourist traffic goes to Americas and Europe which received 93.8 per cent of tourist traffic in 1973 and 93.3 per cent in 1974 and that the share of Australasia, Africa and Asia came to be only 6.2 per cent in 1973 and 6.7 per cent in 1974 and the fact that in this region there are highly developed countries like Japan, the Committee feel that

India's share of 4.65 lakh tourists in 1975 with a growth rate of about 10 per cent is reassuring. It is also worth nothing that the average stay of tourists in India is 28 days compared to the world average of 4-days.

The Committee would however, like to point out that in order to achieve the targets of 8 lakh tourist arrivals by 1978 and 10 lakhs by 1980, a growth rate of 17.3 per cent upto 1978 and 11.8 per cent thereafter would be required. The Committee feel that if the country has to achieve the targets set down for the growth of tourism in the country, Government will have to make all round concerted efforts in coordination with State Governments and other concerned agencies. This would require a well thoughtout and planned publicity and promotional campaign, provision of necessary infrastructure facilities and streamlining of procedures, improving efficiency and strengthening of the working of the Department of Tourism.

2.45. The Committee would like to stress that our promotional strategy should not only be geared to the traditional affluent markets like U.S.A., Canada, U.K., Japan and Germany but also to the oil rich countries. Promotional efforts will also have to be intensified nearer home in countries like Iran and Gulf States. Moreover, Australasia is also a good tourist market for India. The Department of Tourism shouldd, therefore, intensify their efforts at tourist promotion in this region also. The Committee would like to urge that the targets of 8 lakhs and 10 lakhs of tourist arrivals in India by 1978 and 1980 respectively already set should be achieved by making concerted and determined efforts. The Committee would in this connection reiterate their earlier recommendation that there is a need for sustained and vigorous effort on the part of the Department of Tourism and other connected agencies to build up the requisite infrastructure for the projected arrivals of one million tourists in India by 1980.

#### (ii) Removal of Irritants for Foreign Tourists

2.46. It has been stated in the survey of foreign tourists in India, 1972-73, conducted by the Indian Institute of Public Opinion that:—

“More than a fourth (27.3 per cent) complained about complicated entry and exit formalities they encountered when they visited this country.

A sizeable segment (21.9 per cent of foreign tourists was somewhat afraid of health hazards during their stay in this country. Another unfavourable factor that made the stay of about one-fifth (20.4 per cent) not very pleasant was uncomfortable travel of facilities.”

2.47. The Committee wanted to know the action taken or proposed to be taken by Government to remove these irritants which create or strengthen an unfavourable image of the country. In this connection the representative of the Ministry of Tourism and Civil Aviation stated during evidence that the facilities of entry and exit formalities is a continuing process and that the improvement should be attempted regularly and continuously. However, since the publication of the report, certain specific measures have been taken which are detailed in the succeeding paragraphs.

2.48. The Embarkation and Disembarkation Cards have been simplified by the abolition of entries pertaining to the purpose of the visit and the period of stay. The size of the Embarkation and Disembarkation cards which was large and unwieldy, has been made more compact, so that it can easily be accommodated within the passport folder. The landing permit facility, which provides for all practical purposes a visa-free entry to the tourists, was available earlier for a period of 21 days; but with effect from March, 1974, the period has been extended to 28-days. This period corresponds to the average period of stay of the tourists, as per the findings of the survey. The landing permits are now valid for multiple entries and cover visits to Nepal, Sri Lanka and Bangladesh, provided the tourist holds a round ticket and the total number of days of stay does not exceed 28. The landing permit facility now applies to nationals of Portugal also. This facility was given in time for the Goa Exposition; and it continues to exist. It has been stated that since the landing permit facility was given, many tourists were entering Lumbini in Nepal by road. Otherwise, it would have necessitated their obtaining a visa for re-entry into India. The Ministry of Home Affairs has lately decided to permit them to re-enter India from Lumbini by road, on the basis of a simple endorsement on the passport.

2.49. The representative of the Department stated that efforts are made regularly to impress on the State Governments the need to ensure cleanliness at places of tourist interest in order to avoid an unfavourable impression on the tourists.

Constant touch is kept with the State Governments in regard to anti-begging measures at places of tourist interest.

2.50. The India Tourism Development Corporation has set up transport units at New Delhi, Calcutta, Bombay, Agra, Madras, Srinagar, Patna, Bodh Gaya, Varanasi, Bangalore, Hyderabad and Mysore to ensure that travel facilities of the required standard are available to the tourists.

2.51. There is also a scheme for granting hire-purchase facility, that is, transport loans for providing suitable vehicles at places of tourist interest.

2.52. There is another scheme of imported second-hand vehicles, ex S.T.C., for recognised tourist operators with a view to providing suitable facilities to tourists. The I.T.D.C. and private transport operators are assisted to obtain imported spare-parts for their vehicles. Import licences are arranged by the Department of Tourism.

2.53. The Ministry of Transport and Shipping in consultation with the Department of Tourism have drawn up detailed specifications of tourist coaches to ensure that vehicles of required standard are made available to tourists.

2.54. "Discover India" fares have been introduced. For 200 U.S. Dollars, it is for 14 days and for 275 U.S. Dollars, it is for 21 days to enable tourists to undertake unlimited travel on Indian Airlines within the stipulated period. Then, there is a "Youth Fare" of 75 per cent of normal fare which is available to persons between 12 and 30 years of age.

2.55. Orders were issued in 1972-73 exempting tourists from currency declaration if the total amount of foreign currency (cash and travellers cheques) in their possession is less than 1000 U.S. Dollars.

2.56. Continuous attempts are stated to have been made to get restrictions relaxed to visit certain areas. Recently, relaxations have been made in respect of the Himalayan areas, Jammu and Kashmir, Himachal Pradesh and Uttar Pradesh. Permits required to visit Darjeeling are no longer required subject to certain conditions. The Committee were informed that the Department would endeavour to get further relaxations for tourist travel subject to the national interest.

2.57. The restrictions to entry into Andaman and Nicobar Islands are also stated to have been relaxed.

2.58. The Committee note that various measures have recently been taken by Government to remove the irritants which create unfavourable image of the country abroad. These measures include simplification of embarkation and disembarkation cards availability of landing permit facility and its validity for multiple entries covering Nepal, Sri Lanka and Bangladesh, extension of period of stay from 21-days to 28-days, initiatives taken in regard to cleanliness, and making available air-travel concessions and transport facilities of the required standard so as to make travelling in India more comfortable.

The Committee would, however, like to emphasise that these efforts should not only be continued on a sustained basis but should be accelerated on a faster pace so as to make tourist travel in India more comfortable and enjoyable thereby creating a better image abroad, of tourism in this country.

2.59. The Committee would like that the Department of Tourism should also consider how for package tours for the foreign tourists, providing for all essential facilities like lodging, boarding and transport etc. could be organised in the country, learning from the experience gained as a result of similar tours organised in foreign countries.

(iii) *Allocations for the Fifth Plan*

2.60. The draft Fifth Five Year Plan and Tourism indicates the guidelines for the development of tourism and for determining priorities.

2.61. In so far as the Central Plan is concerned, the investment priorities have been indicated as follows:—

- (a) Provision of accommodation and transport to match the anticipated growth in international tourism, on the basis of past trends.
- (b) The development of new resorts and tours, in order to accelerate the growth in tourism and also to spread the traffic over different regions of the country as far as feasible.
- (c) Tourism promotion abroad.

2.62. The broad division of responsibilities in the Tourism sector between the Central Government on the one hand and the State Government on the other, is that the Centre will invest in projects and programmes which are intended predominantly to stimulate international tourism. The State Governments, within the ambit of their resources, would concentrate on the development of facilities for domestic tourism.

2.63. For the selection of centres to be developed in the Central Sector the following criteria have been adopted:—

- (1) tourist preferences determined by the existing pattern of travel within the country;
- (2) the actual or potential attraction of a place for tourists because of its historical and/or archaeological significance or scenic beauty;
- (3) its accessibility;



- (4) its development in relation to the existing and/or future travel pattern or circuit of tourists within the country;
- (5) its relation to the overall promotional strategy and the developmental programme of the Department; and
- (6) the investment that the State Government concerned would make at the place for developing the infrastructures such as roads, water and electric supply, transport facilities etc.

2.64. Keeping in view the guidelines indicated for tourism development in the Fifth Plan, the main emphasise in the Central Plan is on the development of selected beach and mountain resorts such as Kavalam, Goa and Gulmarg; development of selected archaeological centres of tourist importance; facilities for tourists in wild life sanctuaries; loans to hotel projects and tourist transport operators in the private sector and increased efforts and publicity and promotion abroad. The major portion of the allocation in the programme of the India Tourism Development Corporation is earmarked for providing more accommodation in the form of hotels, motels and travellers lodges.

2.65. The Planning Commission have approved an outlay of Rs. 78 crores for tourism schemes in the Central Sector for the Fifth Plan period. The outlay for the Schemes of the Department of Tourism is Rs. 44 crores and that of I.T.D.C. Rs. 34 crores. The scheme-wise details with approved outlay is given in Appendix III.

2.66. During the first year of the Fifth Five Year Plan, i.e. 1974-75, an expenditure of Rs. 405.77 lakhs was incurred by the Department of Tourism against the budgetary provision of Rs. 448.95 lakhs. An expenditure of Rs. 380 lakhs was incurred by the I.T.D.C. during the year 1974-75 against a Budgetary allocation of Rs. 400 lakhs. Thus a total expenditure of Rs. 785.77 lakhs was incurred on tourism schemes in the Central sector during the year. A statement showing the Budget Estimates and actual expenditure incurred by the Department of Tourism on tourism schemes during 1974-75 is given in Appendix IV and that of I.T.D.C. in Appendix V.

2.67. A major portion of the allocation was spent on spill-over schemes which were in progress and were at various stages of completion at the end of the Fourth Plan. No new schemes could be taken up primarily due to the ban on new constructions.

2.68. The allocation for the annual plan 1975-76 was Rs. 426 lakhs for the Department and Rs. 400 lakhs for I.T.D.C. as agreed to by the Planning Commission. The budgetary provision, however, was reduced to Rs. 418.75 lakhs for the Department and Rs. 380.00 lakhs for I.T.D.C.

2.69. During 1975-76 also continuing schemes have been taken up for completion, and no new schemes have been proposed because of the continued ban on new constructions. These schemes are completion and operation of 9 youth hostels, 6 tourist bungalows and 5 forest lodges; completion of the first phase of the Kovalam Beach Resort Project; continuation of the Gulmarg Winter Sports Project; initiation of the work on the proposal to set up a Goa Tourism Development Authority; preparation of master plans for selected archaeological centres; preliminary surveys in the Kulu-Manali area for development of facilities; preliminary work in connection with the setting up of the Institute of Tourism; market research surveys; production of tourist literature; loans to hoteliers and transport operators etc. This pattern of development will continue during the remaining period of the Fifth Five Year Plan, the number of schemes to be taken up depending upon the funds being made available each year.

2.70. In course of evidence the representative of the Department of Tourism stated that the expenditure incurred in the Central sector during 1974-75 was Rs. 785.77 lakhs and the anticipated expenditure in 1975-76 would be Rs. 810 lakhs as against the budgetary provision of Rs. 728.80 lakhs and Rs. 698.75 lakhs, respectively. Asked how this low expenditure on tourism out of an approved outlay for tourism schemes during the Fifth Plan was accounted for, the representative of the Ministry stated that "it is true that this expenditure is not even one-fifth of the Plan allocation. But this is because of the constraint in resources and the restrictions on new schemes being taken up in the first two years of the Fifth Plan." He stated that if the present position continues and if we are not allowed to undertake new schemes in the Fifth Plan and if the ban on construction continues it would be difficult to achieve the targets. The representative stated that according to the Planning Commission, hotels were considered non-functional although the Department of Tourism did not share this view. This applied to youth hostels also if they were not above a particular plinth area.

2.71. Asked if the Department of Tourism had tried to convince the Planning Commission in regard to their being functional, the representative stated that the Department of Tourism was certainly doing its best but the Planning Commission had other aspects also to consider. The Committee were informed that roughly 60 or 70 per cent is meant for constructional activities, but the important point is that unless all other facilities are provided in a particular place, the rest of the effort is meaningless. It has been stated that the constraint on resources which has resulted in low allocations

during the Fifth Plan has also handicapped the Department of Tourism and I.T.D.C. in the matter of forward planning and ensuring timely completion of the codal formalities for obtaining expenditure sanctions.

2.72. It is observed from the statements furnished at Appendices IV and V that the actual expenditure in respect of certain items has been less than the budget allocation for the Department of Tourism| ITDC for the year 1974-75 and in some other cases the expenditure is more than the allocations. The budgetary provision for plan schemes of the Department of Tourism during 1974-75 was Rs. 448.98 lakhs, and that of I.T.D.C. Rs. 400 lakhs. The actual expenditure incurred was Rs. 405.77 lakhs and Rs. 380 lakhs respectively. Asked to state the reasons for these variations, the Department of Tourism have stated that due to the need to exercise economy, it was decided to effect an immediate saving of Rs. 18 lakhs in its Plan expenditure by the Department of Tourism, thus reducing the available funds during 1974-75 to Rs. 430.98 lakhs. As against this provision, the expenditure incurred by the Department on Plan schemes during 1974-75 was Rs. 405.77 lakhs.

2.73. Similarly, in the case of the India Tourism Development Corporation, an immediate saving of Rs. 20 lakhs was effected due to stringent financial constraints. Thus against the available funds of Rs. 380 lakhs on Plan schemes, the expenditure incurred by I.T.D.C. during 1974-75 was Rs. 380 lakhs. As such, there were no variations in the allocations and expenditure in the case of I.T.D.C.

2.74. The Committee are concerned to note that as against an allocation of Rs. 78 crores during the Fifth Plan period, the expenditure incurred on tourism schemes in the central sector during the first year of the Fifth Plan, i.e. 1974-75 has been only Rs. 785.77 lakhs and the anticipated expenditure during the second year of plan i.e. 1975-76 is Rs. 810.00 lakhs. Thus the total expenditure likely to be incurred during the first two years of the plan will be only about one-fifth of the plan allocations. Moreover, the major portion of the expenditure has been on the continuing schemes and no new schemes have been taken up during the first two years of the Plan. The Committee note that this has been due to constraint on resources and the restrictions on new schemes being taken up in the first two years of the Plan. Considering the low allocations for tourist promotion schemes during the first two years of the Fifth Plan and the progress made it appears doubtful if all the targets set forth for the Fifth Plan period could be achieved. The Committee, however, hope

**that with the improvement in the economy and in view of the importance of tourism as an earner of scarce foreign exchange, it would be possible for Government to step up financial allocations during the remaining years of Fifth Plan so that the targets for the Fifth Plan could be achieved to the maximum extent.**

*(iv) Perspective Plan*

2.75. In paragraph 4.19 of their 42nd Report (1972-73), the Estimates Committee had noted the numerous efforts made to prepare various schemes/programmes for development of tourism in India. The foreign experts and the United Nations Development Team Programme had also suggested various measures in their reports submitted to the Department of Tourism. In the Committee's view, while all concerned were aware of the problems faced by the tourist industry and their solutions had also been outlined, what was lacking was implementation. This was primarily due to absence of a master plan integrating all these projects into a whole fabric for a coordinated growth and development. The Committee had, therefore, recommended that the Government should draw up a perspective plan for tourism on an all India basis, so as to provide a framework for the next and subsequent five year plans and to determine priorities.

2.76. In their reply furnished in November, 1972, Government stated that they were unable to accept the view that such failures as might have occurred in the implementation of tourism development programmes in the country had been due primarily to the absence of an overall master plan.

2.77. It was further stated that India had a very large number and variety of tourist attractions. The Department has identified these places where the flow of tourist traffic was the largest and those which had a large tourist potential for attracting additional traffic. Based on the pattern of tourist traffic to the country, new resort areas were being developed in the Fourth Plan, on an integrated basis, with the object of attracting destination traffic, as the latter constitutes the bulk of international tourist traffic. Further, development of special aspects of tourism like wild life sanctuaries, cultural tourism and provision of entertainment had also been taken up. The private sector was being assisted in improving tourist facilities through providing incentives and credit facilities in order to

give impetus for investment in the travel industry. Youth travel was being promoted by constructing a chain of youth hostels. It was stated that this general approach to planning would continue in the Fifth and subsequent plans, but it was hoped that both the detailed planning of projects and their implementation would be more speedy and effective than in the past.

2.78. It was, however, added by the Department of Tourism that the Committee's proposal that a more comprehensive tourism plan should be prepared, over a longer perspective than five years, would be further considered by Government. The National Tourism Board had also recommended the preparation of a plan on similar lines.

2.79. Subsequently in January, 1974, Government stated that the broad approach on tourism planning outlined in the Fifth Five Year Plan which indicated the investment priorities for the Plan period and also laid down certain criteria for selecting centres for tourism development (indicated earlier), would generally hold for subsequent plan periods.

2.80. It was stated further that for detailed planning during each plan period, feasibility studies and tourist opinion survey were necessary. Such a survey had already been conducted in 1972-73 to assess tourist preferences, expenditure and trends. Similarly, a survey for the development of beach resorts at Kovalam, Goa and Mahabalipuram had also been undertaken. The National Council of Applied Economic Research had also been commissioned to undertake a cost-benefit study on tourism.

2.81. The Ministry further stated that "based on the results of the above surveys and studies it would be possible for the Department of Tourism in consultation with other agencies to prepare a perspective plan for the development of tourism facilities in the country spread over a 10-year or longer period."

2.82. Asked if it was feasible now to draw up a perspective plan on an all-India basis, the representative of the Department of Tourism stated during evidence in December, 1975 that in the present difficult resources position it had not been possible to take up any new schemes in the first two years of the Fifth Plan and the budget grant was restricted to what had been spent in the earlier years. The Department, therefore, did not think it possible to take up any

10-year plan as such. The representative further stated that the Department was expecting at the time of furnishing action taken reply in January, 1974 that the National Council of Applied Economic Research would give some guidelines. No assistance was, however, available from the recommendations made by the National Council of Applied Economic Research to indicate whether a ten-year plan would be possible. The representative, however, added that a list of places to be developed in future had been prepared.

2.83. In this connection, the Secretary, Ministry of Tourism and Civil Aviation stated during evidence that for the last two years even five year planning had become impossible. The plan had to go through basic changes due to inflation and cost escalation etc. He stated "We don't know today where we are going to be at the end of the Fifth Plan period. In regard to schemes in the tourism sector, we don't know whether we will be able to go through these schemes, or only a fraction of them. Planning would be realistic only if we knew what would be the level of achievements we could expect at the end of the Fifth Plan."

2.84. The representative of the Ministry of Finance was also of the view that it was not possible to think overall in terms of even five year plan right now.

2.85. The Committee observe that in reply to their recommendation regarding preparation of a perspective plan for development of tourism facilities in the country Government stated that the proposal would be further considered by them. Subsequently in January, 1974 Government stated that based on the results of the surveys and analysis by National Council of Applied Economic Research of Cost-Benefit of investment etc. it would be possible for the Department of Tourism in consultation with other agencies, to prepare a perspective plan for the development of tourism facilities in the country over a ten year or longer period. The Committee regret to note that it has not been possible for the Department of Tourism to prepare a long term perspective plan so far.

The Committee appreciate the difficulties expressed by the Ministry of Tourism and Civil Aviation that due to constraint on financial resources for the last two years, it is becoming difficult to plan even for a five year period. The Committee have earlier made a

**recommendation regarding higher allocations for tourism. The Committee feel that a perspective plan for tourism integrating all the projects for a coordinated development of tourism in the country should be prepared by Government and the actual implementation of the programme may be taken in hand as and when resources become available. This perspective plan would serve as a blueprint for the future development of tourist spots and infra-structure facilities in the country.**

## CHAPTER III

### ORGANISATION

3.1. The Estimates Committee had in paragraph 2.18 of their 42nd Report (April, 1973) observed as follows:—

“It is distressing that after two decades of planning, the Department of Tourism has not been able to gear fully its organisational set-up for planning and implementation of the various schemes included in the successive five year plans. The position regarding utilisation of funds so far even during the Fourth Plan period seems far from satisfactory. As against the allocation of Rs. 1833.57 lakhs during the first three years of the Fourth Five Year Plan, actual expenditure both for the Department of Tourism and ITDC was of the order of Rs. 1083.17 lakhs. Instead of identifying the factors which impeded the utilisation of funds during the Second and Third Plan period and taking remedial measures to ensure a fuller utilisation of funds, the same old reasons for the shortfall in the plan outlay when the Fourth Plan period is coming to a close are still being advanced *viz.*, (i) Non-formulation of the details of schemes before the commencement of the Fourth Plan; (ii) delay in the appointment of executing agencies; (iii) inadequacy of organisational set-up of the Department of Tourism; (iv) delay in completing codal formalities and (v) delay on the part of the executing agencies wherever appointed. In the Committee’s view there is no use of making a plan which cannot be executed and successfully implemented. The Committee are constrained to note that even for the execution of the schemes in the Fifth Five Year Plan period no serious thought is being bestowed for laying greater emphasis on the fundamental significance of structuring and manning properly the tourist organisation. The Committee, therefore, feel concerned about the approach to the whole problem of growth and development of tourism in the country by the Department of Tourism. They have, therefore, spelt out their suggestions for the organisation of the Department of Tourism in their chapter on “organisational set up” at the end. The Committee



would very much like that the mistakes committed during the earlier plans—are not repeated during the Fifth Plan period. They would urge that expeditious measures should be taken to finalise the tourism development schemes to be taken up during the Fifth Plan period so that the work on the schemes could be started without loss of time.”

3.2. Noting the observations made by the Committee, Government stated in their reply furnished in November, 1973 that steps had been taken to streamline the operation of National Tourism Organisation as indicated in reply to the recommendation at paragraph 13.32 of the original Report. The measures necessary to reorganise the Department of Tourism were stated to be under consideration at that time. A provision of Rs. 60 lakhs had been made in the Draft Fifth Five-Year Plan for strengthening the organisation.

3.3. Subsequently, in January, 1974, the Government informed the Committee that for strengthening the organisational set-up of the Department of Tourism, a few additional posts had been created during the Fourth Five Year Plan on which an expenditure of Rs. 33.74 lakhs was anticipated during the plan period. It was stated that proposals for further strengthening the Department were being worked out.

4. In paragraph 2.19 of the Original Report, the Committee had further recommended that corrective measures to streamline the procedures and working of the Department of Tourism should be taken so that the factors which hampered the progress of schemes during the earlier plans could be eliminated. The Committee had also impressed upon Government to ensure that the financial provisions made in the Fifth Plan were fully utilised on judiciously selected schemes.

3.5. It was stated by Government in reply in January, 1974 that detailed proposals for strengthening and restructuring the Department were being worked out which would contribute to its efficient functioning. In addition, proposals for delegation of enhanced financial powers to the Director General of Tourism were under consideration of the Government. These would greatly reduce the procedural formalities required to be followed, before schemes could be taken up for execution.

3.6. It was observed by the Estimates Committee in paragraph 13.32 of their 42nd Report (1972-73) that they had gathered the impression during their tours and discussions with non-official organisations that for a field organisation, it was absolutely essential that

decisions should be taken in time and should reach all formations in clear and unambiguous terms. It was, therefore, essential that the set-up for tourism, both for policy-making and implementation, should be fully responsive to the challenges of the task and be willing to have open mind to assimilate the best ideas, anticipate and analyse the trends in tourism and take quick executive action to prepare the ground for provision of the requisite facilities. In this connection, the Committee drew attention to the following recommendations made by the Indian Institute of Public Administration on the set up for tourist organisation—

- (i) ".....India should give top priority to the development of Tourist facilities in the country and the promotion of foreign tourism. Only a forward looking, research based and result oriented modern organisation with best available professional staff can do the job. To attract the best personnel in the field pay and facilities at commercial rates have to be offered.
  
- (ii) That the major problem is whether the Department of Tourism's present organisational structure is suited to operate quality programme for attracting tourist in the world's most competitive market. The emergence in 1967 of the new Ministry of Tourism and Civil Aviation brought about greater understanding and cooperation between almost all the organisations involved in dealing with the tourists; the two national airline corporations and the Tourist and Civil Aviation Departments. But the governmental framework in which the Tourist Department operated has not shown the necessary flexibility to meet the kaleidoscopically changing tourism market. What was the imaginative organisational set-up in the initial stages before the tourism became a major world industry has become a virtual stagnation for Indian tourism. There are too many bottlenecks-organisational and procedure and the position of the tourism department as an attached office has hampered its capacity to handle the desired accelerated growth of tourism and to fulfil plan targets. The shortfalls in expenditure during the second, third and fourth plans are an indication that the present structure and procedures were not adequate to cope with the increasing number of foreign visitors, and to provide them with necessary facilities.

(iii) In some instances the Director-General of the Department has been handicapped because of Associate Finance. This leads to curtailment of his freedom of action, and prevents him from being an effective Head of the organisation in pushing through his plans and proposals. Important policy matters of the Department have to be processed in the Ministry. A very vital question is whether on such matters the Director-General as the Head of the Organisation has direct access to the Minister to advise him. It seems that the Secretary of the Ministry at present acts as an intermediary. This poses the problem of authority and responsibility. The Director-General is responsible for the activities of the Department, but it is doubtful whether he possesses all or even adequate final authority.

(iv) Summing up, the Indian Institute of Public Administration Report stated that "in view of the magnitude and dimensions of the global tourist explosion now and anticipated in the coming decades, we feel that the problem of evolving and organisational structure suited to modern promotion and marketing methods requires a fundamentally different approach. India needs a tourist organisation which will take vigorous and effective measures to sell a competitive 'product' throughout the markets of the world."

3.7. The Committee also recalled that for a number of years, the key post of Director-General of Tourism was not filled up and the work was carried on by an officer of the rank of Additional Director-General of Tourism. It was only recently that an officer had been appointed as Director-General of Tourism with an ex-officio status of an Additional Secretary. The Committee had emphasised that the key executive portfolio in tourism should be manned for a length of time, so as to ensure stability and continuity in the implementation of tourism development programme. The Committee has also recommended that Government should examine in depth the recommendations made by Indian Institute of Public Administration and take suitable action to see that the set up for tourism had the requisite flexibility of approach and power for action.

3.8. The reply received from Government in November, 1973 in implementation of the recommendation is reproduced below:—

“The Committee’s observations have been noted for future guidance.

The recommendations made by the IIPA were carefully considered by Government. Although the proposal of the IIPA to set up an autonomous National Tourist Authority was not accepted, a number of steps have been taken to make the national tourist organisation more responsive and capable of meeting the challenge of this growing industry. The major institutional change was to set up the National Tourism Board under the chairmanship of the Union Minister for Tourism and Civil Aviation. The functions of this Board (as already reported to the Committee) are to advise the Minister of Tourism and Civil Aviation on tourism policy and all matters relating to the improvement of tourist infrastructure in all its aspects, and to suggest ways and means to coordinate the tourism schemes and activities in the public and private sectors. The membership of this Board consists of representatives of the various Ministries of the Government of India private organisations and eminent persons in the travel industry.

The second step has been to transfer from the Department of Tourism the autonomous corporations/authorities the implementation of major projects and programmes which require technical expertise and freedom from narrow Departmental rules and regulations. Thus, the construction and operation of the Kovalam Project has been transferred to ITDC, and it is proposed to do likewise with the Gulmarg Project. The preparation of publicity material for promotion overseas has been entrusted also to ITDC. The Industrial Finance Corporation will not operate the Hotel Loans Development Fund, under the general guidance of the Department of Tourism as to priorities and lending policy. The selection of a suitable agency or agencies for the operation of wild-life lodges, youth hostels, camping sites etc. is under consideration.

The Department of Tourism itself can thus concentrate on planning and policy-making, tourism promotion, regulatory functions, inspection and training. These are Gov-

ernmental functions, which can be discharged effectively without any radical structural change. Proposals for a greater delegation of financial powers to the Department are under Government's consideration.

The organisational structure, strength and technical competence of the Department of Tourism and the ITDC will be further reviewed in the light of the needs of the Fifth Five Year Plan."

3.9. Asked how far the changes brought about in the organisational structure such as setting up of the National Tourism Board etc. had helped in removing the factors responsible for under-utilisation of funds and for hampering promotion of tourism, the representative of the Department of Tourism stated during evidence that the Board was not intended to be an implementing agency or anything like that. The role of the National Tourism Board was merely advisory a sort of brain-trust. It was constituted by the then Minister of Tourism and Civil Aviation and included not only senior officials in the Ministries and Public Sector Corporations but also non-officials so that they could contribute to the ideas of tourism. The Board had held 7 meetings between June, 1973 and September, 1973 and from time to time it gave the ideas on implementation as to what was being done and how it could be done better. Reconstitution of the Board was stated to be under consideration at the highest level. The Committee have since been informed that the Board is no longer effective and that no decision has been taken in regard to its reconstitution.

3.10. The Committee wanted to know if the organisational structure, strength and technical competence of the Department of Tourism and India Tourism Development Corporation has since been reviewed as envisaged in the reply furnished by Government in implementation of the recommendation of the Estimates Committee. The Committee were informed through a written note that a similar recommendation was made by the National Tourism Board at its meeting held in September, 1973. This recommendation was further commended to Government by the Committee on Public Undertakings in its 51st Report presented to Lok Sabha on 29th April, 1974. Taking all these developments into consideration, Government constituted a 5-Member Group to review the working of the India Tourism Development Corporation and to suggest changes that should be made for the more efficient fulfilment of the objective of the Corporation and expeditious implementation of its programmes. It was

stated by the Department's representative during evidence that this Committee which was appointed in May, 1974 was expected to submit its report to Government by 31st March, 1976. The Ministry have added in a written note that "to an extent, the recommendations of the Committee might also have a bearing on the working of the Department of Tourism."

3.11. In a written note furnished to the Committee, the Ministry of Tourism and Civil Aviation have stated that the proposals for additional delegation of powers to the Department were sent to the Ministry of Finance in 1973. In these proposals, the Department had asked for extra financial powers in respect of expenditure on research programmes, production of tourist publicity literature through ITDC, purchase of films, hospitality for promotion of tourist traffic to India, construction of supplementary accommodation, tourism projects and schemes, membership fees to international bodies etc. After a discussion between the Director-General of Tourism and the then Financial Adviser, the proposals were treated as withdrawn.

3.12. Subsequently, on individual references being made to them, the Ministry of Finance agreed to raise the Director General's power to incur expenditure (i) on hospitality from Rs. 3,000 to Rs. 15,000 in each case, (ii) to pay fees for a maximum of two officers to become members of travel clubs and associations in India and abroad and (iii) also authorised him to sanction 'on account' advances upto Rs. 10,000 on each project concerning research surveys.

3.13. On 10th April, 1975, the Ministry of Finance delegated further powers to the Administrative Ministries. In the light of these enhanced powers, as also the directive from the Ministry of Finance to the administrative Ministries to redelegate their powers to their sub-offices, the Ministry of Tourism and Civil Aviation is proposing to redelegate its powers to the Departmental Heads. Accordingly, the proposals for additional powers for D.G. (Tourism) are being drawn up and would be submitted for consideration by the Committee which has been recently constituted to review the on-going functions of the Department. This Committee, *inter alia*, would also look into the question of additional powers for Director-General (Tourism).

3.14. Asked what were the main handicaps which were being experienced by the Director General in fuller utilisation of the Budget

provisions under the existing powers, the representative of the Department of Tourism stated during evidence that the Director-General had no powers at the moment to facilitate implementation of plan schemes. In other words, for individual projects he had to obtain the necessary approvals. It has been stated that the Committee constituted under the Chairmanship of the Financial Adviser to review 'on-going' functions, of the Department of Tourism was being requested by the Department of Tourism that it should recommend to the Ministry of Tourism and Civil Aviation that the Ministry should delegate to the Director-General of Tourism as Head of Department all the powers that are vested in them as administrative Ministry and the Director General of Tourism should have the discretion to consult the Internal Financial Adviser only wherever considered necessary by him, i.e., such consultation would not be compulsory as at present. Final decision in the matter has not yet been taken. It has been stated by the Department of Tourism that while arriving at a decision in this matter the need for fuller utilisation of the provision for plan schemes would be borne in mind.

3.15. The Committee had in paragraph Nos. 2.18 and 13.32 of their 42nd Report (1972-73) urged Government to examine in depth the recommendation made by the Indian Institute of Public Administration regarding the set-up for the tourist organisation and to take suitable action to see that the organisational set-up for tourism had the requisite flexibility of approach and adequate powers for action. Government had in their reply furnished to the Committee in November, 1973 and January, 1974 enumerated certain measures which have been taken or are proposed to be taken in implementation of these recommendations, such as setting up of the National Tourism Board, proposal for greater delegation of powers to the Department and reviewing the organisational structure, strength and technical competence of the Department of Tourism and India Tourism Development Corporation in the light of the needs of the Fifth Plan.

The Committee note that Government have constituted a 5-Member group to review the working of the I.T.D.C. and to suggest changes that should be made for more efficient fulfilment of the objective of the Corporation and expeditious implementation of its programmes. It has been stated that the recommendations of this Group would also have a bearing on the working of the Department of Tourism. The Committee observe that the Group which was

appointed in May, 1974, was expected to submit its report to Government by the 31st March, 1976. The Committee would like Government to ensure that the Group submits its report in time. They would like Government to take expeditious action on the recommendations contained in the report which may also be furnished to the Committee at an early date.

3.16. The Committee note that one of the major institutional changes brought about in an effort to make the national tourist organisation more responsive and capable of meeting the requirements of the growing industry was the setting up of the National Tourism Board. The Committee, however, note that no meetings of the Board have been held since September, 1973 and that the Board has been ineffective since then. They understand that no decision regarding the reconstitution of the Board has been taken so far. As the Board was intended to serve as the main agency to advise the Government in the matter of promotion of tourism in the country, the Committee recommend that Government should take immediate decision in the matter of reconstitution of the Board and ensure that the Board functions effectively.

3.17. The Committee note that the Director-General of Tourism has no powers at the moment to facilitate implementation of the plan schemes, and as such, has to obtain the necessary approval from the Ministry for individual projects. The Committee understand that the question of delegation of more powers to Director-General is under active consideration of Government at present. The Committee hope that an early decision will be arrived at in this vital matter so as to ensure that the implementation of the plan schemes is not hampered in any way for want of adequate powers with the Department of Tourism. As stated by Government, this will obviate the delays in completion of codal formalities and execution of schemes as the enhanced powers would enable the Head of the Department to issue sanctions quickly and to pursue the follow-up action vigorously.

The Committee have no doubt that with the introduction of the scheme of integrated financial adviser in the Ministry, the formulation and implementation of tourism development schemes would be accelerated considerably.



## CHAPTER IV

### PLACES OF TOURIST INTEREST IN INDIA

#### A. Gulmarg Winter Sports Project

4.1. In paragraphs 4.30 and 4.31 of their 42nd Report (1972-73), the Estimates Committee had noted that the Gulmarg Winter Sports Project with an estimated outlay of Rs. 111.30 lakhs had been cleared by the Expenditure Finance Committee in 1968. The hotel component of the Project estimated at Rs. 32.00 lakhs for a three star hotel was transferred to the India Tourism Development Corporation, thereby reducing the outlay of the project of the Department of Tourism to Rs. 79.30 lakhs. The Committee had noted that out of this amount, Rs. 39.78 lakhs constituting 50 per cent of the outlay had been spent upto the period ending 31st March, 1971. Due to escalation in costs and subsequent enlargement in the scope of the project, it was recast with an outlay of Rs. 250.00 lakhs (inclusive of the expenditure already incurred). The Committee had noted that a further expenditure of Rs. 9.76 lakhs was incurred upto 31st March, 1972 bringing the total so far spent on the project to Rs. 49.54 lakhs.

4.2. The salient features of the Project are:—

- (i) A road from Tangmarg to Gulmarg (already completed except for black-topping and other minor works).
- (ii) Erection of an aerial passenger ropeway chair-lift and ski-lift.
- (iii) Establishment of a Ski-School.
- (iv) A ski-hire shop.
- (v) Snow-clearing operations.
- (vi) Purchase of ski-mountaineering and snow-clearing equipment.
- (vii) Construction of restaurant/cafeteria at Gulmarg and Khilanmarg.

(viii) Preparation of a Master Plan of Gulmarg.

(ix) A 60-room centrally-heated hotel will be constructed by the India Tourism Development Corporation at an estimated cost of Rs. 110.00 lakhs

4.3. The Committee had expressed the hope that the Gulmarg Winter Sports Project would augment tourist traffic to India.

4.4. In their action taken reply, Government had noted the observations of the Committee.

4.5. The present position as regards the progress of various components of the Gulmarg Winter Sports Project is indicated in the succeeding paragraphs.

*Tangmarg-Gulmarg Road*

Construction by the State P.W.D. is stated to have been completed. The State Government will complete the black-topping of the road during summer of 1976. Other works such as drainage, retaining wall along certain portions of the road, parapet wall at the 'Zig', fixing of snow bars to measure the depth of snow etc. have yet to be completed.

*Aerial ropeway, Chairlift and ski-lift*

Ropetow, practice skillift for beginners, chair-lift and two portable ski-lifts (received from U.N.D.P.) are stated to have been installed. As regards the erection of aerial passenger ropeway, the Committee have been informed that installation of the 2,000 metre long aerial passenger ropeway/chairlift from Gulmarg to Khilanmarg is under examination. A sanction of Rs. 40.36 lakhs was issued to the C.P.W.D. on 3-3-1972 and tenders were also received. On examination of the tenders it was felt that further study of the engineering cost and safety of the aerial transportation facilities was necessary. Since no such consultancy is available in India, the Department requested the U.N.D.P. for the services of a firm of engineering consultants to make a techno-economic survey of the Project. The appointment of the firm is awaited. The implementation of this scheme will be considered after the techno-economic survey has been undertaken, and report made available.

*Establishment of Ski-school*

The Ski-Instructors training school (now termed as the Indian Institute of Ski-ing and Mountaineering) has already trained 19 ski-

instructors-cum-mountaineering guides. It is holding short ski-courses of 10-day, 15-day and 21-day duration in winter to train our youth in ski-ing and to attract tourist for a ski-holiday at Gulmarg. It also arranges aquatic and rock-climbing courses and is offering trekking programmes in the summer. So far over 500 persons have participated in the various courses held by the Institute since 1972-73.

*Ski-Institute building complex*

This work has not been taken up due to constraint on resources.

*Residential accommodation of Personnel at Gulmarg*

This work also has not been taken up due to constraint on resources.

*Snow clearing operations*

In addition to the two existing snow clearing equipment, a larger unit has been imported. The Committee have been informed that it has been decided in consultation with the Ministry of Finance that the work of snow clearance on the Tangmarg-Gulmarg and internal roads at Gulmarg should be transferred to the Government of Jammu and Kashmir. The State Government to whom the offer was conveyed, has requested for the continuance of existing arrangements till April, 1976 when the arrangement would be reviewed.

*Ski-Hire shop*

It has been functioning since 1972-73.

*Purchase of Ski and Mountaineering equipment*

Ski and Mountaineering equipment, indigenous as well as imported, has been purchased and is in use. A prinoth snow beating machine, an artificial ski-slope and some other equipment have also been received, under the U.N.D.P. Technical assistance programme, and are in use. It is proposed to import additional ski-equipment and snow grooming machine during 1975-76.

*Restaurant/Cafeteria at Gulmarg/Khilanmarg*

The scheme for construction of Restaurant/Cafeteria at Gulmarg and Khilanmarg has not yet been taken up for implementation for lack of financial sanction.

*Master Plan for Gulmarg*

A Master Plan of Gulmarg is stated to have been prepared and forwarded to the State Government in June, 1972 for implementation.

### *Centrally Heated Hotel at Gulmarg*

The Project for a 60-room centrally heated hotel to be constructed by I.T.D.C. at an estimated cost of Rs. 145 lakhs has not yet been cleared by the Public Investment Board to whom a Memorandum alongwith the hotel project report was submitted in December, 1973 and again in February, 1974. It has been stated that efforts will be made to get I.T.D.C. project approved by Public Investment Board or get a private party to construct the hotel.

4.6. Asked by what time the whole project was targeted/expected to be completed, it has been stated that the first phase of the Gulmarg winter Sports project will be completed with the completion the components referred to earlier. It has been stated further that in view of the constraints on resources, it is difficult to assess when these items will be taken up for implementation. The target for implementation will also be determined by such factors as the implementation of the master plan by the Jammu & Kashmir Government, and the techno-economic survey of the ropeway|chairlift project by the United Nations Development Programme.

4.7. Out of an estimated cost of Rs. 250 lakhs for the Project, actual expenditure incurred upto March, 1975 was stated to be Rs. 109.50 lakhs.

4.8. Asked if an assessment has been made of the impact of the Gulmarg Winter Sports Project on the Tourist Traffic to India and to the Jammu and Kashmir State in particular, it has been stated that it is too early to make any-firm assessment as the project is only partially completed and is suitable only for the beginners in ski-ing. Unless a modern, centrally heated hotel and the Gulmarg-Khilianmarg aerial Transportation system are provided, the project will not be able to attract the large number of ski-enthusiasts whose number is increasing all over the world at the rate of 10 per cent. However, as a result of the promotional efforts of the Department, the Department feel that the present trend is encouraging as the following figures will show:—

Year	Indians	Foreigners	Total
1973-74 .	2,825	906	3758
1974-75 . (Up to 6-3-75)	4,087	1,560	5647

4.9. It has been noted earlier that a number of components in Gulmarg Winter Sports Projects are awaiting definite action. For example, a firm of engineering consultants for carrying out a techno-economic survey of the project for the erection of aerial passenger ropeway etc. is yet to be appointed, the master plan for Gulmarg which was sent to the State Government in June, 1972 is yet to be implemented; the Centrally heated hotel project has not been cleared by the planning Commission, etc.

4.10. Asked to comment on these delays and the effect of these delays on the completion and working of the Project, the representative of the Ministry stated during evidence that considering the facilities available at present, the winter sport at Gulmarg could be categorised mainly as a teaching institution for imparting instructions. The international tourists who could be attracted to Gulmarg would be mainly from South-East Asia, Hongkong, etc.

4.11. The Project, the representative stated, is continuing to work with this limited capacity. With regard to the rope-way, the representative stated that U.N.D.P. had been requested to conduct a techno-economic survey. The experts had promised to come by the end of November, 1975 but had not yet come till December, 1975.

4.12. As regards the proposed Hotel at Gulmarg, the representative of the India Tourism Development Corporation stated during evidence that this Project was considered even during the fourth plan and economics of the project was worked out. The proposal was submitted to the Public Investment Board in December, 1973 and again in February, 1974. However, the project was not approved. It was deferred. The representative stated that Government had been reminded from time to time to get the Public Investment Boards positive view on this subject so that it could be made clear as to whether it was possible or not to go ahead with this project. The representative stated that I.T.D.C. was quite keen on the construction of this Hotel.

4.13. The representative of the Department of Tourism stated that "until the completion of 60-room centrally heated hotel, we do not expect the project to come through".

4.14. The representative of the Ministry of Finance informed the Committee in this connection that this Project was considered by the Public Investment Board sometime in February-March, 1974. According to Minutes of the Board as recorded in March, 1974 "it was decided after a detailed discussion to defer the consideration of

the proposal for the time being". The finding according to the representative of the Ministry of Finance, was that it was not economically viable.

4.15. When pointed out that the investments made in the Gulmarg Winter Sports Project are not likely to yield results and would be infructuous till the essential works had been completed, the representative of the Department stated during evidence that the project had already started earning some amount of money. However, the Department of Tourism held the view that if the Project is really to be profitable then the hotel and the ropeway must come, and as long as the hotel and ropeway do not come, the project would not really effectively materialise. However, in the totality it was considered that no money should be made available for these two items of capital expenditure.

4.16. The Committee enquired about the financial results of the Gulmarg Winter Sports Project during the last two years. The following amounts are stated to have been earned by the Department of Tourism in respect of the various equipments and installations:—

Items	1973-74	1974-75	1975-76 (1-4-75—31-12-75)	Total
(1) Ski Equipment . . . . .	9023.00	18770.00	11090.00	38883.00
(2) Ski lessons . . . . .	3900.00	5568.00	3825.00	13293.00
(3) Skilifts Portable Lift Rope-tow	16656.10	4427.40	2804.30	23887.80
(4) Chair . . . . .	90469.00	175754.00	147115.00	413338.00
Total: . . . . .	120048.10	204519.40	164834.30	489401.80

4.17. The Committee note that the Gulmarg Winter Sports Project initiated as far back as in 1968 with an estimated cost of Rs. 111.30 lakhs which was later revised to Rs. 250 lakhs is still at various stages of processing and completion, and so far an amount of Rs. 109.50 lakhs has been spent on this project. A number of components of the Project are incomplete while others have not yet been cleared. For instance, the Tangmarg-Gulmarg Road is incomplete, and the Ski-Institute Building complex, residential accommodation of personnel at Gulmarg and restaurant/cafeteria at Gulmarg are yet to be taken up. Important components viz., the centrally heated hotel estimated to cost Rs. 145 lakhs and the aerial passenger ropeway/chairlift from Gulmarg to Khilanmarg, are still under consideration.

The Committee have been informed that completion of these items depends on the availability of financial resources, implementation of the Master Plan by the Jammu and Kashmir Government and the techno-economic survey of the ropeway/chairlift project by the United Nations Development programme.

The Committee note that according to the Ministry of Finance, the Hotel Project was not economically viable and that it has been decided to defer the consideration of the proposal for the time being.

The Committee urge that the Project on which more than Rupees 1 crore have already been spent, should be reviewed at the highest level with particular reference to the economic technical viability of various components of the Project such as the Hotel project and the ropeway project etc. and the decision taken to complete the various components of the project in a phased manner keeping in view their relative priority for attracting tourists to Gulmarg.

#### B. Kovalam Beach Resort Project

4.18. It was observed by the Committee in paragraphs 4.36 and 4.37 of their 42nd Report (1972-73) that man had great fascination for sea. In Western countries such as France, Italy and Spain, beach resorts have been developed by providing accommodation and varied recreation. The sea water had been fully used for water sports like sea bathing, skiing, fishing, boating and yachting. Thus, the sea side resorts have become very popular with the tourists all the world over. The Committee were glad to note that the Department of Tourism had launched the Kovalam Beach Resort Project and had expressed a hope that the Project would give a big boost to the flow of tourist traffic to India. They had also hoped that further development of Kovalam Project would be determined in the light of the Report of U.N.D.P. survey Team.

4.19. In their Action Taken reply, Government confirmed that the further development of the Kovalam Project would be based on the recommendations made in the report of the U.N.D.P. Beach Resort Development Survey Team.

4.20. The Committee desired the Department of Tourism to give a brief review of the progress made in physical and financial terms in respect of Kovalam Beach Project. The Department of Tourism have stated that the Project was cleared by the Expenditure Finance Committee in September, 1970 with a total outlay of Rs. 221.58 lakhs, 86.58 lakhs to be spent by the Department of

Tourism and Rs. 135 lakhs by I.T.D.C. The actual expenditure incurred by the Department on this Project during the Fourth Plan period is Rs. 31.81 lakhs as against the outlay of Rs. 86.58 lakhs, and Rs. 173.08 lakhs by I.T.D.C. against the outlay of Rs. 135 lakhs. The increased expenditure incurred by I.T.D.C. is stated to have been due to certain additional amenities being provided which were not included in the original estimates, such as air conditioning of all the cottages in the 'Kovalam Grove' and due to general escalation in construction costs.

4.21. The main components of the Project are:—

- (i) A beach Service Centre having a restaurant and changing room facilities.
- (ii) Yoga-cum-massage centre;
- (iii) A jetty with boat house and recreational facilities;
- (iv) An open air theatre;
- (v) A 100-rooms hotel; and
- (vi) 40 cottages

4.22. The position regarding the various components of the Project is stated to be as follows:—

(i) *40 Cottages*

These have been completed and were commissioned in 1972. All the 40 cottages are functioning. This complex on the beach is known as Kovalam Grove.

(ii) *A 100-room hotel*

The hotel is in the final stage of completion. The building is complete. Sixteen detached cottages were commissioned in October, 1974, two floors consisting of 40 rooms in the hotel were commissioned in November, 1975 and the remaining 32 rooms of the hotel were to be commissioned in December, 1975. Portion of the hotel has been furnished and was expected to be commissioned in October, 1975. The formal inauguration of the hotel complex was fixed for 2nd January, 1976.

(iii) *A Beach Service Centre*

This has been completed. It consists of a restaurant and changing room facilities.



**(iv) Aquatic Sports**

Equipment for aquatic sports costing Rs. 40,000 has been purchased and is in use. Additional items are being purchased.

**(v) Yoga and Massage Centre**

Both are functioning since 1972 in temporary premises. New buildings will be constructed after assessing the popularity of these facilities among tourists and their requirements.

**(vi) An open Air-Theatre**

Cultural programmes are being organised at Kovalam in a temporary pavillion. The open air theatre will be constructed when the tourist traffic to Kovalam is of a sufficient magnitude to justify this expenditure.

4.23. It has been stated that the first phase of the Project will be completed with the commissioning of the hotel in October, 1975.

4.24. In paragraph 4.37 of the 42nd Report, the Committee had noted that the U.N.D.P. Beach Resort Development survey Team undertook a field survey of the beaches at Kovalam, Goa and Mahabalipuram in November-December, 1972 and their Report was expected in July, 1973. In this connection the Committee have since been informed that the U.N.D.P. Beach Resort Survey Report has been made available. It is, however, being kept confidential to avoid escalation in land costs in view of the development suggested therein at the Beach Areas covered. The Committee have been assured that the development of Kovalam Project is in keeping with the necessity contained in the U.N.D.P. Report on Beach Resort survey.

4.25. An assessment of tourists who visited Kovalam Grove and stayed there, has been made by I.T.D.C. The occupancy and the financial results of this unit, since its inception, are indicated below:—

Year	Percentage of room occupancy
1972-73 . . . . .	43%
1973-74 . . . . .	26%
1974-75 . . . . .	40%

4.26. The composition of the guests who stayed at Kovalam Grove during the last three years is indicated below:—

Year	No. of Foreigners	No. of Indians	Total
1972-73 . . . . .	790	451	1241
1973-74 . . . . .	1573	1525	3098
1974-75 . . . . .	2387	175	4122

4.27. The percentage of guest nights of Foreigners and Indians and the average stay of a guest is as under:—

	1972-73	1973-74	1974-75
Percentage of Foreigners' Guest Nights . . . . .	72%	61%	62%
Percentage of Indians' Guest Nights . . . . .	28%	39%	38%
Average stay of Foreigners . . . . .	2.9 days	2.6 days	3.00 days
Average stay of Indians . . . . .	1.9 days	1.7 days	1.9 days

4.28. During the tour of a Study Group of the Estimates Committee to Kovalam in June, 1975, the Committee were informed that the Kovalam Grove had incurred a loss during 1974-75. It was stated that one of the reasons for the loss was the inadequacy of the hotel accommodation as a result of which large groups of tourists could not be accommodated.

4.29. In this connection the Committee have been informed that the operational results of the Kovalam Grove since its inception, are as under:—

Year	Profit (+) / Loss (-) (Rupees in lakhs)
1972-73 . . . . .	(-)6.27
1973-74 . . . . .	(-)6.47
1974-75 . . . . .	(-)3.31*

\*Provisional and subject to audit.

It has been pointed out on the basis of the above figures that with the increase in occupancy, there is a corresponding decline in losses. It has been stated further that Kovalam Grove forms only a part of the accommodation to be provided by I.T.D.C. in the integrated Kovalam Project area. A 100-room hotel is nearing completion and is expected to be commissioned soon.

4.30. It has been assessed by the National Council of Applied Economic Research in their Cost-Benefit-Study on Tourism, 1975 that, based on the analysis of costs and benefits of the Kovalam Project, the project is economically viable. The analysis shows that within 12 years from 1972-73, the revenue obtained will be more than sufficient to cover all the costs incurred besides yielding a rate of return of 9 per cent per annum. The project will be economically viable from the tenth year. If a higher discounting rate of 12 per cent per annum is assumed for the cost-benefit analysis, the project will start to yield a surplus from the twelfth year, namely, 1983-84 and will be economically worth-while thereafter. It is also found that, on the basis of an economic evaluation of comparative investment in the Kovalam project and in the production of an export-oriented crop in the region, viz., coconut, the investment on the Kovalam project is relatively more rewarding strictly from the financial point.

4.31. When pointed out that the project was presently running at a loss, the representative stated during evidence that "a project of this type never starts earning money right in the beginning and the proof is as per the figures given. For instance, in 1972-73 the project suffered a loss of Rs. 6.27 lakhs. In 1973-74 it suffered a little higher loss. In 1974-75 the room occupancy went up and the loss came down to Rs. 3.31 lakhs (the audit figure is Rs. 3.28 lakhs). In 1975-76 the estimated loss is only Rs. 1.72 lakhs. In October, 1975 the occupancy had gone up to 40 per cent and in November, 1975 the occupancy is 66 per cent. In December, 1975 it is difficult to get rooms in that particular hotel despite efforts. The position, therefore, is that as the years are progressing, our losses are getting lesser and lesser.

4.32. It has been observed in the National Council of Applied Economic Research that adequate provision should be made for the training of tourism personnel required in Kovalam. Planned assistance may be given to the development of ancillary activities such as handicrafts and food supplies. Since a proper development of the beach resort depends on the coordinated efforts of several agencies like the Central and State Governments, Municipal authorities,

town and country planning organisations, etc., a special agency such as a Kovalam tourist development Authority may be constituted which would undertake infrastructure planning, estate development, conservation and environmental control, financing of small enterprises and wherever necessary direct investments to promote tourism. The representative of the Department stated during evidence that the Government of Kerala had already set up Kovalam Vizag Development Authority. Project Administrator, Kovalam Beach Resort is represented on the authority. The Department had no proposal at the present to set up another authority at Kovalam for the development of Kovalam area.

**4.33. The Committee note that considerable progress has been made in the Kovalam Beach Resort Project and most of the components of the Project, including the hotel part of it have already started functioning. The Committee, however, note that the Project is for the present running at a loss though the losses are showing a downward trend with the increase in the occupancy with the passage of time. In 1972-73 the Project suffered a loss of Rs. 6.27 lakhs; in 1973-74 it suffered a little higher loss i.e. Rs. 6.47 lakhs, but in 1974-75 the loss came down to Rs. 3.31 lakhs and in 1975-76 it is estimated to be of the order of Rs. 1.72 lakhs only.**

The Committee note that the occupancy of the Kovalam Grove has been going up. From 40 per cent in October, 1975 it went up to 66 per cent in November, 1975. In December, 1975 it was difficult to get a room in the hotel. In this connection the Committee also note that, according to cost-benefit study of the Kovalam Beach Resort Project conducted by the National Council of Applied Economic Research, the revenue obtained from the functioning of this resort during 12 years from 1972-73, would be more than sufficient to cover all the costs incurred besides yielding a rate of return of 9 per cent per annum. The Committee see no reason why with its scenic beauty and with all the facility of a sea resort, Kovalam Beach cannot attract larger number of foreign tourists. The Committee recommend that effective publicity be given to attract more tourist traffic, particularly foreign tourists to the Kovalam Beach Resort Project and every possible facility provided at the Beach so that this beach resort starts earning profits much earlier than originally expected.

### C. Development of Goa Beaches

4.34. In paragraphs 4.40 and 4.41 of their 42nd Report (1972-73) the Estimates Committee had noted that Goa was one of the most

interesting areas which could be developed to become a centre of tourism with lovely beaches of Kolva, Calangute and Dona Paula, gentle coasts, palm woods providing very charming scenery in the back country. Apart from the scenic beauty, Goa abounds in historical landmarks and monuments, churches, temples and ports. Combined with the natural attractions of the land, location of Goa on the West coast of India not far from Bombay, offers a vast scope for tourists both international and domestic.

4.35. The Committee had noted that Government had made a provision of Rs. 20 lakhs in the Fourth Plan period for the development of beaches at Goa and a beach resort development survey was expected to be completed shortly. The Committee had recommended that to exploit the tourist potential of Goa, a compact and integrated plan with long term objectives should be formulated. The aim of such a plan was stated to be comprehensive development of tourist beach resorts, roads, hotels and other facilities and amenities like development of handicrafts, folk dances and folk music.

4.36. Government had stated in their reply furnished in November, 1973 that the recommendation of the Estimates Committee would be kept in view at the time of formulating schemes for the development of the beaches in Goa.

4.37. The Committee wanted to know the progress made in physical and financial terms and the targets set for the completion of the various phases of the Project. It has been stated by the Department of Tourism in October, 1975 that the development of Goa as a beach resort is expected to be taken up during the Fifth Plan. The details of facilities to be provided at Goa will be determined on the basis of the recommendations contained in the U.N.D.P. Report on Beach Resorts Survey. An outlay of Rs. 2 crores has been provided in the draft Fifth Plan of the Department of Tourism for this purpose. The India Tourism Development Corporation proposes to construct 50 cottages and a hotel and set up a transport unit in the Fifth Plan for which purpose an outlay of Rs. 2.53 crores has been provided in its draft Fifth Plan.

4.38. The Committee have been informed that it is proposed to set up a Goa Tourism Development Authority for taking up tourism development in Goa. An officer on Special Duty has been appointed to undertake the initial work on the setting up of the Authority which is expected to be established during the Fifth Plan period. The Committee have also been informed that the Authority is proposed to be set up as a body independent of the

**India Tourism Development Corporation.** The Authority will be responsible for the development of tourism, particularly beach tourism, in Goa. A detailed note on the setting up of the Authority as well as Memorandum of Association and Articles of Association have been prepared. It has been stated that the authority will be set up as soon as clearance is given to the proposal by the Government.

4.39. It is noticed from the statement showing the allocations made for the Fourth Plan and actual expenditure incurred on tourism schemes that as against Rs. 20 lakhs allocated for the Department of Tourism for the development of beaches at Goa actual expenditure incurred during the period on this scheme was only Rs. 23,000. Asked why very little expenditure had been incurred on the Project during the Fourth Plan, the Department of Tourism have stated that no schemes were undertaken in Goa during the Fourth Plan as the Report of the U.N.D.P. on Beach Resort Survey was awaited. This Report was received in the Department in October, 1973.

4.40. The Committee note that little progress has been made towards the development of beaches in Goa during the Fourth Plan period. They note that as against an outlay of Rs. 20 lakhs for the Fourth Plan for the development of beaches at Goa, a sum of Rs. 23,000 only was spent on the scheme during the plan period. Lack of progress was due to the fact that the Report of the UNDP on Beach Resort survey was awaited and the same was received only in October, 1973. The Committee understand that the development of Goa as a beach resort is expected to be taken up during the Fifth Plan.

An outlay of Rs. 2 crores has been provided in the draft Fifth Plan of the Department of Tourism for the development of beaches in Goa. In addition, I.T.D.C. proposes to construct 50 cottages and a hotel and set up a transport unit in the Fifth Plan for which an outlay of Rs. 2.53 crores has been provided in the Fifth Plan. The Committee hope that the completion of this Project will be taken up in right earnest so that more and more tourists particularly foreign tourists could be attracted.

4.41. The Committee note that a Goa Tourism Development Authority for taking up tourism development in Goa is proposed to be set up shortly and action in this direction has already been initiated. Since, however, the Department of Tourism and the India Tourism

**Development Corporation are responsible for different aspects of the Project, the Committee would like Government to ensure that the setting up of a separate Authority does not lead to multiplicity of organisations for the Project resulting in avoidable administrative expenditure.**

#### **D—Development of selected Buddhist Centres**

4.42. In paragraph 4.43 of their 42nd Report, the Estimates Committee had observed that the Fourth Plan contained a provision of Rs. 20 lakhs for the development of the Bodhgaya-Rajgir-Nalanda complex. An expenditure sanction amounting to Rs. 13.00 lakhs for the acquisition of 22 acres of land around the Mahabodhi Temple at Bodhgaya was issued in 1970. The land was yet to be transferred by the State Government. For the cafeterias at Rajgir and Nalanda, the State Government and the Archaeological Survey of India had made available land free of cost to the Department. Plans and estimates for the cafeteria buildings were under preparation.

4.43. Welcoming the proposed development of Bodhgaya-Rajgir-Nalanda complex, the Committee had in paragraph 4.44 of the said Report expressed a hope that it would help the flow of tourist traffic from countries like Japan, Thailand, Burma and Ceylon who had sizeable Buddhist population.

4.44. In their reply forwarded in November, 1973, Government shared the hope expressed by the Committee that the development of the Bodhgaya-Rajgir-Nalanda Complex would enhance the flow of Buddhist pilgrim traffic from South East Asia and the Far East.

4.45. Regarding the progress made in the development of Bodhgaya the Department of Tourism has stated that an expenditure sanction of Rs. 13 lakhs for acquisition of 22.77 acres of land around the Mahabodhi Temple at Bodhgaya was issued in 1970. The land is yet to be acquired and transferred by the State Government. As a result the work relating to the area has been held up.

4.46. During evidence the representative of the Department of Tourism stated that the State Government had been reminded in the matter at the level of Director General of Tourism on 11-1-1971, 9-2-1971, 3-6-1971, 5-2-1972, 30-5-1972, 9-5-1973, 6-2-1974, 15-4-1974, 13-5-1974, 31-7-1974, 11-10-1974, 17-1-1975, 19-2-1975, 2-4-1975, 11-7-1975, 11-11-1975 and also on 4-12-1975. The representative stated that there had also been personal discussion from time to time. This matter had been discussed with the Chief Secretary and

with the representative of the Bihar Government in the capital. The problem was that the State Government had not been able to acquire 22.77 acres of land expeditiously as it entailed evacuation of a large number of people who had to be rehabilitated suitably elsewhere. However, the Department was doing its level best to expedite the matter at the level of the State Government.

4.47. As regards Rajgir-Nalanda, the Committee have been informed that the Town and Country Planning Organisation were commissioned in 1974-75 to prepare master plans for these two places with a view to ensure regulated growth of facilities for tourists there. The development envisaged at these places consists mainly of provision of accommodation, cafeteria and transport facilities and landscaping to improve the environment of monuments. The plans are expected to be completed in 1975-76.

4.48. The Committee note that there is a great potential for the growth of tourism in India from Buddhist countries like Japan, Thailand, Burma and Ceylon to Buddhist centres of Bihar and Uttar Pradesh. The Committee are, however, disappointed to find that the progress made in the development of Bodhgaya-Rajgir and Nalanda Complex the most important centre for Buddhist pilgrims is far from satisfactory. The position with regard to the development of Bodhgaya stands precisely where it was six years ago. Although an expenditure sanction amounting to Rs. 13 lakhs for the acquisition of 22 acres of land around Mahabodhi Temple at Bodhgaya was issued in 1970, the land has yet to be acquired and transferred by the State Government. At Rajgir-Nalanda also the plans initiated as late as in 1974-75 are still under preparation. The Committee strongly urge that Government should take up the question of acquisition of land at Bodhgaya at the highest level so as to make atleast a start in the development of this area which is so important from the point of view of cultural tourism. It should also ensure that the master plans for Rajgir-Nalanda are completed in time, and the necessary infrastructure provided with a view to accelerate the growth of facilities for tourists there. The Committee need hardly emphasise that the development of these Buddhist centres would not only promote tourist traffic and thus earn foreign exchange for the country, but would also go a long way in promoting cultural ties with the people of the countries of Asia and South East Asia.

#### E. Schemes Received from State Governments

4.49. The Tourism schemes received from the State Government for the consideration of the Central Department of Tourism since



the beginning of the Fourth Plan are given below:—

1. *Integrated development of Madumali, Bandipur, Nagarhole and Wynad Sanctuaries—Master Plan (Tamil Nadu).* The Scheme is stated to have been received on 30-9-74. Since the Master Plan envisages an expenditure of approximately Rs. 11 crores, the State Government have been requested to furnish specific schemes.
2. *Chilka Lake (Accommodation) Orissa.*—The Scheme was received on 14-1-1974. The State Government has been requested to first prepared a master plan of the area, and indicate the utilisation of the accommodation provided in the previous plan project.
3. *Boats-Periyar (Kerala).*—The scheme was received on 15-3-1974. State Government has been requested to send estimates.
4. *Proposals received from the U.P. Government.*—The scheme regarding Dear Park near Mathura is stated to have been received on 28-12-1973. State Government has first to complete the technical studies.

It has been further stated that based on the recommendations made by the Task Force set up by the Government of Uttar Pradesh, proposals for the development of Agra, Fatehpur Sikri and Krishna complex (Mathura) were received in May, 1974. The estimated cost of the total project was Rs. 90 crores. Most of the schemes included in these proposals concerned urban development such as improvement of river ghats, beggar homes etc. The State Government was, therefore, requested to recast the schemes. The State Government is now having a feasibility study undertaken of the schemes proposed for the Agra-Fatehpur Sikri-Mathura complex for determining their economic viability and for assigning priorities. The revised proposals based on the feasibility study are awaited from the State Government.

#### **Proposal received from Rajasthan Government**

In April, 1974 the Rajasthan Government sent proposals relating to the beautification of Bharatpur and Deeg at an estimated cost of Rs. 50.5 lakhs and Rs. 17.7 lakhs respectively. As these schemes also were in the nature of urban development, in places of known tourist attractions the State Government has been requested to recast them for obtaining a loan upto 50 per cent of the cost involv-

ed from the Ministry of Works and Housing under their SEED Capital Scheme. The State Government has also been requested to send detailed estimates for the beautification of the approaches to the Ghana Bird Sanctuary and the historic fort of Bharatpur, by rail and road, including the landscaping of the stretch of land between the city and wall of the ring road around the city to make the area presentable in time for the workshop of the well known Audoban Society of America which is being held in the Bird Sanctuary in February, 1976.

4.50. The Committee have been informed that in addition to the above schemes, the Department of Tourism keeps on receiving from time to time schemes from the State Governments. The Schemes so received since the commencement of the Fourth Plan are about 169. In some cases financial outlays have been indicated, in some these have not been included. The aggregate total of the financial outlays indicated by the State Governments amounts to Rs. 296.49 lakhs (Please see statement below). The outlay on tourism schemes in the Central Sector being Rs. 34.80 crores in the Fourth Plan, and Rs. 78 crores in the Fifth Plan, it has not been possible for the Department of Tourism to take up all the schemes proposed by the State Governments.

4.51. A selective approach, therefore, had to be adopted to fit in with the overall objectives of the Department to promote international tourism in accordance with the guidelines laid down for investment priorities in the tourism schemes in the Central Sector.

4.52. It will be observed that in respect of a number of schemes submitted by the State Governments, the Central Tourism Department has not been able to consider them as these proposals are stated to concern urban development such as improvement and construction of roads and bridges, improvemet of river ghats etc. The Committee wanted to know if any clear guidelines about the responsibility of the State and Central Government regarding the provision of facilities at important tourist places had been laid down. In reply, the representative of the Department of Tourism stated during evidence:—

“The Department of Tourism has been receiving proposals from State Governments covering a wide range of schemes which involve the various departments of Central and State Governments, and they are related to supply of water, electricity, etc., and also urban development such as construction and improvement of roads, etc., We have,

therefore, to tell them that these are not the schemes with which we are directly concerned, although in the totality of development we are certainly concerned because if the roads are not improved, naturally the tourists will be inconvenienced. But according to the distribution of work, this work belongs to the other departments, and therefore, we pass it on to the concerned department; we cannot undertake that."

STATEMENT SHOWING SCHEMES RECEIVED FROM THE STATES AND NOT ACCEPTED BY THE DEPARTMENT DURING FOURTH PLAN PERIOD

Sl. No.	Name of the State	No. of Schemes	Financial implication (Rs. in lakhs)
1	2	3	4
1	Andhra Pradesh . . . . .	10	11·61
2	Assam . . . . .	4	2·55
3	Bihar . . . . .	5	1·86
4	Gujarat . . . . .	12	20·71
5	Haryana . . . . .	8	—
6	Himachal Pradesh . . . . .	5	7·98
7	Jammu & Kashmir . . . . .	5	8·00
8	Kerala . . . . .	12	19·59
9	Madhya Pradesh . . . . .	21	32·84
10	Maharashtra . . . . .	8	7·37
11	Manipur . . . . .	1	—
12	Karnataka . . . . .	4	7·38
13	Nagaland . . . . .	1	—
14	Orissa . . . . .	7	33·28
15	Punjab . . . . .	8	13·55
16	Rajasthan . . . . .	17	18·59
17	Tamil Nadu . . . . .	16	7·96
18	Tripura . . . . .	2	0·32
19	Uttar Pradesh . . . . .	6	40·00
20	West Bengal . . . . .	17	63·00
Total: . . . . .		169	296·49

4.53. The Committee note that a large number of schemes relating to development of places of tourist interest are prepared by the State Governments and forwarded to the Central Government for consideration, but the same are not accepted by the Central Department of Tourism because of various reasons. Certain schemes relate to the supply of water, electricity etc., others pertain to urban development such as construction and improvement of roads. In still other cases, technical/economic feasibility studies have to be carried out. The Committee find that 169 schemes forwarded by the State Departments during the Fourth Plan were rejected by the Central Department of Tourism on these grounds. The Committee would suggest that detailed guidelines should be laid down in regard to the formulation of tourist promotion plans by the State Governments, indicating clearly the nature and type of plans that would fit in with the national tourist promotion schemes and also the procedure to be followed in this regard. This will ensure forward planning of schemes by the State Governments in accordance with national plans and will lead to an integrated development of tourism schemes in the various regions of the country, while obviating infructuous expenditure on preparation and submission of schemes by State Governments which do not conform to these guidelines.

#### F. Master Plans by States

4.54. Asked whether Master Plans for the development of tourism have been framed by all the States where the scope of tourism exists, the representative of the Department of Tourism during evidence replied in the negative. Asked if any initiative was taken by the Central Department of Tourism in persuading the State Governments which have not yet drawn up Master Plan to formulate such schemes, the representative stated:—

“Quite frankly, you have rightly asked what we were doing about it. If we were to insist on the State Governments doing that, they would ask for funds from us which we do not have.”

4.55. He explained that a list of about 30 places had been prepared which were likely to be taken up for future development and out of these some places were being taken up. The Department was mainly concerned with preservation of the environment and the natural setting of the archaeological complexes. In order to achieve the objective Master Plans for ten places were stated to have been

sanctioned by the Central Department. The representative stated that if a list had been prepared, then the State Government would go on waiting, thinking that some day all the other places would also be selected. It was for this reason that the Central Department of Tourism had fixed their own places for development. The Central Department of Tourism was, therefore, confining itself to those places for development which were important from the point of view of international tourism.

4.56. Asked if as specialists it was not the responsibility of the Central Government to see that proper emphasis laid in this particular field, the representative accepted the view and stated:—

“We will try and consider that angle also.”

4.57. Asked if it would not be possible for the Central Government to provide guidelines for the State Governments and tell them at the same time that financial constraints were there, the representative agreed and stated that it was possible to take this view.

4.58. **The Committee note that master plans for development of tourism have not been prepared by all the States. The Committee are unable to appreciate the position that no initiative should be forthcoming from the Centre in this regard under the apprehension that if they ask the State Governments to prepare the master plans, the latter in turn would ask for the funds. The Committee feel that the Central Department of Tourism which consists of technical specialists should be able to offer technical help and persuade the State Governments to prepare the master plans for development of places of tourist interest in their areas. The Committee feel that it will be in the interest of the States concerned and also the development of tourism in the country in general that the places of tourist potential are identified and a shelf of schemes/plants is kept ready for different places so that those schemes/plans could be taken up for implementation as and when the financial position permits the investments on these schemes.**

## CHAPTER V

### ACCOMMODATION

#### A. Hotel Accommodation

5.1. In paragraph No. 5.16 of their 42nd Report presented in April, 1973, the Committee had noted that there were at that time 175 hotels in the country which were on the approved list of the Department of Tourism and their total capacity was 10,715 rooms. According to the assessment made by the Hotel Review and Survey Committee, the shortages of good Hotel accommodation at 35 important tourist centres in the country, worked out to about 30,000 rooms by 1979. Survey of tourist traffic undertaken of each of the 35 important tourist centres revealed that at Bombay, Delhi, Srinagar, Calcutta, Madras, Ahmedabad, Cochin, Agra and Goa etc., the accommodation shortages was most acute. The Committee had noted that 83 new hotel projects at the various centres approved in the private sectors would add about 2400 rooms. The hotels being built by the India Tourism Development Corporation and Air-India at Kovalam, Dum Dum, Gulmarg, Aurangabad, Bangalore, Santa Cruz Airport and Juhu Beach would add another 890 rooms to the existing hotel room capacity in the country. Thus even after creating an additional bed capacity of 3,290 rooms by 1973-74 the country would still be very far from realising its target of 30,000 rooms to meet the requirements of one million tourists by 1980. The Committee had, therefore, pointed out that in order to achieve target of one million tourists by 1980 had been worked out, a perspective plan for the provision of hotel accommodation should have been simultaneously prepared. Since the requirements of hotel rooms were already known to Government by then, the Committee had recommended that no time should be lost in formulating a massive programme of hotel construction during the Fifth Plan period, so that sufficient room capacity was created in the country to meet the tourist needs. The Committee had also commended the construction of sufficient number of hotels in 3-star category and youth hostels, hotels, tourist lodges at a much speedier pace to meet the requirements of middle and low income group tourists.

5.2. The recommendation of the Committee was accepted by Government. The Committee were informed in November, 1973 that with a view to meet the accommodation requirements of 8-lakhs of tourists arrivals anticipated by the end of the Fifth Five Year Plan and of one million tourist arrivals by 1980, an investment programme for the construction of hotels in the public and private sectors had already been drawn up by the Department while preparing the draft fifth Five Year Plan. A tentative distribution of additional rooms under different categories and regionwise had also been prepared. The distribution was to be revised suitably when the results of the Market Surveys undertaken by the Department were available.

5.3. It was stated further that while the Department of Tourism had estimated the requirements of additional hotel rooms as 22,500 for the Fifth Plan period, the Planning Commission had suggested that about 15,000 additional rooms only might be provided for. It was estimated that Rs. 60 crores of loans would be needed from the Hotel Development Loan Scheme in the Fifth Plan period for the higher target or Rs. 45 crores for the reduced targets suggested by the Planning Commission. In order to efficiently handle the greater volume of disbursements during the Fifth Plan, it had been decided to transfer the operation of the scheme to the Industrial Finance Corporation. The Department of Tourism would advise the Corporation on the priorities for lending to the hotel industry. In addition, a high-powered committee was stated to have been set up on 1st February, 1974 to undertake a comprehensive review of the fiscal and other incentives to the hotel industry.

5.4. It was stated that during the Fifth Five Year Plan more emphasis would be placed on hotels in the 3-Star category and on the construction of supplementary accommodation such as youth hostels, Forest lodges, camping sites etc., to cater to the middle and low income groups of tourists.

5.5. There are at present (upto 9th December, 1975) 14,708 hotel rooms in 235 hotels which have been approved by the Department of Tourism as suitable for occupancy by foreign tourists. Their distri-

bution according to star-category and expected star-category is as follows:—

Star Category	No. of hotels	No. of rooms	
1. (a) 5-Star deluxe	3	1161	} 2217
(b) Expected to qualify in this category—yet to be classified.	3	1056	
2 (a) 5-Star	5	734	} 1974
(b) Expected to qualify in this category—yet to be classified.	11	1240	
3 (a) 4-Star	12	898	} 2420
(b) Expected to qualify in this category—yet to be classified.	16	1522	
4 (a) 3-Star	46	2569	} 3513
(b) Expected to qualify in this category—yet to be classified	17	944	
5 (a) 2-Star	55	2146	} 3364
(b) Expected to qualify in this category—yet to be classified.	31	1218	
6 (a) 1-Star	31	1057	} 1220
(b) Expected to qualify in this category—yet to be classified.	5	163	
Total :—	235	14,708	

5.6. The Committee have been subsequently informed that at the beginning of 1973, India had 10754 hotel rooms; at the beginning of 1975, India had 13268 hotel rooms; at the end of 1975, India has more than 15,000 hotel rooms. Thus in three years, India has added 50 per cent to its hotel capacity.

5.7. It has been stated that the projections for future requirements were of hotel rooms worked out in consultation with the Planning Commission at the time of formulation of the Fifth Five Year Plan, when the requirements were finalised for the entire plan period. According to the projections made for future hotel room requirements in the country, it is expected that by the end of the Fifth Five Year Plan, i.e., 1978-79, a total of 25,500 hotel rooms will be needed to cater to the requirements of 8 lakhs foreign tourists expected by then; and about 32,000 rooms by 1980 when the number of foreign tourists visiting India is expected to touch a million mark.

5.8. As regards the financial implications it has been stated that on the assumption that on an average funds to the extent of Rs. 1.20 lakhs will be required per room, the total requirements of funds



would be Rs. 126 crores for about 10,500 additional rooms directed by the end of the Fifth Five Year Plan, i.e., 1978-79 and another Rs. 78 crores by the end of 1980 for further requirement of 6,500 rooms.

5.9. The Fifth Five Year Plan of the India Tourism Development Corporation includes a provision of Rs. 3,035 lakhs on account of accommodation projects including continuing schemes and expansion/renovation of some of its existing hotels/travelers lodges. The tentative phasing of Annual Plan outlays is as follows:—

	(Rs. in lakhs)
1974-75 . . . . .	500
1975-76 . . . . .	750
1976-77 . . . . .	850
1977-78 . . . . .	515
1978-79 . . . . .	420

It is expected that 2,469 rooms will be added during the Fifth Plan period with this allocation.

5.10. With a view to providing loans to hotel projects in the private sector, a provision of Rs 17 crores is stated to have been made in the Fifth Five Year Plan of the Department of Tourism. The actual loan is granted to the private-sector through the Industrial Finance Corporation of India. The loan is granted on the basis of equity, debt ratio of 1:1.5 and on this basis, the subscription from the private sector will be about Rs. 11 crores making the total funds available for hotel construction in the private sector as about Rs. 28 crores which should provide about 2,400 rooms.

5.11. The first two years of the Fifth Plan *viz.*, 1974-75 and 1975-76 included a provision of Rs. 354 lakhs and 348.50 lakhs respectively for the accommodation projects by the India Tourism Development Corporation.

5.12. The Fifth Plan of the Department of Tourism included a provision of Rs. 2 crores for the grant of loans to private sector hotel projects each in 1974-75 and 1975-76.

5.13. In reply to a question regarding the prospects for constructing additional rooms till the end of the Plan period at the

current prices it has been stated by the Department of Tourism in a written note that the actual implementation of various accommodation projects both in the public sector and in the private sector would depend on a number of factors such as the actual availability of funds, the trend of tourist traffic in the coming years, availability of construction materials, and in regard to the private hotel industry, the additional factor of public subscription to their share capital which depends on the general economy of the country etc. In view of this, it will not seem possible to hazard a guess at this stage.

#### *Hotel Accommodation for Indian Tourists*

5.14. Asked whether India Tourism Development Corporation should run hotels for middle and lower middle class sections of the Indian Society, the Secretary, Ministry of Tourism and Civil Aviation stated during evidence as follows:

“The point made by you in the social context is extremely valid. We know from our experience what gap is there in this field and in the absence of these facilities, what amount of inconvenience and difficulties are caused and what expenditure has to be incurred by the middle and lower middle class people. The hotels that have been put up are only capable of being used by the affluent section of the society.”

He added:

“.....the objective of the Tourism Department is to promote international tourism and it is in that context that we have to see, whether the investment is made in the right way. Unfortunately for international tourism, you require high category or high star hotels. Even there, there is a new type of foreign tourists.....”

5.15. The representative stated that since the objective of the Department was to promote international tourism, it had to be ensured that investment was made in the right direction.

5.16. At present, the India Tourism Development Corporation is operating 24 hotels/motels/travellers lodges with 972 rooms which can cater to the requirements of middle and lower middle class tourists. The facilities available in these establishments are comparable to the standards prescribed for the 3-Star Category

and below. The names of these establishments their locations and the rooms tariff charged by them are as follows:

Name of the Unit	Actual/ expected star category	No. of rooms	Tariff			
			Air conditio- ned		non-air-condi- tioned	
			Single Rs.	Double Rs.	Single Rs.	Double Rs.
1	2	3	4	5	6	7
1 Janpath Hotel, New Delhi	3	214	95	180	—	—
2 Lodhi Hotel, New Delhi .	2	200	75	120	55	90
3 Hotel Ranjit, New Delhi .	2	200	75	120	55	90
4 Aurangabad Hotel, Aurangabad	2	23	60	100	45	80
5 Khajuraho Hotel, Khajuraho	2	48	80	130	60	100
6 Laxmi Vilas Palace Hotel, Udaipur. . . . .	3	34	75	120	55	85
7 Varanasi Hotel, Varanasi. .	3	50	80	130	50	110
8 Hassan Motel, Hassan	2	28	50	75	35	55
9 Jammu Motel, Jammu .	2	50	50	75	35	55
10 Temple Bay, Mahabalipuram	2	28	70	110	50	80
11 Travellers' Lodge at Bharatpur. . . . .	1	4	—	—	20	35
12 Travellers' Lodge at Bhubaneshwar . . . . .	1	12	—	—	30	45
13 Travellers' Lodge, at Bijapur	1	4	—	—	20	40
14 Travellers' Lodge at Bodhgaya	1	12	—	—	25	40
15 Travellers' Lodge at Ko- nark. . . . .	1	4	—	—	20	35
16 Travellers' Lodge at Kancheepuram . . . . .	1	3	—	—	25	40
17 Travellers' Lodge at Kulu	1	6	—	—	30	45
18 Travellers' Lodge at Kushinagar	1	8	—	—	25	40
19 Travellers' Lodge at Ma lura	1	10	—	—	35	50

Name of the Unit	Actual/ expected star ca- tegor y	No. of rooms	Tariff			
			Air- conditioned		Non-airconditioned	
			Single	Double	Single	Double
1	2	3	4	5	6	7
			Rs.	Rs.	Rs.	Rs.
20 Travellers' Lodge at Manali	1	10	—	—	30	45
21 Travellers' Lodge at Mandu	1	8	—	—	20	35
22 Travellers' Lodge at Sanchi	1	8	—	—	20	35
23 Travellers' Lodge at Thanjavur.	1	4	—	—	25	40
24 Travellers' Lodge at Tiru- chirapalli .	1	4	—	—	25	40

5.17. In addition there are 7 hotels with 202 rooms, on the approved list of the Department of Tourism, which belong to Railways and the State Governments and offer facilities for the said star categories. The requisite information in respect of these hotels is also given below:

Name of the Hotel	Actual/ expected star category	No. of rooms	Tariff			
			Air-conditioned		Non-air conditioned	
			Single Rs.	Double Rs.	Single Rs.	Double Rs.
1	2	3	4	5	6	7
1. Rajasthan State Hotel, Jaipur	2	28	105	145	75-9	130
			(Room with full board)			
2. Rajasthan State Hotel, Siliserh	2	9	80	120	60	100
			(Room with full board)			
3. Rajasthan State Hotel, Udaipur	2	20	70-85	115-135	55-70	100-120
			(Room with full board)			

	1	2	3	4	5	6	7
4. Pinewood Hotel, Shillong	1	59	..	..	35-55	70-125	
					(Room only)		
5. Mascot Hotel, Trivandrum	2	32	50-60	77	38	66	
					(Room only)		
6. South Eastern Railway Hotel, Puri.	2	32	96	132	54-66	90-120	
					(Room with full board)		
7. South Eastern Railway Hotel, Ranchi.	2	22	60	82	36	66	
					(Room with breakfast)		
			90	120	54	90	
					(Room with full board)		

5.18. The Committee note that as against 175 hotels on the approved list with a capacity of 10,754 rooms in April, 1973, there are at present 235 hotels on the approved list with a total capacity of 15,000 hotel rooms. Thus during the last three years, the industry has added 50 per cent to its total capacity.

The Committee, however, are concerned to observe that the existing position regarding availability of hotel rooms is far from satisfactory considering the future projections for a total of 25,500 hotel rooms needed to cater to the requirements of 8 lakh foreign tourists expected by the end of the Fifth Plan and about 32,000 rooms required for accommodation a million of foreign tourists visiting India by 1980. As against the financial requirements amounting to Rs. 126 crores for constructing about 10,500 additional rooms by the end of the Fifth Plan, the total provision of funds made during the Plan period both in Public and Private Sector is stated to be sufficient to meet the cost of 4,869 additional rooms only during the Fifth Plan. This will be far short of the projected additional requirements of 22,500 rooms at the end of the Fifth Plan according to the assessment of the Department of Tourism and even much less than the requirement of 15,000 rooms suggested by the Planning Commission.

Since the hotels constitute the most important and, in fact, a basic element of tourism infra-structure, the Committee feel that the various measures taken and efforts made for tourist promotion will not produce the desired results if the hotel accommodation in the country lags behind. The Committee would, therefore, urge that Government should keep a close watch on the trends of tourist traffic in the coming years and ensure that adequate accommodation is made available to meet the minimum requirements of the

tourist arrivals. Considering the speed with which the hotel room capacity has been developed during the last three years, the Committee are confident that it will not be difficult for the Department of Tourism/ITDC to make up the leeway if adequate funds are made available for the purpose.

5.19. The Committee consider that the hotel accommodation provided by the Department of Tourism/ITDC is generally costly and apart from the foreigners is mainly used by the more affluent sections of Indian society only. Even the accommodation provided in motels and two and three star category hotels is far beyond the reach of the middle and lower middle class families. That may be due to the fact that the objective set forth by the Tourism Department for itself is to promote international tourism which requires high star category hotels. While the Committee agree that promotion of international tourism is to be assiduously pursued they would like to point out that importance of domestic tourism should not be lost sight of, as according to Government's own admission 'domestic tourism can give our people a sense of unity and identification a broadening of their emotional and cultural horizon, a sense of belonging and pride and, above all, a sense of the wonder that is this vast country.'

The Committee, therefore, recommend that effective measures should be taken by the Department of Tourism in consultation and coordination with the State Governments to provide cheap livable and clean accommodation to cater to the requirements and paying capacity of middle class and lower middle class domestic tourists.

### B. Supplementary Accommodation

5.20. The Committee wanted to know the programme chalked out in implementation of the recommendation contained in paragraph 5.16 of the 42nd Report in regard to the construction of supplementary accommodation such as youth hostels, forest lodges, camping sites etc to cater to middle and low income groups of tourists.

5.21. The Committee have been informed that according to the projections made when the draft Fifth Five Year Plan was prepared rough estimates of the supplementary accommodation provided in Youth Hostels and Camping Sites was 20 Youth Hostels X44 beds=880 beds; Camping Sites 35X10 tents equal 350 tent spaces.

5.22. At the time of preparation of Revised Draft Fifth Five Year Plan in July, 1973 it had been proposed to construct 18

Camping Sites, 16 Youth Hostels, 6 Tourist Bungalows, 5 Forest Lodges and expansion of 5 other Forest lodges. It has been stated that in view of the ban on new projects during the first two years of the Fifth Five Year Plan, 1974-75 and 1975-76, the escalation of costs, and changed and revised circumstances, these plans would have to be reviewed. The Department would now consolidate streamline and strengthen the schemes started and commissioned during the Fourth Five Year Plan or later and include other programmes for providing facilities at places which are visited by foreign tourists and where either accommodation is not available or sufficient facilities are not in existence.

### *Youth Hostels*

5.23. The Committee have been informed that during the Fourth Plan period, 17 Youth Hostels, were targetted to be constructed out of which construction was started on 15 buildings one each at Amritsar, Aurangabad, Bhopal, Dalhousie, Darjeeling, Gandhinagar, Hyderabad, Jaipur, Madras, Nainital, Panaji, Panchkula, Patnitop, Puri and Trivandrum with 44/42 bed capacity each. In the case of Trivandrum there was a dispute. The dispute has now been resolved and the work is in progress. Of the remaining 14, 9 are actually functioning and the other 5 are expected to be operational by March, 1976.

5.24. The estimated date of commissioning the hostels and the reasons for delay are given below:

#### *(1) Hyderabad*

The Hostel at Hyderabad is expected to start function in March, 1976. The State Government decided that the Youth Hostel would be run under the supervision of the Directorate of Youth Services. The Management Pattern was finally accepted in March, 1975. It is understood the State Government have had problems finding a suitable candidate to take over as Warden, this is expected to be finalised by December, 1975 and the Youth Hostel will be operational before 31st March, 1976.

#### *(2) Gandhi Nagar*

This hostel will also start by March, 1976 The State Government delayed the acceptance of all the points in the standard Management Pattern. Most of the points have now been agreed to. The Hostel is being furnished and it is understood that steps are being taken to appoint the Warden/ Assistant Warden.

(3) *Patnitop*

Although the Management Pattern was accepted in May, 1975, some minor points still needed clarification. The building was taken over by the State Department of Tourism in November, 1975. The Warden is in position, the furnishing and purchase of equipment is being undertaken. The Hostel will be commissioned in March, 1976.

(4) *Aurangabad*

The State Government finally accepted the Management Pattern in October, 1975 and are taking steps to appoint the Warden/Assistant Warden. The hostel is expected to start in March, 1976.

(5) *Nainital*

The building of the Youth Hostel has only just been completed, the State Government are taking steps to furnish it and appoint the Warden, This is also expected to start functioning by March, 1976.

5.25. *Camping Sites*

The Committee have been informed that against the targeted construction of 19 camping sites during the Fourth Plan period, only one camping site has been constructed so far as the selection of sites could not be finalised by the State

Government before the ban on new projects was imposed. The one camping site constructed so far is at Surajkund.

**5.26. The Committee note that out of 17 Youth Hostels intended to serve as a supplementary accommodation to cater to middle and low income groups of tourists, which were targetted to be constructed during the Fourth Five Year Plan, 9 youth hostels are already functioning and 5 more were expected to be commissioned by March, 1976. The work on the fifteenth youth hostel is also stated to be in progress. The Committee hope that the work of constructing youth hostels will be given an impetus during the**



remaining period of Fifth Plan for providing accommodation not only to the foreign tourists belonging to middle income and lower income groups but also to cater to the needs of domestic tourists.

5.27. The Committee note that the work relating to camping sites has been held up as the State Governments could not finalise the sites before the ban on construction of new projects was imposed. Out of 19 camping sites proposed to be constructed during the Fourth Plan period, only one camping site has been constructed at Surajkund so far. As the camping sites provide a very convenient halt to the tourists travelling by road on their way to and from the important tourist centres in the country the Committee urge that urgent attention should be paid to the construction of these sites in coordination with the State Governments with a view to make their stay in India comfortable and enjoyable.

### C. Incentives for Hotel Industry

5.28. In paragraphs 5.30-31 of the 42nd Report, the Committee had observed that a number of associations of Hoteliers had represented that the recent growth in Hotel Industry had been greatly helped by the development rebate and other concessions which Government had made available to them in recent years. They had voiced the apprehension that a time when there was need for greater effort to put up 30,000 additional rooms to meet the projected requirements of 1-million tourists to visit this country by 1980, a number of these concessions, particularly the development rebate, were being withdrawn. Acknowledging that Government were concerned with the provision of adequate facilities and other assistance to the hotel industry so that it should develop and expand to meet the projected requirements, the Committee had recommended that Government should constitute a representative high powered Working Group/body to examine in depth the existing concessions and facilities which were available to the hotel industry and the need of their being continued and extended in the light of experience gathered in the country and practice obtaining in other countries particularly those which had made marked progress in attracting tourists.

5.29. While accepting recommendation of the Committee Government stated in their reply that a task force had been constituted *w.e.f.*, 1st February, 1974 to review and recommend fiscal and other

incentives to the hotel industry. The terms of reference of the Committee were as follows:

(i) TO REVIEW

- (a) the development of different categories of hotel accommodation for tourists in the period of 1969-74;
- (b) the contribution of fiscal and other incentives (including allotment of sites and allocation of foreign exchange) to the development of the hotel industry in this period;
- (c) Factors inhibiting the development of hotels.

(ii) TO CONSIDER

- (a) the likely demand for different categories of hotel accommodation for tourists in the period 1974-79;
- (b) the requirement of finance and likely sources of investment in the expansion of hotel capacity in this period.

(iii) TO RECOMMEND

the most economic and appropriate system of fiscal and other incentives necessary to achieve the desired pattern of development of hotel industry in both the private and public sectors.

5.30. In paragraph 4.66 of the said Report also the Committee had noted that certain incentives were available to industries set up in backward regions. The Committee had recommended that on the same analogy Government should examine whether the hotel industry too, should be made eligible for this subsidy for setting up hotels in backward areas which were important places of tourist interest.

5.31. In their action taken reply, Government informed the Committee that the question of treating the hotel industry on par with other industrial undertakings for the purpose of 10 per cent Central Outright Grant or Subsidy Scheme, 1971 for industrial units to be set up in selective backward districts/areas, was taken up with the Ministry of Industrial Development. That Ministry in turn consulted the Ministry of Finance and Planning Commission. While the Ministry of Industrial Development and Planning Commission were in agreement with the proposal to include the hotel industry under the above scheme, the Ministry of Finance were of the view that the above scheme should not be applicable to the hotel industry. The Committee were informed that it was

now proposed to refer this question to the Committee set up in implementation of the recommendation of the Committee, referred to earlier, with a view to examine in depth the existing concessions and facilities which were available to the hotel industry and the need for their being continued and suitably extended.

5.32. According to the latest information available with the Committee, the said High Powered Committee has not submitted its report so far.

5.33. The Committee note that in implementation of the recommendation made by the Committee in the 42nd Report (1972-73), Government constituted a high powered committee with effect from 1st February, 1974 to examine in depth the existing concessions and facilities available to the Hotel Industry and to recommend the need for their being continued and suitably extended. The Committee, however, note that the highpowered Committee has not submitted its report so far even after a lapse of over two years. The Committee expect that Government should lay down time-limits for the submission of reports by the Committees appointed by them. They urge that the high powered committee should finalise its report without further delay so that Government are able to arrive at an early decision regarding the concession/facilities to be given to the hotel industry so as to achieve a regulated and assured growth of hotel industry for promotion of tourist traffic in the country.

## CHAPTER VI

### TRANSPORT

#### A. Tourist Vehicles

6.1. In paragraphs 7.51 to 7.55 of their Report presented to Lok Sabha in April, 1973, the Estimates Committee had noted that the total number of vehicles suitable for tourists available in the country at that time was 4701, out of which 3446 were indigenous cars, 615 imported cars, 682 coaches and 58 miscellaneous cars. According to the estimates worked out by the Department of Tourism a total number of 10,500 additional vehicles (1800 imported cars, 6,000 indigenous cars, 2700 coaches etc.) would be required for Tourist Traffic during the Fifth Five Year Plan period to meet the needs of Tourist Traffic.

6.2. The Committee had noted that according to the projections of tourist arrivals in India, tourist traffic would increase from about 4 lakhs in 1973 to 8 lakhs in 1978 and 10 lakhs by 1980. The Committee had expressed their doubts as to how far the existing fleet of large size cars would be replaced and augmented to cater to the target figures of tourist arrivals. In this connection the Committee had noted that in pursuance of the directive issued by the Prime Minister in 1964 followed by a Government order in 1968, the tourist trade had been accorded top-most priority in the matter of allotment of ex-S.T.C. vehicles at reserve prices. In actual practice, however, the number of vehicles available was reported to be inadequate to meet even the needs for replacing existing vehicles, let alone augmenting the fleet. The Committee had further noted that during the last 17 years, tourist traffic had increased by fifteen times, but the number of tourist vehicles in the country had hardly increased by seven or eight times.

6.3. Concluding, the Committee had stated that according to the indications then available, the gap in availability of cars would be of the order of about 1500 cars by the end of the Fifth Five Year Plan period. The Committee had expressed the view that it was of vital importance for the development of tourism in India that airconditioned coaches and airconditioned cars were made available

to the tourist industry at reasonable prices. The Committee had also expressed a hope that the charges levied from the tourists would have been effectively regulated so that the objective underlying the same of imported vehicles at fixed prices could be served.

6.4. The recommendation of the Committee was accepted by the Government. In their reply, the Department of Tourism informed the Committee that it was fully conscious that if measures were not taken by Government and other agencies to make more vehicles available to the Department for induction into the travel trade, there would be a shortfall in the number of vehicles required to meet the needs of tourists during the Fifth Five Year Plan period. The Department had added that if, for any reasons, it was not possible for the State Trading Corporation to make available the required number of vehicles throughout the Fifth Plan period, alternative measures would be considered.

6.5. The Committee wanted to know if adequate number of cars would be available for the tourists during the Fifth Plan and what measures were being taken to ensure that the estimated gap of about 1500 cars by the end of the Fifth Plan period would be made up fully. The Committee have been informed that the following facilities are being offered by the Department of Tourism in regard to the availability of cars for being hired to tourists:—

- (i) Second-hand imported cars of suitable makes, made available by the State Trading Corporation, are allotted by the Department to approved tourist transport operators.
- (ii) Assistance is offered to the operators in importing spare parts for these vehicles to prolong their road worthiness.
- (iii) The Department of Tourism has obtained a special quota of 120 Ambassador motor cars per annum for allocation to approved tourist transport operators to meet the requirements of middle income travellers.
- (iv) The Department has also acquired a quota of 40 Tata Mercedes Coach Chassis per annum for allocation to approved tourist transport operators in order to meet the requirements of tourists who are unable to afford travel by cars or who prefer to travel in groups by coaches.

- (v) The Department also operates a scheme for financial assistance to approved tourist operators for acquiring tourist vehicles on hire-purchase basis.

6.6. It has, however been stated that in the last two years the market has been affected by certain unforeseen factors such as the energy crisis leading to higher cost of petrol, steep increase in cost of motor cars, higher cost of maintenance and wages of labour, increasing financial burden due to the credit squeeze and relatively low tariffs for car hire. Due largely to these factors which have come into play in the last two years, operators have been finding it difficult to lift vehicles offered to them by the Department of Tourism. Due to increasing cost of transportation, it is also likely the travel pattern of tourists may undergo alteration to some extent, though it would take some time to bring acceptability of indigenously produced cars which lack the comfort and standards to which tourists are accustomed.

6.7. It has been stated that it is likely in these circumstances, that the anticipated gap in the demand for cars would be met either by diverting the excess traffic to air/rail services or by increasing use of coaches whose operation would be more economical.

6.8. It has been further stated that the Department of Tourism is taking vigorous measures to persuade all the State Governments to accept the scheme for all-India permits for tourist vehicles on single point taxation basis.

6.9. In the study conducted in the Department of Tourism on the Effects of Fuel Crisis in Tourism in India (1973-74) the following suggestions have been made to meet the problems being faced in regard to the availability of tourist vehicles:—

- (i) Government should consider the possibility of permitting the import of one-year old diesel cars and coaches from abroad as they are currently available at the lowest prices due to the high cost of running large cars. It is recommended that second hand Mercedes Benz run on diesel oil and sight-seeing coaches should be imported at this stage. Much of our problem in tourist transport is due to a large variety of car models which the tour operators have at their disposal and for which spare parts are not available. On an average, 25 per cent of the imported tourist cars remain idle due to on-availability of spare parts. This problem can be solved by importing one brand and keeping continuous supply of the spare parts from one source.

- (ii) The State Trading Corporation should resume allocation of diesel-operated Mercedes Benz cars of the required specification for the tourist car trade in order to conserve consumption of petrol and to render economical services for tourists. These vehicles were withdrawn from the tourist trade contrary to the original order of the Government. With the current austerity measures, it is hoped that such vehicles may not be required for Government use and may be made available to a productive sector where foreign exchange can also be earned.

The import of spare parts and accessories for Ex-S.T.C. vehicles allocated to tourist car operators should also be undertaken by the STC to ensure prompt availability of parts and to limit indents to essential requirements only.

- (iii) The condition regarding compulsory re-sale of second-hand imported cars to the STC by transport operators may be waived for vehicles which have put in three years operation and completed 1 lakh miles as tourist taxis. These relaxations would afford some measures of relief to operators who have already been hit severely by the high excise duties on petrol.

6.10. The Committee note that during the last two years the tourist vehicle market has been affected by various factors such as the energy crisis leading to higher cost of petrol, steep rise in the cost of motor cars, higher cost of maintenance and wages of labour, increasing financial burden due to credit squeeze etc. Due to these factors, the operators have been finding it difficult to lift the vehicles offered to them by the Department of Tourism. The Committee would like Government to look into these matters with a view to find ways and means to ensure that adequate number and requisite types of cars/coaches are made available so that the tourist trade is not adversely affected by the shortage of vehicles in the coming years.

6.11. The Committee note that in the study conducted by the Department of Tourism on the Effects of Fuel crisis on Tourism in India (1973-74), a number of suggestions have been made to meet the problems being faced in regard to the availability of tourist vehicles. Some of the suggestions relate to (i) import of one year old diesel cars and coaches from abroad as they are currently available at the lowest prices; (ii) allocation of diesel operated Mercedes Benz cars and the spare parts by the STC to the tourist car trade; and

(iii) waiving of the condition/regarding compulsory resale of second hand imported cars to the S.T.C. by transport operators. The Committee would like Government to examine these suggestions and take decisions expeditiously with a view to sustain and encourage tourist vehicles trade.

6.12. The Committee further urge that as a supplemental measure, Government should also examine, in the wake of energy crisis and steep increase in the cost of cars and petrol, how far the anticipated gap in the demand for cars can be met either by diverting the excess traffic to air or rail services or by increasing the use of coaches whose operation would be more economical.

### B. Single Permit System

6.13. The Committee had noted in paragraph 7.60 of their 42nd Report (1972-73) that tourist vehicles could move freely through different countries in Europe on a single permit. In the case of India, however, individual permits were required to be obtained from different State Governments for a tourist vehicle to move from one State to another. The Committee had further noted that although the Government had made consistent endeavours to solicit the co-operation of the different States for the introduction of single permit system for inter-State movement of tourist vehicles across State boundaries, it had defied solution so far. The Committee had, therefore, recommend that in order to overcome these difficulties, Government might examine the question at the highest level with a view to solve the problem.

6.14. In their reply furnished to the Committee in November, 1973 Government stated that although such a scheme was under consideration for several years and had been approved in principle at successive annual meetings of the Transport Development Council, it could not be implemented due to lack of agreement on the part of some of the State Governments. This lack of agreement was reiterated in the meeting of the Council held in November, 1973. It was stated that the Department of Tourism proposed to draw up a list of important routes for inter-State operation of tourist road transport and to seek clearance from individual States concerned for issue of a single permit system for these routes.

6.15. Indicating the latest position in the matter of issuing a single permit for important routes for inter-State operations of tourist road transport, it has been stated in a note furnished by the Department



of Tourism that the scheme of the Ministry of Shipping and Transport for the issue of the permits for all-India operation of tourist vehicles on a single point taxation basis is being pursued by the Department. In order to implement the scheme, substantive provisions were made by the Ministry of Shipping and Transport in the Motor Vehicles Act by adding sub-sections (7) to (10) to section 63. The Government of India in the Ministry of Shipping and Transport were required to issue notifications under these sub-sections on certain matters. This has been done. Some tourist operators have, however, represented that certain provisions of the notification issued under section 63 (10) (i) prescribing specifications of vehicles regarding seating capacity, standard of comforts, etc. require modification. The matter is at present under the consideration of the Ministry of Shipping and Transport.

6.16. It has been stated that the implementation of the scheme is possible if all the State Governments and Union territories issue necessary notifications regarding exemption from Vehicle Tax and Passenger Tax (where levied). The Department of Tourism, has, therefore been persistently pursuing this matter for the last 10 months with the State Governments and the Union Territories to issue such notifications.

*State Governments which have accepted the scheme in full*

6.17. The Governments of Andhra Pradesh, Gujarat, Himachal Pradesh, Kerala, Maharashtra, Madhya Pradesh, Orissa, Punjab, West Bengal and Tamil Nadu have accepted the scheme and issued the notifications regarding exemption from Vehicle Tax and Passenger Tax (where leviable).

6.18. The Government of Karnataka have accepted the scheme and issued a notification regarding exemption from Vehicle Tax on 19th September, 1972. As regards the Passenger Tax, there is some legal difficulty in issuing a notification. The State Governments are pursuing the question of the amendment of the existing Act vigorously.

*State Governments which have not yet accepted the scheme in full*

6.19. The Assam Government have intimated that their rules already provide for exemption from Vehicle Tax. Subsequent clarifi-

information obtained from them indicates that this exemption would cover vehicles plying under section 63(7) of the M.V. Act. The matter regarding exemption from Passenger Tax is under the consideration of the State Government.

6.20. The Governments of Bihar, Rajasthan, Uttar Pradesh and Nagaland seem to have agreed in principle for exemption from Vehicle Tax as they have sent copies of some notifications/rules intimating that they had already provided for exemption from Vehicle Tax. These notifications/rules have been examined but they do not fully meet the requirements of the scheme. The State Governments have, therefore, been requested to clarify/revise their rules/notifications. As regards passenger Tax, the matter is under their consideration.

6.21. The States of Haryana and Meghalaya have not so far communicated their decision in respect of exemption from Vehicle Tax or Passenger Tax. The matter is under their consideration.

6.22. The State of Manipur have not furnished the required information. They have been reminded Tripura Government have sent an interim reply that the matter is under consideration.

6.23. The State of Jammu and Kashmir have rejected the proposal. The matter has not yet been taken up with the Government of Sikkim.

*Union Territories which have accepted the scheme in full*

6.24. Delhi Administration has intimated that their Motor Vehicle Taxation Act already provides for exemption from payment of Vehicle Tax. Subsequent clarification obtained from them indicates that exemption granted under the above Act meets the requirements of the scheme and a notification is not necessary. No Passenger Tax is levied in Delhi.

6.25. Pondicherry and Mizoram Governments have accepted the scheme and issued the notification exempting from vehicle Tax. Passenger Tax is not levied there.

6.26. Goa, Daman and Diu Administration has accepted the scheme but notifications could not be issued due to some legal difficulties.

The Government is taking action to amend the existing law so as to exempt tourist vehicles from payment of Vehicle Tax and also from Passenger Tax.

*Union Territories which have not yet accepted the scheme in full*

6.27. Chandigarh Administration has intimated that they agreed in principle to the exemption of tourist vehicles from payment of Vehicle Tax and Passenger Tax. Regarding the issue of notifications, they have stated that they are awaiting the issue of similar notifications by the neighbouring States *viz.*, Punjab, Haryana and Himachal Pradesh. It may be stated in this connection that Himachal Pradesh and Punjab have already issued the notifications both for Vehicle Tax and Passenger Tax. Haryana Government has yet to issue the notifications. The Chandigarh Administration has, therefore, been requested to expedite the issue of notifications.

6.28. Governments of Andaman and Nicobar Islands, Arunachal Pradesh, Lakshadweep, Dadra and Nagar Haveli have not yet furnished the required information. The matter is being pursued with them.

6.29. The Committee note that in pursuance of their recommendation regarding implementation of the scheme for inter-State movement of passenger tourist vehicles on single permit taxation basis which was formulated in 1962-63, the Department of Tourism has been pursuing the matter with the State Governments and Union Territories to issue the necessary notifications regarding exemption from vehicle tax and passenger tax. The Committee find that a number of States have already accepted the scheme and issued the relevant notifications. In the case of a few other States, the matter is stated to be under consideration/correspondence. The State of Jammu and Kashmir have rejected the proposal, while the matter has not yet been taken up with the Government of Sikkim. The Committee urge that the Department of Tourism should pursue the matter more vigorously with those State Governments which have accepted the scheme in principle so that necessary clarifications and notifications are issued by them without further delay.

6.30. The Committee would further like Government to take up the matter with the Government of Sikkim and also persuade the

**State of Jammu and Kashmir to accept the scheme which would result in further boosting of the tourist traffic to that State.**

NEW DELHI;

April 23, 1976.

Vaisakha 3, 1898 (S).

R. K. SINHA,

*Chairman,*

*Estimates Committee.*

## APPENDIX I

(Vide para 2.23)

### *Note on Tourism Policy in India*

The Estimates Committee have asked the Ministry of Tourism and Civil Aviation to furnish a note indicating the "Tourism Policy in India."

2. At the outset it must be pointed that the 'Policy on Tourism in India' has not been formalised as such in the shape of a resolution, having regard to several factors, not the least of which are the dynamics inherent in the tourism industry. Nevertheless, the Ministry of Tourism and Civil Aviation has kept before itself certain broad policy guidelines and has also been conducting several Studies from time to time directed to the objective of encouraging tourism to India.

#### *Studies*

3. One example of a recent Study carried out by the Department of Tourism under the direction of the Minister of Tourism and Civil Aviation is the 'effect of Fuel Crises on Tourism in India'. Although the immediate objective of the Study was to assess fully the impact of energy crises and to recommend the strategy that should be adopted to meet the challenge, in order that our plan targets are met if not exceeded, it will be appreciated that the Study deals with tourism in India as a whole. Thus the Study deals not only with our tourism targets but also our planning policies and tourism markets, hotels in India, supplementary accommodation, air India, frontier formalities and facilitation, tourist transport operators, inter-state movement, trekking and mountaineering, cultural tourism, beach resorts, mountain resorts, wild life tourism, publicity and promotion, training international relations in tourism, organisation, integrated planning or urban development, shopping, cheaper hotel rates in India, low cost hotels for domestic tourism, scheme for travel trade and tourism awards, a railway cell in the Department of Tourism, tourism cell in the Indian Airlines and tourist islands in the Indian Ocean.

The Study also furnishes conclusions and recommendations.

Even the Study itself clearly points out that it must be regarded only as tentative and preliminary. Having regard to the changing

situation, it will be necessary to amend it and up-date it from time to time.

### *Broad Guidelines*

4. In order Chiefly, to be more able to deal with situation as they develop in a highly competitive market, there are of necessity, certain broad policy guidelines which the Ministry of Tourism and Civil Aviation has kept before itself. Before, however, dealing with those guidelines, it is necessary to give an idea of our targets. The Ministry of Tourism and Civil Aviation has established an annual target of 8 lakh foreign visitors at the end of the Fifth Five Year Plan. These targets envisage a rise of about 15 per cent per annum from 1976 onwards in tourist flow to India, *against the normal world average* of 7 to 8 per cent. In point of fact there has been a decline in world tourism in 1974 and 1975 due to Energy Crises, inflation coupled with recessionary trends. India on the other hand maintained a growth of nearly 3 per cent in 1974 and 10 per cent in 1975.

The following would serve as an analysis as well as broad guidelines for tourism promotion.

### *Considerations behind the Policy for encouraging tourism*

4.1. In purely economic terms international tourism is to be considered as an export industry, since income arising in India from such tourism has economic effects similar to earnings from commodity exports or other invisible exports like shipping and air services. The estimated earnings of about 100 crores of foreign exchange in 1975 would make tourism 11th most important export industry in India. The foreign exchange earnings are exclusive of what the tourists pay by way of international fares to Air India and Indian Airlines. Adopting the projection of 8 lakh foreign tourist arrivals after the end of Fifth Five Year Plan, the foreign exchange earnings from tourism by the end of the Fifth Plan should be about 200 crores at 1975 prices.

4.2. Studies have shown that investment in tourism is and should be relatively a more efficient earner of foreign exchange than investment in commodity production for export, as measured by incremental capital-output ratios.

4.3. India is in a much more favourable position than countries relying heavily on international tourism, in that the net foreign exchange earning from tourism here is much higher, since the foreign exchange components of the capital outlay and of the recurring outlay on tourist consumption are both comparatively low and there is very little private foreign investment in the tourism sector.

4.4. Indirect employment through tourist expenditure on food, shopping and guides would indicate that the total impact of tourism

in terms of employment creation is an important factor to be taken into account in determining the priority to be given to this sector. A substantial part of employment in the hotel industry is of educated and the proportion is even higher in the airlines industry and travel trade, so that the impact of tourism on educated unemployment is also an important consideration.

4.5. It has to be observed that the adverse social repercussions of the growth of international tourism, noted in some countries are likely to be much less apparent in India. That is so because of the size of our population in relation to the number of tourists, the strength of our cultural traditions, and the conscious decision in tourism planning to emphasise what is specifically Indian, rather than to import wholesale the European patterns of leisure activity and recreation.

4.6. Tourism is a mammoth, rapidly expanding, global industry. It is among the most lucrative markets, of which India's share so far has been very small. It need not be. Beyond purely commercial and mercantile gains, tourism, if seen in the proper perspective and encouraged with the requisite imagination and dynamism, can bring immense profit to the community and nation in material and intangible benefits. This fact has to be appreciated. The time has come when tourism must be seen in the large view of the country's aims and goals, in the context of the people's needs in every aspect of their existence, and in terms of the good consequences that this activity can bring upon them.

4.7. Tourism is an economic, developmental and promotional activity which can have a profound impact upon the nation and its place in the world.

4.8. In bringing the largest amount of foreign exchange and the maximum return for minimum investment, with no depletion of national resources, Tourism can significantly reduce the need for foreign aid and assistance, and help in the self reliant development of certain crucial economic sectors.

4.9. Tourism investment brings in more than the immediate and visible return. It benefits wide radius of related and ancillary activity.

4.10. Tourism can allow money to circulate among and percolate to many levels of the community.

4.11. Tourism can provide employment in service industries and as has already been pointed out, particularly jobs to the "educated unemployed."

4.12. Tourism can give a stimulus to the socio-economic development of areas of the country which have received inadequate attention so far.

4.13. Apart from foreign tourism, domestic tourism can achieve analogous objectives in the economic and developmental spheres. It can also be a force in creating an awareness and understanding of the many different peoples and cultures which inhabit this land. It can give our people a sense of unity and identification, a broadening of their emotional and cultural horizon, a sense of belonging and pride and above all, a sense of the wonder that is this vast country. Of course we must also appreciate and admit that in purely economic terms domestic tourism stands altogether on a different footing from international tourism, since:—

- (i) earnings from domestic tourism cannot claim any extra weightage in investment planning such as foreign exchange earned from international tourism may be given;
- (ii) the demand for domestic tourism reflects the internal distribution of incomes, and simply to attempt to satisfy these as they arise could distort the social priorities in economic planning.

Domestic tourism has thus to be considered a part of the social services sector, and its priority in the investment programme has to be determined accordingly. In doing so, we have to take into account not only the value of the travel as a leisure activity, but the social and political advantages arising from a greater mobility between different regions of the country. It must, however, be kept in view that domestic tourism does help in the development of economic areas lacking both industrial or agricultural potential and in any case the value of domestic tourism as an instrument of national integration is undeniable.

4.14. Tourism development is a positive factor for enriching the environment and the quality of life. Carefully cleaning ancient monuments, clearing the areas around the monuments and improv-



ing them for tourism purposes is a case in point where, through tourism, the environment is not degraded but in fact can be improved. Again there is wildlife which is deteriorating and vanishing so rapidly. Thanks to tourism, new efforts are afoot to try and safeguard these beautiful animals, and to preserve the environment in which these animals live so that they can continue to be a source of joy and interest to future generations. Thus tourism is indeed used as a positive factor in environmental improvement. Of course, we must harness the best available talent, whether it is landscapers or architects, designers or decorators, town planners or area planners. Whenever, there is a major tourism development all these factors have to be taken into view and we must develop with our eyes open and with a positive decision that these environmental factors are going to be kept closely in mind.

4.15. The encouragement that Tourism gives to our arts and crafts—our handlooms and handicrafts—and the employment that it offers to our artists, artisans and entertainers, must also be taken into account.

4.16. Nor must we ignore the sociological implications of tourism, which can help to break down prejudices, barriers and suspicions, leading to greater goodwill and better understanding.

5. Thus the advantages, benefits and blessings of tourism are indeed many—both in the economic and sociological spheres. Firstly from the point of view of earning much needed foreign exchange, secondly, of course, within our own country tourism can become a major economic factor. There is the well-known multiplier effect whereby every unit of money spent in tourism circulates in the economy and thereby brings about an increasing area of benefit to the people concerned. And in India, where economic development and the battle against poverty must get the highest priority, tourism can be a positive factor for growth. Thirdly, there are the social effects of tourism, which have been dealt with in the foregoing paragraph.

#### *Policy guidelines and priorities*

6. Keeping the foregoing considerations in view, it is naturally necessary for the Department of Tourism to encourage the flow of international tourists to India as also to encourage that such tourists prolong their stay in India. In this endeavour naturally, it is not

only the Central Department of Tourism which has to play its part but also the State Governments and the public and private sectors. Besides town and country planning authorities as also local and municipal bodies have also to play their respective roles relating to environmental factors, land-scaping, beautification, removal of irritants, shopping etc. etc. It is also particularly necessary to note that the Tourism plan is closely linked with:

- (a) the plans of the Indian Airlines and Air-India, and the Airport construction authorities;
- (b) the Ministry of Transport and Shipping with regard to roads and road-transport, inland water and coastal traffic;
- (c) the Department of Archaeology in respect of historical sites, for which Coordinating machinery already exists;
- (d) the Department of Forests, as the State authorities, in respect of wildlife tourism.

The broad division of responsibilities in the tourism sector, between the Central Government on the one hand the State Administrations on the other, should be that the Centre should invest in projects and programmes which are intended predominantly to stimulate international tourism. The State Governments, within the ambit of their resources, should concentrate on the development of facilities for domestic tourism, giving highest priority to the lowest income group among travellers, e.g. for the mass movements to pilgrimages and fairs. The next priority in the State Plan should be to provide accommodation for middle class tourists visiting archaeological sites and holiday resorts.

The division between Central and State sectors of tourism planning has, however, to be modified to take the following factors into account:—

- (a) The Central Plan has to ensure the coordinated development of a number of major centres of international tourism, these may be the traditional centres of archaeological and historical interest, or new resorts. Area or resort development has to be supported by adequate water and power supply and sanitation, suitable road approaches and

so on. The investment in these infrastructures will normally be in the State Plan, although not in the tourism sector of that Plan.

- (b) Area or resort development in the Central Plan may have to be supported by investment in subsidiary of connected centres and activities of tourist interest, to be financed by the State concerned.
- (c) In some types of tourism promotion, e.g. wildlife tourism, road tourism and the provision of a chain of youth hostels, the Centre has taken the initiative although many of these projects have a high domestic tourism content. These may be considered as pilot projects, which the State Tourism Planners might like to adopt in future Plan periods. Much depends on the resources available to the States and the priority which individual State Governments are prepared to give to domestic tourism in the State Plans as also to problems of urban development, cleanliness, removal of irritants etc.

In so far as the Central Plan is concerned the investment priorities may be broadly indicated as follows:—

- (i) provision or accommodation and transport to match the anticipated growth in international tourism, on the basis of past trends.
- (ii) the development of new resorts and tours, in order to accelerate the growth in tourism, and to spread the traffic over different regions of the country as far as feasible, relaxation of frontier formalities.
- (iii) tourism promotion abroad.

#### *Conclusion 7.*

The foregoing paragraphs would demonstrate that the Ministry of Tourism and Civil Aviation has:—

- (i) conducted STUDIES from time to time aimed at promoting tourism to India to provide in India the necessary infrastructure for meeting the flow and needs of tourism.
- (ii) established for itself clearly defined targets of annual growth of tourism to India.

- (iii) kept before itself certain guidelines which would be regarded as considerations behind the policy for encouraging tourism to India.

8. As to the question of adopting a formal resolution on "Tourism Policy in India", it has to be recognised that quite apart from the rapid changes which occur from time to time in an industry such as tourism, there is also the fact that Tourism is affected by a number of aspects. Thus security considerations, entry of foreigners, cleanliness of our cities and towns, problems of urban development, removal of beggars and touts, foreign exchange regulations, foreign collaboration, import controls for hotel equipment, coaches and transport services, customs laws, purchase of aircraft fleet for our airlines, civil air transport policies including air services agreements establishment of overseas offices, Centre-State relations, inter-state movement, export of antiquities, temperance or prohibition laws, archaeological services etc. etc. are some of the examples of inter-relationship with tourism. There are also other important factors such as the need of preserving our well-defined unique culture, protecting our wild life against deprivations and creating a climate whereby on the one hand the local population is not affected by conspicuous consumption and on the other the visitor carries lingering and happy memories of his stay in India. It is also true that often tourism is affected by political considerations, law and order situation and such like. Any policy on Tourism in India will therefore have to be worked out with care and caution, as a part of an integrated policy of Government of India, having regard to various segments and factors which influence and are influenced by Tourism. It has also to be recognised that any such policy will have to be pragmatic and flexible to meet changing situations as they arise from time to time and cannot be regarded as a mere academic exercise. It is with this in view that certain STUDIES have been conducted and consultations have been considered necessary with the Planning Commission and the Ministry of Finance.

APPENDIX II  
(Vide para 2.38)

*Statement showing Tourist Arrivals in India by Country of Nationality during 1973 and 1974*

Country of Nationality	1973	1974	% Change
<i>North America</i>			
Canada . . . . .	11,741	11,927	1.6
U.S.A. . . . .	61,616	57,872	-6.1
Total . . . . .	73,357	69,799	-4.9
<i>Central and South America</i>			
Argentine . . . . .	462	820	77.5
Brazil . . . . .	890	656	-26.3
Mexico . . . . .	942	1,097	16.5
Others . . . . .	1,773	1,680	-5.2
Total . . . . .	4,067	4,253	4.6
<i>Western Europe</i>			
Austria . . . . .	3,749	4,303	14.8
Belgium . . . . .	3,763	4,277	13.7
Denmark . . . . .	2,900	3,470	19.7
Finland . . . . .	586	753	28.5
France . . . . .	28,009	26,992	-3.6
Germany West . . . . .	27,079	29,194	7.8
Greece . . . . .	1,767	1,961	11.0
Italy . . . . .	13,809	13,862	0.4
Netherlands . . . . .	5,148	6,410	24.5
Norway . . . . .	1,091	1,207	10.6

1	2	3	4
Spain . . . . .	2,202	2,315	5.1
Sweden . . . . .	3,599	4,100	13.9
Switzerland . . . . .	8,401	9,189	9.4
U.K. . . . .	58,723	62,843	7.0
Others . . . . .	2,058	2,526	22.7
Total . . . . .	162,884	173,402	6.5
<i>Eastern Europe</i>			
Czechoslovakia . . . . .	1,893	1,640	-13.4
U.S.S.R. . . . .	6,142	8,355	36.0
Yugoslavia . . . . .	1,307	2,367	81.1
Others . . . . .	3,425	5,918	14.4
Total . . . . .	12,767	16,280	27.5
<i>Africa</i>			
Kenya . . . . .	8,014	5,985	-25.3
Mauritius . . . . .	1,627	1,651	1.5
South Africa . . . . .	4,322	4,897	13.3
Tanzania . . . . .	4,024	3,948	-1.9
U.A.R. . . . .	811	1,060	30.7
Uganda . . . . .	712	703	-1.3
Others . . . . .	5,068	4,795	-5.4
Total . . . . .	24,578	23,039	-6.3
<i>West Asia</i>			
Lebanon . . . . .	536	686	28.0
Persian Gulf Countries . . . . .	9,044	10,716	18.5
Saudi Arabia . . . . .	1,245	1,457	17.0
Others . . . . .	3,551	4,431	24.8
Total . . . . .	14,376	17,290	20.3

	1	2	3	4
<i>South Asia</i>				
Afghanistan		8,450	6,838	-19.1
Sri Lanka		24,037	28,176	17.2
Iran		3,823	4,563	19.4
Others		3,084	3,333	8.1
Total		39,394	42,910	8.9
<i>South East Asia</i>				
Indonesia		1,355	1,397	3.1
Malaysia		19,504	18,413	-5.6
Philippines		1,364	1,522	11.6
Singapore		9,115	9,055	-0.7
Thailand		4,198	4,108	-2.1
Others		726	776	6.9
Total		36,262	35,271	-2.7
<i>East Asia</i>				
Japan		20,707	17,537	-15.3
Hong Kong		1,505	1,219	-19.0
Others		1,596	1,716	7.5
Total		23,808	20,472	-14.0
<i>Australasia</i>				
Australia		13,070	14,757	12.9
New Zealand		2,694	3,361	24.8
Others		1,169	1,071	-8.4
Total		16,933	19,189	13.3
Stateless		1,469	1,256	-14.5
GRAND TOTAL		409,895	423,161	3.2

**APPENDIX III**  
(Vide Para 2.65)

*Fifth Five Year Plan for Tourism*  
**GENERAL SECTOR**

*Statement showing the allocations approved by the Planning Commission*

(Rs. in Crores)

S.No.	Scheme	Deptt. of Tourism Programme (As approved by Planning Commission)	ITDC Programme approved by Planning Commission
1	2	3	4
<b>1. Accommodation</b>			
1.1	Spill-over Schemes . . . . .	1.05	4.85
1.2	Loans to hotels in the private sector. . . . .	17.00	..
1.3	New hotels and expansion of existing ones. . . . .	..	14.20
1.4	Renovation of existing hotels and setting up a Central laundry in Delhi. . . . .	..	2.35
1.5	Metels, cottages and expansion of Travellers Lodges. . . . .	..	9.30
1.6	Other new constructions . . . . .	2.50	..
1.7	Grants-in-aid to voluntary Organisations. . . . .	0.50	..
1.8	<b>Total . . . . .</b>	<b>21.05</b>	<b>30.70</b>
<b>2. Transport</b>			
2.1	Spill-over schemes . . . . .	0.14	..
2.2	Establishment and expansion of transport units. . . . .	..	2.00
2.3	Loans to transport operators in private sector . . . . .	0.06	..
2.4	<b>Total . . . . .</b>	<b>0.20</b>	<b>2.00</b>
<b>3. Other Development Programme</b>			
3.1	Spill-over schemes . . . . .	0.43	..
3.2	Beach and Mountain Resorts. . . . .	8.00	..



1	2	3	4
3.3	Cultural Tourism . . . . .	3.00	..
3.4	Wild Life Tourism. . . . .	2.00	..
3.5	Total . . . . .	<u>13.43</u>	<u>..</u>
4.	<i>Tourism Promotion</i>		
4.1	Publicity and Promotion abroad . . . . .	5.00	..
4.2	Entertainment and recreation . . . . .	0.94	..
4.3	Duty-free shops . . . . .	..	0.50
4.4	Total . . . . .	<u>5.94</u>	<u>0.50</u>
5.	<i>Training</i>		
5.1	Tourism Training Institute and other Training Programmes	2.53	..
5.2	ITDC Training & Manpower Development . . . . .	..	0.80
5.3	Total . . . . .	<u>2.53</u>	<u>0.80</u>
6.	<i>Planning and Organisation</i>		
6.1	Market Research . . . . .	0.25	..
6.2	Strengthening of organisation. . . . .	0.60	..
6.3	Office building . . . . .	..	..
6.4	Total . . . . .	<u>0.85</u>	<u>..</u>
7.	<i>Grand Total</i>		
7.1	Spill-over schemes . . . . .	1.62	4.85
7.2	New Schemes . . . . .	42.38	29.15
7.3	Total . . . . .	<u>44.00</u>	<u>34.00</u>

## APPENDIX IV

(Vide Para 2.66)

### DEPARTMENT OF TOURISM

*Statement showing the Fifth Plan Outlay and actual expenditure incurred during 1974-75 in the Central Sector (Department of Tourism).*

S.No.	Name of Scheme	Fifth Plan Outlay	Actual Expendi- tur for 1974-75
1	2	3	4
<b>1 Accommodation</b>			
1.1	Spill-over . . . . .	86.69	41.65
1.2	Loans to hotels in private sector and State Corporations	1700.00	199.94
1.3	Other new constructions . . . . .	250.00	..
1.4	Grant-in-aid to Voluntary Organisations . . . . .	50.00	0.10
	Total . . . . .	2086.00	241.69
<b>2 Transport</b>			
2.1	Spill-over (provision of transport at different places) . . . . .	12.75	0.48
2.2	Loans to Car Operators . . . . .	20.00	5.70
	Total . . . . .	32.75	6.18
<b>3 Other Development Programme</b>			
3.1	Spill-over . . . . .	48.56	33.45
3.2	Beach & Mountain Resorts . . . . .	900.00	14.90
3.3	Cultural Tourism . . . . .	300.00	0.59
3.4	Wild Life Tourism . . . . .	200.00	..
	Total . . . . .	1348.56	48.94

1	2	3	4
<b>4 Tourism Promotion</b>			
4.1	Spill Over . . . . .	..	0.81
4.2	Publicity & Promotion abroad . . . . .	450.00	92.33
4.3	Media Relations . . . . .	25.00	3.97
4.4	Establishment of new Tourist Promotion Offices . . . . .	25.00	9.51
4.5	Entertainment & recreation . . . . .	94.00	0.73
	Total . . . . .	<u>594.00</u>	<u>107.35</u>
<b>5. Training</b>			
5.1	Tourism Training Institute . . . . .	250.00	0.28
5.2	Other training programme . . . . .	3.00	0.50
	Total . . . . .	<u>253.00</u>	<u>0.83</u>
<b>6. Plan Organisation</b>			
6.1	Market & Research . . . . .	25.00	0.62
6.2	Strengthening of Organisation . . . . .	60.00	0.21
	Total . . . . .	<u>85.00</u>	<u>0.83</u>
<b>Grand Total :</b>			
	Spill over . . . . .	148.00	76.39
	New . . . . .	4252.00	329.38
	Total . . . . .	<u>4400.00</u>	<u>405.77</u>

## APPENDIX V

(Vide Para 2.66)

*Statement showing the Budgetary Provision and Expenditure incurred during 1974-75 by India Tourism Development Corporation*

(Rs. in lakhs)

S.No.	Name of the Scheme	B.E. 1974-75	Expenditure incurred during 1974-75
<b>I. Spill-over Schemes of Fourth Plan</b>			
<b>A. Completed Schemes</b>			
1	Khajuraho Hotel . . . . .	..	2.50
2	Varanasi Hotel . . . . .	5.00	12.50
3	Jammu Hotel . . . . .	..	2.00
4	Temple Bay, Mahabalipuram . . . . .	..	2.00
5	Renovation of Qutab Hotel . . . . .	5.00	6.00
6	Conversion of Lalitha Mahal Palace into Hotel . . . . .	2.00	17.00
7	Kovalam Grove . . . . .	..	2.00
<b>Total 'A'</b>		12.00	44.00
<b>B. Schemes Under-Progress</b>			
8	Reception Centre-cum-Motel at Patna. . . . .	25.00	20.00
9	Hotel at Aurangabad . . . . .	20.00	15.00
10	Hotel at Dum Dum . . . . .	106.30	85.00
11	Hotel at Kovalam . . . . .	48.70	50.00
12	Hotel at Gulmarg. . . . .	15.00	0.75
13	Expansion of Hotel Ashoka (Bangalore) . . . . .	55.00	50.00
14	Revolving Tower Restaurant, Ashoka (New Delhi) . . . . .	10.00	0.50
15	Renovation of Airport Restaurant, Calcutta. . . . .	5.00	..
<b>Total 'B'</b>		285.00	221.25
<b>Total (A+B)</b>		297.00	265.25
<b>II. FIFTH PLAN SCHEMES</b>			
<b>A. New Schemes</b>			
1	Hotel at New Delhi . . . . .	10.00	0.50
2	Hotel at Agra . . . . .	10.00	11.00
3	Hotel at Jaipur . . . . .	10.00	0.50
4	Hotel at Siliguri . . . . .	..	2.00
5	Cottages at Goa . . . . .	10.00	6.00
<b>Total 'A'</b>		40.00	20.00

(Rs. in lakhs)

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**B. Expansion Schemes**

1	Akbar Hotel . . . . .	15.00	8.50
2	Qutab Hotel . . . . .	..	..
3	Lalitha Mahal Palace Hotel . . . . .	6.00	0.50
4	Bhubaneshwar Travellers' Lodge . . . . .	10.00	0.25
5	Beach Resort Complex at Kovalam . . . . .	..	10.00
Total :		<u>31.00</u>	<u>19.25</u>

**C. Improvements to Existing Hotels**

1	Ashoka Hotel, New Delhi . . . . .	15.00	35.00
2	Janpath, Ranjit & Lodhi Hotels . . . . .	10.00	20.00
3	Ashoka (Bangalore). . . . .	..	2.00
Total 'C' :		<u>25.00</u>	<u>57.00</u>

D Establishment & expansion of Transport Units. . . . . 5.00 15.00

E. Establishment, Renovation and Expansion of Duty Free Shops/Discount Shops . . . . . 2.00

F. Central Laundry for Delhi Hotels . . . . . .. ..

G. Manpower Planning & Training schemes. . . . . 2.00 1.50

Total (A to G) . . . . . 103.00 114.75

GRAND TOTAL (I & II) . . . . . 400.00 380.00

**APPENDIX VI**  
(Vide Introduction)

*Statement showing summary of Recommendations|conclusions*

S. No.	Reference to Para No. of the Report	Summary of Recommendations Conclusions
1	2	3
1	2.14	The Committee note that in implementation of the recommendations contained in the 42nd Report of the Estimates Committee (1972-73) a Cost Benefit Study of Tourism in India was entrusted to the National Council of Applied Economic Research. The Study has brought out that although tourism is not yet a very significant sector of the national economy, its share in the national income has been increasing rapidly since 1965-66. The gross receipts from foreign tourists expenditure in the country rose from about Rs. 150.4 million in 1965-66, to Rs. 273.7 million in 1968-69 and to about Rs. 621.9 million in 1972-73. On the other hand cost of tourism appears to be coming down. Against 7.6 per cent in 1968-69 it worked out to be 5.1 per cent of gross income from tourists in 1972-73. The estimates also clearly show a sharp rise in employment in the tourism sector and its contribution to tax revenues of Government.
2	2.15	The Committee also note that while the aggregate investment in the Central Sector during the Fourth Five Year Plan was Rs. 25 crores, the foreign exchange earned during the

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period was estimated at Rs. 227 crores. They further note that the estimated earnings in 1975 in terms of foreign exchange are Rs. 100 crores and adopting the projection of 8 lakh foreign tourist arrivals at the end of the Fifth Plan, the foreign exchange earnings from tourism by the end of the Fifth Plan are assessed at about Rs. 200 crores at 1975 prices. Tourism has, therefore, come to be recognised as an important foreign exchange earning industry in the country.

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2.16

The Committee, therefore, urge that with its vast potential as a foreign exchange earner, Government should accord due recognition and priority to tourism in the national plans so that it can *inter alia* play an effective role in the economic growth of the country and particularly stimulate the socio-economic development of those areas of the country which have tourist attraction.

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2.30

The Committee had recommended in paragraph 4.22 of their 42nd Report (1972-73) that Government should formulate a tourist promotion policy and bring it forward as a resolution so that the policy in this behalf is put on a stable and assured basis and laid down in some depth and firmness so as to provide a clear framework for implementation at all levels. The Committee, however, note that even though the recommendation was accepted by Government and a paper on tourism philosophy was also prepared, the policy on tourism has not been formulated so far on the ground that this is a fast changing industry and that it involves "security considerations, entry of foreigners, cleanliness of our cities and towns, problem of urban development\*\*\* foreign exchange regulations, foreign collaboration import controls for hotel equipment, coaches and transport services,

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customs laws, purchase of aircraft fleet for our airlines, civil air transport policies including air services agreements, establishment of overseas offices, Centre-State relations, inter-State movement, export of antiquities, temperance or prohibition laws, archaeological services etc." The Committee would in this connection like to draw attention to the fillip the export promotion effort received in the country as a result of adoption of the Export Policy Resolution, although export promotion is also a fast changing subject like tourism.

The Committee feel that a formal formulation of the Tourism Policy laying down the basic approach to the promotion of tourism in the country would not only reinvigorate the tourism promotion effort but would also provide a clear framework for implementation at all levels.

The Committee would, therefore, urge Government to review the position and determine to what extent it would be advantageous to formulate a tourism policy in the light of experience gained so far, keeping in view the development of tourism in the country.

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2.44

The Committee are concerned to note that there has been an uneven growth of tourist arrivals in India since 1969 onwards. While a growth rate of as much as 29.6 per cent was recorded in 1969 over the previous year, it fell down to 14.8 per cent in 1970, 7.2 per cent in 1971, 13.9 per cent in 1972, 3.8 per cent in 1973, 3.2 per cent in 1974. The Committee understood that the precipitate fall in the growth rate of tourist arrivals in India has been mainly due to dislocation caused by several factors which adversely affected tourist flow to India in 1974. These were the high cost of fuel and consequent increase in international air fares,



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inflation in the tourist originating markets, the Railway strike, Indian Airlines lockout and the Air India Lockout. The Committee also note that 1974 was a bad year for tourism all over the world.

The Committee have been informed that the position in 1975 was encouraging inasmuch as the growth was 9.8 per cent over the year 1974. The Committee note that Government have taken certain measures like promotion of tourism in a big way in the oil rich countries in West Asia, with a view to see that the targets are fulfilled.

The Committee also note that the target of 4 lakh tourists upto the end of the Fourth Plan had been exceeded in 1973 by 9,895 tourists despite difficulties, and it was also possible to achieve a growth rate of 3.2 per cent in 1974 inspite of the fact that the world tourist traffic suffered an estimated decline of 2.7 per cent during the year. Further, viewed in the context that lion's share in world tourist traffic goes to Americas and Europe which received 93.8 per cent of tourist traffic in 1973 and 93.3 per cent in 1974 and that the share of Australasia, Africa and Asia came to be only 6.2 per cent in 1973 and 6.7 per cent in 1974 and the fact that in this region there are highly developed countries like Japan, the Committee feel that India's share of 4.65 lakh tourists in 1975 with a growth rate of about 10 per cent is reassuring. It is also worth noting that the average stay of tourists in India is 28 days compared to the world average of 4-days.

The Committee would, however, like to point out that in order to achieve the targets of 8 lakh tourist arrivals by 1978 and 10 lakhs by 1980, a growth rate of 17.3 per cent upto 1978 and 11.8 per cent thereafter would be required.

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The Committee feel that if the country has to achieve the targets set down for the growth of tourism in the country, Government will have to make all round concerted efforts in co-ordination with State Governments and other concerned agencies. This would require a well thought-out and planned publicity and promotional campaign, provision of necessary infrastructure facilities and streamlining of procedures, improving efficiency and strengthening of the working of the Department of Tourism.

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2.45

The Committee would like to stress that our promotional strategy should not only be geared to the traditional affluent markets like U.S.A., Canada, U.K., Japan and Germany but also to the oil rich countries. Promotional efforts will also have to be intensified nearer home in countries like Iran and Gulf States. Moreover, Australasia is also a good tourist market for India. The Department of Tourism should, therefore, intensify their efforts at tourist promotion in this region also. The Committee would like to urge that the targets of 8 lakhs and 10 lakhs of tourist arrivals in India by 1978 and 1980 respectively already set should be achieved by making concerted and determined efforts. The Committee would in this connection reiterate their earlier recommendation that there is a need for sustained and vigorous effort on the part of the Department of Tourism and other connected agencies to build up the requisite infrastructure for the projected arrivals of one million tourists in India by 1980.

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2.58

The Committee note that various measures have recently been taken by Government to remove the irritants which create an unfavourable image of the country abroad. These measures include simplification of embarkation and disembarkation cards, availability of land-

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		<p>ing permit facility and its validity for multiple entries covering Nepal, Sri Lanka, and Bangladesh, extension of period of stay from 21-days to 28-days, initiatives taken in regard to cleanliness, etc. and making available air-travel concessions and transport facilities of the required standard so as to make travelling in India more comfortable.</p>
		<p>The Committee would, however, like to emphasise that these efforts should not only be continued on a sustained basis but should be accelerated on a faster pace so as to make tourist travel in India more comfortable and enjoyable thereby creating a better image abroad, of tourism in this country.</p>
8	2.59	<p>The Committee would like that the Department of Tourism should also consider how far package tours for the foreign tourists, providing for all essential facilities like lodging, boarding, and transport etc., could be organised in the country, learning from the experience gained as a result of similar tours organised in foreign countries.</p>
9	2.74	<p>The Committee are concerned to note that as against an allocation of Rs. 78 crores during the Fifth Plan period, the expenditure incurred on tourism schemes in the central sector during the first year of the Fifth Plan, i.e. 1974-75 has been only Rs. 785.77 lakhs and the anticipated expenditure during the second year of plan i.e. 1975-76 is Rs. 810.00 lakhs. Thus the total expenditure likely to be incurred during the first two years of the plan will be only about one-fifth of the plan allocations. Moreover, the major portion of the expenditure has been on the continuing schemes and no new schemes have been taken up during the first two years of the Plan. The Committee note that this has been due to constraint on resources and the</p>

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restrictions on new schemes being taken up in the first two years of the Plan. Considering the low allocations for tourist promotion schemes during the first two years of the Fifth Plan and the progress made it appears doubtful if all the targets set forth for the Fifth Plan period could be achieved. The Committee, however, hope that with the improvement in the economy and in view of the importance of tourism as an earner of scarce foreign exchange, it would be possible for Government to step up financial allocations during the remaining years of Fifth Plan so that the targets for the Fifth Plan could be achieved to the maximum extent.

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2.85

The Committee observe that in reply to their recommendation regarding preparation of a perspective plan for development of tourism facilities in the country Government stated that the proposal would be further considered by them. Subsequently in January, 1974 Government stated that based on the results of the surveys and analysis by National Council of Applied Economic Research of Cost-Benefit of investment etc. it would be possible for the Department of Tourism in consultation with other agencies, to prepare a perspective plan for the development of tourism facilities in the country over a ten year or longer period. The Committee regret to note that it has not been possible for the Department of Tourism to prepare a long term perspective plan so far.

The Committee appreciate the difficulties expressed by the Ministry of Tourism and Civil Aviation that due to constraint on financial resources for the last two years, it is becoming difficult to plan even for a five year period. The Committee have earlier made a recommendation regarding higher allocations for tourism. The Committee feel that a perspective plan for tourism integrating all the projects for a co-

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ordinated development of tourism in the country should be prepared by Government and the actual implementation of the programme may be taken in hand as and when resources become available. This perspective plan would serve as a blueprint for the future development of tourist spots and infrastructure facilities in the country.

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3.15

The Committee had in paragraph Nos. 2.18 and 13.32 of their 42nd Report (1972-73) urged Government to examine in depth the recommendations made by the Indian Institute of Public Administration regarding the set-up for the tourist organisation and to take suitable action to see that the organisational set-up for tourism had the requisite flexibility of approach and adequate powers for action. Government had in their reply furnished to the Committee in November, 1973 and January, 1974 enumerated certain measures which have been taken or are proposed to be taken in implementation of these recommendations, such as setting up of the National Tourism Board, proposal for greater delegation of powers to the Department and reviewing the organisational structure, strength and technical competence of the Department of Tourism and India Tourism Development Corporation in the light of the needs of the Fifth Plan.

The Committee note that Government have constituted a 5-Member group to review the working of the I.T.D.C. and to suggest changes that should be made for more efficient fulfilment of the objective of the Corporation and expeditious implementation of its programmes. It has been stated that the recommendations of this Group would also have a bearing on the working of the Department of Tourism. The Committee observe that the Group which was

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appointed in May, 1974, was expected to submit its report to Government by the 31st March, 1976. The Committee would like Government to ensure that the Group submits its report in time. They would like Government to take expeditious action on the recommendations contained in the report which may also be furnished to the Committee at an early date.

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3.16

The Committee note that one of the major institutional changes brought about in an effort to make the national tourist organisation more responsive and capable of meeting the requirements of the growing industry was the setting up of the National Tourism Board. The Committee, however, note that no meetings of the Board have been held since September, 1973 and that the Board has been ineffective since then. They understand that no decision regarding the reconstitution of the Board has been taken so far. As the Board was intended to serve as the main agency to advise the Government in the matter of promotion of tourism in the country, the Committee recommend that Government should take immediate decision in the matter of reconstitution of the Board and ensure that the Board functions effectively.

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3.17

The Committee note that the Director-General of Tourism has no powers at the moment to facilitate implementation of the plan schemes, and as such, has to obtain the necessary approval from the Ministry for individual projects. The Committee understand that the question of delegation of more powers to Director-General is under active consideration of Government at present. The Committee hope that an early decision will be arrived at in this vital matter so as to ensure that the implementation of the plan schemes is not hampered in any way for want of adequate powers with the Department

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of Tourism. As stated by Government, this will obviate the delays in completion of codal formalities and execution of schemes as the enhanced powers would enable the Head of the Department to issue sanctions quickly and to pursue the follow-up action vigorously.

The Committee have no doubt that with the introduction of the scheme of integrated financial adviser in the Ministry, the formulation and implementation of tourism development schemes would be accelerated considerably.

The Committee note that the Gulmarg Winter Sports Project initiated as far back as in 1968 with an estimated cost of Rs. 111.30 lakhs which was later revised to Rs. 250 lakhs is still at various stages of processing and completion, and so far an amount of Rs. 109.50 lakhs has been spent on this project. A number of components of the Project are incomplete while others have not yet been cleared. For instance, the Tangmarg-Gulmarg Road is incomplete, and the Ski-Institute Building complex, residential accommodation of personnel at Gulmarg and restaurant/cafeteria at Gulmarg are yet to be taken up. Important components *viz.*, the centrally heated hotel, estimated to cost Rs. 145 lakhs and the aerial passenger ropeway/chairlift from Gulmarg to Khilanmarg, are still under consideration. The Committee have been informed that completion of these items depends on the availability of financial resources, implementation of the Master Plan by the Jammu and Kashmir Government and the techno-economic survey of the ropeway/chairlift project by the United Nations Development Programme.

The Committee note that according to the Ministry of Finance, the Hotel Project was not economically viable and that it has been decided to defer the consideration of the proposal for the time being.

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The Committee urge that the Project on which more than Rupees 1 crore have already been spent, should be reviewed at the highest level with particular reference to the economic/technical viability of various components of the Project such as the Hotel project and the ropeway project etc. and the decision taken to complete the various components of the project in a phased manner keeping in view their relative priority for attracting tourists to Gulmarg.

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4.33

The Committee note that considerable progress has been made in the Kovalam Beach Resort Project and most of the components of the Project, including the hotel part of it have already started functioning. The Committee, however, note that the Project is for the present running at a loss though the losses are showing a downward trend with the increase in the occupancy with the passage of time. In 1972-73 the Project suffered a loss of Rs. 6.27 lakhs; in 1973-74 it suffered a little higher loss i.e. Rs. 6.47 lakhs, but in 1974-75 the loss came down to Rs. 3.31 lakhs and in 1975-76 it is estimated to be of the order of Rs. 1.72 lakhs only.

The Committee note that the occupancy of the Kovalam Grove has been going up. From 40 per cent in October, 1975 it went up to 66 per cent in November, 1975. In December, 1975 it was difficult to get a room in the hotel. In this connection the Committee also note that, according to cost-benefit study of the Kovalam Beach Resort Project conducted by the National Council of Applied Economic Research, the revenue obtained from the functioning of this resort during 12 years from 1972-73, would be more than sufficient to cover all the costs incurred besides yielding a rate of return of 9 per cent per annum. The Committee see no reason why with its scenic beauty and with all the facility



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of a sea resort, Kovalam Beach cannot attract larger number of foreign tourists. The Committee recommend that effective publicity be given to attract more tourist traffic, particularly foreign tourists to the Kovalam Beach Resort Project and every possible facility provided at the Beach so that this beach resort starts earning profits much earlier than originally expected.

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4.40

The Committee note that little progress has been made towards the development of beaches in Goa during the Fourth Plan period. They note that as against an outlay of Rs. 20 lakhs for the Fourth Plan for the development of beaches at Goa, a sum of Rs. 23,000 only was spent on the scheme during the plan period. Lack of progress was due to the fact that the Report of the UNDP on Beach Resort survey was awaited and the same was received only in October, 1973. The Committee understand that the development of Goa as a beach resort is expected to be taken up during the Fifth Plan.

An outlay of Rs. 2 crores has been provided in the draft Fifth Plan of the Department of Tourism for the development of beaches in Goa. In addition, I.T.D.C. proposes to construct 50 cottages and a hotel and set up a transport unit in the Fifth Plan for which an outlay of Rs. 2.53 crores has been provided in the Fifth Plan. The Committee hope that the completion of this Project will be taken up in right earnest so that more and more tourists particularly foreign tourists could be attracted.

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4.41

The Committee note that a Goa Tourism Development Authority for taking up tourism development in Goa is proposed to be set up shortly and action in this direction has already been initiated. Since, however, the Department of Tourism and the India Tourism Development

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Corporation are responsible for different aspects of the Project, the Committee would like Government to ensure that the setting up of a separate Authority does not lead to multiplicity of organisations for the Project resulting in avoidable administrative expenditure.

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4.48

The Committee note that there is a great potential for the growth of tourism in India from Buddhist countries like Japan, Thailand, Burma and Ceylon to Buddhist centres of Bihar and Uttar Pradesh. The Committee are, however, disappointed to find that the progress made in the development of Bodhgaya-Rajgir and Nalanda Complex—the most important centre for Buddhist pilgrims—is far from satisfactory. The position with regard to the development of Bodhgaya stands precisely where it was six years ago. Although an expenditure sanction amounting to Rs. 13 lakhs for the acquisition of 22 acres of land around Mahabodhi Temple at Bodhgaya was issued in 1970, the land has yet to be acquired and transferred by the State Government. At Rajgir-Nalanda also the plans initiated as late as in 1974-75 are still under preparation. The Committee strongly urge that Government should take up the question of acquisition of land at Bodhgaya at the highest level so as to make at least a start in the development of this area which is so important from the point of view of cultural tourism. It should also ensure that the master plans for Rajgir-Nalanda are completed in time, and the necessary infrastructure provided with a view to accelerate the growth of facilities for tourists there. The Committee need hardly emphasise that the development of these Buddhist centres would not only promote tourist traffic and thus earn foreign exchange for the country, but would also go a long way in promoting cultural

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19	4.53	<p>ties with the people of the countries of Asia &amp; South East Asia.</p> <p>The Committee note that a large number of schemes relating to development of places of tourist interest are prepared by the State Governments and forwarded to the Central Government for consideration, but the same are not accepted by the Central Department of Tourism because of various reasons. Certain schemes relate to the supply of water, electricity etc., others pertain to urban development such as construction under improvement of roads. In still other cases, technical/economic feasibility studies have to be carried out. The Committee find that 169 schemes forwarded by the State Departments during the Fourth Plan were rejected by the Central Department of Tourism on these grounds. The Committee would suggest that detailed guidelines should be laid down in regard to the formulation of tourist promotion plans by the State Governments, indicating clearly the nature and type of plans that would fit in with the national tourist promotion schemes and also the procedure to be followed in this regard. This will ensure forward planning of schemes by the State Governments in accordance with national plans and will lead to an integrated development of tourism schemes in the various regions of the country, while obviating infructuous expenditure on preparation and submission of schemes by State Governments which do not conform to these guidelines.</p>
20	4.58	<p>The Committee note that master plans for development of tourism have not been prepared by all the States. The Committee are unable to appreciate the position that no initiative should be forthcoming from the Centre in this regard under the apprehension that if they ask the State Governments to prepare the master plans, the latter in turn would ask for the funds. The</p>

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Committee feel that the Central Department of Tourism which consists of technical specialists should be able to offer technical help and persuade the State Governments to prepare the master plans for development of places of tourist interest in their areas. The Committee feel that it will be in the interest of the State concerned and also the development of tourism in the country in general that the places of tourist potential are identified and a shelf of schemes/plans is kept ready for different places so that these schemes/plans could be taken up for implementation as and when the financial position permits the investments on these schemes.

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5.18

The Committee note that as against 175 hotels on the approved list with a capacity of 10,754 rooms in April, 1973, there are at present 235 hotels on the approved list with a total capacity of 15,000 hotel rooms. Thus during the last three years, the industry has added 50 per cent to its total capacity.

The Committee, however, are concerned to observe that the existing position regarding availability of hotel rooms is far from satisfactory considering the future projections for a total of 25,500 hotel rooms needed to cater to the requirements of 8 lakh foreign tourists expected by the end of the Fifth Plan and about 32,000 rooms required for accommodating a million of foreign tourists visiting India by 1980. As against the financial requirements amounting to Rs. 126 crores for constructing about 10,500 additional rooms by the end of the Fifth Plan, the total provision of funds made during the Plan period both in Public and Private Sectors is stated to be sufficient to meet the cost of 4,869 additional rooms only during the Fifth Plan. This will be far short of the projected additional requirements of 22,500 rooms at the end of the Fifth Plan ac-

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ording to the assessment of the Department of Tourism and even much less than the requirement of 15,000 rooms suggested by the Planning Commission.

Since the hotels constitute the most important and, in fact, a basic element of tourism infrastructure, the Committee feel that the various measures taken and efforts made for tourist promotion will not produce the desired results if the hotel accommodation in the country lags behind. The Committee would, therefore, urge that Government should keep a close watch on the trends of tourist traffic in the coming years and ensure that adequate accommodation is made available to meet the minimum requirements of the tourist arrivals. Considering the speed with which the hotel room capacity has been developed during the last three years, the Committee are confident that it will not be difficult for the Department of Tourism/I.T.D.C. to make up the leeway if adequate funds are made available for the purpose.

#### 5.19

The Committee consider that the hotel accommodation provided by the Department of Tourism/I.T.D.C. is generally costly and apart from the foreigners is mainly used by the more affluent sections of Indian society only. Even the accommodation provided in motels and two and three star category hotels is far beyond the reach of the middle and lower middle class families. That may be due to the fact that the objective set forth by the Tourism Department for itself is to promote international tourism which requires high star category hotels. While the Committee agree that promotion of international tourism is to be assiduously pursued, they would like to point out that importance of domestic tourism should not be lost sight of, as according to Government's own admission "domestic tourism can give our people a sense of

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unity and identification a broadening of their emotional and cultural horizon, a sense of belonging and pride and, above all, a sense of the wonder that is this vast country."

The Committee, therefore, recommend that effective measures should be taken by the Department of Tourism in consultation and coordination with the State Governments to provide cheap livable and clean accommodation to cater to the requirements and paying capacity of middle class and lower middle class domestic tourists.

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5.26

The Committee note that out of 17 youth hotels intended to serve as a supplementary accommodation to cater to middle and low income groups of tourists, which were targeted to be constructed during the Fourth Five Year Plan, 9 youth hotels are already functioning and 5 more were expected to be commissioned by March, 1976. The work on the fifteenth youth hostel is also stated to be in progress. The Committee hope that the work of constructing youth hotels will be given an impetus during the remaining period of Fifth Plan for providing accommodation not only to the foreign tourists belonging to middle income and lower income groups but also to cater to the needs of domestic tourists.

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5.27

The Committee note that the work relating to camping sites has been held up as the State Governments could not finalise the sites before the ban on construction of new projects was imposed. Out of 19 camping sites proposed to be constructed during the fourth plan period, only one camping site has been constructed at Surajkund so far. As the camping sites provide a very convenient halt to the tourists travelling by road on their way to and from the important tourist centres in the country the Committee urge that urgent attention should be paid to the

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		construction of these sites in coordination with the State Governments with a view to make their stay in India comfortable and enjoyable.
25	5.33	<p>The Committee note that in implementation of the recommendation made by the Committee in the 42nd Report (1972-73), Government constituted a high powered committee with effect from 1st February, 1974 to examine in depth the existing concessions and facilities available to the Hotel Industry and to recommend the need for their being continued and suitably extended. The Committee, however, note that the high-powered Committee has not submitted its report so far even after a lapse of over two years. The Committee expect that Government should lay down time-limits for the submission of reports by the Committees appointed by them. They urge that the high powered committee should finalise its report without further delay so that Government are able to arrive at an early decision regarding the concession/facilities to be given to the hotel industry so as to achieve a regulated and assured growth of hotel industry for promotion of tourist traffic in the country.</p>
26	6.10	<p>The Committee note that during the last two years the tourist vehicle market has been affected by various factors such as the energy crisis leading to higher cost of petrol, steep rise in the cost of motor cars, higher cost of maintenance and wages of labour, increasing financial burden due to credit squeeze etc. Due to these factors, the operators have been finding it difficult to lift the vehicles offered to them by the Department of Tourism. The Committee would like Government to look into these matters with a view to find ways and means to ensure that adequate number and requisite types of cars/coaches are made available so that the tourist trade is not adversely affected by the shortage of vehicles in the coming years.</p>

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27	6.11	<p>The Committee note that in the study conducted by the Department of Tourism on the Effects of Fuel crisis on Tourism in India (1973-74), a number of suggestions have been made to meet the problems being faced in regard to the availability of tourist vehicles. Some of the suggestions relate to (i) import of one year old diesel cars and coaches from abroad as they are currently available at the lowest prices (ii) allocation of diesel operated Mercedes Benz cars and the spare parts by the STC to the tourist car trade; and (iii) waiving of the condition regarding compulsory re-sale of secondhand imported cars to the S.T.C. by transport operators. The Committee would like Government to examine these suggestions and take decisions expeditiously with a view to sustain and encourage tourist vehicles trade.</p>
28	6.12	<p>The Committee further urge that as a supplemental measure, Government should also examine, in the wake of energy crisis and steep increase in the cost of cars and petrol, how far the anticipated gap in the demand for cars can be met either by diverting the excess traffic to air or rail services or by increasing the use of coaches whose operation would be more economical.</p>
29	6.29	<p>The Committee note that in pursuance of their recommendation regarding implementation of the scheme for inter-State movement of passenger tourist vehicles on single permit taxation basis which was formulated in 1962-63, the Department of Tourism has been pursuing the matter with the State Governments and Union Territories to issue the necessary notifications regarding exemption from vehicle tax and passenger tax. The Committee find that a number of States have already accepted the scheme and issued the relevant notifications. In the case of a few other States, the matter is stated to be</p>

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under consideration/correspondence. The State of Jammu & Kashmir have rejected the proposal, while the matter has not yet been taken up with the Government of Sikkim. The Committee urge that the Department of Tourism should pursue the matter more vigorously with those State Governments which have accepted the scheme in principle so that necessary clarifications and notifications are issued by them without further delay.

**30****6.30**

The Committee would further like Government to take up the matter with the Government of Sikkim and also persuade the State of Jammu & Kashmir to accept the scheme which would result in further boosting of the tourist traffic to that State.

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**APPENDIX VII**

(Vide Introduction)

*Analysis of Recommendations/Conclusions contained in the Report*

**I CLASSIFICATION OF RECOMMENDATION**

**A. Recommendation for improving the Organisation and Working :—**

S.Nos. 1 to 30.

**B. Recommendation for effecting economy :—**

Nil . . . . .

Sl. No.	Name of Agent	Sl. No.	Name of Agent
<b>WEST BENGAL</b>		32.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.
21.	Grantholoka, 5/1, Ambica Mookherjee Road, Belgharia, 24-Paraganas.	33.	Bahree Brothers, 188, Lajpat Rai Market, Delhi-6.
22.	W. New Man & Company Ltd., 3, Old Court House Street, Calcutta.	34.	Jayna Book Depot, Chhapparwala Kuan, Karol Bagh, New Delhi.
23.	Firma K. L. Mukhopadhyay, 6/1-A, Banchharam Akur Lane, Calcutta-12.	35.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.
24.	Mrs. Manimala, Buys & Sells, 128, Bow Bazar Street, Calcutta-12.	36.	People's Publishing House, Rani Jhansi Road, New Delhi.
25.	M/s. Mukerji Book House, Book Seller, 8B, Duff Lane, Calcutta.	37.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.
<b>DELHI</b>		38.	Hind Book House, 82, Janpath, New Delhi.
26.	Jain Book Agency, Connaught Place, New Delhi.	39.	Book Well, 4, Sant Nirankari Colony, Kingsway Camp, Delhi-9.
27.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	40.	M/s. Saini Law Publishing Co., 1899, Chandni Chowk, Delhi.
28.	Atma Ram & Sons. Kashmere Gate, Delhi-6.	<b>MANIPUR</b>	
29.	J. M. Jaina, & Brothers, Mori Gate, Delhi.	41.	Shri N. Chaob Singh, News Agent, Ram Lal Paul High School Annexe, Imphal.—MANIPUR.
30.	The Central News Agency, 23/90, Connaught Place, New Delhi.		
31.	The English Book Store, 7-L, Connaught Circus, New Delhi.		

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