C. P. U. No. 255

COMMITTEE ON PUBLIC UNDERTAKINGS (1973-74)

(FIFTH LOK SABHA)

FIFTY-FIRST REPORT

INDIA TOURISM DEVELOPMENT CORPORATION LTD.

(MINISTRY OF TOURISM AND CIVIL AVIATION)

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 1974/Vaisakha, 1896 (S)

Price: Rs. 4.00

C_O_R_R_I_G_E_N_D_A

FIFTY-FIRST REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (5TH LOK SABHA) ON INDIA TOURISM DEVELOPMENT CORPORATION LIMITED.

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COMMITTEE ON PUBLIC UNDERTAKINGS

(1973-74)

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2. Shri Dinen Bhattacharya
3. Shri T. H. Gavit
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Shri M. A. Soundararajan—*Deputy Secretary*

Shri M. N. Kaul—*Under Secretary.*

*Appointed to act as Chairman from 16-5-1973 to 11-7-1973 during the absence abroad of Shrimati Subhadra Joshi.

**Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha on 3-4-1974.

COMPOSITION OF STUDY GROUP ON TOURISM AND PHOTO FILMS

1. Shri Lal K. Advani—*Convener*
2. Shrimati Purabi Mukhopadhyay—*Alternate Convener*
3. Dr. Mahipatray Mehta
4. Shri M. S. Abdul Khader
5. Shri R. P. Yadav
6. Shri Suraj Prasad
7. Shri T. H. Gavit.

INTRODUCTION

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

2. This Report is based on the examination of the working of the India Tourism Development Corporation Limited, upto the year ending 31st March, 1973.

3. The Committtee took evidence of the representatives of the India Tourism Development Corporation Limited on the 8th and 9th November, 1973, and those of the Ministry of Tourism and Civil Aviation on the 11th and 12th December, 1973.

4. The Committee on Public Undertakings considered and finalised the Report at their sitting held on the 23rd April, 1974.

5. The Committee wish to express their thanks to the Ministry of Tourism and Civil Aviation and the India Tourism Development Corporation for placing before them the material and information they wanted in connection with the examination of the working of the India Tourism Development Corporation Limited. The Committee wish to thank in particular the representatives of the Ministry and the Undertaking who gave evidence and placed their considered views before the Committee.

NEW DELHI;
April 25, 1974.
Vaisakha 5, 1896 (*S*).

SUBHADRA JOSHI,
Chairman,
Committee on Public Undertakings.

I

INTRODUCTORY

A. Background

Importance of Tourism as a foreign exchange earner and also as one of the means for national integration are widely recognised.

1.2. With a view to developing tourism in the country the Government of India, in the Department of Tourism established three separate companies during the year 1964-65 under the provisions of the Companies Act, 1956. The India Tourism Transport Undertaking Ltd. was incorporated on the 1st December, 1964 with an authorised capital of Rs. 19 lakhs to provide transport facilities to tourists. On the 21st January, 1965, the India Tourism Hotel Corporation Ltd. was incorporated with an authorised capital amounting to Rs. 400 lakhs. Its main function was to construct and manage hotels in the public sector. Subsequently, this Company was renamed as 'Hotel Corporation of India Ltd.' The India Tourism Corporation Ltd. was incorporated on the 31st March, 1965 with authorised capital of Rs. 50 lakhs with a view mainly to producing materials for tourist publicity.

1.3. On the basis of the experience gained, the Government, however, subsequently thought that it would ensure better coordination as also saving in expenditure if the three corporations were merged into one. Accordingly, the Hotel Corporation of India Ltd. and the India Tourism Transport Undertaking Limited were dissolved and merged into India Tourism Corporation Ltd. This Company was renamed as "India Tourism Development Corporation Ltd." It started functioning with effect from 1st October, 1966 for the purpose of developing and promoting tourism in India. The authorised capital of the unified Corparation is Rs. 30 crores as on 27th December, 1973.

B. Objectives

1.4. The main objects and those incidental or ancillary thereto to be achieved by the Corporation have been laid down in detail under Clause III of the Memorandum and Articles of Association of India Tourism Development Corporation Ltd. Broadly the objects and functions of the Corporation fall under the following five categories:—

(i) Taking over and management of existing hotels and construction, maintenance and management of hotels, restaurants, tourist bungalows, guest houses, and other places for the purpose of stay of tourists.

(ii) Production, distribution and sale of tourist publicity material.

(iii) Provision of transport facilities, for tourists by all modes of transport.

(iv) Provision of entertainment for tourists by way of cultural shows, dances, music, concerts, film shows, sports and games, sound and light shows etc.

(v) Provision of shopping facilities to tourists and management of shops, bazars, emporia and other places for selling travel requisites and other articles of tourist interest.

1.5. The working of the Corporation was examined earlier by the Committee on Public Undertakings in their Seventieth Report which was presented to Lok Sabha on the 30th April, 1970. The Sixth Report (Fifth Lok Sabha) of the Committee on the action taken by Government on the recommendations contained on that Report was presented to Parliament on 17th December, 1971.

II

PLAN PROGRAMMES

A. Fourth Five Year Plan Programmes

2.1. To carry out the programmes of the Corporation, a provision of Rs. 12.77 crores had been made during the Fourth Five Year Plan period. It was stated that as many as seven schemes originally included in the Fourth Plan was postponed to the Fifth Five Year Plan. The names of the projects postponed given below:—

1. Goa (Hotel/Cottages)
2. Hotel at Jaipur
3. Motel at Siliguri
4. Expansion of Travellers' Lodge at Bhubaneshwar
5. Expansion of Travellers' Lodge at Madurai
6. Expansion of Travellers' Lodge at Bodhgaya
7. Expansion of Travellers' Lodge at Kulu

2.2. The reasons for not implementing these schemes were stated to be:—(i) the Goa Cottages scheme for which a provision of Rs. 30 lakhs had been included in the 4th Plan, was not taken up because the development of Goa beach was to be examined by a team of UNDP experts. The ITDC did not want to undertake the work without getting the benefit of the report of the experts who were going into the whole question of the development of tourism in Goa. (ii) In the original 4th Five-Year Plan of the Corporation a provision of Rs. 75 lakhs was included for the construction of a hotel at Jaipur. Keeping in view the efforts of the private sector for augmenting hotel accommodation at Jaipur, the proposal to construct a hotel at Jaipur was not pursued during the 4th Plan period.

However, during the 5th Plan of the Corporation a provision of Rs. 135.00 lakhs has been made for the construction of a 100-room motel.

The project would be taken up after its economic viability is established.

(iii) A provision of Rs. 25 lakhs was made for setting up a 50-room motel at Siliguri. A preliminary assessment, however, indicated that this type of tourist accommodation was not really a pressing need at present. There was also some difficulty about the allotment of a suitable site by the Government of West Bengal.

(iv) At Bhubaneshwar, the Travellers' lodge was to be expanded by addition of 20 rooms at a cost of Rs. 15 lakhs. This scheme had been approved by the Board of Directors of the ITDC but the Corporation utilised its resources for other schemes which were actually in hand. It was decided to take up this scheme in the Fifth Plan.

(v) The expansion of travellers' lodges at Madurai and Kulu were not thought to be essential schemes and were thus postponed to the next Plan.

(vi) The expansion of travellers lodge at Bodhgaya was postponed because a Master Plan was being prepared for the development of the area. The project would be taken up only after the Master Plan was finalised.

2.3. The Committee were informed that the ITDC would be incurring an expenditure amounting to about Rs. 12.78 crores on their scheme during the Fourth Plan against Rs. 12.77 crores allocated for the Plan period. A statement showing the original allocation and revised allocation based on mid-term appraisal, estimated cost and likely expenditure to be incurred on various schemes of the ITDC during the Fourth Plan is at Appendix I. The Statement indicates that:—

(a) No provision was made in the original 4th Plan and its mid-term appraisal for (i) conversion of Lalit Mahal Palace, Mysore into a Hotel at an estimated cost of Rs. 8 lakhs (ii) setting up a Hotel at Patna at an estimated cost of Rs. 43.00 lakhs.

(b) No provision was made in the original 4th Plan but in Mid-term appraisal, allocation of Rs. 27.00 lakhs was made for renovation of Travellers' Lodge and Restaurant at Khajuraho. The estimated cost of this Project was Rs. 31.45 lakhs.

(c) There was perceptible increase in the total estimated expenditure during the 4th Plan Period as against the original allocation in the plan some schemes *e.g.*

	Percentage increased
(i) Bangalore Hotel	95 percent
(ii) Dum Dum Hotel	75 percent
(iii) Kovalam Hotel and Cottages	170 percent
(iv) Jammu Hotel	7

(d) There was shortfall in several important plan projects. For example, a provision of Rs. 30.00 lakhs was made for Goa Hotel but no expenditure is likely to be incurred during the Plan. The original allocation of Rs. 100.00 lakhs for Aurangabad Hotel was reduced to Rs. 70 lakhs in the Mid-term appraisal. As against this reduced allocation, only an expenditure of Rs. 29 lakhs is expected to be incurred during the Plan.

(e) The IDTC would be fully utilising the plan allocation while some projects meant for implementation during this period were being postponed.

2.4. The Committee were further informed that alternate projects according to needs were taken up. The Committee desired to know whther any physical and financial targets were fixed for the purpose and if physical targets were fixed how was it that the entire amount was spent even without the physical targets being adhered to. Elucidating the point, the Secretary of the Ministry of Tourism and Civil Aviation stated:—

"'Certainly there may be schemes on which a certain amount was estimated originally and they might have exceeded the estimated cost........But it is not as if there has been a shortfall. Admittedly, ITDC at one stage, when the Fourth Plan was formulated, might have said that they intended setting up a motel here or a travellers' lodge there—at that stage, it would have appeared to them to be a place which needed attention but no closer examination, they might have found that it was not needed there and it was needed elsewhere in preference."

2.5. The representative of the Ministry added that:—

"When the Fourth Plan was formulated ITDC was not a very old organisation and I am afraid no other department or Corporation, at the beginning of the Fourth Plan, would have been able to give correct and right schemes with complete costs, estimates and locations."

B. Schemes for Fifth Five Year Plan

2.6. With a view to generating larger volume of tourism in the country and to encourage domestic toursim, a provision of Rs. 113 crores has been made in the Fifth Five Year Plan. This amount has been split up for development scheme as follows:—

Rs. 78 crores in the Central Sector;

Rs. 32 crores in the State Plans; and

Rs. 3 crores for the Plans of the Union Territories.

The share of ITDC in the Central plan is envisaged as Rs. 34 crores.

2.7. It was stated during evidence that the accent during the 5th plan was largely on increasing the accommodation for which Rs. 30.35 crores had been provided. The following main schemes concerning accommodation have been included in the 5th Plan of ITDC:

(a) Six Hotels. These will be at New Delhi, Goa, Mysore, Puri, Kovalam, Madras.

(b) Twenty-nine Motels. These will be at Agra, Jaipur, Ranchi, Siliguri, Chandigarh, U.P. Hill areas, Pondicherry, Ahmedabad, Nagarjunasagar, Kanya Kumari, Phalgam and Amritsar, etc.

(c) Cottages at Kovalam (Extension) Mahabalipuram and Goa.

(d) Travellers lodges (including extension of the existing ones) at Bhubaneshwar, Kulu, Manali, Bodh Gaya, Kushingar.

2.8. The other important schemes included in the Fifth Plan were:—

(a) Beach and mountain resort areas like expansion of Kovalam Project, development of Goa beach, Gulmarg, Kulu, Manali, and U.P. hill areas for which a sum of Rs. 8 crores has been set aside;

(b) Development of places of cultural importance which will cost Rs. 3 crores;

(c) Development of wild-life costing Rs. 2 crores;

(d) Publicity and promotion of tourism at a cost of Rs. 5 crores.

(e) Establishment of a training institute of tourism costing Rs. 2.5 crores.

At the time of factual vertification the ITDC intimated the details of schemes included in the Fifth Plan as finalised. These are given in Appendix V.

.. **2.9. The Committee regret to note that as many as seven schemes of ITDC included in the Fourth Plan, viz. Hotel Projects for Goa, Jaipur, Motel at Siliguri and Expansion of Travellers Lodges at Bubaneshwar, Madurai, Bodh Gaya and Kulu, had to be postponed to the Fifth Five Year Plan because a closer scrutiny thereof revealed that some of them were not essential. The Committee take a serious view of inclusion of schemes in the Plan without adequate scrutiny of plans and priorities. The Committee are surprised to find that clear physical targets were not laid for watching the implementation of the schemes. The Committee find that in spite of seven of the schemes having been postponed to Fifth Plan the entire allocation for the 4th Plan has been expanded. The Committee recommend that Government should ensure that only such schemes of approved priorities are included in the Plans for which all the relevant details including estimates of cost have been worked out in advance. The Committee also recommend that wherever schemes not included in the approved Plan are allowed to be executed. The matter should be suitably brought to the notice of Parliament with precise reasons for the change. This may be done by making a specific mention of this with supporting details in the Annual Report of the Ministry and the Budget documents.**

2.10. Now that ITDC has gained sufficient experience in the field over the years, the Committee stress that Government/ITDC should work out details of the schemes, determine their inter se priorities so that these are taken up for execution to get the best results out of the investments.

III

ACCOMMODATION FOR TOURISTS

A. Hotels

3.1. At present there are 188 hotels in the approved list of the Department of Tourism with a total capacity of 11,902 rooms as indicated below:

	No. of Hotels	Rooms
ITDC . .	12	1573
Railway Hotels . .	2	54
State Corporation Hotels	4	88
Private Sector	170	10187
	188	11902

3.2. The India Tourism Development Corporation is at present managing twelve hotels in the country. These are:

	Date of commissioning	
(a) Ashoka Hotel, New Delhi (5 Star Deluxe)	*30-10-1956	486 rooms
(b) Janpath Hotel, New Delhi (3 Star)	*1-4-1964	214 rooms
(c) Raniit Hotel, New Delhi (2 Star)	*7-11-1965	200 rooms
(d) Lodhi Hotel, New Delhi (2 Star) .	*15-9-1965	200 rooms
(e) Akbar Hotel, New Delhi (to be classified)	27-1-1972	163 rooms
(f) Hotel Ashoka, Bangalore (o be classified) . . .	1-5-1971	91 rooms
(g) Laxmi Vilas Place Hotel, Udaipur (taken over from Deptt. of Tourism) (to be classified)	1-1-1969	34 rooms
(h) Aurangabad Hotel, Aurangabad (taken over from Railways) (2 Star)	1-10-1972	23 rooms
(i) Qutab Hotel	4-11-1973	48 rooms
(j) Khajuraho Hotel .	10-11-1972	48 rooms
(k) Kovalam Palace Hotel	Oct. '70	16 rooms
(l) Varanasi —13—		50 rooms
Total . .		1573 rooms

*Taken over by I.T.D.C. in March, 1970.

3.3. The Corporation offers in all 1719 rooms for the tourists in its various units including motels and travellers' lodges. This comes to about 14 per cent of the total approved tourist accommodation available in the country and the remaining 86 per cent is controlled by the private sector.

(i) *Occupancy*

3.4. During the period from 1970-71 to 1973-74 the percentage of room occupancy of the major hotels run by I.T.D.C: has been as indicated below:

	Name of Hotel	1970-71 *Per cent*	1971-72 *Per cent*	1972-73 *Per cent*	1973-74 *Per cent*
1.	Ashoka Hotel, New Delhi	67	63	69	71
2.	Ashoka, Bangalore	..	74	87	89
3.	Akbar, New Delhi	..	43	74	81
4.	Janpath, New Delhi	91	85	81	83
5.	Ranjit, New Delhi	64	68	64	52
6.	Lodhi, New Delhi	72	71	73	69
7.	Aurangabad Hotel	..	..	78	60
8.	Laxmi Vilas Palace Hotel	45	40	42	24
9.	Khajuraho	..	..	..	27
10.	Varanasi	..	..	..	25
11.	Kovalam Grove	..	..	..	26
12.	Qutab	..	..	..	31

3.5. Explaining the reasons for this decline in room occupancy Government stated that a good deal of renovation was going on and a large number of rooms were not available for being rented out. The Committee, were, however, informed during evidence that the I.T.D.C. set up a Marketing Division and strenuous efforts were being made to sell their rooms. It was also stated that the ITDC had been concentrating on renovation of the hotels in order to improve their occupancy. Government now expect that measures like publicity, introduction of group tariff, new facilities like restaurants, air-conditioning etc. already taken/initiated help in improving the occupancy ratio in future.

3.6. The Committee understand that the Oberai Inter-Continental had an occupancy of 91 per cent during the first quarter of the financial year 1973-74. In Imperial Hotel, the occupancy was 64.1 per cent last year and this year it was 72 per cent. In Hotel Diplomat, the occupancy was 57 per cent last year and 53 per cent this year. In the case of Claridges Hotel, it was 95 per cent in the first quarter and 83 per cent in the 2nd quarter of 1973.

3.7. In a note furnished after evidence it was stated by Government that occupancy of a hotel was a composite result of interaction oi many factors like tariff, image of the hotel, reputation for offering quality service, competition from other hotels, location of the hotel, tourist importance of the place, sales promotion efforts, freign collaboration arrangements. It was, therefore, not possible to attribute the occupancy to one single fact alone like renovation.

3.8. The Committee note the decline in the rate of occupancy in almost all the hotels managed by the I.T.D.C: from 1970-71 upto 1972-73.

The main reason advanced by the Management of the ITDC for this downward trend in occupancy ratio from 1970-71 to 1972-73 was non-availability of hotel rooms on account of renovation. The Committee do not see any reason why the Corporation should undertake extensive renovation of all its hotels simultaneously. The Corporation should phase its programmes of renovation of its hotels in such a manner that room occupancy is not adversely affected. One way to achieve this objective can be to undertake major renovation works during off-season period of tourist arrival in India and minimum renovation during tourist season. The Committee recommend that ITDC should study in depth the causes contributing to less occupancy before launching on such major programmes of renovation as are likely to affect occupancy of hotel rooms and consequently their profitability.

3.9. The Committee are glad to note the increase in the rate of room occupancy in the major hotels of ITDC during 1973-74. The Committee would also like ITDC to study the factors underlying the high occupancy of leading hotels in private sector and to take further suitable measures in order to boost up occupancy in the hotels under their management.

(ii) *Renovation*

3.10. The actual expenditure incurred on renovation of the ITDC hotels from 1st April, 1969 upto 30th September, 1973 and their estimated cost of renovation is indicated in the table below:

Name of the Hotel	Estimated cost	Actual expenditure upto 30-9-1973
	(Rs. in lakhs)	
Ashoka Hotel, New Delhi.	180·00	141·00
Janpath Hotel	55·00	41·00
Ranjit Hotel	37·00	30·00
Lodhi Hotel	39·00	31·00
TOTAL :	311·00	243·00

3.11. Regarding the criteria for deciding and undertaking the renovation of a hotel, the Committee were informed that when the management felt that renovation of a particular hotel was necessary, it was undertaken. It was stated that Ashoka Hotel, New Delhi was built in the year 1956 and in 1969 it was felt that its occupancy had dropped and the hotel needed renovation. A massive programme of renovation was, therefore drawn up for this hotel. Regarding Janpath, Lodhi and Ranjit Hotels, New Delhi, it was stated that they were primarily constructed as hotels and to convert them into hotels, renovation was inescapable.

3.12. Explaining the procedure for undertaking renovation, the management of ITDC informed the Committee that the Chief Engineer of the Corporation together with the engineer of the hotel decided what renovation had to be done. Every renovation programme was put up to the Board of Director and no wholesale renovation was allowed without the specific approval of the Headquarters and the Board of Directors. Tenders were called for every major work and most of the work was done on contract basis. In each hotel, their architects were associated when tenders for carpets, furniture, curtains etc. were scrutinised. The tenders, which were found consistent with the prescribed specifications, were accepted. A team of Project Enginer and Finance Officer was also posted on the site of renovation. The renovation programme was controlled by the Chief Engineer and the Joint Divisional Manager (Finance).

The Committee were informed that every effort is made by ITDC in executing the renovation programmes at reasonable cost consistent with maintenance of quality and standard and satisfying needs of the customers.

3.13. To a question whether any guidelines had been issued regarding renovation of hotels, the Committee were informed that Government had not issued any guidelines in the matter. It had been further stated in this regard that no period had been laid down for undertaking renovation work but normally renovations were undertaken once in 4 or 5 years.

3.14. Asked if the results achieved so far justified the investment made on renovation of the hotels, it was stated by the Corporation that the renovations commenced in 1969-70 and the increase in revenue from 1970-71 as indicated in the table below justified the expenditure incurred on renovations:

Name of the Hotel	1968-69	1969-70	1970-71	1971-72	1972-73
Ashoka Hotel, New Delhi.	151·20	180·08	250·34	259·17	319·36
Janpath Hotel .	55·74	68·06	81·79	82·20	97·43
Ranjit Hotel .	15·81	25·29	32·05	35·58	41·87
Lodhi Hotel . .	15·01	21·57	29·98	33·77	42·93

3.15. The following table indicates the income and expenditure and the net profit|loss of the four Hotels from 1969-70 to 1972-73:—

(Rs. in lakhs)

Name of Hotel	1969-70			1970-71			1971-72			1972-73		
	Income	Expenditure	Net Profit/Loss	Income	Expenditure	Net Profit/Loss	Income	Expenditure	Net Profit/Loss	Income	Expenditure	Net Profit/Loss
Ashoka Hotel, New Delhi.	180·08	173·18	(+) 6·90*	250·34	231·63	(+) 18·71	259·17	240·49	(+) 18·68**	319·36	292·30	(+) 27·06
Janpath .	68·06	60·98	(+) 7·08	81·79	70·91	(+) 10·88	82·20	71·56	(+) 10·64	97·43	86·95	(+) 10·48
Ranjit .	25·29	27·07	(—) 1·78	32·05	36·05	(—) 4·00	35·58	39·94	(—) 4·36	41·87	43·70	(—) 1·83
Lodhi .	21·57	23·10	(—) 1·53	29·08	31·03	(—) 1·95	33·77	36·25	(—) 2·48	42·93	43·60	(—) 0·67

*Before charging development, rebate reserve, provision for gratuity reserve, previous years's expenses and extra allowance for depreciation.

** Before gratuity reserve.

3.16. The Committee find that ITDC have undertaken renovation of Ashoka, Janpath, Ranjit and Lodhi Hotels at an estimated cost of Rs. 3:11 crores against which a sum of Rs. 2:43 crores has been spent up to 30th September, 1973. The Committee note that out of this, a sum of Rs. 30 lakhs has been spent on renovation of Ranjit Hotel and a sum of Rs. 31 lakhs on renovation of Lodhi Hotel upto 30th September, 1973. It has been claimed by the management that the expenditure on renovations was justified by the increase in revenue in these hotels. The Committee note that the revenue in the case of Ranjit Hotel has increased from Rs. 35:58 lakhs in 1971-72 to Rs. 41:87 lakhs in 1972-73 and the loss has also decreased from Rs. 4:36) lakhs in 1971-72 to Rs. 1·83 lakhs in 1972-73. In the case of Lodhi Hotel, the revenue has increased from Rs. 33:77 lakhs in 1971-72 to Rs. 42.93 lakhs in 1972-73 and the loss has come down from Rs. 2.48 lakhs to Rs. 0.67 lakhs. The Committee, however, find that there has not been any appreciable improvement in the room occupancy of these two hotels. The Committee are, therefore, not impressed by the plea of the Management that the expenditure on renovations in the case of hotels was justified by the increase in revenue because they find that there has been an increase in tariff of the hotel from October, 1972.

3.17. The Committee were assured that the Government kept themselves fully informed of the working results of ITDC hotels and the performance of the hotels was periodically review. The Committee recommend that while reviewing the performance of the hotels, the reasons for the losses incurred by each of the ITDC hotel should be critically analysed and remedial measures taken in time. The Committee would also like that while conducting the periodical review of the ITDC hotels, it should be ensured that renovations result in improving the room occupancy ratio and contribute substantially towards earnings.

Revolving Tower Restaurant in Ashoka Hotel, New Delhi.

3.18. The Board of Directors of Ashoka Hotels Limited decided in 1967 to construct a Revolving Tower Restaurant. It was orginally intended that the height of the Tower would be 150 ft. with 11 floors. Before the UNCTAD Conference began in February, 1968, the Tower was completed upto the third storey level and the work was stopped therefore, on the basis that the work could be resumed after the UNCTAD Conference. Subsequently the Architect suggested that the height of 150 ft. initially planned would prove inadequate, in as much as, with that height, the Tower would be on a level with the main building of the Hotel itself.

3.19. After successive changes in the plans of the Architects, a height of 227 ft. was agreed upon. Clearance of the Civil Aviation Department to the proposed height was also obtained. In the meanwhile the Committee on Public Undertakings (1967-68) had in their 13th Report (4th Lok Sabha) on the working of the Ashoka Hotels Ltd. adversely commented on the role of the Architects and the action of the Management in awarding the contract for the Annexe to M/s Tirath Ram Ahuja Private Ltd. in preference to the lowest tenderer, namely Uttam Singh Duggal and Co.

3.20 The Committee also criticised the increase in the original cost estimates of Rs. 2.89 crores which included a sum of Rs. 25 lakhs as the cost on Revolving Tower Restaurant and recommended that:—

> "It is seen that the original estimates of Rs. 2·39 crores have been increased to Rs. 2·49 crores during a review by the management, while the final estimates were still awaited from the Architects. This implies that the estimates will considerably deviate from the original estimates. Wide variations between the estimated cost and actual expenditure has become a common feature in the public sector projects and the Committee have criticised this aspect in their earlier reports. If estimates are framed with care, the actual performance should not be wide off the estimates. The Committee would watch with interest as to how in the case of Annexe Project of the hotel the actual cost compares with the estimated cost."

In their reply, the Government stated that the Management of the Ashoka Hotel had since decided not to proceed with the completion of the revolving tower.

3.21. Explaining the circumstances in which the work on Revolving Tower was suspended it was stated that since Government had set up an Enquiry Committee to go into the whole matter, the management of Ashoka Hotel decided not to proceed with the completion of the Revolving Tower Restaurant and to await the findings of the Enquiry Committee. After the findings of the Enquiry Committee became available, they were communicated to the Ashoka Hotels Ltd. The Board of Management of the Ashoka Hotels Ltd. at its meeting held on 17th June, 1969 resolved that the construction of the Tower should be suspended for the present and that this question could be reviewed later. The Board of Ashoka Hotels had decided not to proceed further with the work. The main reasons for suspending the work on the tower were stated to be:

(i) against a total estimated expenditure of Rs. 47.71 lakhs as now envisaged the Restaurant when completed was unlikely to pay its way.

(ii) The management had embarked on a scheme of major renovation.

3.22. It was also stated that as between the need for renovation and the desirability of constructing the Revolving Tower, the Management felt that the work of renovation was more important.

3.23. In this connection the Committee on Public Undertakings in Paras 1.20 to 1.22 of their 15th Report (1971-72) (5th Lok Sabha) recommended that:

"The Committee cannot help feeling that the whole episode of Revolving Tower right from the planning of its construction to the present stage of suspension for the time being can hardly be regarded as a responsible attempt of an organisation to increase the attractiveness and utility consistent with sound cannons of finacial properiety and prudent management.

The Revolving Tower was originally planned as a tourist attraction and obviously no clear cut decision could be taken at the start whether the height should be 150 feet or 227 feet. The Architect appears to have recommended a height of 227 feet and by this time following the report of the Committee on Public Undertakings which *inter alia* had referred critically to the Architect, Government set up an Inquiry Committee. The result is that the work on the Tower has been suspended and the accent will be on more important work of renovation in the Hotel. The following facts arising from the above call for a deep analysis:

(1) If the Project was thought important to attract tourists attraction why were not clear blue prints drawn out at the outset and why should there be second thought about the height of the Revolving Tower as originally conceived.

(2) Having already committed Rs. 14.13 lakhs, towards construction of the Tower was it prudent to suspend the project, as the initial objective of enhancing the attraction could not have been affected by the passage of time.

If the Management really felt that the tower would be a great asset why should they have suspended the project following the report of the Parliamentary Committee which had in no way recommended suspension, but only its economic execution.

(3) It would be clear that a greater part of the amount already invested is tantamount to incurring infructuous expenditure if the project is finally abandoned.

The Committee find it a fit subject for a high level enquiry and hope that exemplary action will be taken against all those found responsible for imprudent use of public funds."

3.24. The Committee enquired whether Government had instituted an enquiry into Revolving Tower episode in pursuance of their recommendations and if so, what were the findings. The Management of the Corporation informed the Committee in a written note that the observations made by the Committee on Public Undertakings were placed before the Board of Directors of the ITDC at their meeting held on the 24th November, 1972. It was stated that keeping in view the fact that no loss was likely to be incurred even if the project was abondoned at that stage, and also in view of the decision to go ahead with the completion of the project, Board felt that there remained no point to be investigated by any high level enquiry Committee. The Government had also accepted the views of the Board and no enquiry had been instituted.

Subsequently, Government stated that the observations of the Committee had been carefully considered by the Government and since the Construction of the Project had not been given up altogether by the Corporation, it was decided that there was no need to appoint a High level Enquiry Committee to look into the old Revolving Tower Restaurant. Government agreed in principle to the inclusion of the Revolving Tower Project in the shelf of Projects for the Fifth Plan, "if the feasibility report showed that it would be economically viable."

3.26. It was also added that a provision of Rs. 60 lakhs had been included in the Draft Five Year Plan of the Corporation on account of completion of the Revolving Tower Restaurant. The preliminary economics of the Project placed before the Board at the meeting held on 24th November, 1972 envisaged a height of 225 ft.

3.27. According to the preliminary economics of the Project, the proposal to construct a 225 feet high Revolving Tower restaurant at Ashoka Hotel, involved an investment of 65 lakhs including an expenditure of Rs. 9.83 lakhs already incurred and commitments made to the extent of Rs. 4.3 lakhs on account of lifts and air-conditioning equipment. It included provision of amenities like air-conditioned revolving tower Restaurant (224 seats), air-conditioned bar, a roof top snack bar 150 seats, 3 party-cum-conference rooms 150 seats, 3 deluxe suites at a different floor levels, a viewing terrace at the top and two elevators.

3.28. It was anticipated that net profit and the return on equity investment and the pay-back period of the Tower would be as follows:

(Rs. in lakhs)

Year	1	2	3	4	5
Net Profit . .	0·04	0·58	1·26	1·81	2·27
Return on Equity Investment .	0·1%	1·3%	3·9%	5·5%	7%
Pay back period .	(12 years)				

So far an expenditure of Rs. 10.06 lakhs has been incurred on this project.

3.29. The Committee note that Government approved the construction of the Annexe of the project of the Ashoka Hotels at an estimated cost of Rs. 2:39 crores which included a revolving tower restaurant with a height of 150 ft. with 11 floors estimated to cost Rs. 25 lakhs. The work on the Annexe project was awarded to M/s. Tirath Ram Ahuja on the advice of the architects M/s Choudhary and Gulzar Singh in preference to the lowest tenderer M/s. Uttam Singh Duggal and Company. Before the UNCTAD Conference began in February, 1968, the Revolving Tower was completed up to third storey level. The work was suspended and it was decided to resume it after the UNCTAD Conference. Subsequently, on the advice of the architect, the height of the Tower was increased to 227 ft. and the estimated cost of the Tower was revised to Rs. 47:71 lakhs. In the meanwhile, the Committee on Public Undertakings (1967-68) had in their thirteenth report on the working of the Ashoka Hotels adversely commented on the role of the architects and the action of the management in awarding the contract for the Annexe to M/s. Tirath Ram Ahuja (Pvt.) Ltd. In pursuance of this recommendation, Government appointed an enquiry committee in June, 1968 and on the basis of that Committee's report, management dispensed with the services of the architects. Subsequently, the Committee on Public Undertakings (1971-72) in their 15th Action Taken Report on Ashoka Hotels had observed that the Parliamentary Committee had in no way recommended suspension of the work on the tower but only its economic execution and recommended that it was a fit subject for high level enquiry. The Committee were informed that the Government had now decided in principle to resume the work on the tower at revised estimated cost of Rs. 60 lakhs for which necessary provision had been included in the Fifth Plan. Government also intimated that as the project had not been given up altogether, there was no need to appoint a high level enquiry committee.

3.30. The Committee find that the delay of 6 years in the resumption of the work of construction of the Revolving Tower has resulted in the escalation of the cost estimates to the extent of nearly Rs. 13 lakhs. According to the preliminary economics of the project the Committee find that the return on investment will be of the order of 7 per cent only in the 5th year after commissioning of the Tower and the pay back period is expected to be 12 years.

(iii) *Hotel at Aurangabad*

3.31. The Fourth Plan of the Corporation included an allocation of Rs. 100 lakhs on account of a hotel at Aurangabad. It was subsequently, decided to take over the Railway Hotel and expand the same. After protracted negotiations with the Railway authorities, they agreed to transfer the Railway Hotel to the ITDC. The hotel was taken over w.e.f. 1st October, 1972. It has 23 rooms, one restaurant and shopping facilities. The hotel is being expanded by an addition of 50 rooms. The architects had prepared detailed plans and cost estimates for the 50 room expansion block. However, due to non-availability of adequate funds during 1972-73 and 1973-74, the work could not be taken up for execution. It has been stated that contract for civil works has been awarded and the work on foundation is in progress. The hotel is scheduled for completion in September, 1975.

The occupancy and profitability of the Hotel during 1972-73 is indicated below:—

	1972-73
Occupancy	78%
Profitability	(—) 1·17 lakhs

3.32. During evidence, the Committee were informed by the Chairman and Managing Director of ITDC that:—

> "There is great deal of interest in those monuments (Ajanta and Ellora). They are the most fantastic monuments in the country. We have a regular air service to Aurangabad from where these places are visited. There are very good roads. In Aurangabad itself, two new hotels are coming up. There is a great demand."

As regards the arrangements from the Corporation side for the tourists, the Chairman and Managing Director of the Corporation stated:—

> "In this Complex we have a small restaurant. There was nothing at Aurangabad. We acquired very recently

> Railway Hotel in Aurangabad with 23 rooms and we have started work on new block of 50/60 rooms. It is the point from where the tourists go to Ajanta and Ellora. At Ajanta the restaurant has a few rooms and we are improving the facilities but we cannot have more rooms because there is a directive that no accommodation should be built within the environments of the historical monuments. In Ajanta itself we cannot have these things in proximity. We have a transport unit at Aurangabad; we provide some imported cars for foreign tourists. They use the cars to make their visits.

Middle Class accommodation is also available at Aurangabad. Buses ply from Aurangabad to Ajanta and also to Ellora."

3.33. The Committee find from a news item in a journal "NPA—'Tourism and Travel" of January, 1974:—

> "Aurangabad, the Central point for visitors to the frescoes and carving in the Ajanta and Ellora caves has a new hotel. Located 6 km. from the airport and 4 km from the railway station, Hotel 'Rama International' provides first-class accommodation for visitors wishing to spend a longer time in Aurangabad. The usual tourists from Bombay to Aurangabad in the past have been only for a day because of the absence of a quality hotel."

3.34. The Committee note that the Fourth Plan of the Corporation included an allocation of Rs. 100 lakhs on account of a hotel at Aurangabad. The Corporation decided to take over the Railway Hotel and expand the same by addition of 50 rooms instead of going in for the construction of a new hotel. Even after the decision to expand the existing railway hotel was taken, the Corporation could not take up the work for execution due to non-availability of adequate funds during 1972-73 and 1973-74. According to the present estimates the hotel is scheduled for completion only in September, 1975. The Committee fail to understand as to why the Corporation should not have accorded priority to the development of hotel facilities at Aurangabad, when it was well known that Aurangabad was the central point for the tourists to Ajanta and Ellora caves and there was a demand for good hotel accommodation, instead of relegating the execution of the work to Fifth Plan. The Committee feel that the Corporation left the field open with the result that a private sector hotel has come to be established at Aurangabad.

(iv) *Financial Results*

3.35. The Financial Results of the working of the hotels managed by I.T.D.C. during 1969-70 to 1973-74 (Upto December, 1973) are as under:—

(Rs. in lakhs)
(—) indicates loss :

Unit	Years				
	1969-70	1970-71	1971-72	1972-73	1973-74(+) (Upto 12/73)
Ashoka, New Delhi.	6·90*	18·71 11·57 (Expo. 70)	16·06 18·68**	27·06	20·99
Janpath .	7·08	10·88	10·64	10·48	7·85
Lodhi .	(—)1·53	(—)1·95	(—) 2·48	(—)0·67	(—)2·58
Ranjit . . .	(—)1·78	(—)4·00	(—)4·36	(—)1·83	(—)6·71
Ashoka, Bangalore .	..	..	(—)12·12	(+)5·63	9·28
Akbar . .	..		(—)13·77	6·79	7·47
Aurangabad . .	..	..	..	(—)1·17	(—)1·36
LVP Hotel, Udaipur	..	..	..	(—)4·72	(—)1·48
Khajuraho . .	..		..	(—)3·29	(—)1·48
Varanasi Hotel .	..	..		..	(—)3·38
Qutab Hotel . .		..	..	..	(—)1·62
Kovalam Grove .	..	..	..	(—)6·27	(—)3·20
TOTAL : .	10·67	35·21	12·65	32·09	23·78

3.36. It will be seen from the above statement that the losses incurred by both Lodhi and Ranjit hotels have been increasing since 1969-70 each year except in the year 1972-73. The following are stated to be the main reasons for the losses:—

(i) Lodhi and Ranjit Hotels were originally built as hostels. A programme of renovation had therefore to be undertaken to improve their functional and operational efficiency as hotels.

(ii) Consequent upon the renovation there was increase in the provision for depreciation. In the case of Lodhi Hotel

*Before charging development Rebate Reserve, Provision for Gratuity, Previous year expenses and extra allowance for depreciation.

**Before provision for Gratuity Reserve.

+Estimated, Subject to Audit.

the depreciation provided for the year 1972-73 was Rs. 6.30 lakhs as against Rs. 1.47 lakhs in 1969-70. In the case of Ranjit Hotel the depreciation provided in 1972-73 was Rs. 3.53 lakhs as against Rs. 1.90 lakhs in 1969-70.

(iii) The tariff of these two hotels was uneconomic. It was last revised in October, 1972.

(iv) The wage bills in the two hotels were also high and had been progressively increasing on account of implementation of wage Board recommendations and additional increases in fringe benefits granted from year to year as a result of settlements with the employees' union. The wage bill in respect of Lodhi Hotel has gone up from Rs. 7.98 lakhs in 1969-70 to Rs. 15.15 lakhs in 1972-73. In the case of Ranjit Hotel the increase has been from Rs. 9.20 lakhs in 1969-70 to Rs. 15 lakhs in 1972-73.

3.37. Asked as to why Ranjit and Lodhi Hotels were losing, the Chairman and Managing Director of ITDC stated during evidence that:—

"The buildings are also not ours. They were initially built as hostels. We are paying a substantial amount of rent to the works Ministry. We have to spend a lot on the up-keep. The wages are high and the tariff is low. These are the reasons why these hotels are not making profit.

The break-even is very high and our tariffs are kept low. The reasons for our incurring loss in these two hotels is that we have not, as a matter of policy increased the tariff as and when our costs went up. Our wages costs in the Ranjit and Lodhi hotels mounted so much that in the last three years we have more than doubled the wages. In spite of that we have not increased the tariff very much."

The higher losses during 1972-73 in the case of hotels at Aurangabad, Khajuraho, Kovalam grove and Udaipur were stated to be mainly due to provision for depreciation and Development Rebate Reserve having been made for the full year whereas these hotels (L.V.P. Hotel with its expanded capacity) actually operated for 3 to 6 months during that year. In order to improve the profitability of these hotels greater marketing efforts are being made. Besides, group tariff has been introduced in most of the hotels and off-season tariff introduced in Kovalam grove.

3.38. The Committee pointed out that in some of the countries even big hotels were run with less man-power by the system of self service. In reply the Chairman and Managing Director of I.T.D.C. stated that:—

> "I would like to emphasize here one thing. It is possible to run or hotels with less man-power than we are doing now. I entirely agree. But we have to provide other gadgets and we also have to get more out of our staff than we are doing at present. That does not seem to be possible at all. I had been to Yugoslavia and in a hotel, I found that there were 100 rooms and there were only 60 employees. I asked them as to how they were able to manage. I was told that there was combination of functions. The staff were able to do everything. One receptionist in the evening was able to man the telephone; he was able to receive the guests and he was even able to leave the desk and carry the luggage and put it in the room. This kind of thing is possible in the West."

3.39 Asked whether any study was made by the ITDC about the system of self-service in other countries, the representatives of the I.T.D.C. explained that:—

> "This is how they do it. These are the two or three ways in which they do it. The man-power there is better utilised than we are able to do in our country, and secondly, they are able to provide gadgets and mechanical devices, which require massive investment and there, of course, they get these things much easier. They do not have to pay as much as we have to pay. We have to pay 150 per cent as customs duty. They are able to do this in these two ways. There is no other way in which this can be done. There is also the question of social habits. In a Western country, if you say that there will be no room service on a particular day, they would not mind. But, here, the habit of Indians at least is such that they would like every thing to be brought to their rooms. They would not like to go to the restaurant themselves. There are certain social habits and certain attitudes, which have to be taken into account in this total picture."

3.40. In regard to the tariff in the Ranjit and Lodhi Hotels, the representatives of the I.T.D.C. stated during evidence:—

> "So far as Ranjit and Lodhi hotels are concerned, our tariffs are comparable with the tariffs of some other hotels in

the City and I think our tariffs are much lower compared to hotels like Metro, Alka, etc. Some of them charge even more."

3.41. Cost of food accounts for a major portion of the expenditure in the Hotels. Food and Beverage cost percentage in ITDC Hotels has been as under:—

	1971-72		1972-73		1973-74 Average	
	Budget material cost %age	Average for the year	Budget material cost %age	Average for the year	Budget material cost %age	up to Dec. 73
Ashoka Delhi.	35	33·78	35	34·2	35	37·4
Janpath	40	40·4	40	38·35	40	39·73
Ranjit	42	41·05	42	39·75	42	46·4
Lodhi	42	40·45	42	38·2	42	42·4
Ashoka, Bangalore .	40	39·15	40	37·2	40	46·6
Akbar	40	37·3 (one Qr.)	40	39·7	40	43·4

While during 1972-73, all the ITDC Hotels were able to maintain the food and beverage cost at the budgetted levels, the cost was more than the budgetted level, in the case of Janpath in 1971-72, in Ashoka New Delhi, Ranjit, Lodhi Ashoka-Bangalore and Akbar, New Delhi in 1973-74 (upto Dec. 73).

A. Statement indicating allocation of Central Overheads to Hotels/Motels during the last three years is given below:—

(Rs. in lakhs)

Name of the Hotel/Motel	1970-71	1971-72	1972-73
1. Ashoka Hotel	3·69	4·36	5·04
2. Janpath Hotel . .	1·23	1·31	1·34
3. Ranjit Hotel	0·62	0·70	0·56
4. Lodhi Hotel	0·62	0·70	0·56
5. Akbar Hotel		0·35	1·34
6. Hotel Ashoka Bangalore		1·31	1·34
7. Kovalam Grove			0·11
8. Aurangabad Hotel . . .			0·22
9. LVP Hotel, Udaipur. . . .			0·11
10. Khajuraho Motel			0·11
TOTAL :	6·16	8·73	10·73

3.43. The Committee find that out of 10 ITDC Hotels as on 31st March, 1973, as many as 6 hotels incurred losses during 1972-73, viz. Lodhi (0.67 lakh) Ranjit (1.83 lakh) Aurangabad (1.17 lakhs) L.V.P. Hotel, Udaipur (4.72 lakhs) Khajuraho Hotel (3.29 lakhs) and Kovalam Grove (0.27 lakhs). The losses incurred by the Hotels at Aurangabad, Khajuraho and Kovalam have been justified due to the fact that these hotels started functioning only during the closing months of the year, 1972. The Committee, however, find that the Lodhi and Ranjit hotels have been continously incurring losses from 1969-70. The losses had been heavy in the case of Ranjit during 1970-71 and 1971-72. The losses have been attributed to low tariffs, high break-even, increase in the wage bill over the years and high rent liability besides increased maintenance charges. It was stated that these two hotels were first built as hostels and had to be renovated to convert them into hotels. Even so, the Committee find that the occupancy had not appreciably improved.

The Committee, therefore, recommend that the Government/Corporation should critically go into the reasons for the losses and take concerted measures with a view to improving occupancy and effecting economies in expenditure in order to improve the profitability of these hotels. The Committee would also like to watch the performance of the Varanasi and Qutab Hotels which have been recently commissioned.

B. Motels

3.44. The main objects of constructing motels is to provide overnight transit accommodation at medium rates to tourists particularly to those travelling by road and to provide garrage-cum-serving and petrol filling facilities to motorists.

3.45. During 1972-73, the India Tourism Development Corporation Ltd. constructed and commissioned the following three Motels:—

(i) Hassan Motel, Hassan (27 rooms) Commissioned on 27th July, 1972;

(ii) Jammu Motel, Jammu (50 rooms) commissioned on 9th September, 1972;

(iii) Khajuraho Motel, Khajuraho (48 rooms) commissioned on 19th November, 1972.

Originally there were Travellers' Lodges at Hassan and Khajuraho. These were expanded and converted into motels. The motel at Khajuraho was renamed as Khajuraho Hotel in order to improve its marketability.

3.46. The motel at Hassan is meant to serve the tourists visiting the famous Belur Halebedu Complex. The Jammu Motel is expected to serve the tourists going to Kashmir and also to Vaishnu Devi, a famous pilgrimage centre. The Khajuraho motel is meant to serve those visiting the world famous Khajuraho temples.

3.47. It was stated that the tariff in these Motels varied from place to place and it was between Rs. 20/- and Rs. 35/- for single occupancy. Though the charges at Jammu Motel were little higher, yet compared to big hotels, they were stated to be much less.

3.48. So far as the occupancy ratio and profit and loss were concerned they were stated to be as under:--

Unit	Date of commissioning	Percentage of Room Occupancy		Profit (+) Loss (—)	
		1972-73	1973-74 up to Dec. 1973	1972-73	1973-74 upto Dec. 1973
				(Rs. in lakhs)	
1. Jammu	9-9-72	30·12	27·64	(—)5·29	(—)2·46
2. Hassan	27-7-72	22·71	19·16	(—)2·37	(—)1·14
3. Khajuraho . .	19-11-72	42·56	22·36	(—)3·30	(—)1·48

3.49. It was added that these three Motels would break even at 60 to 65 per cent occupancy which would be achieved in the next 3 to 4 years.

Government have stated that during the Fifth Plan Period, ITDC have plans to construct 14 motels. Details of location, capacity, cost and plan provision are given in the table below:—

Location of the Motel	Capacity (Rooms)	Estimated cost	Fifth Plan provision	Still-over to the Sixth Plan
			(Rs. in lakhs)	
1. Agra	100	135	135	—
2. Jaipur	100	135	135	—
3. Ranchi	60	50	50	—
4. Siliguri	50	45	45	—
5. Chandigarh	50	45	45	—
6. U.P. Hill Area	50	50	50	—
7. Pondicherry	50	45	45	—
8. Ahmedabad	60	75	75	—
9. Nagarjunasagar	50	45	45	—
10. Pahalgam	50	50	20	30
11. Kanyakumari	50	45	15	30
12. Bhopal	50	45	15	30
13. Gauhati	50	45	10	35
14. Amritsar	50	45	10	35
Total	820	855	695	160

3.50. The preliminary economics in respect of the motel projects at Agra, Ahmedabad and Bhopal have been worked out and these projects are likely to be economically viable. The requisite data for preparation of feasibility studies in respect of various motel projects is being collected and it is proposed to take up these projects in a phased manner subject to the establishment of their economic viability.

Motel-cum-Tourist Reception Centre at Varanasi

3.51. The project consists of a motel and a reception centre. While the expenditure on the motel is to be financed by ITDC, the cost of the reception centre is to be borne by the Department of Tourism. The entire project is being executed by ITDC. The estimated cost of the Motel is of the order of Rs. 49.00 lakhs, upto January 1974 an expenditure of Rs. 55.13 lakhs was incurred. The actual cost is likely to exceed the estimated cost by about 25 per cent. The main reasons for the increase in cost are stated to be higher cost of land, electric sub-station, higher tenders for items of civil works and furniture and fittings, installation of central air-conditioning system for 35 rooms and public areas etc.

Varanasi Project was commissioned in September, 1973.

The room occupancy upto December, 1973 was 23.26 per cent and it incurred a loss of Rs. 3.38 lakhs during 4 months of its operation in 1973 i.e. from September, to December.

3.52. The Committee note that the Corporation set up three motels one each at Jammu, Hassan and Khajuraho during 1972-73. The percentage of room occupancy during that year was 30.12 per cent, 22.71 per cent and 42.56 per cent, respectively. During the year 1973-74 (upto December, 1973) the room occupancy showed a declining trend, the occupancy being 27.64 per cent at Jammu, 19.16 per cent at Hassan and 22.36 per cent at Khajurhao. All the three motels incurred a total loss of Rs. 10.96 lakhs in 1972-73 and Rs. 5.08 lakhs in 1973-74 (upto December, 1973). The Committee are perturbed at the low room occupancy and resultant losses being incurred by these motels. Since the Motels are stated to break-even at 60 to 65 per cent occupancy, the Committee recommend that the Corporation should carefully review the working of these motels and take concerted measures to improve their financial position.

3.53. The Committee also find that ITDC propose to set up 14 additional motels during the Fifth Plan period despite the fact that the existing motels continue to suffer low room occupancy and financial losses. The Committee recommend that the I.T.D.C. should proceed with the programme of setting up new motels cautiously and

only after a careful scrutiny of their feasibility studies and economic viability. The Committee need hardly stress that the impact of recent increase in the price of petrol on the popularity of motels would also be kept in view in taking investment decisions for setting up new Motels.

3.54. The Committee note that the actual expenditure on the Motel-cum-Tourist Reception Centre at Varanasi is likely to exceed the estimated cost of Rs. 49.90 lakhs by 25 per cent. The Committee would like Government to go into the reasons for the excess critically before sanctioning the Revised Estimates of the Project.

C. Travellers' Lodges

3.55. The Corporation has at present 15 travellers' lodges with a capacity of 102 rooms (155 beds) as detailed below:—

	Year of Commissioning	Capacity Rooms	Capacity Beds.
1. Ajanta Travellers' Lodge	April, 66	5	7
2. Bharatpur Travellers Lodge	May, 63	4	6
3. Bhubaneshwar Travellers' Lodge	Sept. 63	12	24
4. Bijapur Travellers' Lodge	Oct. 65	4	6
5. Bodhgaya Travellers Lodge	Sept. 58	12	24
6. Kancheepuram Travellers' Lodge	Dec. 63	3	4
7. Konark Travellers' Lodge	Sept. 63	4	6
8. Kulu Travellers, Lodge	Oct. 64	6	8
9. Kushinagar Travellers' Lodge	Sept. 58	8	8
10. Madurai Travellers' Lodge	April, 63	10	14
11. Manali Travellers' Lodge	June, 67	10	16
12. Mandu Travellers' Lodge	Oct. 64	8	10
13. Sanchi Travellers Lodge	Sept. 58	8	10
14. Khanjavur Travellers' Ldoge	April, 63	4	6
15. Tiruchirapalli Travellers' Lodge	April, 63	4	6
TOTAL :		102	155

3.56. It has been stated by the management of ITDC that the Department of Tourism of the Government of India constructed these lodges mostly in the sixties, and transferred them to ITDC on the 1st January, 1969.

The Travellers' Lodges at Khajuraho and Hassan were converted into motels with effect from 19-11-1972 and 27-7-1973 respectively, (Khajuraho was later renamed as hotel). The travellers' lodge at Ajanta is being used as a restaurant. The Reception Centre at Jalgaon is under renovation.

The lodges at Udaipur and Mahabalipuram were expanded in January and March, 1973, respectively. ITDC proposes to expand six more lodges during Fifth Plan.

3.57. In a note submitted by ITDC to the Committee after the evidence, it has been stated that the travellers' lodges are small and consequently uneconomic in size. They have been built at remote areas rich in history of the past. In most of the places there are magnificient architectural buildings, sculpture, and some abound in glorious scenic beauty. In the interest of promotion and development of tourism, the Government of India built these units to make the tourists visit these areas and get exposed to the rich traditions and scenic beauty of our country.

It has been further stated that the travellers' lodges are basic tools for promoting tourism in the country and were not designed to be economically viable by themselves. For maintaining even a smallest travellers' lodge, a minimum complement of 4 employees is necessary and in such cases pay roll expenses alone account for major portion of the revenue. The cost of transportation of provision becomes high as these are procured from district headquarters which are sometimes for off. As a result of all these, it has been stated that the occupancy of the travellers' lodges has not been encouraging and consequently they are running at a loss. The operation of the travellers' lodges may rightly be viewed more as a promotional measure. Purely for this reason ITDC has moved the Government that it should pay ITDC subsidy for running these units.

3.58. Commenting on the reaction of the tourists to the travellers' lodges, it has been stated by the Corporation that the tourists have by and large commended the lodges and the services provided therein. The Corporation feel that these units are serving a good cause in as much as they are opening up new areas for the benefit of the tourists.

3.59. Room occupancy ratio and profit and loss of each of the travellers' lodge for the last 5 years, year-wise is indicated in Appendix II. It may be seen therefrom that all the travellers' lodges have been incurring losses since inception. The table below sums up the bed occupancy ratio and total loss incurred each year during the last 5 years i.e. from 1968-69 to 1972-73.

Year	No. of Lodges where bed occupancy was 50% or more	No. of Lodges where bed occupancy was 25 % or more but less than 50%	No. of Lodges where bed occupancy was less than 25%	Total Loss incurred
				(Rs. in lakhs)
1968-69	4	5	6	(—)1·20
1969-70	5	5	5	(—)3·04
1970-71	4	5	6	(—)3·88
1971-72	Nil	8	7	(—)4·06
1972-73 . . .	1	10	4	(—)4·20

3.60. The Committee note that the Department of Tourism of the Government of India constructed travellers' lodges mostly in the Sixties at places which had magnificent architectural buildings, sculpture and scenic beauty like Ajanta, Bodhgaya, Konarak, Madurai, Sanchi etc. These lodges were transferred by Government to the Corporation on 1st January, 1969. The Committee find that while the number of lodges where room occupancy was 50 per cent or more was five in 1969-70, the number of such lodges has come down to one in the year 1972-73. Not only this, after the transfer of these lodges to the I.T.D.C. the total loss incurred by these lodges has been increasing each year except in the year 1971-72 when the loss was Rs. 4.06 lakhs as against Rs. 3.88 lakhs in the year 1970-71. The Committee recommend that the operation of the travellers' lodges may be examined by Government and effective steps taken to reduce the losses so that they operate at least on no profit no loss basis.

D. Accommodation at Moderate Rates

3.61. A consumer Marketing study of tourists to the Pacific was conducted by Travel Research International Inc. in October, 1967 for Pacific Area Travel Association. It is *inter-alia* stated in this report:—

> "If accommodation in India were to deserve an above average rating for comfort and at the same time remain reasonable in price, this would not only give her a second strong item on the plus side but would also go far to counter many of the negative impressions presently held."

The Committee enquired that in view of the above observation what steps were proposed to be taken by the ITDC to ensure reasonably priced comfortable accommodation to tourists. The Chairman and the Managing Director of ITDC stated during evidence that:—

"In fact, this has been our endeavour that we will provide accommodation for a variety of budgets, the medium sized accommodation in the shape of motels, travellers' lodge etc. We are now going to do that in the 5th Plan.

So far as the ITDC are concerned, we are the only Corporation which is providing at present a variety of accommodation at different prices, that is to cover different budgets, but not as low as you were wanting it. In the 5th Plan, we do not have plan for building any new five star hotels. We want to concentrate on the motel type of accommodation or cottages, where the tariff is going to be reasonable and we are trying to fulfil that kind of need which has been stressed in the Pacifiic Visitors Survey Report. Today our image abroad about the hotel is quite favourable. The problem is not of quality, but of quantity. We do not have adequate number of rooms in different places as compared to the number of tourists. By and large, people abroad think that our accommodation quality is good and the prices are reasonable.

As I mentioned earlier, in Europe today even for ordinary hotels, the tariff is ten to fifteen dollars a day and in Communist countries, they are charging more. At that rate, we can provide a great deal of accommodation. That is what we are endeavouring to do in the Fifth Plan and the present plan."

3.62. It has been claimed that ITDC offers wide range of facilities covering all segments of tourists. While Ashoka Hotel and Akbar Hotel at New Delhi and Hotel Ashoka, Bangalore are for affluent class of tourists, Ranjit and Lodhi Hotels, New Delhi and Motels and Travellers' Lodges situated at various places in the country are meant for budget travellers.

3.63 The ITDC tariff for hotels, motels and travellers' lodges as applicable from October, 1972 indicates that the cheapest accommodation offered to the tourists in each of the categories is as follows:—

	A/c	Non A/c.
*Hotel**		
(i) Lodhi	Single Rs. 50 to 55	Rs. 35 to 40
(ii) Ranjit (New Delhi)	Double Rs. 75 to 85	Rs. 55 to 65
*Motel**		
Hassan	Single Rs. 20·00	
(Mysore)	Double Rs. 35·00	
Travellers Lodges	American Plan	Modified American Plan
Konarak (Orissa), Kushinagar (MP) . .	Single Rs. 30·00	Rs. 25·00
Sanchi (M.P.), Mandu (M.P.) . . .	Double Rs. 55·00	Rs. 45·00

3.64. The Committee observed that a tourist arriving in Delhi cannot get even non-air-conditioned accommodation through ITDC for less than Rs. 35 to Rs. 40 per day and to a couple it would cost Rs. 55 to Rs. 65 per day and enquired whether ITDC had the plans for providing accommodation at cheaper rates to students and persons for average means. In reply, the representative of the ITDC stated that they did not have any specific plans for providing such accommodation. It was further stated that in case ITDC were required to do that, the Government shall have to pay heavy subsidy.

3.65. In this connection, the representative of the Ministry of Tourism and Civil Aviation stated during evidence that in tourism, the area of accommodation was the most difficult for planning and was also a matter of controversy. It was explained that terms like 'Moderate' and 'reasonable' were relative terms. There was difference between what was moderatly price for a foreign tourist and for an Indian traveller. Elaborating the point further, the representative of the Ministry stated that:

> "The Corporation has been advised by the Ministry in that the Fifth Plan it should concentrate entirely on the Three Star type of accommodation to the exclusion of Four and Five Star accommodation like Ashoka or Akbar—except in exceptional cases where the private sector is not putting up such accommodation in some area where, for tourism purposes, it is necessary. But, by and large, the plan drawn up now is entirely for Three Star accommodation, except for the expansion of Akbar Hotel in Delhi and marginal expansion of Ashoka in Bangalore."

3.66. As for tourists who wanted accommodation ranging from Rs. 10 to Rs. 25 per day which covered group of foreign tourists also like students, young couples, hitch-hikers and those who came car, the Director General of Tourism stated as follows:—

*These are room rates only.

"We have about 20,000 tourists coming by road from Europe and living cheaply, and we also have the responsibility of providing accommodation for them. At the same time, we have a large demand in India for accommodation at about Rs. 20 to 25 per day. But the problem is, what is the standard of the accommodation that we can provide at that cost. All the feasibility studies the ITDC has made for this kind of accommodation show that in the metropolitan cities and other major cities the cost of land is so high and the cost of maintaining supervision is so high that it is next to impossible without either direct or indirect subsidisation, to provide accommodation of Western Standards of hygiene and cleanliness and comforts at Rs. 20 per day. I think there is a very large demand from the Indian middle classes. If we have to provide these standards at these costs, it will have to be subsidised. In fact, for the State Government Circuit House, the YMCA Restaurant and other types of accommodation that are currently available of these standards somebody or the other subsidises. The problem we have to consider is how much accommodation is possible either on the basis of subsidisation of cost of land or making recurring grants to the ITDC or any other way. However, what we have tried to do is to go to the next level below *i.e.* Rs. 10 and below by way of Youth Hostels and way-side accommodation or mere camping facilities—where a sort of tents are put up. We believe that this type of wayside accommodation will be acceptable to our students and Indian motorists as well as foreign tourists."

It was added that the Department of Tourism had been asked to find out the nature and quantum of subsidies required in this connection.

3.67. The representative of the Ministry informed the Committee that State Tourism Corporations managed the Tourist Bungalows Class-II with a tariff of Rs. 10 or Rs. 15 per day. The standard of those bungalows which was at present low could be improved. In addition, it was also proposed to set up a forest lodges in the forest areas with a tariff of Rs. 10 or Rs. 15 per day.

3.68. In regard to Youth Hostels, the Management of ITDC stated during evidence that the Department of Tourism proposed to set up Youth Hostels at 17 centres.

The Director General of Tourism informed the Committee that all the Youth Hostels were under construction except the one completed at Jaipur. The construction was according to schedule and would be completed during the financial year 1973-74.

3.69. The question whether the Youth Hostels should be run by State Governments or Youth Hostels Association or by the ITDC or a new Corporation or a society was stated to be under consideration of the Government. It was, however, stated that it was proposed to run them on the same basis as International Youth Hostels Movement so that students from abroad could use the Youth hostel card and bet the accommodation at Rs. 2 per night per head in the dormitory.

3.70. Asked about the expenditure to be incurred on the scheme of setting up Youth Hostels, the economics of the scheme and tariff for these hostels, the Ministry of Tourism & Civil Aviation stated in a note after the evidence as follows:—

> "The estimated expenditure on the construction of Youth Hostels during the Fourth Five Year Plan would be Rs. 49.37 lakhs.
>
> Government is currently reviewing the economics of this scheme. The primary objective is to ensure that the character of the buildings is not lost and that they serve the purpose for which they have been built. At the same time, it is felt that the operation of Youth Hostels should not be a drain on the Central Exchequer and that they should at least run on a "no profit no loss" basis. The tariff of each of the Youth Hostels would be decided upon by the agency which has to operate it and at the time when it is ready for commissioning. However, the tariff will be kept low enough to be within the reach of youth from India and abroad."

3.71. The Committee note that the ITDC has so far been laying greater emphasis on catering to the needs of foreign tourists belonging to affluent sections and had accordingly been setting up mainly 5 star hotels. The Committee were informed that during the Fifth Five Year Plan, the stress would be on construction of 3 star hotels with tariff of 45 to 60 rupees per day for single occupancy. The Committee note the shifting of emphasis from the 5 star to 3 star hotels in the proposed Fifth Plan. They still feel that much remains to be done for providing accommodation at cheaper rates to cater to the needs of tourists with moderate means, particularly students and others young in age. The Committee note that Government are setting up a number of Youth Hostels for meeting this requirement but no final decision has yet been taken regarding the management of these hostels. The Committee would like Government to expedite completion of these hostels and take an early decision about management keeping in view the experience of other countries where such hostels have been running for a number of years and in consultation with representative bodies engaged in youth and social welfare work.

IV

DEVELOPMENT OF SEA BEACHES AND WINTER SPORTS CENTRES

4.1. A change in the tourist profile regarding tourists visiting India became noticeable in the survey undertaken in 1968-69. It revealed that there was 9 per cent increase in the 'destination' tourists as against the similar survey carried out in 1965-66. This has been stated to be an encouraging trend as the economic return on destination traffic is much greater than on stop-over traffic.

4.2. Tourism geared to provide rest and recreation is a new concept which has yet to be exploited fully in India. I.T.D.C. has made a beginning in the Fourth Plan towards developing two major resorts, one at Gulmarg and the other at Kovalam. However, in order to achieve a target of 65 per cent to 70 per cent of total tourist arrivals being 'destination' tourists by the end of the Fifth Plan period, it was considered necessary to develop more resort areas. The I.T.D.C. has, therefore, proposed in the Fifth Plan to continue with the development of Gulmarg as a summer and winter sports resort, Kovalam and Goa as beach resorts, and also to develop tourist movements to the Kulu-Manali area.

4.3. An outlay of Rs. 1505 lakhs has been proposed on the integrated development of beach and mountain resorts as follows:—

		Rs. in lakhs
1.	Gulmarg Winter Sports Project	375·00
2.	Kovalam Beach Resort Project .	400·00
3.	Goa Project . .	450·00
4.	Kulu-Manali Complex . .	80·00
5.	Other resorts development Project	200·00
	Total .	1505·00

A. Kovalam Beach Resort Project

4.4. In 1959, the Club Mediterrene, a well known organisation in France, having the experience of developing beach resorts in South of France, North Africa and other countries made a survey of beaches in India and selected Kovalam for development. The Club, however, wanted to develop the area as their "exclusive preserve". This condition was not acceptable to Government as it would have constituted an extra territorial right.

4.5. When asked about comparative economics of Kovalam and Goa and whether Goa would give more returns, the representative of the Ministry stated as follows:—

> "Both (*i.e.* Kovalam and Goa) are very fine beaches by any international standard. When it comes to Goa any mistakes that might have been committed will be avoided. This Kovalam beach was selected for development in 1959 by Club Mediterrene which is a very well known organisation in France. It has developed beach resorts in South of France, North Africa and other countries, and they came in search of a beach resort development in India in 1959. They visited several beaches and selected Kovalam for development. This was before the liberation of Goa in 1962 and so the question of developing of Goa at that time did not arise. But because the terms they had offered for the development of Kovalam were not acceptable to the Government, the whole scheme was dropped.
>
> The Department of Tourism took up the idea and decided to develop Kovalam. In 1970 an integrated project for the development of Kovalam was started.
>
> This is the historical background. There is no question that Goa also offers possibilities for development as a beach resort. Because it has numerous beaches whereas Kovalam has only one stretch of beach for development, the whole development approved in the case of Goa has to be different."

4.6. The UNDP in their report on tourism in India (1970) observed that:

> "Goa has already a certain tourist image and a good reputation and is, therefore, more favoured than Kovalam, which has to start *de novo* to build up a name and an image abroad."

4.7. The Department of Tourism decided to develop Kovalam as a "Destination Area" for International Tourists, the area of development being from Edyar Lake in the North to the Light House Promontary at the south ultimately. In the first phase, the development was being confined to the area between the Lake & Palace Promontary. A total provision of Rs. 221.58 lakhs—Rs. 86.58 lakhs by the Department of Tourism and Rs. 135.00 lakhs by the I.T.D.C.

was approved by the Expenditure Finance Committee in September, 1970. Thus the Kovalam Beach Resort Complex is an integrated project of the Department of Tourism and the I.T.D.C. The Project envisages:

(a) construction of a 100 room Hotel

(b) 40 Beach cottages

(c) A beach Service Centre

(d) A Yoga-cum-Massage Complex

(e) Jetty

(f) Open Air Theatre.

The construction of the Hotel and the Beach Cottages at an estimated cost of Rs. 135 lakhs is being financed by I.T.D.C. and the rest by the Department of Tourism, although the entire project is executed by I.T.D.C. as an integrated project. The work on the project (cottages) was taken up by I.T.D.C. in 1970. By November, 1972, the construction of the 40 cottages, their furnishing and provision of other facilities therein were completed and a complex of 40 tourist cottages called the "Kovalam Grove" was commissioned on 17th December, 1972.

The Hotel project is expected to be completed by the end of Financial Year 1973-74 and according to the progress report of the Corporation for the quarter ended 31st December, 1973, the structural work of the Hotel has been completed, furnishing items on two guest floors are nearing completion and the interior decoration schemes have been finalised. The Beach Services Centre was completed within 1½ months of commissioning of the grove and was formally opened on 31st January, 1973.

The Massage Centre and the Recreation Centre are functioning in a special building while the Yoga Centre is housed in a cottage acquired by the I.T.D.C. from the Kerala Government and subsequently modified to meet the requirements.

Twelve fibre glass boats, the floating bay and one Honeymoon Island have also been purchased for providing boating facilities.

4.8. The Corporation has, it has been stated, no plans to set up a hostel type of accommodation at Kovalam. The Department of Tourism might, however, set up a Youth Hostel at Trivandrum which is only 16 Km. from Kovalam Beach. A proposal to set up a moderately priced accommodation is also stated to be under the consideration of Kerala Tourism Development Corporation.

4.9. So far as the integrated project is concerned, the total expenditure incurred on the project to the end of August, 1973 by I.T.D.C. is of the order of Rs. 73.66 lakhs and Rs. 24.88 lakhs by the Department of Tourism. An increase of about 30 per cent. over the estimated cost is anticipated. The main reasons for the increase in costs are stated to be as follows:—

(i) Beach resort at Kovalam is first of its kind in the country. It was necessary to finalise facilities to be provided in the resort keeping in view the facilities provided in the beach resorts of international standard.

(ii) The original estimates were prepared in 1970. Since then prices of construction, interior decoration and furnishing material have increased steeply.

(iii) Originally, it was proposed to airconditioning only half the number of cottages and hotel rooms. Subsequently, on the advice of foreign tour operators it was decided to provide for 100 per cent. airconditioning.

(iv) Originally, no swimming pool was planned in the cottages complex. In order to increase the attractiveness of the cottages complex, it was subsequently decided to provide a swimming pool near the cottages.

4.10. The Committee enquired whether in selecting the site at Kovalam, the factor regarding erosion by sea and its possible adverse reaction, if any, on the project, was taken into consideration by the Government. The representative of the Ministry stated that during the monsoon period the erosion became dramatically apparent and after the monsoon the beach regenerated to a certain extent. The advice of UNDP was sought. The experts visited Kovalam in May, 1973 and came to the conclusion that the erosion was seasonal and 10 per cent. sand would be washed away. A study was being conducted by the Peechi Research Institute, Kerala, to determine the sand loss during the monsoon. The beach would be monitored during the 2 years period of study at five or six places upto the depth of 30 ft. In case the sand loss was found more than 10 per cent, remedial measures would be taken to regenerate the beach. One measures suggested by the experts was to dredge the sand from the sea itself by a costal dredger and dump it in the beach. The alternate was to get sand from an inland source and spread it over the beach.

The Committee asked whether to bring sand from sea would not be more economical than to get it from outside. The Secretary of the Ministry stated as follows:

"It is one of the possibilities that may have to be resorted to in the event of its being found that there is degeneration of the beach. Right now admittedly, during the monsoon, it appears that there is certain erosion but there is also natural regeneration after the monsoon and the sand comes mack automatically. Now, whether it is a problem that deserves to be tackled in a big way and if that should become necessary, as a result of the study, it may be necessary either to build the retaining wall or to put in more sand. I do not think it should be so expensive. But, at the same time, we should wait and see whether this is required at all. The beach has been therefor thousands of years."

4.11. The tariff for Kovalam Cottages is as indicated below:

Free Individual Travellers Rates

Single Occupancy .	. Rs. 90 per day
Double Occupancy .	Rs. 120 per day (10% service charges)

Group Rates

European Plan	*Modified American Plan*	*American Plan*
Single Occupancy Rs. 75 .	. Rs. 100	Rs. 120
Double Occupancy Rs. 100 . .	Rs. 140	Rs. 180

The Committee wanted to know the basis on which the present tariff had been fixed. The Chairman, I.T.D.C. stated that they worked out the economics of the project and tried to find out at what price the whole project would be economically viable. They had also tried to find out the tariffs available in the international market for sea resorts. The tariff was thus fixed after taking into account all these factors.

The Committee were also informed that during off-season the accommodation was made available at half the rates both to foreign and domestic tourists.

4.12. During the period 1st January, 1973 to 31st December, 1973, 1,648 foreign tourists and 1,553 Indian tourists stayed in the cottages at Kovalam Grove.

4.13. In regard to development of air port facilities to cope with the increase in tourist traffic, it was stated:

"We ourselves are keen that the development of Trivandrum Airport should be regarded as an integrated part of development of Kovalam because, obviously, the development of one and leaving out the other would mean that Kovalam would suffer. So what we are doing is this. We have acquired almost 100 acres of land for the expansion of the airport; 77.8 acres have been given by the State Government free to us, and we have acquired another 19 acres of land at Government cost; and we intend to expand and strengthen the run-way. In fact, the Planning Commission has also now agreed to this approach that it should be regarded as an integrated matter, and we are moving the Ministry of Finance for sanction for undertaking the work of expansion and strengthening. This is estimated at over Rs. 50 lakhs. This year we cannot spend much money because of the shortage of time and constraint on funds at the present moment. But we will certainly go in for expansion and strengthening early in the Fifth Plan period. This will enable 707 Aircraft to land and it would then be possible for chartered flights to be operated direct to Trivandrum Airport."

4.14. Regarding road facilities, it was stated that there were two roads from the Airport to Kovalam and the State Government was widening and expanding one of them.

4.15. The working results of the Project are indicated below:

	1972-73	B.E.	1973-7
	3½ months	1973-74	Upto Dec., 1973
Percentage of room occupancy	43%	50%	31%
Income	Rs. 3·83 lakhs	Rs. 14·10 lakhs	Rs. 4·52 lakhs
Expenditure	Rs. 10·10 lakhs	Rs. 12·00 lakhs	Rs. 7·17 lakhs
Net Profit/Loss	(—)Rs. 6·27 lakhs	(+)Rs. 2·10 lakhs	(—)Rs. 3·20 lakhs

During evidence the representative of I.T.D.C. stated that judging from the position of bookings, all the cottages had been let out during the months of January, February and March, 1974.

4.16. The Secretary of the Ministry admitted during evidence that the expenses incurred on the cottage were too high and felt that these cottages could nave been built in a more modest way, and the expenditure on furnishing could have been less. He also assured the Committee that the experience gained in Kovalam would be utilised usefully when they go in for expansion of the project.

B. Expansion during Fifth Plan

4.17. In the Fifth Plan it is proposed to develop the Project area to the south of the main Kovalam bay between the palace promontory and the light-house promontory at a total cost of Rs. 2 crores. It was mentioned that substantial amount would be earned as revenue from the sale of coconuts as the entire area was thickly planted with comonut groves.

The proposal envisaged addition of 50 cottages and 100 rooms to the hotel at an estimated cost of Rs. 2 crores.

The total outlay on the Kovalam expansion project would thus be Rs. 4 crores. These are, however, stated to be tentative proposals subject to revision on the basis of the recommendations made by the UNDP team.

4.18. To a question whether any comprehensive survey of the possible tourist traffic both foreign and domestic for the next five years had been made, the Committee were informed that originally the Indian Institute of Public Opinion carried out during 1968-69 a Survey of Expenditure composition and reaction pattern of foreign tourists, in India. The Survey revealed that 5.2 per cent. destination tourists visited Trivandrum. The flow of foreign tourists was projected on the assumption that five per cent of destination tourists would visit Kovalam.

When asked whether the assumption of 1968-69 justified the huge expenditure incurred on the integrated Kovalam Project, Government stated:—

> "It is not meaningful to rely on the percentage of destination tourists to Trivandrum revealed in the I.I.P.O. Survey made in 1968-69, when no facilities for tourists existed. The Project will require a few more years to become popular and attract large number of tourists."

In a written note, Government also stated that no specific survey in depth had been undertaken to estimate the tourist traffic to Kovalam. The Report of the UNDP Beach Resort Development Survey, however, gave a general assessment of the tourist market potential for India. The projections made by UNDP Survey also include the room requirement at Kovalam, Goa and Mahabalipuram. The report estimated that the tourist arrivals in India by 1982 would be 13,00,000. It assessed that 8 per cent of these visitors to India would visit Govalam. Thus by 1982, Kovalam should expect 1,02,600 overseas visitors; and flowing from this the room demand would be 1,347 rooms at 60 per cent. occupancy.

4.19. It was also stated that in the EFC Memo on the Kovalam project prepared by the Department of Tourism, the number of overseas tourists to Kovalam was etstimated at 5 per cent of the destination tourist arrivals in India. For 1976, the projected figure for Kovalam was 21,180 as against 21,800 in the UNDP report estimated at 4 per cent of the total visitor arrival in India during that year. By 1979, the room demand estimated for Kovalam in the UNDP report was 575 at 60 per cent occupancy. In the first phase of development at Kovalam during the Fourth Plan, a total of 140 rooms would be provided by ITDC at Kovalam. In the Fifth Plan 150 rooms would be added bringing the total to 290 room which would be almost 50 per cent of the total room requirements of 575 by 1979 projected in the UNDP report. The proposed further development of accommodation by ITDC at Kovalam is thus an underestimation and not an over-estimation.

4.20. In a note furnished after the evidence, Ministry stated that for calculating the economics of the cottages and hotel at Kovalam, the number of days assumed was 240 and guest nights as 3 per guest. On attaining the average occupancy of 65 per cent in 1977, the need for additional rooms would be felt as the resort accommodation reaches saturation point and the net percentage on total investment at Kovalam after providing for expenses including depreciation starts declining. Since profit|loss in a hotel operation is worked out for the whole year, and in the case of Kovalam the accommodation provided starts earning revenue from the fourth year of its full operation (as per the EFC Memo), it is immaterial if the operations at Kovalam are handicapped 4 months in the year due to the monsoon. Even so the hotel or cottage would not completely close down, ITDC has been offering accommodation at ½ the tariff during the rainy season to attract customers. Secondly, once the yoga-cum-massage centre catches on as a health centre on the lines of spas in Europe, this centre will become as much of an attraction as the beach, getting tourists to visit Kovalam throughout the year irrespective of the rains and thereby filling available accommodation.

C. Development of Goa Beach

4.21. The UNDP Team in their report on Tourism in India (1970) observed thus so far as development of Goa was concerned:—

"In our opinion, Goa is one of the most interesting areas, which could immediately be developed to become a centre of tourism of high attraction for the following reasons:—

(a) Goa has all natural pre-conditions, *i.e.* lovely beaches, gentle coasts, palm woods and a very charming scenery in the back country. Furthermore, Goa is run through by rivers and brooks, giving a special attraction to the whole country.

(b) Developed infrastructure. Goa has a sufficient road network to almost all places of tourism. It would only be necessary to build short junction roads.

(c) Close to the beaches, there are everywhere smaller and larger villages tourists can visit. What is still missing, however, are a few additional bridges in order to have more points to cross the rivers.

(d) Goa as a former colony, was very much under European Christian influence and has a great number of interesting Christian churches and monuments. In Goa there is also the tomb of St. Francis Xavier. Many religious orders have built their homes and churches in Goa. At the same time, there are just as many Indian temples and visitors have thus the possibilities to see both cultures side by side.

(e) Gastronomy—Goa has, for European taste, a very attractive cuisine, mainly consisting of sea-food. In addition, Goa is one of the few areas with relatively little prohibition, that means not only hotels serve alcoholic drinks in bars and restaurants, but there are also many little pubs and restaurants where one eats excellently or can just have a drink.

(f) Cashew, a local brandy, is surely very attractive for western taste. It iffis similar to the Hungarian or Yogoslavian Slivowitz.

(g) Goa has already a certain touristic image and a good reputation and is, therefore, more favoured than Kovalam, which has to start *de novo* to built up a name and an image abroad......"

4.22. In view of these considerations, the team had recommended an immediate intensified development of Goa.

In paragraph 4.41 of their 42nd Report, the Estimates Committee (1972-73) 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 should be comprehensive development of tourist beach resources, roads, hotels and other ancillary facilities and amenities like development of handicrafts, folk dances and folk music."

4.23. During evidence, the Committee were informed that:

> "Goa quite clearly has the largest potential as beach development area because it had the finest beaches, with the longest stretch in the west coast. But there is, therefore, the problem of where to start and we shall have to work out a set of priorities."

It was also stated that a provision of Rs. 30 lakhs was made in the 4th Plan of ITDC for setting up Goa hotel and cottages. The Committee were also informed that the project had not been taken in hand as an expert UNDP team was going into the whole question of the development of tourism in India.

4.24. An outlay of Rs. 4.50 crores has been proposed for inclusion in the 5th Plan. The proposals include Rs. 2 crores for the preparation of master plan, acquisition of land to develop a "tourism estate" laying out of a golf course, development of a recreational park, purchase of launches for river cruises and appointment of watch and ward, conservancy and other staff and Rs. 2.50 crores for construction of a 200 room hotel and 50 cottages. These proposals were stated to be tentative subject to modifications in the light of recommendations of the UNDP team.

4.25. During evidence, Chairman and Managing Director, I.T.D.C. stated that:

> "I gather that report has been received in the Department of Tourism and in the next couple of months a full report will be available.
>
> The expert team has been very appreciative of what we have done at Kovalam. They have concluded that we are on the right lines. But, Kovalam, according to them and according to us, has a limited scope for future expansion

As far as Goa is concerned, they have recommended development of certain spots and beaches. This is a question on which there can be more than one opinions. There is a general feeling that Goa beaches are capable of a great deal of development. These are preliminary conclusions and they are going to give us a detailed idea as to how we should proceed and which area, we should take up in Goa. We hope to profit by that report."

Asked whether Goa beach should have been taken up before Kovalam, the Chairman and Managing Director I.T.D.C. stated, "Yes, Sir."

4.26. The Committee note that the NUDP Team in their Report on Tourism in India, 1970 had expressed insofar as development of Goa was concerned, that Goa is one of the most interesting areas which could immediately be developed to become a centre of tourism of high attraction since it has all natural preconditions, developed infrastructure and, therefore, more favourable than Kovalam which has to start de novo **to biuld up a name and image abroad. The Committee are surprised to find that inspite of these recommendations by the Team Goa has been relegated for development in the Fifth Plan and Kovalam was taken up for development on a priority basis at a cost of Rs. 225.8 lakhs, placing reliance on a survey conducted by Club Mediteraine as far back as 1959 when Goa was not part of India. The Committee, feel as admitted during evidence, Goa should have been taken up before Kovalam. The Committee fail to understand why Government should not have taken advantage of the existing infrastructure facilities at Goa and given priority for the development of Goa as a tourist resort rather than go in for a project like Kovalam where everything has to be started** de novo **to build up a name and image abroad. Moreover the Committee find that the hotel and cottages at Kovalam cannot attract customers during the four months of the rainy season and the Corporation would be offering the accommodation at half the tariff. In the opinion of the Committee, such a situation is bound to have an adverse effect on the room occupancy and consequentially the profitability of the project. The Committee, therefore, recommend that at least now the Government/ITDC would review the position and consider taking up the development of Goa project in right earnest and on priority basis keeping in view the recommendation of the UNDP Team and the vast potential for the development of tourism at Goa.**

4.27. The Committee note that out of the total cost of Rs. 221.58 lakhs for the Kovalam project the share of the I.T.D.C. for the

construction of 100 room Hotel and 40 cottages was Rs. 135 lakhs. The whole Kovalam complex was to be executed by the I.T.D.C. as an integrated project. The Committee also note that 40 cottage have been completed and commissioned on 17th December, 1972.

The Committee were informed that according to present anticipations, the total cost of the Kovalam project is expected to go up by 30 per cent. It was however, admitted during evidence that expenses incurred on cottages were on the high side and the cost of furnishing could have been less. As assured during evidence the Committee recommend that the experience gained in Kovalam project should be fully utilised particularly in executing the expansion schemes under the project. The Committee also note that during the 3½ months of 1972-73, these cottages indicated an occupancy ratio of 43 per cent resulting in a loss of Rs. 6.27 lakhs including development rebate of Rs. 3.21 lakhs and depreciation of Rs. 3.01 lakhs for the full year. The occupancy is expected to increase to 50 per cent. and an overall profit of Rs. 2.1 lakhs is anticipated during 1973-74. The Commitee recommend that the Corporation should take suitable measures to attract tourists and to see that the occupancy of Kovalam improves.

4.28. The Committee also recommend that Corporation should ensure that the quality of service available at this project to the tourists should be of the highest order and upto the expectations of international tourist and for this purpose, the Corporation should ensure that the staff posted are quite knowledgeable and conversant with all the details about the Project and its surroundings so as to serve as a real guide to the tourists.

4.29 The Committee regret to note that the Corporation has sought the advice of UNDP experts and considered measures to prevent erosion by the sea only in May, 1973 after the project had been commissioned in December, 1972. The Committee were informed that a study for a period of 2 years has now been undertaken by the Peechi Research Station to determine the sand loss during the monsoon. The Committee fail to understand as to how such an important factor was not considered even before the selection of the site for the project and adequate precautionary measures taken before commissioning the project. The Committee recommend that the Government should take suitable measures in this regard at least before the integrated project is commissioned.

4.30 The Committee find that expansion of Trivandrum Airport which was an essential pre-requisite for increased tourist traffic is being considered only in the Fifth Plan. The Committee see no reason why the development of the Airport should not have been

integrated along with the establishment of hotel cottages at Kovalam especially when both the Departments of Tourism and the Civil Aviation are under the same Ministry. The Committee hope that at least now Government will accord priority to this scheme and ensure that these facilities are available in the early part of the Fifth Plan.

D. Development of Madras and Mahabalipuram beaches

4.31. These cottages are known as "temple bay". With the Traveller's lodge at Mahabalipuram as the nucleus, a mini-beach resort has been created with the construction of 20 cottages, ten of which are airconditioned. The complex was commissioned on 19th March, 1973. During the period 1st April, 1972 to 31st December, 1973, 1689 foreign tourists and 1954 Indian tourists stayed at these cottages.

During 1972-73, those cottages suffered a net loss of Rs. 3.41 lakhs (including depreciation of Rs. 1.39 lakhs and development rebate reserve of Rs. 1.19 lakhs).

In the draft 5th Five Year Plan of the I.T.D.C. provision has been made for Rs. 15 lakhs for the construction of Two-Star short cottages of 25 room capacity.

4.32. During evidence, the Committee were informed that as far as Mahabalipuram was concerned, the scope for beach development was in essence more limited because it was a centre of religious interest and there could be cultural problems in developing it on a large scale. It was also stated that according to UNDP's report, the developments proposed would really merge with the historical and cultural traditions of Mahabalipuram.

The Committee understand that with respect to the beach resort at Mahabalipuram, an almost identical parallel can be drawn from the case of Mauritius, which benefited from the partially established tourist, base at the nearby Reunion Island.

4.33. The Estimates Committee (1972-73) (5th Lok Sabha) in their 42nd Report on 'Tourism' while dealing with development of selected Budhist Centres had recommended that:

> "As is well known, international interest is being increasingly evinced in the religions of India. The Committee would, therefore, like Government to keep this potentiality in view while considering schemes for established pilgrim centres."

4.34. The Committee recommend that scope for development of Mahabalipuram Beach may be examined in detail in consultation with the State Government of Tamil Nadu keeping in view the recommendations of the UNDP team in this regard and an early decision taken in the matter.

E. Gulmarg Winter Sports Project

4.35. Gulmarg in Jammu and Kashmir State was selected as the major centre for winter sports development on the advice of four foreign experts (one each from Italy and France and two from Austria who independently came to the conclusion that Gulmarg possessed some of the finest Ski slopes in the world.

The Gulmarg Winter Sports Project was approved by the Expenditure Finance Committee in 1968 with an estimated outlay of Rs. 111.30 lakhs. The hotel component of the project estimated to cost Rs. 32 lakhs for a 3 Star Hotel was transferred to I.T.D.C., thus reducing the outlay of the Department of Tourism to Rs. 79.30 lakhs. In 1971, due to escalation in costs and subsequent enlargement in the scope of the project, the total estimate of the project was revised to Rs. 250 lakhs. A further revision of cost estimates is now in hand.

The main features of the project are:

(i) A road from Tangmarg to Gulmarg;

(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

A 60 room centrally-heated hotel would also be constructed by the ITDC at an estimated cost of Rs. 110 lakhs, as part of the integrated project.

4.36. Besides the construction and operation of the hotel, the ITDC will also be now responsible for building and running other units which can be commercially operated *viz.* a rope-way or chair-lift to Khilanmarg restaurant at the top of the existing chair-lift and ski-hire facilities. The Department of Tourism will be responsible for the ski-school snow clearance and maintenance of equipment will be undertaken by ITDC on behalf of the Department.

4.37. An expenditure of Rs. 77.84 lakhs has been incurred on the project upto 31st March, 1973, mainly on the road, various types of lifts, ski and snow clearing equipment and running the ski school in rented premises. Expenditure to the end of Fourth Plan is expected to be of the order of Rs. 97.34 lakhs. A sum of Rs. 375.32 lakhs has also been proposed for inclusion in the Fifth Plan as detailed below:—

	Rs. (lakhs
(a) Projects to be executed by ITDC Hotels, Hadow's Hut Restaurant, Ropeway Chair-lift, ski-hire facilities Project management . .	229·00
(b) Project to be operated by ITDC on behalf of the Deptt. (Ski-tracts, snow clearance, workshop)	51·53
(c) Institute for sking Mountaineering-including hostel and essential housing	94·79
	375·32

4.38. The Ski Instructors Training School (now named as Indian Institute of Skiing and Mountaineering) started functioning at Gulmarg in January, 1969. Ski equipment of the value of Rs. 4.18 lakhs was imported from Austria and West Germany in 1969 and snow clearance equipment at a cost of Rs. 4.08 lakhs from West Germany in 1970. Some equipments such as portable ski-lifts, snow beating machine, artificial ski-slope etc. have also been received under the U.N. Technical Assistance Programme and also from U.N.D.P. A rope-tow and a practical ski-lifts for beginners was started in December, 1969. The erection of a 500-metric long chair-lift was completed and inspected by the D.G.S.&D. in March, 1972.

4.39. The Estimates Committee (1968-69) in their 90th Report (4th Lok Sabha) on the Department of Tourism observed thus so far as development of Gulmarg Project was concerned:

> "....the Committee are not sure whether the huge amount proposed to be spent on this Project would be commensurate with the results achieved since Kashmir remains

snow bound for months together during winter and thus cut off from the rest of the country with no good communication like dependable aid and road services during the months of January and February. They also doubt whether winter sports facilities created at such expense at Gulmarg will be taken advantage of either by the foreign tourists coming from Europe or America who have easy access to highly developed winter sport areas in their own countries or near about or by domestic tourists with whom it is not popular yet particularly when during winter all modes of communication to Gulmarg are practically closed and when other essential facilities are lacking....The Committee would like the Government to evaluate economics of this project carefully and to reconsider whether this project could be deferred for the time being."

4.40. While furnishing replies to the said recommendations, Government explained the position as follows:—

"As the basic data on physical features showed that quite apart from the intrinsic superiority of Gulmarg over other places as possible sites for developing winter sports, it was in effect the only really suitable place and therefore, it was decided that we should not undertake what would have been an expensive feasibility report on Gulmarg *vis-a-vis* other places suitable as winter sport resorts. The economic feasibility of the Gulmarg Project however, has been worked out in the Memorandum submitted to the Expenditure Finance Committee which has approved it....with intensive publicity it should be possible to attract Europeans who go all the way to South America to Ski, to journey to Gulmarg for winter sports....Apart from the fact that considerable time, effort and money have already been spent by the Central and State Governments on this Project, the Department of Tourism is confident that given adequate financial support, Gulmarg can be developed into a winter sport resort of international standard. There is thus no valid justification for deferring the Gulmarg Project for the present as sugested in the Report."

4.41. The Estimates Committee (1972-73) having taken these into consideration and also comments of the U.N.D.P. on Gulmarg Project in their 42nd Report on Tourism recommended that:

"the Committee hope that the completion of the Gulmarg Winter Sports Project will augment tourist traffic to India."

4.42. The ITDC drew up plans in 1971 to construct a centrally heated 60 room hotel at Gulmarg at an estimated cost of Rs. 110 lakhs to be completed by November, 1974. Subsequently, the architects were requested to revise the plans and cost estimates of the Project. According to the modified project, a 60 room centrally heated 4 star hotel at a total cost of Rs. 145 lakhs has been provided. The project is now expected to be completed in late 1975 or early 1976. As the project was not considered economically viable, the question of subsidising the likely losses in the operation of the Hotel was under consideration of Government. Keeping in view the promotional and developmental nature of the project ITDC requested Government to either give them a grant of Rs. 50 lakhs or to entrust the execution of the project on an agency basis. The question of evolving a satisfactory financial arrangement for taking up the project was under consideration of Government.

4.43. During evidence, the Committee were informed that the economics of the hotel project at Gulmarg had been examined. It revealed that it would have a low return on investment but it was an integral part of the Winter Sports Project.

The Department of Tourism and ITDC were of the view that the project should go ahead even if the returns were to be less than the nomal returns on Hotels.

4.44. The Committee pointed out that in the Annual Report of ITDC for the year 1971-72, it was stated that as the project was not expected to break even for a number of years, the question of Government underwriting the losses was under consideration and enquired whether any final decision had been taken in the matter. The representative of the Ministry explained that the matter was examined but it was felt that it would be wrong in principle to subsidise the Hotel.

It was indicated that on the basis of the current projections, the project was not expected to reach break—even point for about six years of operation and the overall return on the investment was of the order of 1½ per cent, if a straight forward commercial return on investment was taken.

4.45. The Committee note that the Gulmarg Winter Sports Project with an estimated outlay of Rs. 111.30 lakhs was first cleared by the Expenditure Finance Committee in 1968 and the Hotel component of the Project estimated to cost Rs. 32 lakhs for a three Star Hotel was transferred to the I.T.D.C. The Committee also note that in spite of the recommendations of the Estimates Committee in their 90th Report (4th Lok Sabha) of 1969-70, Government felt that there was no valid justification for deferring the Project and decided to continue the execution of the Project. The Corporation in 1971 drew up plans and estimates for a centrally

heated 60 room four Star Hotel at an estimated cost of Rs. 110 lakhs and the project was to be completed by November, 1974. These plans have subsequently been modified and the Revised Cost Estimates of the Project are stated to be Rs. 145 lakhs and the project is now expected to be completed late in 1975 or early in 1976. The Committee are informed that the project is not expected to break—even for a period of 6 years and the overall return would be of the order of 1½ per cent only. The Committee are surprised that the Department of Tourism have decided to go ahead with the hotel project despite the low return. The Committee are not sure that even this return would materialise. The Committee, therefore, recommend that Government should have a second look on the economic viability of the project and take a firm decision about the classification of hotel which they would like to construct consistent with the needs of the tourist traffic and economic viability.

V

TRANSPORT DIVISION

A. Development of Fleet

5.1. The tourist transport services in the public sector were operated for the first time in 1965 by the erstwhile India Tourism Transport Undertaking with an initial fleet composition of 30 Dodge Polaracars based at New Delhi. Subsequently after the merger of the India Tourism Transport Undertaking with the ITDC in October, 1966 the fleet strength was gradually augmented besides expanding the net work of transport units all over the country with the object, of providing adequate internal transport facilities of the right kind in the interest of promoting internal travel by tourist.

5.2. The growth of the transport operations is indicated below:—

Year	Fleet Strength	No of Transport units
1966-67	35	1
1967-68	36	1
1968-69	54	3
1969-70	74	6
1970-71	139	12
1971-72	150	14
1972-73	204	16

5.3. It would be seen from the above that from 1969-70 to 1972-73, 130 vehicles and 10 transport units have been added to the transport fleet by the Corporation.

The present fleet of 204 vehicles of the Corporation comprising of 107 imported luxury cars, 66 Ambassador cars, 24 coaches and 7 mini-coaches, distributed as indicated below:—

Unit	Imported luxury cars	Ambassador cars	Big Coaches	Mini Coaches	Total
1	2	3	4	5	
1. Delhi	49	9	10	2	70
2. Agra	5	5	..		10
3. Jaipur	6	4	1	1	12

1	2	3	4	5	6	7
4.	Udaipur . .	..	2		1	3
5.	Khajuraho . .	..	3			3
6.	Patna . . .	2	5	1	..	8
†7.	Bodhgaya . .	..	2		1	2
8.	Madras	11	8	3	2	25
9.	Bangalore .	7	5	1	..	13
10.	Hyderabad .	2	3	2		7
11.	Kovalam . . .	..	3		..	3
12.	Bombay .	10	5	..		15
†13.	Calcutta	7	3	2		12
£14.	Srinagar .	2	3	3		8
15.	Varanasi . . .	3	3	1		7
16.	Aurangabad . .	3	3	..	..	6
	Total	107	66	24	7	204

†Bodhgaya which is a seasonal unit operates from October to March after which the fleet is transferred to Patna Unit.

£Srinagar is a seasonal unit and the fleet is transferred from Delhi. It operates from May to October and the fleet is then transferred back to Delhi Unit.

5.4. The representative of the Corporation informed the Committee during evidence that all their existing fleet would require replacement during the next 5 years.

5.5. The Committee asked the opinion of Government whether the objectives of maintaining a transport fleet by ITDC at various places of tourist interest had been fulfilled, the representative of the Ministry of Tourism and Civil Aviation stated that the objectives had been fulfilled consistent with the resources available with the ITDC.

5.6. The Committee enquired during evidence whether any survey of the estimated requirements of tourist transport fleet of the Corporation had been made. The Chairman of the Corporation informed the Committee that they had recently undertaken a kind of survey alongwith the Department of Tourism, about the tourist vehicle available in the country in connection with the preparation of the Fifth Five Year Plan. The statistics collected in this regard showed the position as under:—

Indigenous vehicles—Ambasador, Fiat . . .	3,446
Imported cars	615
Coaches . .	682
Miscellaneous . .	58
Total .	4,801

5.7. The Committee were further informed that they had projected the requirements for the future and on the basis of the tourist traffic becoming double at the end of the V Plan. According to ITDC, the country should have 1800 imported cars, 6000 indigenous cars and 2,700 coaches. So far as ITDC is concerned in addition to 204 vehicles already owned by the Corporation, it had asked for funds to cover the purchase of 100 luxry cars, 70 Ambassador cars and 30 coaches.

5.8. In regard to development of the fleet in Metropolitan cities/ State Capitals, the representative of the Ministry stated that ITDC had transport units in all the 4 metropolitan cities. In addition, 5 States Capitals, *viz* Bangalore, Hyderabad, Jaipur, Patna and Shrinagar and seven important tourist centres namely, Agra, Aurangabad, Bodh Gaya, Khajuraho, Kovolam, Udaipur and Varanasi had also been covered. It was further stated that during the Fifth Plan, they proposed to open units at more State Capitals *e.g.* Bhubaneshwar, Lucknow, Bhopal, Gauhati, etc. and that priority would be fixed according to the requirements of tourists.

5.9. According to the survey made by the Department of Tourism, the number of vehicles in operation at Bombay, Calcutta and Madras was stated to be as under:—

	Imported Cars	Indigenous Cars	Mini Coach	Big Coach	Misc.
Bombay . . .	103	281	5	14	
Madras	38	1136	1	39	. .
Calcutta	13	31	11	0	18
	154	1448	17	53	18

5.10. According to the Corporation's own assessment, there is possibility of adding at least 10 imported cars and 10 indigenous cars to its fleet at Bombay while 5 imported cars and 5 indigenous cars would be added to the fleet of Madras Unit. The transport Unit at Calcutta has recently been set up and therefore, it will be necessary to watch the operation for sometime.

5.11. The Committee pointed out that there were imported luxury cars in Delhi-Agra-Jaipur and enquired as to why there was such concentration of vehicles in "Delhi-Agra-Jaipur complex" alone. The Chairman of the ITDC stated that :—

> "The requirement of the tourist cars in Delhi is very large not only on account of tourist traffic but also on account of Government requirement. The Government has been inviting foreign dignitaries and we find that Delhi can take a large number of imported vehicles and in fact it has been taking. We do not want to delete luxury cars in Delhi. Delhi has now over-taken Bombay from the point of tourist arrival. The requirement of Delhi and the environment—Agra and Jaipur—certainly surpasses the requirement of other places."

5.12. As regards augmentation of ITDC fleet in Bombay the representative of ITDC stated that:—

> "Bombay is another place where we could have a large fieet. We have a very small fleet there. We have difficulty in parking. Eversince we went to Bombay, we have been trying to locate some suitable place. The State Governments do not give us permit unless we show them established parking places. In Greater Bombay, the garage space is very short. It is Rs. 2 per square feet where new basements have been provided for cars. This is one of the difficulties which we are encountering in Bombay. We have now been able to locate in the Bombay Port Trust area a small piece of land between two offices. This is inhabiting the growth of our fleet in Bombay."

5.13. The Committee pointed out during evidence that out of 204 vehicles of the ITDC only 22 had been deployed on Eastern Section—Patna, Calcutta and Bodhgaya and asked why that section had been neglected from tourist point of view. The representative of the Ministry stated that in the Western India tourist traffic had been going up whereas in Eastern India it had been, in some places, going down during the last 4 or 5 years. ITDC had a fleet in Calcutta. The representative observed that:—

> "The tourist traffic in Eastern India has been going down because of political instability in Bengal and around Calcutta."

Regarding augmentation of the fieet at Patna the Committee were assured that the fleet in Patna would be augmented when the

Reception Centre would be built there. The Government, it was stated, were conscious of the fact that there was considerable potential of Budhist traffic which moved by rail. ITDC would operate routes there in the event of the Railways and the State Transport Corporation not being able to handle it. ITDC vehicles would be deployed where they were most needed and Bihar would not be neglected. ..

5.14. The Committee pointed out that in reply to recommendation No. 15 of the 70th Report of CPU (4th Lok Sabha) on ITDC, the Government had *inter-alia* stated that ITDC would set up a transport unit at Chandigarh as soon as the matter regarding the road permits and countersignatures was resolved with the Chandigarh Administration and State Governments of Himachal Pradesh, Haryana and Punjab and enquired whether a transport unit had been set up at Chandigarh. In reply the Chairman ITDC stated during evidence that:—

> "It has not been possible for us to set up a Transport Unit at Chandigarh so far. At the time we gave this reply, we were hoping that we would start motel operation in Chandigarh it was very much in the offing. But subsequently the idea of having a motel in Chandigarh was dropped. Besides, we were also not able to get the necessary permit from the Government. We got permits only for two cars and one coach of 51 seats. It is hardly worth starting a Transport Unit with two cars.
>
> This is another problem—of having to depend on the State Governments for permits."

5.15. The representative of ITDC observed during evidence that:—

> "......the Ambassador car locally produced in this country is totally undependable. Even newly purchased cars give much trouble. They are hardly quality cars."

As regards ITDC's dependence on imported cars the Chairman stated that those cars were absolutely necessary. The ITDC was purchasing cheapest quality cars available abroad and not luxury cars. The Chairman of ITDC added:—

> "We are using Ford Falcon and Ford Fairlane. Ford Fairlane is slightly superior. We have Stateman Holden from Australia. We chose these cars because they have been tried in Australian conditions where the conditions are like that of ours. These are specially designed for rough roads and rough weather conditions.

"The reasons, why we are not importing cars from other places is basically the price differential. It is so enormous. They are the best, that we found. If we get from other places, they are not air-conditioned, they are not tested for our wheather conditions and the prices are very high. Every time when we make any purchase, we call for quotations from various countries and then a decision is taken by the Board of Directors. It goes to the Ministry, Economic Affairs Department CCIE etc. It is very carefully done. We have been able to get the Ford series at reasonable prices.

Then Volks wagon is not going to be economical. We will get DLY for it."

B. Fleet Utilisation

5.16. The overall percentage of utilisation of the ITDC transport fleet during the years 1970-71 to 1972-73 has been as under:—

Year	DLY Cars	DLZ Cars	Big Coaches
1970-71	72	72	55
1971-72	69	64	54
1972-73	72	70	63

A statement showing percentage utilisation of fleet at each of the 17 transport units of the Corporation is enclosed (Appendix III).

It will be seen from the statement that Centres of highest and lowest utilisation were:—

Year	Highest	Lowest
DLY		
1970-71	Patna (77·3)	Madurai (48·8)
1971-72	Bovalam (86·9)	Hassan (30·8)
1972-73	Agra (84·6)	Hassan (36·2)
DLZ		
1970-71	Jaipur (82·6)	Bangalore (22·4)
1971-72	Bombay (74·3)	Patna (41·3)
1972-73	Delhi (75·1)	Hyderabad (38·4)
Big Coaches		
1970-71	Srinagar (96·4)	Agra (28·0)
1971-72	Srinagar (92·5)	Delhi (46·3)
1972-73	Srinagar (92·2)	Udaipur (5·5)

5.17. The representatives of the Ministry stated in this connection that defference between tourist traffic in summer and winter was 10 or 15 per cent. There was, to some extent, under utilisation of vehicles in the off-season. The vehicles were transferred from one unit to another, if it was economical to do so, to get maximum utilisation.

5.18. In reply to a query it was stated that there was hardly any misuse of the vehicles. Strict instructions had been issued so that the cars were not made available for purpose other than tourist travel. The ITDC cars were hired by business houses travel agencies, tour operators and individual tourists. An embargo had been put on using these cars for marriage purposes.

C. Repairs and Maintenance

5.19. The turnover and expenditure on repairs and maintenance in ITDC transport Units from 1970-71 to 1972-73 were as under:

(Rs. in lakhs)

Year	Income	Expenditure on Repairs and Maintenance	Expenditure on R & M.%. of Income.
1970-71	36·74	4·01	10·9
1971-72	48·88	5·70	11·6
1972-73	69·83	7·49	10.0

The total number of vehicles days lost in the workshop recorded by the ITDC fleet during 1970-71 to 1972-73 was as under:—

Year	Total No. of vehicles days available	Total No. of Vehicles days in the workshop	Percentage
1970-71 .	36,771	6,552	17·8
1971-72 .	50,992	6,890	13·3
1972-73	55,559	6,645	11.9

It was stated that the number of vehicles days lost in the workshop represents holding up of the vehicles for periodical servicing and maintenance, renovations for producing the vehicles before the Motor Vehicles Inspectorate annually and vehicles grounded for accidental job etc. All possible efforts were made to ensure that no loss was incurred to the Corporation as a result of non-utilisation of the staff. Besides, operating rest and leave reserve staff allowed was the mos minimum.

5.20. Regarding existing arrangements for periodical check-up and servicing of vehicles of various units, the management of ITDC stated in a post evidence written reply that the servicing and maintenance arrangements for the fleet of the Corporation were carried out departmentally at Delhi, where a well-equipped workshop had been set up. It was, however, added that some of the units located in other places were experiencing acute problems regarding servicing, repairs and maintenance. For instance, in places like Khajuraho, Patna, Aurangabad, Bodhgaya, Udaipur, etc. there were no adequate servcing and maintenance facilities available. This necessitated deputing qualified and technical staff along with necessary equipment from Delhi for attending to sophisticated imported vehicles and this had added to the overall operating cost of the vehicles. At places like Khajuraho even ordinary servicing facilities were not available and each time a vehicle had to cover about 100 Kms. when detailed for monthly servicing.

D. Sight Seeing Tours

5.21. City sight-seeing tours are being run by the ITDC at Delhi, Patna, Jaipur, Udaipur, Madras, Hyderabad, Bodhgaya, Calcutta, Varanasi and Srinagar (seasonal). In addition, a daily sight-seeing tour is operated from Delhi to Agra. The rates are given below:—

1. Delhi	—1st Tour Rs. 6/- 2nd Tour Rs. 7/- 3rd Tour Rs. 12/- (Whole day) *4th Tour (To Agra) Rs. 100/- (Rs. 60 for a Child) By Delux Coach Rs. 70/- (Rs. 40/- for a child)
2. Varanasi	—1st Tour Rs. 7/- 2nd Tour (Whole day) Rs. 14/-
3. Madras	—1st Tour Rs. 6/- 2nd Tour Rs. 16/- (Madras to Mahabalipuram and back)
4. Calcutta	—1st Tour Rs. 6/- 2nd Tour Rs. 5/-

5. Hyderabad	—1st Tour Rs. 6/- 2nd Tour Rs. 7/-
6. Udaipur	—Tour Rs. 7/-
7. Jaipur	Rs. 8/-
8. Patna	—1st Tour Rs. 4/- 2nd Tour Rs. 15/-
9. Bodhgaya	—1st Tour Rs. 4/- 2nd Tour Rs. 16/-
10. Srinagar	—4 Tours Rs. 3/- to Rs. 18/- (depending on single journey and return journey)
(ITDC Tourist units operates during tourists season only)	

* Rates for Delhi-Agra Trip are inclusive of Lunch, afternoon Tea, Coca-cola en-route, guide charges and entrance fee to the monuments.

5.22. Asked about the reasonableness of the charges fixed for the sight tours at various places, the Chairman, ITDC stated during evidence that:—

"We have sight-seeing tours at many places and I would like to read out to you the rates that we have fixed for these tours, which I think are very reasonable. In Delhi there are tours. One tour cost Rs. 7|- the second tour Rs. 6|- and the third tour which is a whole day tour costs Rs. 12|-. You will see that these are ridiculously low compared to the sight-seeing fares you pay when you go abroad. In fact, many foreigners have laughed at us for charging such ridiculously low rates. This is inclusive of Guide charges also--and we have to pay about Rs. 30|- to a Guide for each day.

At Varanasi we are charging Rs. 7|- for one tour and Rs. 14|- for the whole day tour. The sight seeing tour in Madras is only Rs. 6|- and the tour from Madras to Mahabalipuram and back costs only Rs. 16|- which compares very favourably with what the private sector is charging. In Calcutta also, we are charging only Rs. 6|- for one tour and Rs. 5|- for another tour. In Hyderabad we are charging Rs. 6|- and Rs. 7|-.

So, you see, our rates are very low and the ocupancy of our coaches during the tourist season varies from 75 to 85 per cent and that is why we are able to break even, with such low fares."

5.23. It has been stated that the private operators utilised inferior type of vehicles with 45 to 48 seats and fixed lower rates at various places of tourist interest. Transport Operators who had vehicles comparable to ITDC normally charged identical rates.

E. Working Results

5.24. The Unit-wise working results of ITDC transport fleet during the years 1970-71 to 1972-73 have been as under:—

(Rs. in lakhs)

Sl. No.	Unit	1970-71	1971-72	1972-73
1.	Delhi	(—) 1·01	(—) 0·60	(—) 2·38
2.	Jaipur	(—) 0·02	(—) 0·41	—
3.	Patna	(+) 0·34	(—) 0·36	(+) 0·29
4.	Madras	(+) 0·33	(+) 0·49	(—) 0·53
5.	Srinagar	(+) 0·20	(+) 0·09	(+) 0·51
6.	Khajuraho	(—) 0·03	(—) 0·04	(—) 0·10
7.	Aurangabad	(—) 0·12	(—) 0·03	(—) 0·37
8.	Hyderabad	(+) 0·18	(+) 0·39	(+) 0·43
9.	Agra	(—) 0·04	(—) 0·17	(+) 0·45
10.	Bangalore	(—) 0·02	(+) 0·58	(+) 0·12
11.	Bombay	—	(+) 0·41	(+) 0·54
12.	Udaipur	—	(+) 0·02	(—) 0·09
13.	Bodhgaya	—	(—) 0·01	—
14.	Kovalam	—	(+) 0·01	(—) 0·19
15.	Madurai	—	(—) 0·02	—
16.	Hassan	—	(—) 0·02	(—) 0·06
17.	Ooty	—	(+) 0·03	—
18.	Calcutta	—	—	(—) 0·41
	Total :	(—) 0·19	(+) 0·36	(—) 0·85

It has been stated by the Corporation that vehicle-wise accounts are not maintained in different units.

Commenting on the working results of the fleet with a view to improving their operational efficiency it was stated that the Ministry recently had an occasion to go into the working of the Transport Division of the ITDC. It was, revealed that operational results were satisfactory keeping in view the constraints under which ITDC had to function and the increasing in price level.

Explaining the position further, the representative of the Ministry stated as follows:—

> "As regards the constraints, I may be permitted to mention some details. Many of the places where ITDC has set up transport units are not as remunerative as in the metropolitan cities. Nevertheless, transport has to be provided to complement the basic infrastructure for the centre as a whole. Tariffs have virtually been pegged down to the 1965-66 level except for a marginal increase Fuel costs rose by 105 per cent, wages by 50 per cent and other expenses have also gone up by 150 per cent. Maintenance has to be of a high order, servicing facilities are inadequate in many centres. The cost of cars has gone up from Rs. 40,000 in 1965 to 75,000 in 1973. (87.5 per cent increase). Regarding the profit and loss account also, certain factors have to be taken into account. New cars were purchased late in the year but full depreciation (Nearly 2½ lakhs) was charged for the whole year under income Tax rules. Nevertheless, continuous efforts are being made to improve operational efficiency and profitability of the Transport Division."

5.26. The Committee appreciate the sight-seeing facilities provided by the ITDC through its transport fleet thus raising the general level of Tourism in the country. The Committee also note the fares charged are reasonable and compare favourably with what is charged by similar operators in foreign countries and utilisation during the tourist season, ranges between 75 to 85 per cent. The Committee, however, find that the overall utilisation of Transport fleet of ITDC was about 70 per cent in respect of DLY cars, 69 per cent in the case of DLZ cars and 58 per cent in the case of big coaches during the period from 1970-71 to 1972-73. The Committee regret to note that the utilisation of fleet has been as low as 5.5 per cent in 1972-73 at Udaipur and 28 per cent at Agra during 1970-71, in the case of big coaches. As far as DLZ cars are concerned the lowest utilisation was at Bangalore (22.4 per cent) in 1970-71. In the case of DLY cars the lowest utilisation was at Hassan (30.8 per cent). The Committee were informed that even if some of the Transport units are not remunerative, transport has to be provided to complement the basic infrastructure for the Centre as a whole. The Committee recommend that the Corporation should so arrange the deployment of fleet at various centres as to ensure maximum utilisation of each vehicle, consistent with the tourist traffic needs in these centres.

5.27. The Committee also find that during 1972-73, transport centres at Delhi, Madras, Udaipur, Kovalam, Hassan and Calcutta

made losses while those at Patna, Srinagar, Khajuraho, Aurangabad, Hyderabad, Agra, Bangalore and Bombay made profits. The overall financial results of these units indicated a net loss of about Rs. 85,000 in 1972-73 as against a profit of Rs. 36,000 in 1971-72. The Committee were informed during evidence that the main reason for the losses were that there has been no appreciable increase in the tariffs since 1965-66, fuel cost had gone up by 105 per cent, wages had increased by 50 per cent besides rise in other expenses. The Committee are surprised to note that despite improvement in utilisation of fleet at Delhi in the year 1972-73 the loss at this centre has been the maximum viz. Rs. 2.38 lakhs. In fact, Delhi has been incurring losses continuously from 1970-71. The Committee recommend that the reasons due to which some of the transport units of ITDC including Delhi are running into losses should be criticallly experienced and suitable remedial measures taken to improve the operational efficiency and profitability of the units.

5.28. The Committee note that the present estimated fleet of 4,801 tourist vehicles in the country is proposed to be increased to 10,500 vehicles by the end of the Fifth Five Year Plan, i.e. 1975—79. ITDC have at present a total fleet strength of 204 vehicles located in 16 units. During the Fifth Five Year Plan, the ITDC propose to add to this fleet 100 luxury cars, 70 Ambassador cars and 30 coaches. It has been stated by the ITDC that their entire existing fleet would require replacement during the next five years. The Committee would suggest that replacement of fleet should be so phased that ITDC are able to meet the additional flow of tourist traffic which it has been estimated, would double by the year 1978-79. The Committee need hardly point out that the unprecedented increase in prices of fuel and petroleum products is bound to have a marked effect on fleet requirements for transport. The Committee stress that a careful review should be made of the trends already developing in this behalf with a view to see that the fleet is augmented only to the extent considered necessary.

The Committee would also suggest that the Corporation/Government should consider, in the context of the present need to conserve fuel resources, whether it would not be better to lay greater stress on acquisition of coaches of larger capacity rather than adding luxury cars so that the interest of a common tourist are served better.

5.29. The Committee note that the existing servicing and maintenance arrangements for the fleet of the ITDC are far from satisfactory. Whereas the transport units are located at 16 far flung places in the country, the Corporation has set up workshop facilities at Delhi only. The Committee would urge the Corporation to carry out

a systematic review of the servicing and repair facilities required for their fleet so as to put them on satisfactory basis.

5.30. The Committee need hardly point out that vehicles which are stationed at places where necessary servicing facilities do not exist, synchronise their trips to places where they are generally attended to instead of detailing them to far away places only for routine servicing, etc.

F. Inter-state Travel by Road

5.31. The Committee on Public Undertakings (1969-70) Fourth Lok Sabha) recommended in para 4.16 of their 70th Report on India Tourism Development Corporation as under:—

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

5.32. In their reply to the aforesaid recommendation the Government stated that the main difficulties in inter-State routes related to obtaining of counter-signatures for tourist vehicles and payment of motor vehicles tax and passenger tax in respect of these vehicles. It was further stated that Model Rules on the subject were drafted and circulated to the States for adoption. All the States except Assam, Jammu and Kashmir and West Bengal were stated to have adopted these rules, and the matter was being pursued with those three States. There was also a proposal to issue a notification fixing the number of permits to be issued by each State.

Regarding single-point taxation it was stated that the Ministry of Transport had taken up the matter with the State Governments for exemption from taxation except in the home State.

5.33. During evidence the Committee enquired about the difficulties being experienced by the India Tourism Development Corporation in organising long distance trips on regular basis. The Management of ITDC explained the position as under:—

> "The main problem is that of getting tourist permits. In fact, tourist operation and transport operation is beset with so many problems that unless something very radical is done, I don't think there is going to be any improvement in road transport for tourists. The first difficulty which besets all of us—and not only the ITDC is the transport barriers and the requirement of permits. Even for cars, permits are required. When a tourist car goes from one State to another State, it has to pay a charge, and this permit has to be obtained previously in many cases.
>
> Now, the system of having one permit to cover many States, as in the case of goods transport vehicles, has been under the consideration of the Ministry of Transport and the State Governments for several years, but we have not yet been able to break this barrier. We have not yet got one-point payment. This is the first difficulty we are facing. We are absolutely on par with private operators and no preference has been given to the ITDC. The ITDC is the only all India Tourist transport organisation and it has got the best cars and the best service and it is a great pity that we should be subjected to the same whims and fancies of the Road Transport authorities in all the States. In spite of talking to the Ministers of the State Governments and other officers concerned and in spite of having taken up the matter at several levels in the Ministry, this continues to be a serious problem. We would like to place it before you that unless some of these difficulties are resolved, we cannot make any substantial progress in the transport field."

5.34. Asked whether the problems were discussed with the representatives of State Governments, the Chairman, ITDC stated that the meetings of the Tourism and Transport Development councils were held once or twice in a year. A recent meeting was attended by Ministers of Tourism from various States. Similarly Transport Development Council meeting presided over by the Minister of Transport and Shipping was held. The question of amending the Motor Vehicles Act of the States was taken up. It was further stated that unless ITDC was recognised and given a special treatment, the difficulties would not be solved. It was suggested that permits should be given to ITDC for all India coverage for tourist transport.

5.35. Regarding daily coach to Agra from Delhi, the Chairman, ITDC disclosed that they were paying Rs. 250 per day by way of taxes. This coach had to pass through Haryana and U.P. This was being continued because there was a great demand for Agra.

During evidence, the representative of the Ministry of Tourism and Civil Aviation stated in this connection that since transport was a State subject, it was not possible to implement the scheme of inter-State travel by road unless it was accepted unanimously by all the State Governments. Elaborating the point, the representative further stated as follows:—

"Until about a year ago various State Governments were represented on the Transport Development Council. They had been unanimously accepting the proposal in principle. The Ministry of Transport was pursuing the matter in stages beginning with the amendment of the Motor Vehicles Act, issue of notifications regarding the number of vehicles to be covered under the scheme and various other regulations and it was accepted that the scheme would be implemented after all these formalities had been completed. A year ago, however, there was unexpected opposition from two State Governments. This year, at the Transport Development Council meeting, some more State Governments voiced the opposition to the scheme. Now the position regarding acceptance by various States is not very satisfactory and we, therefore, feel that there may be some delay in implementation, because all the State Governments which have not given their acceptance would have to be persuaded once again to accept the scheme and only after that, the scheme can be implemented."

5.37. Explaining as to why the State Governments object to the inter-State travel scheme of the ITDC, the representative of the Ministry stated that the States felt that the revenue would go to the State from where the vehicles started their journey. To meet this objection, the Ministry of Tourism and Civil Aviation was considering a proposal to have an alternative scheme by which agreement could be reached at the regional level and revenue could be apportioned among the States in the region.

5.38. It was further stated that some of the States feared that if inter-State permits were given to the private operators of coaches, they would illegally operate them as bus service and take away revenue from the State Transport authorities. The Secretary of the Ministry stated in this connection as follows:—

> "My Ministry put to the Council the proposition that these were exaggerated fears. If the States agree to the Central Transport Council allocating a limited number of licences we could work out which State could get revenue in an assured proportion. About the piracy problem we assured the Council that only a limited number of licences would be issued, many of which would go to ITDC. The remainder would go to the private operators who would be licenced and would be the approved operators of the Department of Tourism. We will have strict control over them.....We will try alternatively, if we cannot get general agreement, either regional agreements or case by case approval of routes from the States. This is the problem which is definitely hampering inter-State movement of tourists. If they want to go on sight seeing, they will have to change coaches merely because of this. The Central Government and the States have been aware of this problem for the last 17 years and for 7 years the Central Transport Development Council has been passing infructuous Resolution. There must be some end to this."

5.39. The Committee enquired as to how coordination with State Transport agencies and State Tourism Departments was ensured in order to obviate overlapping. The Committee were informed that ITDC maintained a close liasion both with the State Transport Authorities and State Tourism Departments so as to avoid any possible duplication of services and facilities. Coordination was also ensured by the Department of Tourism through Tourism Development Council and the Transport Development Council.

5.40. The Committee were also informed that some of the State Governments also kept very small fleet but it did not make difference to the total operation.

5.41. As far back as 1969-70 the Committee had in paragraph 4.16 of their 70th Report on ITDC suggested that Central Government should examine the entire issue of inter-state travel by road in all its aspects on an All India basis and persuade the State Governments to follow a uniform policy with regard to issue of permits, registration of transport and non-transport vehicles, convenient and economical clearance of passengers at inter-State borders and allow unrestricted movement of tourist vehicles across State Boundaries

etc. The Committee note that the draft Rules framed in this connection have been adopted by all the States except the States of Assam, Jammu and Kashmir and West Bengal. The main reason for some of the States not adopting these Rules was stated to be the fear of loss of revenue to the States. The Committee recommend that an abiding solution to this long standing problem should be found without further delay.

5.42. The Committee were assured during evidence that ITDC maintained a close liaison both with the State Transport Authorities and State Tourism Departments so as to avoid any possible duplication of services and facilities. Coordination was also ensured by the Department of Tourism through Tourism Development Council and the Transport Development Council.

The Committee, however, feel that as road transport is a State subject and is basically governed by the policies of the individual State Governments, there is an urgent need to evolve an effective institutional arrangement for closer coordination between the ITDC and the state transport authorities in the interest of meaningful review of programmes and plans in order to avoid duplication of efforts or wasteful competition.

The Committee feel that as the operations of the ITDC are not confined to any particular state or region, a time has come when ITDC should be recognised as one of the national transport undertakings of the country as a whole and its units located in various states should be treated on par with nationalised transport undertakings of respective States in the matter of grant of permits, countersignatures, fixation of fares and other allied facilities in the interest of building up a well coordinated tourist transport network of acceptable standard for the development of tourism in the country.

VI

ENTERTAINMENT

A. Cultural Shows

6.1. It is a well recognised fact that a tourist in India after a full day's sight seeing tour is more often faced with "what to do" problem in the evening particularly when away from large cities. This void can, however, be filled in by providing some kind of entertainment for the tourists.

6.2. The Estimates Committee (1972-73) in their Forty-second Report on the Ministry of Tourism and Civil Aviation (Deptt. of Tourism) have included the following observation of the Travel Agents Association of India regarding entertainment:—

> "Except for large cities, the evening entertainment for tourists is almost non-existent. Even in tourist centres like Agra, Banaras and Jaipur, there is nothing that the tourists can do in the evenings. The ITDC should play an important role in this respect and create entertainment facilities in collaboration with the Tourist Industry."

In some of the major hotels of ITDC, cultural programmes are organised with a view to entertain foreign tourists.

6.3. The Ashoka Hotel, New Delhi is foremost among ITDC units in organising cultural shows for the entertainment of their guests. The hotel has its Entertainment Wing which has been producing cultural programmes ranging from short Indian dances like 'Kathak' 'Salami' and 'Ghoomar' to major ballet and musical pageants such as 'Historical Custumes of India,. Brides of India', 'Lore of Ind', Legendary Ballets of India etc. during the last decade. Every month, three to four theatre evening programmes are organised. In the various restaurants of the Ashoka Hotel, entertainment facilities like dance and of Western type, spot numbers of Indian dances, Indian Orchestra, spot singing, Western floor shows etc. exist. Cultural programmes are also organised occasionally for the guests in Ashoka Theatre.

6.4. In Hotel Ashoka, Bangalore Cultural programmes are presented on special occasions like Diwali, Dussehra, Annual Day etc. Instrumental music is played there daily by AIR artists.

6.5. The Akbar Hotel, New Delhi has arrangement of a 4-piece band in the hotel restaurant on regular basis).

Similarly, Janpath Hotel, New Delhi has a band which plays Western/Indian Music. In its restaurant, Indian instrumental music and classical songs are presented. Sitar music and occasionally 'Qwali' is arranged in Lodhi Hotel. Special entertainment programmes are arranged during Christmas and on New Year Eve.

6.6. In Kovalam Grove there is an open air auditorium where regular 'Kathakali' and 'Mohini Attam' performances are organised. The Kovalam Beach Resort will, when fully developed, offer aquatic sports like Skling and Sucuba diving. Sail & Row boats have already been made available. There are also arrangements for screening documentary and other films.

6.7. Rajasthani dances are arranged at Laxm i Vilas Place Hotel, Udaipur as and when groups of foreign tourists arrive.

6.8. As regards entertainment of tourists outside the ITDC establishments, it was felt that to begin with, regular theatre evenings for tourists may be organised in Delhi on experimental basis. A scheme was accordingly drawn up. The scheme envisaged programmes twice a week of 60 to 90 minutes duration featuring high quality performances of dancess (classical and/or folk), ballets and concerts of classical music by well known artists and troups. Since the scheme could not be operated on self-sufficiency basis, it was sent to the Department of Tourism for sanction of subsidy. The ITDC has also offered to run this theatre evening for the Department of Tourism on payment of managerial remuneration. The Department's decision is awaited. Based on the experiment at Delhi, the scheme, it has been stated would be extended to other parts of the country.

6.9. In organising entertainment programmes, ITDC takes assistance from national agencies such as the Bharatiya Kala Kendra Sangeet Natak Akadeni and the National School of Drama.

6.10. During evidence of the representatives of ITDC the Committee enquired as to what extent the assistance rendered by the National agencies had proved beneficial to the ITDC for organising entertainment programme. In reply, the Chairman ITDC stated:—

> "The assistance of agencies like Bharatiya Kala Kendra, Sangeet Natak Akademi and the National School of Drama has been drawn up on mainly in Delhi while organising functions in the Ashoka Hotel, which is our premier hotel in the capital.

* * * *

The National School of Drama has helped us quite often in stage lighting. The Sangeet Natak Academi have advised us quite often about music performances and they have donated a whole set of musical instruments which we have displayed in our hotel and whenever we wanted to arrange performances, the Bharatiya Kala Kendra have been readily forthcoming, with their artists for performance in the evenings. Quite apart from this, we are making use of the existing institutional arrangements wherever we organise tourist entertainment."

6.11. Asked whether any study of the whole aspect of entertainment had been made by Government in consultation with and co-operation of the State Governments and other official and non-official agencies, the representative of the Ministry stated during evidence that:—

"The lack of suitable cultural entertainment facilities, particularly for foreign tourists, has been a matter of some concern to us. We now visualise two definite steps for tackling the difficulties. The first stage is to activate the Entertainment Wing of the ITDC and I am glad to say that stage is being completed. The Entertainment wing of the ITDC has to its credit a number of remarkable performances and presentations, in collaboration with the highest cultural organisations in the country.

Now, coming to the second stage (and we are now ready for it), we have recently set up a representative Committee with people from the Sangeet Natak Academy, the National Council of Arts and such other organisations, and we are thinking of extending the ITDC's activities in the cultural entertainment field to other stations also even to those stations where the ITDC does not have establishments."

6.12. The Committee enquired whether any arrangements for tourists entertainment had been made at the small way-side tourist resorts like Ajanta, Ellora, Gir forests, Bhubaneshwar, Konarak, Veraval etc. The Chairman of ITDC stated in this connection as follows:—

"We have had several discussions with the Ministry of Tourism. We pointed out to them that if, ITDC is required to set up an entertainment cell and organise regular tourist entertainment on a national scale, some funds would have to be given and this is not an activity which is self-financing or would be economically viable. The Minister of Tourism appreciated this and has now set up a Working Group on the entertainment facilities."

6.13. In a note furnished after the evidence ITDC has stated that on 8th August, 1973 the Minister of Tourism called a meeting to discuss ways and means of promoting cultural entertainment for tourists. A working Group with Director General of tourism as its Convener and representatives of Sangeet Natak Academy, Song and Drama Division of the Ministry of Information and Broad-casting and famous Artists like Mrinalini Sarabai as Members was set up to advise on the creation of an independent organisation within the Department of Tourism or ITDC. Its terms of reference were as follows:—

(a) To suggest norms with regard to entertainment for tourists consistent with India's rich cultural heritage and skills in the performing arts

(b) To evolve guidelines (including financial assistance) for promoting the presentation of entertainments programmes on a regular basis, primarily for foreign tourists in ten selected centres; *viz* Delhi, Bombay, Calcutta, Madras, Agra Varanasi, Jaipur, Srinagar, Aurangabad and Bangalore.

(c) To advise on the co-ordination of the existing activities of the Department of culture, and Sangeet Natak Academy Songs and Drama Division, ITDC and other official and semi-official, private organisations|Institutions active in this field at the central, regional and state levels;

(d) To draw up an outline plan for promoting entertainment for tourists.

The representative of ITDC stated during evidence that "I hope, as a result of the deliberation of this working Group some concrete results would come out in the next few months". It was also stated that for extending the entertainment facilities in the States, the officers of the ITDC establishments and Hotel Managements were in touch with the Directors of Tourism in the State Governments and were drawing up on the institutions in the States.

6.14. A statement showing the expenditure incurred by ITDC on cultural entertainment including Band and Music in various Hotels is given in the Statement (Appendix IV).

6.15. The representative of ITDC informed the Committee that the expenditure on entertainment depended on the performance, its duration and the artists commissioned. It was further stated that in Ashoka Hotel, New Delhi, they were spending substantial amount on the cultural shows but in other hotels they were not spending much. The shows arranged with the help of local organisations and local talents were stated to be totally uneconomical as there was only expenditure and no revenue. They have, therefore, been rather careful so far as ITDC hotels were concerned.

6.16. The Committee were also informed that ITDC did not have any Entertainment Wing of its own. They had an administrative unit which called upon various agencies and made arrangements for the performances on payment basis.

Asked about the artists engaged, the witness stated that during the last one and a half years there were performances by Yamini Krishnamoorthy, Subbalakshmi, Sitara Devi, Rita Devi, S. Panigrahi etc.

6.17. When aksed whether the collections were commensurate with the money spent on them, the witness stated that it resulted in some loss to the Corporation but they considered it worthwhile. It was explained that if arrangements for classical music and dance performances of leading artists were arranged, nobody could make money after paying to the artists, for the hall, lighting etc. particularly in cities like Delhi, Calcutta and Bombay.

The witness added that classical performances were subsidised all the world over.

6.18. The Committee asked whether ITDC had undertaken any evaluation of audience response to the entertainment programmes, particularly from foreign tourists, the representatives of ITDC summed up the position thus:—

> "I think they are very very popular. They do appreciate this kind of cultural entertainment. As we have said repeatedly in several forums, they do not want to see third class cabaret entertainments in this country. They do want to see the best of our culture. But, to say that they are deeply interested and they would like to see all the nuances of different artists for hours together would be a lie. But, the people who have settled in this country, the embassy officials and others—quite a lot of them, develop a lot of technical interest in this. These people are much more interested than the casual tourists. But the tourists

are generally interested to see the best of the culture of our country which is reflected in dance, drama and music."

6.19. The Committee note that as a first step in the matter of providing suitable cultural entertainment facilities to foreign tourists, the ITDC are organising cultural and other entertainment programmes in their major hotels with the assistance and collaboration of national cultural organisations like Bhartiya Kala Kendra, Sangeet Natak Akademi, National School of Drama etc. The Committee also note that the Ministry of Tourism have in August, 1973 set up a working group with a view to develop the entertainment facilities on a national scale and evolve suitable norms for entertainment consistent with India's rich cultural heritage and skills in performing arts and also to advise on the creation of an independent organisation in the Department of Tourism or ITDC. The Committee would like the matter to be finalised early so that suitable norms for arranging entertainment in Government owned hotels, restaurants etc. become available for implementation. The Committee also recommend that cultural programmes as arranged by the various hotels, should form part of the commercial venture of the hotels and may not be subsidised.

B. Son-et-lumi Ere Shows

6.20. ITDC operates Sound and Light Shows at the following places:—

(i) Red Fort, Delhi.

(ii) Sabarmati Ashram, Ahmedabad.

(iii) Shalimar Gardens, Srinagar.

While the Show at Red Fort, Delhi is owned and managed by ITDC, the others at Ahmedabad and Srinagar are mounted and managed by the ITDC on behalf of the Department of Tourism, Government of India. The Shows at Ahmedabad and Srinagar were inaugurated during 1972-73.

(i) *Sound and Light Show at Red Fourt Delhi*

6.21. This Show was mounted by the Department of Tourism at a cost of Rs. 6.95 lakhs and was opened to the public on 25th March, 1965. Thereafter, it was revised at a cost of Rs. 1.39 lakhs in November, 1965 and the revised version was purchased by the ITDC from the Department of Tourism at a price of Rs. 6.50 lakhs in April, 1967. A further revision of the theme was undertaken by the ITDC at a cost of Rs. 4.37 lakhs to include the original voice of Netaji, I.N.A. marching song and Vandematram etc.

6.22. The seating capacity and rates of admission of this Show are:—

Rs.7.50	—	100 Seats
Rs.3.00	—	600 Seats
		700 Seats

6.23. The financial results for the last 6 years were as under:—

(*Rs. in lakhs*)

Year	No. of visitors	Income	Expenditure	Net Profit/ Loss	percentage return on net investment
1967—68 . .	115,302	2·00	1·00	(+) 1·00	16·6%
1968—69 ·	131,093	3·05	1·88	(+) 1·17	21·5%
1969—70 . .	156,583	3·08	1·90	(+) 1·18	24·8%
1970—71 . .	129,739	3·04	2·16	(+) 0·88	20·6%
1971—72 . .	107,089	3·05	3·11	(—) 0·06	(—) 0·8%
1972—73 . .	148,249	4·29	3·10	(+) 1·09	16·3%
Total :		18·51	13·25	(+) 5·26	

6.24. Against the total investment of Rs. 10.87 lakhs made in the Show by the Corporation, the operation of the Show during the last 6 years has already paid back investment to the extent of Rs. 9.45 lakhs in the shape of Depreciation (Rs. 4.19 lakhs) and net profit (Rs. 5.26 lakhs). Thus, the bulk of the investment has been paid back. The average net return on investment is 16.6 per cent during the 6 years period from 1967-68 to 1969-73.

6.25. The Committee enquired as to what was the loss suffered by the ITDC on account of write off of the residual value of the old script of the Red Fort Sound and Light Show. The Corporation informed the Committee that the entire Son-et-Lumiere Show at Red Fort consisting of the script, installation and equipment was purchased by ITDC from the Department of Tourism in 1968, at a lump-sum price of Rs. 6.50 lakhs. The Show was exhibited by ITDC till June 1971. After taking into consideration the depreciation amounting to Rs. 2.39 lakhs charged during the years 1968-69 to 1971-72, the residual value of the Show was Rs. 4.11 lakhs when the script was revised. Except for the tapes of the revised script, the other old installation and equipment were being utilised for the revised version of the Show. Since the Show was purchased for a lumpsum value, the price of individual items comprising the show was not available and therefore there had been no writing off of the value of old tapes.

6.26. Asked how it was ensured that right aspects were stressed in these shows, representative of ITDC stated that at the time of revision, the script was shown to some Professors of History in the Delhi University and some others in Jamia Millia and their reactions were passed on to the script writer. He also added that:—

> "In fact it is a tricky affair. A great deal of precaution is necessary to ensure that the thing that we produce reffects the glory of the people and not any bad aspect of the thing."

6.27. During evidence, the Committee asked about the improvements that were effected as a result of the revision of Sound and Light Show at Red Fort, Delhi at a cost of Rs. 4.37 lakhs. The Chairman, ITDC informed the Committee that life of recordings was 4 to 5 years. The tapes had run out through daily and in the mean time there was a lot of criticism about the contents of the programme. There were many suggestions. As a result, the ITDC wanted to include the song. Vande Matram, the original voice of Netaji and the INA marching song. The entire show was revised for all these reasons and the new show produced at a cost of Rs. 4.37 lakhs.

The representatives of the Ministry stated that as a result of the revision of the Script the number of visitor to this show had increaeed from 1.27 lakhs in 1971-72 to 1.48 lakhs in 1972-73.

6.28. Explaining the whole process of producing the show, the Chairman, ITDC stated:—

> "This is a very complicated process. The whole thing starts with selecting a site which has some historical value of a story to tell. Decision has to be taken as to what story should be projected. Then the script writer comes in the picture. The writing of the script is extremely complicated. It cannot be done by a dramatist or a film writer. It can be done by a scholar who can visualise the impact sound and light show on the audience. Once a script is made, it has to be produced, voices have to be mixed with the script. After script writer is appointed, we appoint a producer. After this the producer has to record voices. He has to engage Artists. If the script is long, he has to com-

mission somebody to read out in the right voice. It is recorded and several tapes are made.

The other aspect is technical aspect of light and sound. This is a extremely tricky matter for which expertise in the world is very limited. Philips of Holland who have got a very big establishment in India have been considered to be the best people in this field. Even in the Philips India, the Indians working in the Company have acquired proficiency because of the work they put in the last three to four years on organising sound and light shows. The equipment which is needed for this is highly sophisticated. There are computers and these are imported ones and Philips Company in Holland supplies it. After it is recorded and sound effect and light effect are married, mixing of tapes has to be made. There are no facilities in India for it. The producer and the technical people of Philips go to Holland where technical production is done and the equipment is sent from there."

(ii) *Show at Sabarmati Ashram, Ahmedabad*

6.29. The Show covering the phase of Mahatma Gandhi's life at Sabarmati Ashram, Ahmedabad was mounted by ITDC at a cost of Rs. 18.25 lakhs including Rs. 6.25 lakhs being the cost of civil works executed by the Government of Gujarat. The Show was inaugurated on 21st April, 1972.

6.30. The rates of admission and total capacity of the show are as under:—

Rs. 5/- per seat	—	100 Seats
Rs. 2/- per seat	—	300 Seats
Total capacity	—	400 Seats

6.31. The anticipated working results during the first 3 years of the operation of the show are indicated below:—

(Rs. in lakhs)

Year	Income	Expenditure	Profit/loss before depreciation	Depreciation	Profit/loss after depreciation
1st . . .	2·20	1·34	(+) 0·86	1·72	(—) 0·86
2nd . . .	2·53	1·31	(+) 1·22	1·72	(—) 0·50
3rd . . .	2·37	1·27	(+) 1·10	1·72	(—) 0·62

During the first year of the operation of the Show (1972-73) 21,886 visitors witnessed the Show. The provisional working results during the year (1972-73) are as under:—

(Rs. in lakhs)

Income	Expenditure	Profit/Loss before depreciation	Depreciation	Profit/Loss after depreciation
0·57	1·20	(—) 0·63	1·72	(—) 2·35

6.32. The Management has stated that efforts are being made to attract more visitors to the Show by intensive publicity and advertisement. It has been further stated that as per present indications, the Show is not likely to be economically viable.

The Committee were informed during evidence that mostly local people visited the show at Shabarmati. The ITDC was making all our efforts to promote the show. The Chairman, ITDC conceded that the response to this show was poor. They were thinking of giving concession to the mill workers. They were giving 50 per cent concession to students.

6.33. The Management of the Corporation subsequently informed the Committee that during 1973-74, although intensive publicity was arranged in respect of Sabarmati Sound and Light Show through press, circulars, Hoardings, Cinema slides, etc. there was no appreciable increase in the number of spectators. From April, to October, 1973, 10276 spectators witnessed the show.

The working results from April to July, 1973 indicate a deficit of Rs. 18,983/- excluding a depreciation Rs. 0.57 lakhs.

6.34. The Committee pointed out during evidence of the representative of the Ministry that the show had incurred a loss of Rs. 2.36 lakhs during the first year of its operation (1972-73) and enquired about the prospects of avoiding recurrence of loss. The Secretary of the Ministry stated as follows:—

> "It has suffered a loss. But at the same time, we feel that at a place like Sabarmati Ashram where so much of Gandhiji's life and work are involved it has definitely an attraction and I do not think that it has to be justified in terms of making money. Tourists who visit Ahmedabad, specially Sabarmati Ashram naturally would like to be acquainted with the life and work of Mahatma Gandhi in the Ashram. As this particular show is designed to do that, I do not think that this particular show should be judged in monetary terms. It has many other implications, emotional appeal and the fact that Mahatma Gandhi was the

greatest man perhaps of the century. These considerations should also be taken into account."

(iii) *Show at Shalimar Gardens, Srinagar*

6.35. This project has also been executed by ITDC on behalf of the Department of Tourism. The estimated cost of the project is of the order of Rs. 27.75 lakhs. The show was inaugurated on 29th September, 1972 and commercial operation of the Show commenced from 1st October, 1972. Before the on-set of the winter the Show could operate for 16 days only during 1972-73. During this period 3,668 visitors witnesed the Show. The total earnings are of the order of Rs. 0.13 lakhs.

6.36. The rates of admission and total capacity of the show are as under:—

Rs. 7·50 per seat	— 100 seats
Rs. 3·00 per seat	— 400 seats
Total capacity	— 500 seats

6.37. The anticipated working results during the first three years of the operation of the Show are as below:—

(Rs. in lakhs)

Year	Income	Expenditure	Profit/Loss before depciation	Depreciation	Profit/Loss after depreciation
*1st . . .	0·32	0·77	(—) 0·45	2·78	(—) 3·23
2nd . . .	1·76	1·34	(+) 0·42	2·78	(—) 2·36
3rd . . .	2·05	1·45	(+) 0·60	2·78	(—) 2·18

6.38. In their recommendation (S. No. 22) contained in para 6.12 of the Seventieth Report (Fourth Lok Sabha) the Committee on Public Undertakings (1969-70) had observed that:—

"....The anticipated working results during the first three years of the operation of the Sabarmati Ashram and Shalimar Gardens projects, however, show that these projects would be losing propositions. The Committee are surprised why decision was taken to undertake them inspite

*It was assumed that the show should operate for 46 days only during the first year and for 7 months in the subsequent years.

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

6.39. In their reply Government had stated that while a careful study of economic feasibility of a Son-et-Lumiere show was important, it could not be an over-riding factor. The Government further urged that sometimes provision of entertainment had to be taken up as a promotional activity and as such the Government had not accepted the recommendation of the Committee to drop the Son-et-Lumiere Project at Shalimar Gardens, Srinagar.

6.40. After considering Government's reply, the Committee observed in their Sixth Action taken Report (5th Lok Sabha) on ITDC as follows:—

"The Committee do not feel convinced by the reply of Government as well as by their argument that sometimes, provision of entertainment has to be taken up as a promotional activity. This does not apply particularly in the case of Son-et-Lumiere show at Shalimar Gardens, Srinagar.

The Government had earlier intimated that in the case of Son-et-Lumiere show proposed to be started at Shalimar Gardens, (Kashmir), it was anticipated that there would be net losses of Rs. 1.81 lakhs, Rs. 1.96 lakhs and Rs. 2.06 lakhs during the first, second and third year of the operation of the project respectively. This project, if started would entail a total loss of Rs. 5.83 lakhs during the first three years of its operation. The Committee are not sure whether the project would be able to attract the tourist in a place like Kashmir valley which is endowed with so much of natural scenery. It is also doubtful if the show would serve the purpose of a 'promotional activity'. In view of these considerations, the Committee reiterate their recommendation that no project should be started by ITDC which is not expected to be economically viable, and that Son-et-Lumiere project at Shalimar Gardens, Srinagar be dropped finally."

6.41. The Committee have been informed that from April to September, 1973 approximately 22,298 persons witnessed the show.

The working results for the year 1973-74 upto 30th September, 1973 indicate a deficit of Rs. 435|- excluding the depreciation of Rs. 1.39 lakhs.

It has been stated by the Management that like Sabarmati Sound and Light Show, this project also is not likely to be economically viable.

6.42. The representative of the Corporation stated during evidence that the season at Srinagar was very small May and June and then September and October. Considering that fact, the response was not bad. The response depended on tourist arrivals, there.

6.43. Asked by the Committee whether Government was inclined to look into the performance of Shalimar Garden Show in a different light, from monetary consideration the Secretary of the Ministry stated:—

"The position about Shalimar is that Srinagar is very important tourist centre. A large number of tourists come to Srinagar. There is absolutely no entertainment worth the name and it was felt that in these beautiful gardens of Shalimar, the performance would be a positive attraction and would give the visitors some way of spending their time and knowing the history of the gardens. So, here again, while it is not showing a profit right now, we have every hope that in the coming years this performance should make good. Secondly, in many places as I was saying yesterday, we have to make a poineering effort and we cannot consider whether the project will be able to break even right from the beginning. You have to give some gestation period. The Shalimar project is justified not only because a large number of foreign tourists come there but also because they have to have some source of relaxation, besides, boating and seeing the lake etc. So from all these points of view, I think this is a sound project."

6.44. The Committee enquired whether Government had made any evaluation of sound and light programme to assess the usefulness and economic viability and also to find ways and means of making them popular and remunerative as recommended by the Estimates Committee in their 42nd Report (1972-73). The Secretary replied as follows:-

"We have set up no Committee as such to evaluate the son-et-lumiere performances. But, this is really a matter for the management of the Corporation itself and certainly we have particularly where a show is making a loss to examine whether its continuance etc. is necessary. It so happened that we have only three shows at present, one at the Red Fort, which is making a profit and is fully justified on commercial considerations, the other at Sabarmati Ashram, which is justified even on other considerations and the third at Shalimar, which is a poineering project. As far as the others are concerned, for instance, the possible show at Mahabalipuram or at Calcutta, certainly, feasibility studies etc. will be made before they are undertaken."

6.45. When asked whether a part from historical and other considerations Government should not consider the monetary aspect, the representatives of the Ministry stated that:

"In many areas, the loss has to be accepted. After all, when a Corporation, in its overall working, makes a profit it is not necessary that every individual activity also should make a profit, so long as the total result is satisfactory."

6.46. The Committee note that the Son-et-Lumiere Show at Red Fort, Delhi which was mounted and opened to public in March, 1965 by the Department of Tourism was revised at a cost of Rs. 139 lakhs in November, 1965 after about seven months of its commissioning. The show was taken over by ITDC at a cost of Rs. 6.5 lakhs in April, 1967 and was once again revised at a cost of Rs. 4.37 lakhs, The revised show was opened to the Public on 28th September, 1971. The Committee are informed that the main reasons for the revision of the show were 'a lot of criticism about the contents of the programme', alternate suggestions to include in the script the song, Vande Matram, the original voice of Netaji and the INA marching song, etc.

The Committee regret to note that the original scripts of Red Fort Show were not properly scrutinised before inclusion in the programme with the result that the script had to be revised twice at a heavy cost of Rs. 5.76 lakhs which also included valuable foreign exchange. The Committee, therefore, urge that Government/ITDC should take utmost care in the matter of scrutiny and approval of the script so that the final production is set in true historical perspective.

6.47. Government should also consider the feasibility of associaing with them experts with knowledge of the history of the period while finalising the scripts for such shows.

6.48. The Committee find that a Son-et-Lumiere show covering Mahatma Gandhi's life at Sabarmati Ashram was mounted in April,

1972 at a cost of Rs. 18.25 lakhs. During the first year of its operation (1972-73) the show attracted 21,886 visitors and incurred a net loss of Rs. 2.35 lakhs as against the anticipated loss of Rs. 0.86 lakhs, despite intensive publicity through press, circulars, hoardings, cinema slides and concession to students. During evidence, the representative of the Ministry expressed the view that this show should not be judged in monetary terms but had to be considered in the context of emotional appeal and the need to project the life of Mahatma Gandhi. The Committee recommend that suitable publicity measures including revision of fares and provision of cheaper accommodation may be considered to increase local response as well as tourist attraction and make the show more popular.

6.49. The Committee find that Son-et-Lumiere shows at Srinagar mounted in September, 1972 at a cost of Rs. 27.75 lakhs is also not expected to be economically viable. This show has been described as a 'Poineering effort'. In the opinion of the Committee the utility of such a show in a land which is endowed with natural scenery and has other alternative attractions for the foreign tourists could not seem to be justified even as a 'Promotional activity'.

The Committee also recommend that Government/ITDC should learn a lesson from the experience of working of the Son-et-Lumiere shows already set up and avoid mounting new shows which are not economically viable.

C. Mounting of Son-et-Lumiere Shows

6.50. In paras 6.19 and 6.20 of their 70th Report (Fourth Lok Sabha) on ITDC, the Committee on Public Undertakings had observed as follows:—

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

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

6.51. In their reply Government had stated that efforts were made to ensure that the prices were reasonable, and in an analysis, the CPWD were asked to undertake the work when it was found that their estimates of rates were lower.

6.52. Regarding calling of open tenders for the installation of Son-et-Lumiere in future, the Government had stated that. "This was done and several other efforts made to find alternatives to Phillips (India) Ltd. But without success. The efforts, to find alternatives continue."

6.53. The Committee enquired during evidence whether the mounting of these shows was discussed with the Electornics Corporation of India a Public Sector Undertakings for undertaking this job, the Chairman of the ITDC stated that they did approach the Central Electronic Engineering Research Institute, Pilani and ITI, Delhi. He added that:—

"It is a very sophisticated thing and lot of things are involved it it. Even in Great Britain where there are a large number of light and sound shows they had entrusted the job to Phillips. There was furore in Parliament when it was being given to a Dutch firm and not to a British firm. The reply given was that they were the best people and available local expertise in the matter was restricted to such aspects as lighting and recording.

I would like to submit that the impression that we have got from foreign tourists regarding sound and light show, that we are the best in the world. The sound and light show in Delhi is the best in the world.

In Srinagar, it was an extremely difficult one. In fact the show in Sabarmati was also very difficult for us to put up."

6.54. Asked whether these shows were mounted with the help of some European concern, the representative of the Ministry informed that Committee that Phillips did the electrical side of it in the beginning only and there was no perpetual collaboration. The mixing of the sound and Light was done in Holland as it could not be done satisfactorily in India. The Secretary of the Ministry, however, assured the Committee that they would certainly consult the Electronics Corporation of India to see if they could do the job.

6.55. The Committee note that in the matter of mounting Son-et-Lumiere Shows the Corporation had entrusted the work to Phillips of Holland in India. Although in reply to the Committees' earlier recommendation in their 70th Report of CPU on ITDC, the Committee were informed that efforts to find alternatives to Phillips India had continued, the Committee find that the Corporation had only consulted some technical institutes in India like the Central Electronic Engineering Research Institute, Pilani and ITI, Delhi and not the Electronics Corporation of India, a public sector undertaking. The Committee stress that all out efforts should be made to locate indigenous sources for installation of Son-et-Lumiere shows to reduce dependence on foreign firms at least in mounting the future shows.

D. **Future Plan for Mounting of Son-et-Lumiere Shows**

6.56. During the examination of the working of ITDC by the Committee on Public Undertakings (1969-70), it was stated (*vide* para 6.8 of their 70th Report) that feasibility studies were under way for mounting sound and light shows at Meenakshi Temple, Madurai to find out the economic viability of the project. It was also stated that provision for mounting a show at Konarak (Shiv Temple) and another at Calcutta had been included in the Fourth Five Year Plan of the Department of Tourism.

When asked about the present position about these the Ministry of Tourism and Civil Aviation informed the Committee in a written note submitted after the evidence that the Meenakshi Temple, Madurai project had been given up due to the objections raised on religious grounds.

The proposal of having a show at Konarak had also been given up by the Department of Tourism. Instead, the Archeological Survey of India had a proposal to floodlight the monument the Sun Temple.

6.57. So far as Calcutta is concerned it was stated that a Committee of experts had been set up to consider the feasibility of mounting a show at a suitable site. Various sites had been considered by that Committee and their final report was awaited.

6.58. Regarding the scheme at Mahabalipuram, the Chairman of ITDC informed the Committee that M/s. Philips India Ltd. had given them a scheme which they had been asked to modify slightly. The latest proposal was to have a comprehensive scheme of lighting the temple as in Konarak and to organise a sound and light show at the Arjuna's penance group of monuments there. The Scheme had not yet been finalised.

6.59. It was also stated in this respect that the Central Coordinating Committee which was examining the integrated development of tourist movements in Mahabalipuram had set up a sub-Committee to consider the following proposals:—

(a) Sound & Light Show at the Bas Relief known as the descent of the Ganges.

(b) Floodlighting of the Shore temple.

(c) Dynamic lighting of the Rathas.

They had not submitted their report as yet.

The Committee have been further informed that:—

"This project along with the sound and light show at Calcutta have been included in the schemes proposed for the Fifth Plan. Needless to say, they would be taken up only after complete feasibility studies not only from the technical angle but also from the economic point of view have been carried out by the ITDC.

No expenditure has been incurred so far on any of these projects but an 'on account' sum of Rs. 1,00,000/- was advanced to the ITDC in 1972-73 for carrying out feasibility studies. Since these studies have not yet been completed and no estimates have been finalised, no Government sanctions have been obtained for any of them."

6.60. The Committee asked whether the Corporation has any other site under consideration for the sound and light shows, the representative of the Corporation stated "This is a very expensive kind of entertainment, it involves very heavy foreign exchange component. We are reluctant to extend it to other places freely."

6.61. The Committee note that the Corporation is already considering some proposals for mounting sound and light shows at Calcutta and Mahabalipuram. As has been admitted during evidence since these are expensive entertainments involving very heavy foreign exchange, the Committee stress that such projects should be taken up only after complete feasibility studies are made and the projects are found economically viable.

VII

DUTY-FREE SHOPS

7.1. As part of the programme of providing shopping facilities to foreign tourists as well as to passengers going abroad, the India Tourism Development Corporation has set up four Duty-Free Shops one each in the International Airports, Palam (Delhi), Dum Dum (Calcutta), Santa Cruz (Bombay) and Meena Bakkam (Madras). These shops are assets of the Corporation in as much as they build up the infrastructure for developing tourism in the country and also earn revenue. The States concerned have exempted these shops from payment of excise duty which, it has been stated, is of immense help to ITDC in running these shops.

7.2. Liquor, Cigarettes, Cigars, Tobacco, perfumes, photographic goods, pens and pencils, watches, electrical goods, cigarette lighters and a wide selection of items of handicrafts and readymade garments are sold in these shops. Indigenous items like transistor radios, tea, attar, liquor and cigarettes have also been introduced.

7.3. The prices of articles sold at the Duty Free Shops are fixed keeping in view the prevailing prices in International Duty Free Shops abroad and a gross margin varying from 30 per cent to 40 per cent.

7.4. The turnover of all the 4 shops and the net foreign exchange earned during the years from 1969-70 to 1972-73 is indicated in the table below:—

Year	Total turn-over	Net foreign exchange earned
	(Rs. in lakhs)	
1970—71	28·70	22·55
1971—72	32·98	22·73
1972—73	52·49	33·69

7.5. A statement showing income and expenditure of each Duty Free Shop is given below:

INCOME AND EXPENDITURE STATEMENT IN RESPECT OF DUTY FREE SHOPS 1969-70 to 1972-73

UNITS	YEARS					
	1969—70			1970—71		
	Income	Expenditure	Profit (+) Loss (—)	Income	Expenditure	Profit (+) Loss (—)
						(Rs. in lakhs)
Delhi	9·91	8·66	(+) 1·25	12·82	9·59	(+) 3·23
Bombay	7·81	6·66	(+) 1·15	10·03	7·26	(+) 2·77
Calcutta	4·31	4·05	(+) 0·26	4·02	3·60	(+) 0·42
Madras	0·49	9·61	(—) 0·12	1·83	2·13	(—) 0·30
TOTAL :	2·52	19·98	(+) 2·54	28·70	22·58	(+) 6·12

UNITS	1971—72			1972—73		
	Income	Expenditure	Profit (+) Loss (—)	Income	Expenditure	Profit (+) Loss (—)
						(Rs. in lakhs)
Delhi	13·93	10·61	(+) 3·32	19·27	13·72	(+) 5·55
Bombay	11·32	9·30	(+) 2·02	18·30	13·56	(+) 4·74
Calcutta	5·93	5·04	(+) 0·89	11·43	9·20	(+) 2·23
Madras	1·80	1·96	(—) 0·16	3·49	3·32	(+) 0·17
TOTAL :	32·98	26·91	(+) 6·07	52·49	39·80	(+) 12·69

7.6. During evidence, the Chairman of ITDC explaining difficulties in regard to the running of Duty-Free Shops stated:—

> "Our duty free shops should be bigger and should have a bigger range of goods. This is possible only if the authorities give edequate space. Our four airports in the country are very small compared to the size of the traffic passing through them. They are unable at the moment to make us available a larger one. Nevertheless, we are constantly attempting to see to what extent our duty free shops can be expanded.

Another area where improvement can be effected is in making things easier for the running of the Duty Free Shops where there is transaction only in foreign exchange. Red tape has to be curtailed. There are no special regulations for duty Free Shops although everybody recognises that Duty Free Shops are essential for the development of tourism."

7.7. Subsequently in a written note the management of the Corporation stated that according to current procedures, the passengers are required to write their names, passport number, flight number and sign each cash-memo. Passengers tend to get irritated at the paperwork and delay and prefer to purchase at other duty free shops where these formalities are not observed. It would also expedite the sales if Cash Register Machines could be used as in other Duty Free Shops, but this would be possible only by eliminating the cash memo procedures refered to above. In that case all sales would be made on the production of a transit or boarding card.

7.8. In order to maximise the earnings of foreign exchange and sales it was stated that ITDC could be allowed to setll to incoming passengers. Sales made to incoming passengers would be only for the allowable quota that each passenger is authorised. This would encourage all ariving passengers to purchase from Indian Duty Free Shops and not purchase from other shops enroute to India.

7.9. The Committee enquired during evidence whether government had conducted any study on the working of the duty-free shops in India as the procedure followed for sale was stated to be cumbersome entailing inconvenience to passengers. The representative of the Ministry stated that the Ministry itself had not conducted any survey or assessment of the working of the duty-free shops at the International airports of India. He, however, admitted that there had been certain procedural difficulties which the Corporation itself had taken up with the authorities concerned. Comparing the procedure with that followed at certain other International airports, the representative of the Ministry stated as follows:—

"In most international airports, if you are a transit passenger, you can go there and buy what you want and as long as they are satisfied that you are a bonafide international passenger, you are given your purchase and you are allowed to take it with you. But here for various reasons, with which we in this Ministry are not fully familiar because we do not deal with them, there are certain procedures, where a person is required to produce his passport, sign his name and filll in his Flight No. etc. This acts as a dis-incentive and this matter has been taken up by the Corporation with the authorities concerned. Another suggestion that the Corporation has made, is that, incoming tourists, for instance, Indians, who may have been abroad and are coming home, may be allowed to make purchases at the duty free shops before they pass through customs. Personally, I think this is not a bad idea because if some person wants to buy a transistor radio and he has the money, rather than buying a thing at Beirut or Rome or some other place, why should he not buy it here. This will save him the difficulty of carrying it all the way. From that point of view, this is a good suggestion and we would certainly like to consider this."

It was further stated that in some countries the procedure was even more cumbersome and the result was that no one bought anything there.

Asked whether the duty-free shops will not be misused if the passports were not checked, the Secretary of the Ministry explained that if some one coming from other country landed in Delhi before going abroad, he would be in transit lounge, a frozen area, until one was cleared by customs. According to him, there was no risk if such passengers were permitted to be at duty-free shops without all these formalities.

7.10. The Committee on Public Undertakings (1969-70) in their 70th Report on ITDC recommended—

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

In their reply, Government stated:—

"The Corporation has already made arrangements with the Handicrafts & Handlooms Exports Corporation of India for providing a variety of indigenous merchandise in the field of handicrafts and handlooms at Duty Free Shops for the tourists. Since HHEC is mainly dealing with the exports of such merchandise and have branches in Europe and the USA, they are familiar with tourist requirements in the field of handicrafts, handlooms, display and sale of these products.

The Committee's recommendation for opening Airport Bazars has been noted."

During evidence the Committee enquired about the latest position regarding the opening of Airport Bazars. The Chairman, ITDC informed the Committee that the International Airport Authority was developing the airport bazars. That authority had called for tenders for Delhi and Bombay. The Corporation was restricting itself to the duty-free shops only.

7.11. The Committee note that the turnover of the four duty free shops run by the ITDC at Palam (Delhi) Dum Dum (Calcutta), Santa Cruz (Bombay) and Mennabakkam (Madras) has increased from Rs. 28.70 lakhs in 1970-71 to Rs. 52.49 lakhs in 1972-73. Net foreign exchange earning of these shops have increased from Rs. 22.52 lakhs to Rs. 33.69 lakhs in 1972-73. These shops earned net profit of Rs. 6.12 lakhs in 1970-71, Rs. 6.07 lakhs in 1971-72 and Rs. 12.69 lakhs in 1972-73. Although these has been an overall profit in the working of these shops, the Committee find that the Duty Free Shop at Madras has been incurring losses from 1969-70 to 1971-72 and it has earned a marginal profit of Rs. 0.17 lakhs in 1972-73.

The Committee are informed that the procedure for making purchases in these shops is cumbersome and acts as a disincentive.

During evidence the Chairman of the Corporation also admitted that at the duty free shops "Red tape has to be curtailed." The Committee recommend that the procedure followed at these shops may be simplified and streamlined so that tourists may not have to face any inconvenience while making purchases at the Duty Free Shops in India. The Government may also examine the question of allowing incoming tourists, who have been abroad and returning home, to make purchases at the duty free shops within the admissible limits before they pass through the customs as this may help in increasing the foreign exchange earnings.

7.12. At present the duty free shops sell liquor, cigarettes, cigars, tobacco, perfumes, photographic goods, pens and pencils, watches, electrical goods cigarette lighters and a wide selection of items of handicrafts and readymade garments. Indigenous items like transistor radios, tea Attar, liquor have also been introduced. The Committee, recommend that sample studies of tourists demands may be carried out and greater efforts should be made to put on sale at these shops a wider variety of indigenous commodities and goods.

VIII

PUBLICITY

A. Tourist Arrivals in India

8.1. The success in attracting foreign tourists depends largely upon the "tourist image" a country is able to project in potential tourist markets of the world.

8.2. Promotional efforts made by the Department of Tourism are stated to have resulted in increased tourist arrivals in India. The extent of increase in tourist arrivals in India during the decade (1961—1971) as compared with other countries was as under:—

Country	No. of visitors 1961 (In lakhs)	1971	% increase in the decade	Average Annual increase
India	1·34	3·01	124·0	12·4
Spain	63·90	267·58	318·7	31·8
Greece	5·72	19·81	246·1	24·6
Thailand	1·31	6·38	388·3	38·8
Japan	2·78	5·75	106·6	10·6
Australia	1·11	3·88	248·8	24·8
Fiji	0·18	1·51	731·6	73·16
Tahiti	0·11	0·63	475·3	47·5
Srilanka (Ceylon)	0·27	0·39	46·0	4·6

8.3. During 1972, a growth of 13.9 per cent over 1971 tourist arrivals was achieved by India. India estimates about 10 lakh visitors by 1930.

8.4. The Jha Committee (1963) in its report on Tourism had observed that "the publicity sent out should be of top quality and the best artists, designers, writers, printers, photographers and film producers available in the country should be engaged to ensure that India's publicity material does not suffer in comparison with that put out by other countries."

8.5. The UNDP Team in its Report (1970) on Tourism had commented:—

> "The number and quality of the many brochures distributed by the Indian Government tourist office should be completely reviewed and number condensed thereby eliminating many of their so-called promotional pieces. It is necessary that all promotional pieces be brief, concise and of good quality. The location of the area being promoted in India should be so identified on a map. Distances and travelling time as well as temperature, accommodations and accessibility are important on each piece of literature. When a prospective visitor to India requests general information and literature and in turn receives the multitudinous brochures, it tends to confuse and possibly results in a traveller lost to another destination."

Giving the reactions of the US tour operators, the UNDP Team had observed that "the majority of them feel that a lesser quantity of better descriptive literature would be an assistance to them."

8.6. The Committee note that during the decade (1961—71), tourists arrivals in India had registered an average annual increase of 12.4 per cent. By 1980, India expects the tourists arrivals to increase from the present level of 3 lakh tourists to 10 lakhs tourists. As the success in attracting foreign tourists largely depend upon the "tourist image" which the country is able to build in potential tourist markets in the world, the achievement of 1980 target would in the opinion of the Committee, call for two pronged strategy of strengthening the infrastructure at home and improving India's image abroad.

B. Publicity Literature

8.7. Tourist Publicity literature plays an important part in the promotional work—The Department of Tourism is concerned with (a) furnishing the basic material to project an image of India as a historical and cultural tourist attraction: and (b) issuing policy directives and giving general guidelines for the approach to various aspects covered in the advertising and allied publicity.

Once the programme for publcity is approved by the Director General of Tourism it becomes the responsibility of ITDC to arrange for the production and sale of Publicity material.

8.8. During evidence the Chairman and Managing Director of ITDC stated:

> "The Director General of Tourism is on our Board of Directors. The programmes and the plans which we draw up

are in consultation with the Department of Tourism and in one specific area, namely in the matter of production of publicity literature, we subserve the needs of the Department of Tourism. The entire publicity programme of the Department of Tourism has been practically implemented by us. We are discharging the function so far as they are concerned. We go to the Government through the Department of Tourism for release of funds, for foreign exchange for our requirements etc. In other words, we are almost the field organisation of the Department of Tourism, Government of India."

8.9. Publicity material produced by the Corporation can be classified into the following four groups:—

(a) Publicity material produced on behalf of the Department of Tourism, Government of India.

(b) Publicity material for State Governments.

(c) Tourist literature for market sale by ITDC including guide books, maps and picture post-cards.

(d) Publicity material for the promotion of ITDC services which include hotels, transport, entertainment and shipping.

On behalf of Department of Tourism each year a wide range of publicity material is produced in English and in major European languages.

8.10. To keep the Indian and overseas travel trade informed with uptodate tourist information the ITDC publishes a monthly newsletter—"Yatri".

8.11. The ITDC also organises press compaigns for release in leading Indian newspapers and magzines in English and in major Indian languages in order to create an awareness of the importance of tourism, to build up public participation on the need for conservation of wild-life, preservation of national monuments and a clean tourist environment.

8.12. The Corporation also organises photographic reference services and editorial services for the Department of Tourism.

8.13. Since, 1969-70, the ITDC has been assisting many State Governments in producing tourist publicity material of a high standard. So far, the ITDC has assisted Andhra Pradesh, Delhi Administration, Goa. Haryana, Himachal Pradesh, Jammu and

Kashmir, Kerala, Maharashtra, Punjab, Rajasthan and Uttar Pradesh. The State Governments are charged the cost of production plus 10 per cent.

The value of publicity material produced and supplied to the State Governments over the last three years was as under:—

(Rs. in lakhs)

1970-71	0.45
1971-72	4.64
1972-73	5.39

8.14. Tourist products like picture post cards maps and guide books are also developed by ITDC for market sale in keeping with international formats and usages.

In addition, ITDC produces a wide range of promotional literature and sales aids and prepares advertising compaigns for release both in India and overseas to promote its services such as hotels, transport, entertainment and duty free shops. The range includes brochures, folders, directories and other publications as well as audio-visual material.

Other publicity services of the ITDC include press release articles, illustrated features on ITDC facilities!

8.15. The entire publicity programme of the Department of Tourism is executed by ITDC. In regard to the procedure followed for determining the number of publications, design, layout, size, colour and other allied matters by the Corporation, the Committee were informed that:—

(i) At the beginning of each financial year, ITDC and the Department of Tourism jointly formulate a publicity programme covering literature, advertising photography, film etc. This programme reflected the priorities of tourism promotion overseas and is finalised within a framework of available, budgets. This production programme is approved by the Director General (Tourism) and the Chairman of ITDC. The approved programme specifies the number of publications to be printed and the languages in which each is to be published.

(ii) Approvals of designs, size, colour etc. are made by the Divisional Manager of the Production and Publicity Division of the ITDC.

(iii) Manuscripts are prepared under the supervision of the ITDC's Editorial Section within the P&P Division.

Manuscripts are circulated to Government of India Tourist Offices, State Governments and other experts for suggestions etc.

(iv) Publications are so devised as to minimise the risk of factual information becoming out of date. All literature contains guidelines to tourists on where the most up-to-date information will be available to them. Current news and developments on subjects covered under the production programme are circulated to the trade through 'Yatri', newsletter produced on behalf of the Department of Tourism by the ITDC.

(v) Suggestions for the periodicity of publications are made by the Department of Tourism and the Divisional Manager of the P&P Division. Printers are selected on the basis of the quality of their work. Selected printers are constituted in a panel and tenders are issued to this panel for printing. Panel is revised from time to time to include printers whose work corresponds with our quality requirements. The attempt is to maintain as many printers as possible to avoid production bottlenecks. Printers' capacity problems are scanned before production jobs are finally entrusted to them.

(vi) The approval of photographers and the purchase of high quality photographs is made by a panel of officers headed by the Divisional Manager of Production and Publicity Division. Audiovisual presentations have not been purchased have been produced out of the photographic resources collected from reputable photographers throughout the country.

(vii) The photographs are purchased from various photographers of repute. The number and cost of high quality photographs purchased in 1971-72, 1972-73 and 1973-74 are as under:—

Year	No. of photographs	Cost (Rs. in lakhs)
1971-72	7000	1·12
1972-73	4652	0·92
1973-74	6329	1·24"

8.16. Asked about reactions of tourists and travel trade to the tourist literature produced, the representative of the Ministry stated:—

"The department of Tourism has its own offices at various places overseas. There is a constant feed-back of information from such offices. Air India is operating in many countries of the world. From the tourists who come here, we know how this material is being received. By contact with the travel trade and travel agents abroad, the Department makes an assessment of the requirements of publicity e.g. as to what is required to sell a particular place and what type of information and form it should possess etc. Ultimately, the form of the material is decided by the Department of Tourism."

8.17. To a question whether ITDC incorporated in their publicity material information regarding the facilities available not only in the public sector but also private sector, the Corporation stated that:—

"In its effort to project India's tourist image abroad, ITDC incorporates the best in India's tourism infrastructure both from the public and private sectors. ITDC requests all private sector tourism interests to keep it supplied with up-to-date information, photographs and other materials for this purpose. Private sector facilities feature in numerous publications, maps, newsletters and film presentations produced by ITDC."

8.18. The Chairman of the Corporation stated during evidence that the Corporation had made a beginning with production of Publicity material in Hindi.

The Committee were informed that:—

"A folder in Hindi entitled 'Bharat' was published in 1971-72 for free distribution by the Department of Tourism, providing a colourful introduction to India's tourist attractions. The publication was part of the Department of Tourism's publicity programme for free distribution inside India. 1,00,000 copies were produced at a cost of Rs. 37,668.66.

Department's 1972-73 programme included a more detailed publication of tourist attractions within India specially devised for free distribution to domestic tourists with emphasis on development projects, pilgrimage centres etc. 1,00,000 copies were published at a cost of Rs. 1,33,500.67 for distribution to coincide with Asian Trade Fair.

State Governments had not approached the Corporation for State Governments were producing themselves literature in regional languages. Production of tourist publicity material in Hindi and other regional languages."

C. Standard of Publicity Material

8.19. During 1972-73 a major effort was made by the Corporation to raise the quality of India's publicity material to international standard of excellence. This effort extended to all activities concerned with the design, photographic and editiorial services. Intensive briefings were given to carefully selected design agencies, photographers and writers. The "Design Workshop" was one step in this process followed by detailed meetings with those concerned in the design and production of their folders.

8.20. Except for provision of display materials, samples of literature, posters, photographs and transparencies all other costs for the Design Workshop were borne by Maxmuller-Bhavan including the cost of overseas design experts brought to India for this purpose.

The Committee were informed that the benefit of the Design Workshop was in formulation of new format for India's tourism literature, based on international paper sizes and providing significant economies in paper utilisation, printing costs, mailing charges and handling economies. The new format replaced a variety of sizes, shapes, and formats which were utilised before the Design Workshop. The new format also permitted a high degree of visual sales appeal. The format had been adopted by several State Governments and within the private sector. An example of cost savings between the old and new format is given below:—

(i) Cost per copy of Eastern Region folder (Old format)	Rs. 1.50
(ii) Cost per copy of Eastern Region folder (New format)	Rs. 0.77

8.21. Asked as to how it was ensured that the publicity material produced by ITDC did not become obsolescent and also how Government exercised control regarding quality of production and accuracy of the literature produced by ITDC, the Chairman, ITDC stated during evidence that up-dating of their tourist literature was a continuous process. Whenever they reprinted any folders or broachures, they checked whether any modification was necessary. The process was going on all the time and no publication was stated to have been rendered obsolete as such.

The Representatives of the Ministry of Tourism stated that:—

The Representatives of the Ministry of Tourism stated that:—

"To minimise the risk of multi-colour publicity material becoming obsolete, literature distributed abroad does not include information liable to frequent changes such as air timings and hotel tariffs. This information is published in simple, inexpensive formats and is up-dated annually."

8.22. In regard to disposal of old literature, it was stated that the publicity material was used so extensively and their production was so limited that there was always a shortage and there was hardly any occasion for any stocks to remain idle. Sometimes correction slips were also introduced.

8.23. During evidence, the Committee enquired whether the Corporation was printing three dimensional cards. The Chairman and Managing Director, ITDC, stated:—

"We have not been able to produce any three dimensional cards. This requires a technology which is not available, here. In fact, it is with great difficulty that we are producing even these picture postcards. Here, I would like to say that there are lots of restrictions on the import of certain types of inks which are required for this purpose and also on the types of material like lacquers and equipment which is required in the Printing Presses for colour separation. They are very sophisticated and there are some difficulties in getting them. We have gone into this and we have also taken up the matter with the different departments. Though these picture post cards are not absolutely according to the international standards, they are improving a great deal."

8.24. The Committee enquired whether any evaluation had been made of the publicity work done by ITDC and the publicity material produced by it.

The Secretary of the Ministry stated:—

"The publicity material produced by the ITDC is subject to periodic review in consultation with the Department of Tourism and also representative of Air India which closely concerned with the promotion of Tourism and segments of travel trade. Our information is that the material produced by ITDC has been of a high quality. In fact, some materials have won State awards, travel trade awards and prizes in printing and designing. The department itself has been complimented on the excellency of its publicity material. I think we are doing reasonably well in that direction. Of course, we should continue to try to do better and still better."

D. Achievements in Production of Tourist Literature and Publicity Material including Marketing.

8.25. The following are the achievements of the ITDC in the matter of production and marketing of tourist literature and publicity material during the years from 1969-70 to 1972-73:

1969-70

Tourist literature valued at Rs. 48.39 lakhs was produced out of which publicity material consisting of Posters on 3 subjects, 23 Folders, 4 Inserts, 27 miscellaneous articles, Pictorial Diaries and Greeting cards, worth Rs. 23 lakhs, were produced for the Department of Tourism. The Corporation also produced publicity material for the Governments of Himachal Pradesh, Jammu and Kashmir and Madhya Pradesh, Greeting Cards for the Post & Telegraph Department, Pictorial Diaries for Indian Oil Corporation and also publicity material for EXPO 1970 on behalf of the Ministry of Foreign Trade. The Corporation also produced picture Post Cards for direct sale in the market which have been well received.

1970-71

During the year 1970-71, the Production and Publicity Division of the Corporation handled press-advertising, production of literature, procurement of photographs and transparencies on behalf of the Department of Tourism. The production included posters on 5 subjects, 8 folders, 2 guide books, 22 inserts, 12 miscellaneous jobs, a diary, greeting cards. Besides an advertising campaign to educate public opinion on the importance of tourism was produced and released on behalf of the Department of Tourism. Over 1,000 transparencies and 2,500 black and white photographs were added to the library.

The Corporation also produced for sale, publicity items worth Rs. 0.94 lakh including calenders for Goa and Rajasthan Governments, picture postcards for the U.P. Government and folders for Jammu and Kashmir Government.

Other items produced include a comprehensive guide on Delhi and its environs, a Delhi City Map, excursion map of 8 areas of India for motorists, a guide to Khajuraho, a guide to Agra/Bharatpur/Deeg and the Area Complex of Fatehpur Sikri and Sikandra and a guide to the Ajanta/Ellora/Aurangabad complex etc.

1971-72

During 1971-72, the Division produced promotional material for the Department of Tourism worth Rs. 43.31 lakhs including literature, posters, photographs and transparencies, greeting cards, press release and other items. An "India 1972" diary on the astrology theme received an enthusiastic reception overseas. New items produced during the year included a range of multi-colour posters, representing a major break through in photographic reproduction. Other promotional material for the Department included 18 folders, 15 posters, a guidebook, 5 inserts and 15 misellaneous production jobs and an advertising campaign for domestic release to educate public opinion on the preservation of wildlife, monuments, etc.

The Company also took over and improved the editorial and design approach of YATRI, a monthly newsletter on Indian Tourism.

Tourist literature produced for State Governments included 23 items of promotional material for Himachal Pradesh, Maharashtra, Andhra Pradesh, Haryana, Jammu & Kashmir, Kerala, Goa, Rajasthan and Uttar Prdesh. The Company continued intensive efforts to improve the photographic resources available for tourism promotion by commissioning photographers of repute and purchasing almost 7,00 high quality photographs, Audio-visual presentations for overseas use were produced for the first time.

Publicity material produced by the Company received three first prizes, one 2nd prize and two certificates of merit at the 15th National Awards for excellence in printing and designing instituted by the Information and Broadcasting Ministry. Literature produced by the Company also won awards at the 21st Annual TAAI Convention held in Srinagar in 1971-72.

During the year, the Company produced for sale publicity items worth Rs. 6.67 lakhs as against Rs. 0.94 lakhs last year. Promotional material included folders, brochures, inserts, calendars and posters, guidebooks were commissioned for Delhi, Rajasthan, Khajuraho and the Agra-Mathura-Bharatpur complex. Picture postcards on 27 subjects were produced for sale and development work initial on 140 further additions to the range of high quality picture postcard range. Development work also commended on a detailed city map of Delhi in the Format of 'A-Z' map guides familiar in Europe.

1972-73

The value of publicity material produced in 1972-73 for promoting Indian tourism overseas was a record of Rs. 80.27 lakhs, an increase of about 54 per cent over the previous year. This material include brochures, posters, photographs, and audio-visual material for the Department of Tourism. Tourist literature produced for the State Governments and for market sale by ITDC was worth Rs. 6.63 lakhs. Publicity material for ITDC hotels and other units accounted for another Rs. 22.24 lakhs. A sum of Rs. 2.14 lakhs was spent on photographs and transparencies and Rs. 0.80 lakhs on the film 'Destination India'.

Major advances in the production of tourist literature to international standards took place during the year in close collaboration, with photographers, designers and printers all over the country. An entirely new format for India's tourist literature and a 'staged' approach in the production of this literature were devised to increase the sales appeal of such material and to cut paper and print costs.

As in previous years, publicity material produced by the Corporation received several national and trade awards during 1972-73. Yatri, India's newslatter for the international travel trade, was trasformed to increase its sales effectiveness through concentration new travel themes and facts.

A publicity campaign was released to help create public opinion in favour of preserving monuments and wild life and for a clean tourist environment, as well as for promoting Gulmarg as a winter sports resorts.

For the State Governments, ITDC produced publicity materials at a cost of Rs. 4.30 lakhs.

During the year, the Company produced for sale, publicity items including picture Post cards worth Rs. 7.09 lakhs as against Rs. 6.67 lakhs in 1971-72. Publicity material included folders, brochures, a guidebook, inserts and posters for the State Governments of Maharashtra, Kashmir, Uttar Pradesh, Himachal Pradesh, Kerala, Andhra Pradesh and Delhi Administration. A special folder "Shopper's Paradise", was also produced for a private sector unit-Taj Mahal Hotel, Bombay.

A detailed city map of Delhi in the format of 'A-Z' map guides popular abroad was introduced and for the first time put on sale. To meet the increasing demands for high quality picture postcards, a new series of 100 titles covering all regions of India were produced and put on market sale. Aggressive selling measures undertaken during the year 1972-73 have yielded a net profit of Rs. 80,000 as against Rs. 36,000 in the year 1971-72.

8.26. The working results of production and publicity are as under:—

(Rs. in lakhs)

	1970-71	1971-72	1972-73
Income	39·70	68·16	97·58
Expenditure	37·32	61·32	97·62
Net	1·97	6·84	(—) 0·04

	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73
Turnover of Tourist Literature	14·53	51·57	48·38*	39·70**	73·59	104·05
% of increase		(+) 254·92	(—) 6·18%	(—) 18·1%	@84·7%	41·5%

NOTE : *Shortfall is explained to be due to reduced size of publicity programmes of the Department of Tourism.

**Shortfall is explained to be due to reduced size of publicity programmes of the Department of Tourism for 1970-71. In contrast, salaries and wages increared by 10% in 1970-71.

@ Increase on account of larger orders for Department of Tourism.

8.27. The Committee note that during 1972-73, ITDC organised a "design workshop" to raise the quality of Indian publicity to international standards of excellence. As a result of new format evolved for India's tourism literature is stated to have replaced a variety of sizes, shapes and formats, and it is claimed that it has a high degree of visual sales appeal. It has resulted in significant economies in paper utilisation.

The Committee stress that information to be included in the literature for distribution should be selected most carefully in coordination with the Government of India and the State Governments and scrutinised thoroughly so as to mininise the risk of costly multicolour publicity material becoming obsolete.

8.28. The Committee also recommend that the Department of Tourism/Corporation should make use of their tourist offices abroad to assess the tourists response to the material, so that improvement in the publicity material could be effected in time.

8.29. The Committee are impressed with the quality of publicity material produced by the ITDC. The Committee suggest that the impact of publicity material on the tourists particularly foreign tourists should be systematically evaluated in the interest of improving the quality and public appeal of tourist literature.

8.30. The Committee also suggest that Government/ITDC should keep in touch with the latest tourist literature brought out in the world, particularly by countries which have achieved phenomenal rate of growth in tourist traffic, so as to incorporate the commendable. features thereof in our publicity material.

E. Use of Imported Paper

8.31. The Committee on Public Undertakings (1969-70) recommended in paragraph 5.14 of their Seventieth Report on I.T.D.C. that:—

> "....The picture postcards should be printed in good indigenous material by Indian Printers. The Committee are convinced that Indian Paper Industry and Indian Printers are capable of producing materials comparable to foreign standard and recommend they should be patronised by ITDC."

In their reply, Government stated that the picture post cards were being printed on imported cast coated cards which were not being manufactured by any paper mill in India. The use of this particular type of card was considered necessary as lamination facilities were not available in India due to restriction on import of lamination foils. The Government, however, assured that efforts would continue to be made for finding a suitable indigenous substitute.

8.32. During evidence, the Chairman, ITDC stated that it was only for tourist literature like brochures and posters which go abroad that the ITDC was using imported paper. So far as picture post cards were concerned it was stated that indigenous cards were not found to be suitable for picture post-cards.

Foreign exchange to the extent of Rs. 13.5 lakhs in 1969-70 and Rs. 13.94 lakhs in 1973-74 on import of this item was spent. During 1970-71, 1971-72 and 1972-73 the ITDC did not spend any foreign exchange as they carried on with the stocks imported in 1969-70.

8.33. During evidence, the representative of the Ministry informed the Committee that indigenous production of art cards had not come upto international standards. International tourists who were used to be a particular type of paper had to be catered to. While efforts were being made to reduce dependence on imports, it was necessary to import certain minimum requirements, particularly for post cards, etc.

8.34. The Committee find that in spite of the assurance given by Government as incorporated in the Sixth Action Taken Report

(1971-72) of the Committee on Public Undertakings that efforts would continue to be made for finding a suitable indigenous substitute for imported paper required to produce certain items of publicity material, foreign exchange to the extent of Rs. 13.5 lakhs in 1969-70 and Rs. 13.94 lakhs in 1973-74 was spent on import of this item. No foreign exchange was, however, spent during 1970-71 to 1972-73 as the ITDC carried on with the stocks imported in 1969-70. The Committee recommend that Government/ITDC should make concerted efforts in conjuction with industry and research institutes to develop manufacture of good art paper required for publicity.

F. Storage of Imported Art Paper

8.35. The Corporation is storing the imported art paper in the godowns of a private concern in Delhi, who are also responsible for despatch of the imported paper to various printers for which they are paid Rs. 35/- per case towards packing and forwarding charges.

8.36. In the last quarter of the year 1971, the private concern despatched paper on the basis of the release orders given by the Corporation. The printers, after the receipt of the materials, stated that considerable quantity were found damaged and accordingly they could not make use of the paper. The value of paper found short-supplied and damaged amounted to Rs. 1,01,269.31. The Press acknowldged later that out of that amount, the stocks valued at Rs. 4,298/- and held by them were used in the printing of 'Mysore Folder'. It was reported that out of the 50 reams originally ascertained as damaged, 20 reams could be made use of and the balance of 30 reams were found useless. Two other parties have also informed that the quantity lying with them as unusable. Information about the extent of damage to the stocks lying with another firm is yet to be ascertained. Damaged stocks of Rs. 87,571.41 were not valued for the purpose of closing stock as on 31.3.1972 and this was not put up for approval of the Board. The same position continued even on 31.3.1973.

It would appear that the damaged stocks which are being received back are taken into stock account.

8.37. According to the Corporation, the responsibility for damaged stock was on the private concern with whom the art paper was stocked. However, this position does not appear to have been accepted by the private concern. The claims lodged by the private concern are being not admitted as it appears a dispute has arisen whether the concern has an insurable interest.

8.38. In regard to stock of paper the Statutory Auditors in their Report for 1972-73 have observed that:

> "The quantity particulars of stock of paper sent to the printers, utilisation thereof and closing stock are not being kept. Such information should be kept. Such information should be capable of being ascertained from Stock Registers maintained for the purpose. This should be introduced without delay. At present the Division is depending on information to be furnished by the printers."

8.39. In regard to picture post cards the Statutory Auditors in their Report for 1970-71 have observed:—

> "the total value of picture post cards at the commencement and at the end of the accounting period was not ascertained and taken into account. Since, we were advised most of these were distributed free as part of the Corporation's promotional activities.

In the Report for 1971-72 they have stated:—

> "as before, the total value of picture post cards at the commencement and at the end of the accounting period was not ascertained and taken into account."

8.40. The Committee regret to note from the Statutory Auditor that ITDC stored their imported art paper in the godown of a private concern in Delhi who were also responsible for despatch of the imported paper to various printers for which they were paid Rs. 35/- per case towards packing and forwarding charges. Some of the printers are stated to have complained that considerable quantity of the art paper received by them from the said concern was found to be damaged and hence unusable. The value of damaged paper was estimated at Rs. 1,01,269. The Committee recommend that ITDC should investigate this matter in detail, fix reponsibility for this loss and explore the possibility or recovering the amount from the owner of the godown.

8.41. The Committee also recommend that ITDC should make satisfactory arrangements for storage of imported art paper purchased out of scarce foreign exchange and make the private owner of the godown accountable for any damage to the paper kept in their store.

8.42. The Committee note from the Report of the Statutory Auditors for 1972-73 that the quantity particulars of stock of paper sent to the printers, utilization thereof and closing stock are not

being kept. Auditors have also observed that total value of picture postcards at the commencement and at the end of the accounting period are not taken into account.

The Committee are surprised that such vital information is not being kept. The Committee recommend that in the interest of proper inventory control, such information should be maintained.

G. **Distribution/Sale of Publicity Material**

8.43. Publicity literature produced by the ITDC for the Department of Tourism is distributed free from tourist offices overseas and in India. This literature is despatched to overseas and to local tourist offices by the ITDC in accordance with the Department's requirements. ITDC's own tourist literature is sold through ITDC counters, distributors, book shops, etc., throughout the country.

8.44. The ITDC is planning to sell its literature at Government of India Tourist Offices and discussions in this regard are stated to be in progress with the Department of Tourism. Simultaeously, the Corporation are expanding their all-India distribution and sales network. Export prospects are also being investigated.

8.45. Asked whether Government were satisfied with the existing arrangements regarding distribution/sale of tourist literature both in India and abroad, the Secretary of the Ministry stated during evidence that ITDC distributed the literature produced by them on behalf of the Department of Tourism to tourist offices abroad. The Department laid down the quantity etc. to be supplied to various tourist offices. The arrangements were stated to be working satisfactorily.

It was further stated that ITDC had set up a Marketing Division which was also trying to promote the sale of tourist literature, products like post cards, guide books, maps, etc.

H. **Marketing Division**

8.46. The Marketing Division was organised as a separate Division during the year 1970-71. Asked about the functions of the Marketing Division the representative of ITDC stated as follows:—

"There are two functions which we are performing. The first one is the publicity literature which we are producing for the State Governments. We have done work for the Rajasthan Government as well as the Government of Maharashtra. In fact, we have given in the reply a list of folders and other publicity literature which we have produced for the State Governments. There we are charging at cost plus 10 per cent. Now, that cost includes our overheads. For instance, we have taken up some work which has not been done by other people. This is a very unique venture. We are not going to distribute it free. We are going to sell these things. That is the second major function. We have clubbed together the duty free shops along with the Marketing Division."

He also added:

"Our Marketing Division also now produces a great deal of literature for our own hotels and motels—that is ITDC's own requirements. We have a big network and all that is funnelled through the Marketing Division."

Working Results

8.47. The Working Results of Marketing Division are as follows:—

	1970—71	1971—72	1972—73
Income *	0·94	6·67	7·09
Expenditure	1·44	6·31	6·29
Net	(—)0·50	(+)0·36	(+)0·80

* Sale of Post cards and other literature and work done by marketing Division for State Governments.

8.48. The Committee enquired about the reasons for the Marketing Division incurring losses in 1970-71. The representative of the ITDC stated that the Marketing Division was organised separately during 1970-71. A loss of Rs. 50,111 was incurred due to pay, allowances and overheads. There was no loss on sale of material. There were purchases to the extent of Rs. 86,179 and the income was Rs. 94,237. This was mainly on account of sale of post cards and other literature produced by this Division and also on the work done by the Production and Publicity Division for the State Governments. In order to attract business from the State Governments ITDC did not charge any high overheads. There was substantial improvement and a profit of Rs. 36,000/- was made during 1971-72 and Rs. 80,000/- in 1972-73. It was further stated that in future also no losses were expected.

8.49. Regarding production of literature, the Chairman said that tariff would be fixed in such a way that a marginal profit was made on whatever literature was produced and sold.

The Department of Archaeology and Directorate of Audio-Visual Publicity and State Governments also produced some material of tourist interest. The Committee asked whether all this did not amount to duplication of efforts. The Secretary of the Ministry replied as follows:—

> "The ITDC is handling the distribution of tourist literature itself on behalf of the Department of Tourism. But in order to avoid duplication, ITDC does inform the State Governments as to what its production programmes are and the State Governments are requested to order their requirements of that type of publicity material from the ITDC on maters of interest to the State Governments. As you know, the ITDC itself is also producing material for a large number of States. The DAVP is not really concerned with the publicity material for the Department of Tourism. The Department of Archaeology's publicity is of a different type. It is really specific, i.e. in regard to particular monuments and it has more of a scientific background."

8.50. The Committee enquired as to how the areas for displaying brochures/leaflets and other publicity literature were selected. The Committee were informed that selection of areas for distributing ITDC brochures and literature was primarily determined on the basis of demands/comments received through the trade contacts/ITDC units. These were distributed and displayed during various trade conventions/conferences and exhibitions held in India and abroad. ITDC literature was also distributed through the tourist offices/travel agents, Airlines and travel counters at various ITDC units.

8.51. In regard to advertisements about the activities of ITDC it was stated that newspapers and journals were selected for ITDC advertising on the basis of circulation and readership among potential customer groups of direct interest to ITDC sales. In view of the limited publicity funds, accommodation facilities were advertised primarily to the travel trade through trade journals circulated amongst travel agents, airlines, etc. Limited advertising was done in the newspapers reaching customers-groups who represent ITDC's potential clientele newspapers were selected once again on the basis of readership circulation and territorial coverage.

It was however, ensured that advertising investments were made on commercial considerations through media which reach target groups, minimising waste in circulation.

I. Allocation of Overheads

8.52. Upto 31st March, 1969, the Department of Tourism was reimbursing all direct expenses of the Production and Publicity Division as also 60 per cent of the Head Office overheads, in addition to a nominal profit of 2½ per cent. The Department has since sought a revision in the pricing formula and proposed to limit the price to the direct cost of publicity materials produced on their behalf plus a commission of 15 per cent on value of such material. This proposal was not acceptable to the ITDC Board in the absence of Commitment for a minimum turnover, since, establishment costs of the Corporation were more or less of constant nature and could not be reduced in the event of reduction in placement of orders by the Department.

The Board, however, in its meeting of 13th February, 1971, decided to bill the Department for only 33-1/3 per cent of the Head Office overheads for the period under audit as against 60 per cent charged upto 28th March, 1970.

8.53. For the year 1970-71, the Department of Tourism was billed for the printing jobs on the following basis as approved by the Board in its meeting of 13th February, 1971:

(i) The actual print production cost of the publicity material supplied to the Department of Tourism.

(ii) Direct and Indirect expenses of P & P Division in full.

(iii) 33-1/3 per cent of Head Office overheads.

(iv) Profit of 2½ per cent of the cost of production (i+ii+iii).

8.54. For the year 1971-72, the method of billing was revised as follows:

(i) The actual print production cost of the the publicity material as before.

(ii) 80 per cent of the actual direct and indirect expenses of the P & P Division as against 100 per cent in 1970-71.

(iii) 16 per cent of the Headquarter overheads as against 33-1/3 per cent last year.

(iv) Profit of 10 per cent of the cost of production (i+ii+iii) as against 2½ per cent last year.

8.55. The formula adopted during the year 1971-72 was approve by the Board of Directors in its meeting held on 12th September, 1972.

As against the above formula adopted by the Corporation, in terms of letter No. 1-TP(9)/70 dated 26th September, 1970, Department of Tourism have, with the consent of the Ministry of Finance, agreed to pay to ITDC only 15 per cent over the actual cost of production of publicity material. This, according to the Department of Tourism, would cover all overheads and other charges.

8.56. The difference between the amounts claimed by the Corporation and the amount payable by the Department of Tourism at the rate of 15 per cent of the actual cost of production would be Rs. 14,46,357.68 made up of Rs. 7.36 lakhs in 1970-71 and Rs. 7.10 lakhs in 1971-72.

8.57. According to the pricing policy agreed to with the Department of Tourism in January, 1973, the overheads are to be allocated as under:

(a) Actual print production cost of the material produced by the ITDC on behalf of the Department of Tourism *plus*

(b) Direct and indirect expenses of the production and publicity division of the ITDC which can be allocated to the jobs of the Department of Tourism plus

(c) ITDC head office overheads which can be allocated to the jobs of the Department of Tourism *plus*

(d) 10 per cent profit on the cost of publicity material arrived at after taking into account the element at items (a), (b) and (c) above.

The ITDC's head office overheads are to be allocated to the various functional Divisions, namely, Hotel Division, Transport Division, Marketing Division, Production and Publicity Division and Projects and Planning Divisions in proportion to the establishment expenditure of these functional Divisions on this basis the overheads chargeable to P & P Division comes to 25.38 per cent during 1972-73. This policy has been made applicable to the payment of overheads for the years 1970-71, 1971-72 and 1972-73 also.

In this connection, the Committee enquired as to what were the difficulties of the Department of Tourism in finalising the pricing policy and clearing the outstanding dues pertaining to the production and publicity division. The representative of the Ministry stated in reply that:

"There was a discussion between my Department, the Ministry of Finance and the Corporation as to what exactly we should pay for this publicity material. But the question is how much the Corporation is entitled to charge from the Government by way of overhead on profit. A formula was drawn up by the Ministry of Finance which we applied. There is a lacuna in the formula in respect of the material. It is not clear from the the formula how much overhead should be allocated. This will be resolved and settled within a few days."

8.58. The Committee are greatly perturbed to note that an amount of over Rs. 14 lakhs remained unadjusted to end of 1971-72 the accounts of ITDC for Government are not prepared to pay the ITDC more than 15 per cent over the actual cost of production of publicity material and other charges. The Committee find that as against the amount of Rs. 21.98 lakhs claimed by ITDC, the amount payable to the Corporation on the basis of 15 per cent commission comes to Rs. 7.52 lakhs only for the year 1970-71 and 1971-72. The Committee feel that this important matter should not have been allowed to remain in suspense over such a long period. There is need for observance of utmost economy in ITDC to ensure that overheads do not, as a rule, exceed the limit fixed by Government.

8.59. The Committee need hardly point out that it is in the interest of the Corporation to see that its leadership in ideas and in *production of attractive tourist literature is maintained by having a compact team of competent staff. The stress should continuosly be on quality and utmost care should be taken to see that the strength of staff in the Publicity Division is not allowed to get inflated as that is bound to affect adversely the quality of production.

J. Production of Films for promotion of Tourism

8.60. The Corporation produced its first film titled 'Destination India' in the year 1972-73 for promotion of tourism at an approximate cost of Rs. 70,000|-. No other film has been produced since then. The film is in colour and has been produced in two versions—with commentary and without commentary. The script of the film was entrusted to Shri Zafar Hai of Cinarad Communications, Bombay. The briefing and approval of the script was given by P. & P. Division. The film has been screened around the world by Government of India Tourist Offices, Air India Offices, Embassies etc. The film has won National Award for excellence.

8.61. The Committee enquired whether the production of films for promotion of tourism was the responsibility of the Ministry of Tourism and Civil Aviation or the Ministry of Information and Broadcasting.

*At the time of factual verification the Ministry stated according to the Pricing Policy agreed to in January 1973, ITDC have billed the Department of Tourism for Rs. 7·28 lakhs, Rs. 11·50 lakhs and Rs. 20·57 lakhs for 1970—71, 1971·72 and 1972—73 respectively.

The Chairman of the Corporation informed the Committee in this respect that:—

"The production of films for tourism purposes is a divided responsibility between the Information Ministry and the Department of Tourism. The Department of Tourism had agreed that ITDC should produce some films for them but unfortunately, we have not been able to produce any films for them because they did not place any funds at our disposal. But, on our own, we produced a film called 'Destination India' from the photographic material we had; the script was written by somebody and edited by our Divisional Manager himself."

It was also stated that the Government of India Tourist offices abroad used extensively the documentaries produced by the Film Division of the Ministry of Information and Broadcasting.

The representative of the Ministry stated in this connection that the Film Division of the Ministry of Information and Broadcasting produced films which covered India generally, and produced documentaries. The Department was using very large number of films made by Films Division independently for cultural reasons or made at their request. The requirements of tourism were specific and ITDC produced a film if asked to do so by the Department of Tourism. This film was produced by ITDC independently.

8.62. The films were very largely used by their offices abroad for travel agents all over the country. After the film. was shown, discussions were held and questions were answered. That was a standard form in which promotion of tourism took place. The Committee were informed that coordination and consultation with Films Division on matters of mutual interest are conducted by the Divisional Manager of ITDC with the Head of Films Division and its producers in Bombay.

8.63. Asked whether it was at all necessary for ITDC to go in for film production, the Chairman, ITDC stated as follows:—

"We are making use of their films but there are certain areas where we have to lay emphasis, like new accommodation which has been created, transport, roads etc. That kind of thing is best done in collaboration with us. The I & B Ministry does not want to make any commercial films, but we would like to make several copies and make them available to Travelling Agencies. Such things would have to be done by us."

8.64. Regarding selection of themes for publicity, the Corporation has intimated that themes for tourism publicity are selected after joint consultation between ITDC, Department of Tourism (both in New Delhi and abroad) and Air India. The selection of themes and the priority accorded to each one is a matter of detailed discussion at the annual meetings of the Operations under which India's tourism promotion is now conducted overseas. The last Operations meeting was held in Geneva in June, 1973.

8.65. Asked whether Government had done cost benefit analysis of this film, the Secretary of the Ministry stated that such an analysis was difficult in a tourism film as it was meant for global exhibition.

8.66. The Committee were also informed that no evaluation of the impact of the film 'Destination India' had yet been made owing to the foreign exchange cost of such a study. The film, it was claimed, had been enthusiastically received by various tourist offices and Air India Offices abroad.

8.67. The Committee note that the ITDC produced its first film titled "Destination India" during 1972-73 at a cost of about Rs. 70,000 for promotion of tourism and this film is stated to have been enthusiastically received by various tourist offices and Air India Offices abroad. While the Committee agree that Department of Tourism/I.T.D.C. are in a better position to select themes for production of films for promotion of tourism, the Committee feel that production of films can with advantage be entrusted to the Films Division of the Ministry of Information and Broadcasting who have the expertise and the facilities therefor.

K. Agencies Abroad

8.68. For marketing hotel facilities overseas, ITDC has entered into arrangements with the following organisations:—

(i) Steigenberger Reservations Service, Frankfurt.

(ii) M/s Utell International, New York.

Steigenberger Reservation Service known as 'SRS' is a marketing organisation. More than 100 leading hotels all over the world are members of this Reservation Service.

At present three hotels of ITDC *viz.* Ashoka and Akbar, New Delhi and Hotel Ashoka, Bangalore, are linked to this service. The arrangement entered into is for a period of two years, 1972 and 1973. The fee to be paid for the first year is DM 11,100/- and second year DM 22,200/- in respect of all the three hotels of ITDC.

Regarding achievements as a result of their link up with SRS, Frankfurt, the Corporation has intimated in a written note as follows:—

"The foreign tour operators plan their travel itinerary well in advance—nearly a year ahead. Hence any linkup with such agencies bears fruit only after a lapse of a period of time. Since ITDC hotels have recently been linked to SRS it will not be fair to come to any definite conclusions with regard to their achievements. However, they are indicated as follows:—

Direct booking received from SRC

Name of the hotel	Guest nights since 1972 to July 1973
1. Ashoka Hotel, New Delhi	371
2. Akbar Hotel, New Delhi	39
3. Hotel Ashoka, Bangalore	4
TOTAL	414"

8.70. M/s Utell International, New York are hotel representatives and consultants, operating their offices in United States, Canada and the United Kingdom. They have been representing Ashoka Hotel, New Delhi, in these places. For the services, the following payments are being made by Ashoka Hotel, New Delhi under the arrangements entered into with them.

(a) Representation fee at	\$150 per month
(b) Miscellaneous items like telephone, postage etc. on actual cost basis	\$ 20 to 30 per month
(c) P inting & Distribution charges for brochure on Ashoka Hotel	\$ 25 per month

The business given by M/s Utell is indicated below:—

Year	Guest nights
1969	414
1970	1589
1971	1529
1972	1579
1973 (upto June)	788

8.71. The India Tourism Development Corporation have not set up any Tourist Promotion Offices in foreign countries.

The Department of Tourism have, however, established Tourist Offices at the following places abroad.

America	Europe	U.K.	East Asia	Australia
New York San Francisco	Geneva Paris	London	Tokyo Singapore	Sdyrey
Chicago Toronto Brazil	Frankfurt Brussels tockholm Milan Vienna			

8.72. With a view to strengthening the existing Indian Tourist Promotion Organisation in America, the Department has posted six Tourist Promotion Officers, one each at Boston, Washington, Detroit, Miami, Seattle and Dallas. Their function is to sell tourism to India by personal contacts with travel agents, tour promotors and other agencies engaged in the promotion of Tourism. It has also been decided by the Department of Tourism to open four new Tourist Offices at Beirut (Lebanon), Los Angeles (USA), Osaka (Japan) and Hong Kong.

8.73. The Committee enquired whether the arrangements made with the foreign agencies were working satisfactorily and the extent to which the ITDC had benefited. The Chairman and Managing Director of the I.T.D.C. stated during evidence:—

> "We are quite satisfied with our arrangements with the Utell International which has been in existence for some time. So far as the Steigenberger reservation services is concerned just come into being. They are setting up new offices and the results during the last one year, have not been impressive......for the time being we would like to continue these arrangements and then review the situation whether we should continue the SRS or the Utell International. This is something which is flexible. We have got to see from time to time as to how these firms which are representing abroad are functioning and then we can take a view."

8.74. The Committee enquired whether Government were satisfied with the arrangements entered into by ITDC with the two agencies at Frankfurt and New York for marketing hotel facilities overseas. Explaining the position, the Secretary of the Ministry stated:—

> "These arrangements have helped the Ashoka and Akbar hotels, but I do not think it can be said that they are entirely sufficient. The Corporation is considering linking

its hotels with yet another firm; the proposal is under consideration."

8.75. The Committee find that the Corporation has entered into arrangements with two agencies abroad, one at Frankfurt and the other at New York for marketing hotel facilities. Three hotels of ITDC, the Ashoka Hotel, New Delhi, Hotel Ashoka, Bangalore and the Akber hotel, New Delhi are linked to the Frankfurt agency initially for a period of two years—1972 and 1973. The other agency at New York is representing the Ashoka Hotel, New Delhi. The agency at Frankfurt has given 414 guest nights upto July, 1973 and agency at New York has given 5899 guest nights from 1969 to 1973.

The Committee were informed that it was a little too early to judge the linking of ITDC's hotels with the agency at Frankfurt as some linking would bear fruits only after a period of time. The Corporation is considering linking its hotels with another firm and the proposal is under consideration.

The Committee were also informed that the ITDC had not set up any tourist promotion offices in foreign countries and they were using the offices set up by the Department of Tourism abroad.

The Committee recommend that a critical assessment of the working of the arrangements with the existing agencies should be made to ensure that they are in the best interests of the Corporation, before further arrangements are considered. The Committee also suggest that the Corporation should take advantage of the existence of tourist offices of the Department of Tourism abroad for booking arrangements for ITDC hotels.

IX

INVENTORY CONTROL

A. Inventory Position

9.1. The following table indicates the comparative position of inventory at the close of the last three years:—

(Rs. in lakhs)

	1970—71	1971—72	1972-73
1. Stores and spares	19·36	29·95	33·41
2. Crockery cutlary, Glass ware linen,	16·16	30·57	52·18
3. Other stocks and stores.	36·42	34·49	45·36
4. Jobs in Process	1·96	4·23	3·79
5. Goods in Transit	4·42	2·36	9·80
	78·32	101·60	144·54

9.2. The Report of the Statutory Auditors for 1971-72 revealed that inventory of ITDC in terms of number of months consumption had gone up from 13.73 months in 1970-71 to 20.82 months in 1971-72.

9.3. During evidence the Committee enquired as to the system of Inventory Control being followed by the Corporation. In reply, the representative of the Ministry stated:—

> "This report of Statutory Audit is at present being considered by the Board of the Corporation and the Board has under consideration some changes in the inventory control system. The present system is a decentralised one and each hotel has its own inventories. But I must confess that if some old method of inventories and the Management feels there should be a modern system of inventory control with some sort of mechanised or computor system. This is necessary for particularly the larger hotels and most of the hotels abroad do this. The ITDC has under consideration a proposal for installing a more efficient and uptodate inventory control system."

9.4 The Statutory Auditors in their Report for the year ended 31st March, 1972 have *inter alia* observed that :—

(a) Issues made from time to time are not priced. Consumption figures are aimed at on the basis of opening stock at the beginning of the month and closing stocks at the end of the month.

(b) At Lodhi and Ranjit Hotels monthly stock taking is carried out but shortages and excesses are not reported.

(c) No rigid policy has been followed to fix the minimum and maximum limits as it is stated that they are not practicable to fix in the Hotel Industry especially with reference to provisions.

9.5. In regard to Hotel Ashoka, Bangalore, they have *inter alia* observed that:—

"The system of pricing of stores is not followed in this Unit.

(a) Physical verification of stores was done twice in the year 1971-72 *i.e.* on 30th September, 1971 and on 31st March, 1972. The shortage found was to the tune of Rs. 95,000/- and it has been written off in the accounts by the management. This has been done as there was no proper stock registers maintained and no system of periodical stock taking was in vogue. The management was not able to fix the responsibility on any particular employee for the shortages. However, the Management has reported that every step has been taken to minimise the shortage.

(b) The system of procurement and disposal of stores ensure that (i) stores in excess of the reasonable requirements of maintenance and production are not accumulated; (ii) the amount of (a) surplus (b) unserviceable stores and periodically determined; (iii) surplus and unserviceable store are disposed of without undue delay. Since it is the first year of operation the figures are not available for the past three years.

(c) No maximum or minimum limit has been fixed in respect of any of the stores.

9.6. In their Report for 1972-73 the Statutory Auditors have pointed out that a fool-proof and scientific store Accounting System has not yet been adopted by Ashoka Hotel, New Delhi with regard to stores and their strict internal control is lacking with the result that there is a possibility of proper liability for goods received not being fully taken into account or liability being created for goods not received at the close of the year.

The Management agreed that Stores/purchase procedure and introduction of store accounting as suggested by Auditor will be implemented in the near future.

The Audit Board of C&AG has also observed that priced stores ledger has not been maintained in Hotel Ashoka, Bangalore for all the items.

9.7. The Committee note that inventory of the Corporation has risen from Rs. 78.30 lakhs at the close of 1970-71 to Rs. 144.54 lakhs at the end of 1972-73 and in terms of month's consumption from 13.73 months in 1970-71 to about 24 months at the end of 1972-73. The Committee also note that the Corporation has a decentralised system of inventory control. The Report of the Statutory Auditors for 191-72 and 1972-73 revealed that (a) Issues made from time to time are not priced; (b) No rigid policy has been followed to fix maximum and minimum limits in Hotels; (c) system of pricing of stores has not been followed in Hotel Ashoka, Bangalore; (d) a fool-proof and scientific store accounting procedure has not been adopted by Ashoka Hotel, New Delhi with regard to stores and internal control on stock is lacking. The Secretary of the Ministry admitted during evidence that the present system followed old method of inventory control and a modern system of control is necessary.

The Committee recommend that the Corporation should take immediate steps to reorganise its stores and purchase procedures on scientific and modern lines and make it fool-proof. The Corporation should also take steps to fix appropriate maximum and minimum limits of stores of all categories on the basis of their experience and with reference to the system followed in other hotels in the country. The Committee also recommend that the Corporation should take urgent steps to place the existing inventory control system on a sound and systematic footing. The Committee would like to be informed of the concrete action taken to effect improvements and the economies achieved.

B. Loss due to breakage of crockery and cutlery in Ashoka Hotel, New Delhi

9.8. A statement indicating the total value of the crockery and cutlery written off year-wise by the Ashoka Hotel, New Delhi during each of the years 1956-57 to 1966-67 is given below:—

Year		Total value loss written off
1956—57	(1-10-56 to 30-9-57)	54,438
1957—58	(1-10-57 to 30-9-58)	63,361
1958—59		37,112
1959—60		46,972
1960—61		50,912
1961—62		65,196
1962—63		47,369
1963—64		53,503
1964—65		51,588
1965—66		47,805
1966—67		50,965
		5,69,221

Out of write off of Rs. 5,69,221|- a total amount of Rs. 4,13,306 was recovered by the Management from the service charge Fund (SCF) during the period 1956-57 to 1966-67 and the remaining loss of Rs. 1,55,915 on this account was borne by the Hotel.

9.9. The loss on account of breakage of crockery and cutlery during the years 1968-69 to 1972-73 was as under:—

Year	loss (Rs.)	Percentage of loss to food and beverage sale
1968—69	87,000	1·66%
1969—70	80,000	1·28%
1970—71	18,000	0·20%
1971—72	74,000	0·75%
1972—73	69,000	0·55%

9.10. The Committee on Public Undertakings (1967-68) examined the working of the Ashoka Hotels Ltd. and recommended in this connection in their 13th Report (Fourth Lok Sabha) *vide* para 201 as follows:—

"The Committee do not find any justification for the failure of the management to brig to light every year in the annual physical verification reports the loss due to breakage of crockery and cutlery. The figures of losses for the last 11 years now collected seem to be uniformly excessive being well over Rs. 50,000 per year. It should be the aim of any good management to bring down to the minimum any avoidable losses. The Committee hope that the enquiry at present instituted by the Board of Directors will yield fruitful results."

9.11. The Board of Directors instituted a regular enquiry in the latter part of 1967 to go into causes for the excessive losses during the period 1956-57 to 1966-57. In December, 1969, the Committee were informed by Government that:—

"The enquiry into the loss due to breakage of crockery, cutlery and glass-ware is under way and the management are making every effort to bring down the avoidable loss."

9.12. In February, 1970 when the Committee desired to be furnished with a copy of the Report of Enquiry, Government intimated that the enquiry is "still in progress." After considering this reply of Government, the Committee in paragraph 1.58 of the Fifteenth Action Taken Report (Fifth Lok Sabha) on Ashoka Hotels Ltd. observed that:—

"It causes great surprise that an enquiry which is stated to have been instituted nearly two years back in respect of losses due to breakage of crockery and cutlery should have been allowed to drag on indefinitely. Even now no prospect of early completion of the enquiry has been held out. This dilatoriness in the opinion of the Committee, would put a great premium on any slackness characteristics of such losses in crockery and cutlery. For an enquiry to be fruitful, the proceedings should bear the stamp of expendition and purposefulness. The Committee trust that there will be no further delay in the matter".

9.13. In November, 1973, the Committee enquired during evidence whether the Board of Directors had completed the enquiry instituted as back as 1967 to go into the causes for excessive losses on account of breakage of crockery and cutlery in the Ashoka Hotels. In reply, the Chairman of the Corporation explained that:—

"When the present management took over, we found out from the records that although a Committee was supposed to have been appointed, consisting of M.D. himself and one other officer, not much work was done. No committee as in fact sitting......It was appointed. The Managing Director along with another person had been constituted into a Committee. In 1970 we went into this matter in depth. We had put one of our officers on special duty to check their records for each of the year to find out where the losses where, what was the method of accounting and how they were, circulated. We came up against the fact that it was difficult to pin point responsibility for this kind of losses from year to year. In the previous years they were just making some allocations and I got a feeling that some of these so called losses which they were stating were not properly calculated. The inventories had not been properly taken. We felt that there was really no point in making another enquiry of this kind. The Chief Accounts Officer went in great depth. He showed it to the Board of Directors. But there was nothing which could be done about it.

I do agree that a better job could have been done by my predecessor at that time by bringing it to your notice. Inventories were taken from 1959 onwards. It is difficult to say whether they were right or wrong. They relate to past inventories."

9.14. In a subsequate note the Government informed the Committee that there was no centralised system of inventory control from Headquarters. Individual units were expected to exercise proper control.

9.15. In a note furnished after evidence the management of ITDC explained that:—

"The Board of Directors of erstwhile Ashoka Hotels Ltd., while considering the accounts for the financial year 1966-67 at its meeting held on 31st August, 1967 decided that an enquiry should be instituted by Shri K. L. Hathi and the Managing Director into the accummulated losses due to the breakages/shortages of crockery, cutlery and glasswares.

The then Managing Director of Ashoka Hotels Ltd., relinquished his post on 17th July, 1968. Shri K. L. Hathi, the then Director nominated to make the enquiry also ceased to be a Director with effect from 28th September, 1968. There was no record pertaining to investigation made during this period regarding this matter. Subsequently, when this position came to the notice of the Managing Director, he had the matter examined by the officers of Ashoka Hotel. It was revealed that the stock verification done in the previous years had not been carried out properly. From an examination of the records, it was not possible to reassess the losses correctly.

The annual accounts for 1969-70 of the Ashoka Hotel together with the report of the Statutory Auditors thereon were placed before the Board of Directors at their meeting held on 9th September, 1970. In their observations, the Statutory Auditors had made a reference to the Committee appointed to go into the question of breakages|shortages of crockery, cutlery and glassware in the earlier years. The Board of Directors discussed the matter and came to the conclusion that as no fresh light could be thrown on the subject in view of the unsatisfactory manner in which the physical verification had been conducted in the previous years, there was no necessity to reconstitute the Committee."

9.16. Asked how the loss on account of breakage of crockery and cutlery in Ashoka Hotel, New Delhi compared with other Hotels in India and abroad, the Chairman said:—

"This breakage of cutlery and crockery is common. I have with me statistics of all major hotels in the world. In the case of hotels of 300 to 600 rooms the figure may be varying from 1.4 to 2.3 per cent of the total turnover. The loss in our Hotels is well within the per centage.

Oberoi Inter Continental and Taj Hotels are only two hotels (in India) which can be compared with Ashoka Hotel. In the Oberoi Hotel, in the year, 1967-68, the per centage accountable for breakages was 1.489 per cent of food and beverages sales."

The Chairman, ITDC assured the Committee during evidence that:—

> "instructions have been given to the staff that they should take utmost care while handling glassware, crockery etc. so that breakages are prevented or kept to them minimum. Close watch has also been kept to prevent any loss or theft which might occur due to unscrupulous visitors and other hotel staff."

9.17. The Committee find that a committee appointed by the Board of Directors towards the end of 1967 to go into the causes for excessive losses incurred by the Ashoka Hotels Ltd. on account of breakages of crockery and cutlery during the period 1956-57 to 1966-67 did not make any headway despite the fact that Government had all the time even upto February, 1970 been assuring the Committee on Public Undertakings that the Enquiry Committee "is still in progress." The Committee are not happy at this dilatoriness and deplore that the fact was neither brought to the notice of Government nor to the Committee. From the oral evidence given before the Committee, it transpires that the Enquiry Committee could not fix responsibility on any one for these losses.

The Committee note that during 1968-69 to 1972-73 losses on account of breakage of crockery and cutlery in the Ashoka Hotels ranged betwen 0.2 per cent to 1.66 per cent of the food and beverage sales. The Committee were informed that such loss was 1.489 per cent of food and beverage sales in Oberoi Hotel. (in 1967-68) The Committee were also informed that in major Hotels of the world, the loss on account of cutlery and crockery varied from 1.4 to 2.3% of the turnover. The Committee recommend that a systematic study of the percentage of such losses in major hotels in India and abroad should be carried out and firm norms fixed for each category of Hotels under the ITDC Management. The Committee also recommend that a review of the percentage of losses should be conducted each year with a view to analyse the factors responsible therefore and take suitable remedial action to keep losses on this account to the minimum.

X

FINANCIAL MATTERS

A. Capital Structure of I.T.D.C.

10.1. The following table shows summary of the financial position of ITDC for the three years 1970-71 to 1972-73.

(Rs. in lakhs)

	1970-71	1971-72	1972-73
Liabilities:			
(a) Paid up capital (including share application money)	596·84	721·84	901·84
(b) Reserves and Surplus	86·11	109·26	156·99
(c) Loans from the Govt. of India	219·37	3223·70	469·14
(d) Trade dues and other current liabilities (including provisions)	151·52	189·70	211·12
TOTAL:	1053·84	1344·50	1739·09
Assets:			
(e) Gross Block	808·61	1154·77	1471·23
(f) Less Depreciation	264·46	331·77	424·39
(g) Net fixed Assets	544·15	823·00	1046·84
(h) Capital work-in-progress (including unallocated expenditure and payment to suppliers/Contractors against work done/to be done)	192·43	116·07	175·46
(i) Investments	1·18	1·18	1·30
(j) Current assets, loans and advances	316·08	401·78	514·25
(k) Miscellaneous expenditure	..	2·47	1·24
TOTAL (g) to (k)	1053·84	1344·50	1739·09
Capital employed	708·71	1035·08	1349·97
Net Worth	682·95	828·63	1057·56

Note :

1. Capital employed represents net fixed assets plus working capital.
2. Net worth represents paid-up capital including share application money plus reserves less intangible assets.
3. The assets and liabilities include those of the projects under construction.

10.2. The net profits earned by the Corporation for the last 5 years given below:

Year	Net profit (Rs. in lakhs)	Return on equity Capital
1966-67	1·6	6·55%
1967-68 .	0·5	2·47%
1968-69	2·53	2·32%
1969-70 . .	2·65	1·11%
1970-71	*22·56	3·78%
1971-72	†1·69	0·23
1972-73	26·89	2·98%

Net profit of the Corporation during 1972-73 was Rs. 26.89 lakhs as against the budgetted figure of Rs. 65.74 lakhs. The main reasons for the shortfall were stated to be as follows:

1. Development Rebate Reserve to the tune of Rs. 18.35 lakhs has been provided in respect of the various Units of the Corporation.

2. Though seven Hotels|Motels of the Corporation started functioning from different dates during 1972-73, depreciation has been charged for the whole year in the profit and loss accounts of these units.

3. An additional amount of Rs. 3.31 lakhs was charged to the profit and loss account of the Corporation being the amount representing the arrears of depreciation in respect of earlier years.

4. An amount of Rs. 3.20 lakhs representing the overhead charges not recoverable under the revised formula from the Department of Tourism had been written off in the profit and loss account of the P & P Division.

*This includes profit due to merger of Ashoka Hotels Ltd. and the Janpath Hotels Ltd. (consisting of Janpath, Ranjit and Lodhi Hotels on 26-3-1970.)

†The decline in the net profits during 1971-72 was mainly attributable to the lower occupancy in the hotels due to (i) influx of refugees and (ii) war with Pakistan and the larger provisions made for the depreciation and development rebate reserve in the year.

B. Sundry Debtors and Outstandings

10.3. The table below indicates the volume of book debts and turn-over for the last three years:—

(Rs. in lakhs)

As on	Considered good	Considered doubtful	Total	Turn over	Percentage of debtors to turnover	Sundry debtors in terms of months turn-over
1	2	3	4	5	6	7
31st March, 1971 .	86·08	7·38	93·46	552·08	16·9	2·0
31st March, 1972 .	149·45	9 49	158·94	644·92	24·6	3·0
31st March, 1973 .	154·41	14·44	168.85	914·04	18·5	2·2

10.4. Out of Rs. 168.85 lakhs outstanding as on 31st March, 1973, a sum of Rs. 55.38 lakhs relates to debts outstanding for more than one year as indicated below:—

(Rs. in lakhs)

	Govt. Department	Others	Total
1. Debts outstanding for more than one year but less than two years	24·19	6·24	30·43
2. Debts outstanding for more than two years but less than three years	10·88	4·24	15·12
3. Debts outstanding for three years and more .	4·18	5·65	9·83
TOTAL	39·25	16·13	55·38

10.5. As on 1st March, 1973 major amounts are outstanding in respect of the following units:—

(Rs. in lakhs)

	Debts outstanding for		Total
	more than six months	less than six months	
Ashoka Hotel, New Delhi	14·45	38·57	53·02
Akbar Hotel	0·71	9·77	10·48
Janpath	2·79	5·61	8·40
Lodhi . . .	2·09	4·01	6·10
Hotel Ashoka, Bangalore . .	2·39	7·00	9·39
P & P Division	35·99	11·87	47·86
Transport .	4·98	12·33	17·31
	63·40	89·16	152·56

10.6. It has been pointed out by the Statutory Auditors that in Ashoka Hotel, New Delhi Billing and Outstanding Sections need definite improvement and stricter control should be enforced. Credit policy was not being rigidly followed and in a number of cases the maximum credit has been exceeded. In the case of Ashoka Hotel, New Delhi, out of 51.73 lakhs of total outstandings as on 31st March, 1973 a sum of Rs. 13.22 lakhs was stated to be outstanding against Ministries, Rs. 1.51 lakhs against Embassies and Rs. 0.35 lakhs against Government Department and Government companies.

The statutory Auditors have also pointed out that in the case of Hotel Ashoka, Bangalore, no follow up action was taken in most of the cases.

10.7. The Corporation has further stated in this respect that outstandings amounting to Rs. 89.16 lakhs pertain to a period less than six months and bulk of it represents the credit generally allowed in the trade. Out of the amount of Rs. 63.40 lakhs outstanding for more than six months, a sum of Rs. 35.99 lakhs pertains to the Production and Publicity Division and relates to recoveries from the Department of Tourism in terms of pricing policy for production of literature. The balance outstanding amount of Rs. 27.41 lakhs works out to Rs. 2.93 lakhs of the turn-over during the year 1972-73 which is stated to be not very high compared to the nature of activity. The concerned units are pursuing vigorously recovery of outstandings.

10.8. It is seen from the Annual Report of the Corporation for 1972-73 and Statutory Audit Report thereon that the aggregate amount of bad-debts written off in respect of all the units during 1972-73 is Rs. 2,57,475. In addition, the Production and Publicity Division could not recover overhead charges from the Department of Tourism in respect of 1970-71 and 1971-72 to the extent adjusted in the books on account of revised pricing policy finally agreed with them. The amount written off on this account amounts to Rs. 3,20,177.

10.9. The Committee asked during evidence about the difficulties of the Department of Tourism in finalising the pricing policy and clearing the outstandings pertaining to the Production and Publicity Division.

The representative of the Ministry stated that there was a discussion between the Department of Tourism and the Ministry of Finance as to how much the Corporation was entitled to charge from the Government by way of overhead and profit. A formula was drawn up by the Ministry of Finance but there was a lacuna in the formula in respect of the material other than the direct publicity material. The question as to how much overhead should be allocated would be resolved within a few days.

10.10. The Committee enquired during evidence whether the guests in Ashoka Hotel cleared their Bills before leaving. The Chairman, ITDC explained that they had a system of giving credit to certain parties, companies, individuals, travelling agents, embassies, air-lines, Government Ministries etc., due to prior arrangements. The other guests paid in cash. Every individual was required to pay or sign the bill before he left the hotel.

The Corporation furnished figures indicating the amounts not cleared by individuals before they left the hotels under the management of ITDC during 1972-73 as given below:—

1.	Ashoka Hotel New Delhi	Rs. 337·85
2.	Akbar Hotel	Rs. 4949·55
3.	Hotel Ashoka, Bangalore . .	Rs. 1226·80
4.	Hotel Janpath	Rs. 55·75
5.	Ranjit Hotel .	Rs. 9145·00
6.	Lodhi Hotel	Rs. 8279·45
	TOTAL .	Rs. 23994·40

It has, however, been stated that appropriate/legal action has been taken/initiated to recover the dues.

During the course of their audit of Janpath, Ranjit and Lodhi, Hotels, the Statutory Auditors have remarked that at times bills in respect of the guests leaving the Hotels without settlement represented over a month's stay and stated that:—

"In view of this it appears that the system of weekly billing as also insistence on weekly payments was not fully adhered to."

10.11. The Committee find that the amount of sundry debtors of the Corporation has increased from Rs. 93.46 lakhs as on 31st March, 1971 to Rs. 168.85 lakhs as on 31st March, 1973. Out of the outstanding of Rs. 168.85 lakhs debts aggregating Rs. 55.38 lakhs are outstanding for periods exceeding one year to three years. It has been stated that the bulk of the outstandings represent credits generally allowed in the trade. In this connection, the Committee have noticed that an aggregate amount of Rs. 2.57 lakhs was written off as bad debts in respect of various units of the Corporation. The Committee also find that a sum of Rs. 3.20 lakhs due from the Department of Tourism on account of overhead charges had been written off from the books on account of the revised pricing policy. The Committee understand that the question of allocation of overhead charges is still under the consideration of Government. The Committee desire that a decision in this regard should be taken quickly in the best interests of the Corporation.

10.12. The Committee are surprised to note that in the case of Ashoka Hotel, New Delhi the outstandings as on 31st March, 1973 amount to Rs. 51.73 lakhs out of which a sum of more than Rs. 15 lakhs was stated to be due from Ministries, Government Departments and Embassies. In their Report for the year 1972-73 on Ashoka Hotel, New Delhi, the Statutory Auditors have pointed out that the Billing and Outstanding Sections need definite improvements and stricter control. They have also pointed out that credit policy was not being strictly followed and there are number of cases where maximum credit has been exceeded. Though the Management assured the Committee that the concerned units of the ITDC were pursuing rigorously recovery of outstandings, the disclosure made by the Statutory Auditors in their report on Ashoka Hotel, Bangalore for the year 1972-73 have given an altogether a different picture of the situation, and that in the case of Hotel Ashoka, Bangalore no follow up action was taken in most of the cases. The Committee are perturbed at this state of affairs in a leading Hotel like the Ashoka Hotel in the chain of ITDC Hotels.

The Committee recommend that the Corporation should take effective steps to streamline its procedure for billing and follow-up of outstandings so as to effect prompt realisation of the dues. The Corporation should also ensure that bills with Government Departments are settled within one month of their becoming due. The Committee also recommend that the Corporation should strictly enforce the system of weekly billing and also insist on weekly payments so as to guard against any guest leaving the hotel without settlement of his dues.

C. Costing System

10.13. The Statutory Auditors in their Report on India Tourism Development Corporation for the year ended 31st March, 1972 commented on the costing system as follows:—

> "Information was compiled and tabulated regarding occupancy at the travellers' Lodges, utilisation of vehicles, in terms of actual mileage, dead mileage, consumption of fuel, etc. Also, monthly operating revenue statements were being prepared separately for each of these business activities of the Corporation. It is in such form that cost account has been introduced and it has yet to be developed as a continuous operation forming a part of the accounting routine when information may be recorded on day-to-day basis to indicate the cost of each units of the goods and services dealt in by the Corporation."

The Statutory Auditors while auditing the accounts of Janpath, Ranjit and Lodhi Hotels for the year 1970-71 remarked as follows:

> "The Hotels do not have a good system at present for compiling departmental accounts covering various spheres of the hotel activity and for ascertaining the cost of a product including services rendered by such departments."

10.14. Regarding Ashoka Hotel, New Delhi the Auditors in their supplementary Audit Report in respect of Audit of ITDC Unit Ashoka Hotel, for the year ending 31st March, 1972; remarked that:

> "The unit has no proper system of determining cost for items sold at present. This unit is not having any scientific system for compiling departmental accounts covering various activities of the Hotel and finding out the cost of the products or services rendered by such departments. The accounts manual includes adequate procedures and pres-

cribes in sufficient details the costing systems to be employed. These should be implemented to get the full advantages of a scientific costing system."

The Statutory Auditors observed regarding cost accounts of Units Hotel, Janpath, Ranjit and Lodhi for the year ending 31st March, 1972 that—

"The units have no proper system of preparing cost for items sold at the various hotels. As such we could not offer any comments on it.

The units have not fixed standard cost for all items of kitchen as a result of which the comparison of the actual cost with the standard cost was not possible. At Hotel Janpath, standards were fixed for bread and ordinary pastery and fruit cakes. On a test check of standards with the actual consumption at this unit, it was noticed that the actual consumption quantitatively had exceeded the norms considerably. We were told that norms fixed are out-dated. We would, therefore, suggest that steps should be taken to fix the norms for the major items of food at all the units so that a comparison could be possible."

10.15. The Committee enquired whether any cost analysis of the expenditure incurred on the different activities of ITDC had been carried out and if so, what were the results of such an analysis.

The Ministry of Tourism and Civil Aviation informed the Committee in a written note that the major activities of the Corporation where effective cost control could be applied were hotels, motel and travellers lodges and transport services. The food cost analysis was being done on daily and monthly basis in the major units and variation from standards fixed were investigated for corrective measures. As a result the cost of food which represents quite a substantial part of the total expenditure in the hotel units, was kept under control. As regards other items of expenditure the operational results were reviewed every month.

Regarding comparison of costs of different activities with those in other 5 star hotels it has been stated that relevant cost data pertaining to other hotels was not available and hence the comparison was not possible.

Similarly, the cost per kilometer of operation in each transport unit was analysed for different categories of vehicles viz., Ambassador cars, luxury cars and coaches.

10.6. The Committee regret to note that Ashoka, Janpath, Ranjit and Lodhi Hotels, New Delhi do not have a scientific system for compiling departmental accounts covering various spheres of the Hotel activity. These Hotels have not fixed standard costs, for all the items with the result that comparison of actual cost with norms becomes difficult. The Committee recommend that ITDC should place the costing system in its various units on a sound and scientific footing, so that costs of different activities are readily available and an analysis of such costs would enable the management to effect economies in its operation and keep the costs under control.

D. Internal Audit

10.17. The Internal Audit Cell was set up by the Corporation in September, 1971. The Administrative Reforms Commission in its Report on Public Sector Undertakings while emphasising the importance of the role of Internal Audit in relation to public enterprises had observed as under:—

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

(2) The principal tasks of internal audit should be—

(a) to review the soundness, adequacy and application of accounting, financial and operational controls;

(b) to ascertain the extent of compliance with prescribed plans and procedures and accuracy of accounts and other data developed within the organisation;

(c) to make constructive suggestions for improvement; and

(d) to review and report the action taken by line authorities on the points brought out in previous audit reports of internal as well as external auditors.

(3) Other duties that may be assigned to the internal audit organisation are—

(a) to verify that proper authorisations exists for the acquisition and disposal of assets of the enterprise; and

(b) to test-check a certain percentage of transactions and verify inventories with a view to helping in the prevention of pilferage."

10.18. From the Statutory Audit Report of the Corporation for 1971-72, it is seen that the Accounting Manual of the Corporation includes certain instructions for internal audit as well. Additional instructions have also been complied for the guidance of the audit teams as well as the different units of the Company.

10.19. It has also been stated that the Internal Audit Reports are submitted to the respective units Managers and copies thereof endorsed to the Financial Adviser and Chief Accounts Officer/ Chairman and Managing Director for the their information. The Statutory Auditors have, however, pointed out that in most cases the replies to the Internal Audit Reports were still under consideration of the Administration.

10.20. In regard to Ashoka Hotel, New Delhi and Hotel Ashoka Bangalore and Janpath Group of Hotels, it has been pointed out that the Internal Audit Manual outlining the scope and programme of work of the Internal Audit Cell has yet been drawn up.

10.21. The Committee are surprised to find that although the importance of internal audit was emphasised earlier by the Committee as well as the Administrative Reforms Commission, the ITDC set up its Internal Audit Cell only during the latter part of 1971. The Committee need hardly stress that Internal Audit has a significant role to play in efficient running of the organisation. The Committee urge that the Corporation should take steps to ensure that reports of Internal Audit are dealt with promptly and points brought out therein resolved quickly so that the Management may be in a position to take suitable remedial action to plug the loopholes if any, cut out wastages and effect economies in expenditure. The Committee also recommend that Corporation should bring important matters including financial irregularities brought to their notice through Internal Audit before the Board periodically in the interest of timely action.

E. Transfer of land

10.22. The fixed assets of the Corporation include value of freehold land—Rs. 27,66,951 as on 31st March, 1973.

The details are as under:—

Headquarters:

Gwalior . . .	25,000	
Travellers' Lodges .	4,75,000	5,00,000
Varanasi Project .		6,91,951
Bangalore		15,75,000
		27,66,951

10.23. From the report of the Statutory Auditors for the year 1972-73 in it is seen that the sum of Rs. 25,000/- in respect of Gwalior land paid to Additional District Judge on 20th August, 1971 is in addition to a sum of Rs. 15,400|- included in Rs. 4,75,000|- and that the land has not been transferred infavour of the Corporation yet. Similarly Varanasi and Bangalore lands have not been transferred in the name of the Corporation.

10.24. The Committee find that even though the Corporation has constructed hotels & travellers' lodges at Gwaliar, Varanasi and Bangalore, the lands of these projects have not been transferred in the name of the Corporation. The Committee recommend that in order to safeguard its rights, the Corporation should secure transfer of land before undertaking construction of the projects. The Corporation should also have the transfer of land in the case of Varanasi, Bangalore and Gwailor, expedited.

F. Lease agreement with the Director of Estates

10.25. The Statutory Auditors in their Audit Report on the account of Janpath, Lodhi and Ranjit Hotels for the year ended 31st March, 1973 have pointed out as follows:—

A. "Under the lease letter with the Director of Estates, the service-tax levied by the N.D.M.C. and Municipal Corporation is payable by the Hotels. However, the Government auditors had pointed out that the demands which were received from the N.D.M.C./Municipal Corporation comprised of the following two elements:—

(a) Service-tax (like fire-tax, scavenging-tax etc.).

(b) General tax.

The Government Auditors had stated that the general tax element in the bills of the Municipal Corporation was not the liab'lity of the Hotels as it was payable by the Director of Estates.

We would like to point out that the policies being adopted by all the three units in this regard are different as follows:—

(i) Ranjit Hotel has withheld a sum of Rs. 30,03,844 being the general tax element due for the period since 1st April, 1971 (the total bill from the Municipal Corporation for 1st April, 1971 to 31st March, 1973) was Rs. 3,59,755.90 out of which Ranjit Hotel has withheld only the general tax element for the two years period from 1st April, 1971 to 31st March, 1973 while paying the service tax element of the Municipal Corporation bills. Ranjit Hotel has also written to the Director of Estates asking for the refund of the general tax element in respect of the earlier years amounting to Rs. 4,28,373.61.

(ii) Lodhi Hotel has withheld the entire amount of the bill of the N.D.M.C. amounting to Rs. 88,067.30 for the period since 1st April, 1972 (by deduction from the rent payable to the Director of Estates). The said amount of Rs. 88,067.30 comprises of both the service-tax as well as the general tax elements.

(iii) Janpath Hotel has been paying the full amount of the bill of the NDMC which presumably includes only the general tax element. The amount paid by Janpath Hotel in this respect amounted to Rs. 50,617 for the year ended 31st March, 1972.

(iv) *Conclusion.*—From the above it would appear that a certain amount of confusion is prevailing about the legal responsibility of the Hotels with regard to the payment of the bills of the Municipal Corporations. Each Hotel is adopting a policy of its own. We suggest that the matter should be reviewed in order to lay down a common policy for the three units.

B. The position with regard to the "additional rent" payable to the Director of Estates should also please be reviewed. "Additional rent" means the rent element on the renovations etc. carried out by the Director of Estates during the UNCTAD Conference in 1967-68. Lodhi Hotel has paid such additional rent to the Director of Estates upto 31st March , 1973 whereas the Ranjit Hotel has withheld a sum of Rs. 91,087 upto 30th March, 1973 on this account.

C. We are informed that no formal lease deed has been executed with the Director of Estates since the time the Hotel buildings were taken on lease in September, 1965. The only document available is a brief letter No. 4-10-65-H-III dated 11th April, 1966 in which only the amount of lease payable is stated."

The Chairman and Managing Director of ITDC informed the Committee during evidence that:—

"all these three hotels were taken over by the erstwhile Janpath Group on lease basis and the leases were fixed in 1967-68 prior to ITDC coming into the picture and taking over. The actual payments which we are making are as follows:—

Rs. 4.10 lakhs in the case of Janpath

Rs. 3.94 lakhs in the case of Ranjit

and Rs. 3.27 lakhs in the case of Lodhi......

In fact, you will be surprised to know that we do not even own Akbar Hotel where we are giving 15 per cent of sales or Rs. 15 lakhs whichever is higher to the NDMC. Apart from the Ashoka Hotels, in the capital, we do not own any other hotel property."

10.26. Subsequently, the I.T.D.C. stated in a written reply that the proposal to purchase from the Government of India land and buildings of Janpath Group of Hotels was placed before the I.T.D.C. Board of Directors at their meeting held on 24th February, 1969. The Board decided that the matter might be taken up with the Government of India after the proposals for merger of Ashoka Hotels Ltd. and Janpath Hotels in I.T.D.C. were finalised. The proposal was referred to the Ministry of Finance. It was indicated that

(i) the price to be charged for the buildings would be the market price.

(ii) the lease of the land would be on the same terms as to a private firm.

(iii) the equity loan rate of 1:1 would be observed.

Keeping in view the likely incidence of property tax on acquisition of the Janpath Group of properties and reaction of the Ministry of Finance, the proposal to acquire the Janpath Group of properties was not pursued.

10.27. The Committee regret to note that though the hotel buildings of the Janpath Group of Hotels were taken on lease as far back as September, 1965 and leases were fixed in 1967-68 before I.TD.C. took them over no formal lease deeds had been executed with the Director of Estates and the only document available was a brief letter in which the amount of lease payable was stated. The Committee note that the I.T.D.C. is paying Rs. 11.31 lakhs towards the lease (4.1 lakhs in the case of Janpath, 3.94 lakhs in the case of Ranjit and 3.27 lakhs in the case of Lodhi). The Committee find that even in the case of Akbar Hotel, the Corporation is paying 11 per cent of sales or Rs. 15 lakhs, per annum

whichever is higher to NDMS. The Committee were informed that the proposal to purchase land and buildings of the Janpath Group of Hotels was considered by the Board of Directors of the I.T.D.C. in February, 1969 and in view of the financial implications involved in the conditions of purchase, the proposal to acquire these properties was not pursued.

10.28. The Committee also note that under the lease letter issued by the Director of Estates, the service tax levied by the NDMC and the Municipal Corporation is payable by the Hotels. The demand for tax from N.D.M.C. comprised two elements viz., service tax and general tax. It has been pointed out that the genral tax elment in the bill of the Municipal Corporation was not the liability of the hotels and was payable by the Director of Estates. The Committee, however, find that while the Ranjit Hotel was withholding only the general tax element for the two years ending 31st March, 1973, and paying the service tax element of the Municipal Corporation, the Lodhi Hotel has withheld both the service tax and the general tax elements from the rent payable to the Director of Estates. Janpath Hotel has however, been paying the full amount of the bill of the N.D.M.C. which presumably includes only the general tax element. The Committee thus find that the practice in discharging the liability for the taxes payable to the Municipal Corporation, New Delhi Municipal Committee varies from hotel to hotel.

10.29 The Committee also note that some additional rent on account of renovation etc. carried out by the Director of Estates during the UNCTAD Conference in 1967-68 has also been paid to the Director of Estates by the Lodhi Hotel, while the Ranjit Hotel has withheld a sum of Rs. 91,000 upto 30th March, 1973 on this account.

10.30. The Committee recommend that the legal responsibilities of all these hotels in the matter of payment of rents and taxes to the Director of Estates and the taxes to the Municipal Corporation, New Delhi, Municipal Committee should be clearly laid down and definite agreements in this regard entered into with these parties in order to avoid any ambiguity which may lead to legal and financial complications.

The Committee would like to be informed of the action taken in the matter.

XI

ORGANISATION

A. Staff Strength

The Corporation is headed by a Chairman and Managing Director. Beside presiding over the meetings of the Board of Directors, the Chairman and Managing Director, who is the Chief Executive Officer, is responsible for the implementation of the decisions taken by the Board. All matters relating to policy and projects involving substantial finance are discussed by the Board and the decisions taken are implemented by the Management.

At the Headquarters of the Corporation, there are 11 Divisions namely Hotels Division, Ashoka Hotel, New Delhi, Transport Division, Planning Division, Engineering Division, Projects Division, Production and Publicity Division, Marketing Division, Personnel Division, Finance and Accounts Division and Administration and Secretarial Division. All the Units are functionally responsible to the Divisions in the Headquarters.

The following table indicates the staff strength of I.T.D.C. and the ratio of officers to staff during the last three years:—

As on	Officers	Staff	Total	Ratio of Officers to staff
1-1-1971	130	2984	3114	1:23
1-1-1972	163	3695	3858	1:23
1-1-1973	184	4207	4391	1:24
1-7-1973	190	4533	4723	1:25

The break up of the total staff strength of 4,723 is given below:—

		Staff Strength
*1.	Headquarters	338
2.	Transport Division	386
3.	Son-et-Lumiere shows	62
4.	Duty Free Shop	29
5.	Hotel Division (Hotels, Motels & Restaurants)	3762
6.	Travellers Lodges	146
	TOTAL	4723

(*Headquarters comprise Chairman's Office, Divisional Manager's Office (Tourist Services), Personnel Division, Accounts Division, Secretariat and Administrative Division, Hotels Training Cell, Stores and Purchase Division, Planning Division, Projects/Engineering Division, Editorial Cell, Production and Publicity Division and Marketing Division).

11.3. A statement indicating percentage of headquarters overheads to the total expenditure of I.T.D.C. for the years from 1970-71 to 1972-73 is given below:

(Rs. lakhs)

Year	Headquarters overheads	Total expenditure	Percentage of Headquarters overheads to Total Expenditure
1970-71	18·49	524·37	3·53
1971-72 .	21·82	632·41	3·45
1972-73 . . .	30·00	886·47	3·38

11.4. During evidence, the Committee enquired about the ratio of Headquarters expenditure to the field expenditure and whether that expenditure was reasonable. In reply, the Secretary of the Ministry stated that:

> "The head office expenditure is 3.5 per cent of the total expenditure of all the units and divisions of I.T.D.C. This appears to be a reasonable percentage. The head office expenditure has been allocated between different units of the Corporation during 1972-73.

11.5. The following table indicates the extent of increase in the staff strength of Headquarters as against the increase in the field staff working in the units:—

Year	Staff in units	Headquarters	Total
1971	2910	204	3114
1972	3569	289	3858
1973	4385	338	4723

The increase in staff strength is stated to be due to opening of new units from time to time.

11.6. The Committe enquired about the extent of everstaffing in the Headquarters and various units of the ITDC. The Management informed the Committee that there was no over-staffing in the Headquarters of the ITDC. The staff strength in the Headquarters was 204, 289 and 338 a son 1-4-71, 1-4-72 and 1-4-73, respectively. This increase was stated to be proportionate to the increase in the total staff. It was further stated that since the Corporation was constantly expanding at a rapid pace, there was acute shortage of personnel in the various cadres and there was no overstaffing. It was, however, admitted that there might be some overstaffing in Ashoka Hotel, New Delhi and Janpath, where the ratio of employees to rooms was 1:3. It was proposed to solve this problem by:—

"(i) reduction of staff with the consent of the unions through the studies of the re-organisation committee;

(ii) giving conversion training to surplus employees and utilising them on other posts|places;

(iii) arranging for some form of separation compensation for surplus employees not needed by the hotels."

It was also stated that the power to create regular posts vested only with the Chief Executive of the Corporation. Thus, checks and controls were being exercised at the highest level as no other executive below the level of Chairman and Managing Director had been empowered to create a post except in seasonal or *ad hoc* vacancies.

11.7. During evidence the Chairman, ITDC stated that they had 3.1 staff per room in Ashoka Hotel which was 0.5 per room more than in the Oberoi Hotel. This difference was stated to be due to the fact that Ashoka Hotel was more sprawling and therefore required more staff for maintenance.

During busy season ITDC engaged, over and above its regular staff, persons on daily wage basis. The number of daily rated employees worked|working in various units of the ITDC as on 31st October, 1973 was 290 of which 190 were employed in Ashoka Hotel against leave vacancies and to meet urgent seasonal requirements in the business interest of the Corporation.

These daily rated workers are employed for a limited period and as and when the extra working is completed they are discharged.

11.8. Asked whether any job analysis had been made to determine the staff strength required to man the verious units of the I.T.D.C., the management stated in a written note after the evidence as follows:—

"In the case of new hotel units, the strength of staff is carefully assessed by the Hotels Division keeping into consideration the bed capacity, restaurant and other facilities provided. As regards already established units, an attempt was made to have a job analysis conducted by outside bodies of repute in Asoka Hotel. The

Indian Institute of Applied Manpower Research demanded a fee of Rs. 50,000|- for conducting such a study. The Indian Institute of Management, Ahmedabad was not willing to undertake the work. M|s. Highwani and Associates and National Productivity Council were also contacted. Arrangements were not satisfactory. However a Reorganisation Committee has been set up by the Administration for Janjath, Ranjit, Lodhi Hotels with which unions have also been associated which provides for reduction of staff wherever there is over-staffing and reorganisation on commercial lines."

11.9. Giving reasons for the increase in the staff strength of the ITDC, the Secretary of the Ministry stated during evidence that the number of transport units and a number of hotels and motels had been added since 1971. Taking into account its expanding activities, he stated, the increase in staff was unavoidable. He, however, added that general guidelines had been issued in August, 1972 in regard to periodical reviews about the staff position. He also informed the Committee in this regard as follows:—

"The ITDC have got a Committee consisting of its officers and unit representatives to go into the matter of staffing pattern in the Janpath Group of Hotels and similar action is proposed in respect of the Ashoka Hotel also."

11.10. The Committee find that while the total expenses of the Corporation have increased from Rs. 524 lakhs in 1970-71 to Rs. 886 lakhs in 1972-73, the Headquarters overheads increased from 18.49 lakhs to Rs. 30 lakhs during that period. The Committee were informed during evidence that the Headquarters expenditure was 3.5 per cent of the total expenditure of all units and divisions of ITDC and it was reasonable.

11.11. The Committee, however, find that while the strength of the field units of ITDC increased from 2,910 in 1971 to 4,385 in 1973 i.e. by about 50 per cent the staff strength of its Headquarters increased from 204 in 1971 to 338 in 1973 i.e. by about 66 per cent which is more than the percentage increase in the field staff strength.

The Committee recommend that staff strength of the Headquarters should be kept constantly under review to ensure that the overheads on account of headquarters do not prove to be a burden on the field activities of the Corporation and render them uneconomical.

11.12. The Committee also find that since 1971 the staff strength of the ITDC has increased by 51 per cent, i.e. from 3,114 as on

1-1-1971 to 4,723 on 1-1-1973. The increase in the staff was defended by the Management on the group of rapid increase in its activities. The Committee learnt with surprise that no job analysis had been undertaken by the Corporation so far. It was admitted during evidence that there was some overstaffing in Ashoka Hotel, New Delhi and Janpath, New Delhi though its extent had not been determined. The Committee were assured that the problem of overstaffing was being tackled by the Management by undertaking re-organisation studies and given conversion training, etc. The Committee recommend that the Corporation should ensure that increases in staff strength of the Corporation were invariably preceded by scientific manpower studies, lest the Corporation should find itself burdened with extra staff without adequate work load resulting in increased overheads. The Committee also recommend that realistic norms for staff strength for each Unit of the Corporation may be fixed so that strength of staff can be determined in the background of well established norms.

B. Future Set Up of ITDC

11.13. During evidence, the Chairman and Managing Director of the ITDC apprehending future problems of managing the activities of the Corporation stated as follows—

> "....there was no activity in the country some years back for the development of infra-structure for tourism. Then three Corporations were set up—one was for accommodation, the second for transport and the third was for publicity. Since not much was being done in these Corporations either severally or combined, it was decided to merge them and ITDC was established. Since then the activities in these three sectors have been increasing enormously and we are now finding it very difficult to manage these activities. It seems now that in the Fifth Plan we will be called upon to handle more and more projects and increase the scope of our activities and also become more spread out. In fact, this is the main problem of our Corporation. This is the All India Corporation with projects right from Srinagar to Trivandrum and is having several units for management and this could create certain problems. So, if we have to increase this kind of activity in Fifth and Sixth Plans I do feel that some kind of rationalisation is necessary. It may be necessary to either split this Corporation into two or three Corporations, region-wise, or conceive of other forms of

organisations like having subsidiaries, etc. But at the present moment, I would like to say that we are capable of managing the various activities howsoever reasonably well. Of course, the problem is that there exist a large number of small units which are spread out all over the country and they are uneconomic."

11.14. Asked whether a Committee had been constituted to go into the working of the Corporation, the Chairman stated that in a meeting of the National Tourism Board it was suggested that ITDC should take over the management of 17 Youth Hostels which were under construction. The number of these might go up to 30 to 40 in the 5th Plan period. The concept of the Youth Hostels being quite different from hotels and motels, the ITDC did not like to take over and run these Youth Hostels. It was then suggested that a Committee should be constituted to go into the restructuring of the ITDC in the light of the requirements of the 5th Plan. The Committee had not, however, been constituted as yet.

11.15. In a note furnished after evidence, the ITDC stated that:—

"As regards the constitution of a Committee to consider restructuring of the ITDC, a proposal to constitute such a Committee with Shri Romesh Thapar as Chairman was earlier under the consideration of the Ministry of Tourism & Civil Aviation. Later the Ministry suggested that the Board of Directors of ITDC should examine the organisational pattern. This subject was discussed at the last meeting of the Board of Directors held on 27th February, 1974 and it was decided that the Staff & Finance Committee of the Board of Directors should go into this question after getting an idea from Government of the additional activities that were proposed to be entrusted to the Corporation. Accordingly a reference has been made to the Government."

11.16. During evidence of the Ministry the Committee enquired whether Government had given thought to the future set up of ITDC in view of the expanding activities of the Corporation especially in the 5th and 6th Five Year Plan. In reply, the Secretary of the Ministry stated that the matter was receiving their attention but they had not yet come to any firm conclusion as to the mechanism to be adopted for undertaking this study. It was further stated that on 1st September, 1973 in the meeting of the National Tourism Board it was suggested to set up a small group to look into this matter. He also informed the Committee that the group when established should not take more than 3 months to come to a conclusion.

11.17. The Committee note that the Headquarters of the Corporation has at present eleven divisions to manage its various activities. A view has been expressed by the Chairman, ITDC that considering the fact that the Corporation has its units spread all over the country from Srinagar to Trivandrum, and the new additional responsibilities that it will have to shoulder as a result of expansion of tourism under the Fifth Five Year Plan, it will be necessary "to split the Corporation into two or three Corporations, regionwise, or conceive of other forms of organisations like having subsidiaries etc.". The Secretary of the Ministry informed the Committee that the question of future set up of ITDC in view of its expanding activities would be considered by an Expert Group to be constituted in pursuance of the decision taken at the meeting of the National Tourism Board held on 1st September, 1973. The Committee recommend that Government should lose no further time in examining in depth and taking a decision on the crucial question of re-structuring of ITDC in the interest of achieving the targets laid down in this behalf in the Fifth Plan.

C. Foreign Tours

11.18. The ITDC has intimated that their officers were deputed to visit foreign countries mostly for attending the meetings of PATA, ASTA, and similar meetings|conferences relating to Travel Trade. Some of the visits abroad were stated to be of the nature of Study Tours.

11.19. The table below indicates the number of officers of ITDC who undertook tours abroad during 3 years from 1970-71 to 1972-73 as also the expenditure. incurred thereon and the total number of days spent in each year.

Year	Number of officers	Total No. of days	Amount incurred
			Rs.
1970-71	6	131	72,823
1971-72	9	184	1,37,929
1972-73	12	237	1,82,841
	27	552	3,93,593

11.20. Out of 27 tours abroad undertaken during the last 3 years, 13 were in connection with the travel conferences in which they had to take part. Out of the remaining 14 tours, 5 pertained to training of officers who had submitted their reports. The remaining 9 tours were stated to be study tours, inspection of equipment, appliances etc.

11.21. The ITDC also informed the Committee that no formal reports covering all the subjects dealt with by the touring officers on their visits abroad had been submitted by them but their notes had been recorded on respective individual files. It was stated that on their return the officers had told that particular type of equipment was available. It was emphasised that their tours were not of routine type. These tours were to learn, to participate and they had to sell. It was also stated that the Management was convinced that they had spent their time usefully.

During evidence the Chairman of ITDC explained the position as under:—

> "Some of our officers have gone for specific meetings and some of our officers have gone to get familiar with certain areas. As I was mentioning yesterday, when we came to the question of development of Beach resort, it was totally new to us. For instance, I had been attending a Conference in Europe. There was hardly any note that I could put up, but by and large our officers who have been sent abroad have been puting up notes to us and there are some isolated cases where they have not put up a report. I do want to introduce a system according to which all those who go abroad should submit formal reports on their return to India."

Elaborating the point regarding submission of formal reports by the officers who undertook foreign tours, the Chairman added:—

> "They have been giving the reports and also they are reporting to me. We are a commercial organisation and our hotels have to be sold abroad, we have got to take part in International Travel Agents' Meetings and other Conferences and our officers have got to go and meet travel groups and interest them in our hotels. We are not satisfied with the work which our own travel agents are doing. We have got to send our own people and sell our hotels. The amount spent on this account is very small. On foreign tours, I think we are spending a very negligible amount. So far as the other part is concerned, our officers are doing abroad only for specific purpose. For providing kitchen facilities in Calcutta, we are setting up an Airport hotel

in Calcutta or for a beach resort—some of our officers have to be sent abroad to learn what are the different types of facilities which are to be put up in so far as the international standards are concerned.

As I mentioned earlier, officers go abroad to attend specific training courses or meetings or Conferences of Travel Trade. So, they are all different types of tours but all cases of foreign tours are approved by me personally and nobody else does it. Either they come and give me broad details personally or they give their report. I have reported by personal tours in the Board of Directors' meeting on a number of occasions that the number of our officers going abroad is so small and compared to the amount on multifarious activities that we have the expenditure is not very substantial. In fact, I would like to step up this expenditure in future."

11.23. **The Committee note that the officers of the ITDC undertake tours of foreign countries with specific purposes of attending meetings/conferences concerned with travel trade, to undergo different training courses, to sell hotels under the management of the ITDC, to learn and adopt new ideas regarding development of infrastructure for tourism like development of sea beach resorts, to inspect equipment to be imported for the use of the Corporation etc. There is, however, no regular system of submission of formal reports by the officers on completion of their foreign tours. In the opinion of the Committee these reports can form a very useful part in the ITDC library and can provide immense assistance and guidance in the development of tourism. The Committee, therefore, recommend that suitable system should be evolved by which important points emerging from the tours are specifically brought to the notice in the meeting of the Boards in the form of a memoranda, at least once in six months bringing out the latest trends in tourism so that timely action could be taken by the Corporation to preserve its leadership in the field.**

XII

CONCLUSION

12.1. The Government of India, in the Department of Tourism merged three Corporations *viz.* the Hotel Corporation of India Ltd., the India Tourism Transport Undertaking Ltd. and the India Tourism Corporation Ltd. and constituted it as one Company called 'India Tourism Development Corporation Ltd.'

12.2. The unified Corporation started functioning with effect from the 1st October, 1966 with the main objects of constructing hotels, motels, travellers' lodges etc. for providing accommodation to tourists, providing transport, entertainment and shopping facilities for the tourists and also for production, distribution and sale of publicity material with a view to developing and promoting tourism in India.

12.3. During the course of examination of the working of the ITDC, the Committee find that:—

(i) the Corporation is at present managing 8 hotels in the country with 1573 rooms. In addition, it is running 3 motels and 15 travellers' lodges. The Corporation offers in all 1719 rooms for the tourists in its various units. The Corporation is controlling 14 per cent of the total approved tourist accommodation available in the country;

(ii) the financial results of the working of the hotels managed by ITDC show that the profits have increased from Rs. 10.67 lakhs in 1969-70 to Rs. 23.78 lakhs in 1973-74 (upto December, 1973);

(iii) The Corporation has taken up development of Kovalam Sea-beach as a destination resort. The Kovalam Beach

Resort Complex comprising of a 100 room hotel, 40 beach cottages, a beach Service-Centre, a Yoga-cum-Massage Complex, Jetty and an open-air Theatre is an integrated project of the Department of Tourism and the ITDC. The construction of 40 cottages called Kovalam Grove was commissioned in December, 1972. The hotel project was expected to be completed by the end of financial year 1973-74. The Beach Service Centre was opened in January, 1973. The Massage Centre and Yoga Centres have also started functioning;

(iv) the transport units of I.T.D.C. have grown from one unit comprising 35 vehicles in 1966-67 to 16 units comprising 204 vehicles in 1972-73; the ITDC has provided appreciable sight-seeing facilities through its transport fleet and the fares charged are reasonable which compare favourably with what is charged by similar operators in foreign countries;

(v) the ITDC is organising cultural and other entertainment programmes in its major hotels with the assistance and collaboration of highest national cultural organisations like Bharatiya Kala Kendra, Sangeet Natak Akademi, National School of Drama etc.

(vi) the turnover of the four duty free shops run by the ITDC at Delhi, Bombay, Calcutta and Madras airports has increased from Rs. 28.70 lakhs in 1970-71 to Rs. 52.49 lakhs in 1972-73. Net foreign exchange earnings of these shops have increased from Rs. 22.55 lakhs in 1970-71 to Rs. 33.69 lakhs in 1972-73. These shops earned net profit of Rs. 6.12 lakhs in 1970-71, Rs. 6.07 lakhs in 1971-72 and Rs. 12.69 lakhs in 1972-73;

(vii) Publicity material produced by the Corporation received three first prizes, one second prize and two certificates of merit at the 15th National Awards for Excellence in Printing and Designing instituted by the Ministry of Information and Broadcasting. Literature produced by the Corporation also won awards at the 21st Annual TAAI Convention held in Srinagar in 1971-72;

(viii) as a result of new format evolved by the "Design Workshop" organised by ITDC during 1972-73 for India's tourism literature which is stated to have a high degree of visual sale appeal, significant economies in paper utilisation have been effected. The quality of publicity material produced by the ITDC is impressive;

(ix) the ITDC produced its first film titled "Destination India" during 1972-73 at a cost of about Rs. 70,000|- for promotion of tourism by screening it in foreign countries and this film is stated to have been enthusiastically received by various tourist offices and Air India offices abroad.

12.4. The Committee, however, find that:—

(i) in almost all the hotels managed by the ITDC there was a decline in the rate of occupancy since 1970-71. In the case of 3 motels set up during 1972-73 by the Corporation at Jammu, Hassan and Khajuraho there was a decline in the rate of their room occupancy in 1973-74. All the three motels incurred a total loss of Rs. 10.96 lakhs in 1972-73 and Rs. 5.08 lakhs in 1973-74 (upto December, 1973). After the transfer of the Travellers lodges to the ITDC by the Department of Tourism on 1st January, 1969, the total loss incurred by these lodges has been increasing each year except in 1971-72 when the loss was Rs. 4.06 lakhs as against Rs. 3.88 lakhs in 1970-71;

(ii) Out of 10 ITDC Hotels as on 31st March, 1973, as many as 6 hotels incurred losses. The Lodhi and Ranjit Hotels have been continuously incurring losses from the year 1969-70. The losses have been heavy in the case of Ranjit Hotel during 1970-71 and 1971-72;

(iii) although there is shifting of emphasis from the 5 Star to 3 Star hotels in the proposed Fifth Plan, much remains to be done for providing accommodation at cheaper rates to cater to the needs of tourists with moderate means, particularly students and other young in age. Government are setting up a number of Youth Hostels for meeting this requirement but no final decision has yet been taken regarding the management of these hotels;

(iv) inspite of the recommendations of the UNDP Team in their Report on Tourism in India, 1970 that Goa seabeach could immediately be developed to become a centre of tourism of high attraction, the project has been relegated to the Fifth Plan. Kovalam was taken up for development on a priority basis at a cost of Rs. 225.8 lakhs, although the hotel and cottages at Kavalam cannot attract customers during the four months of the rainy season during which period the Corporation would be offering the accommodation at half the tariff;

(v) during 1972-73, transport centres Delhi, Madras, Udaipur, Kovalam, Hassan and Calcutta made losses while those at Patna, Srinagar, Khajuraho, Aurangabad, Hyderabad, Agra, Bangalore and Bombay made profits. The overall financial results of these units indicated a net loss of of about Rs. 85,000 in 1972-73 as against a profit of Rs. 36,000|- in 1971-72. The Centre at Delhi has been incurring losses continuously from 1970-71; Despite improvement in utilisation of fleet at Delhi in the year 1972-73 the loss at this centre has been the maximum viz. Rs. 2.38 lakhs;

(vi) whereas the transport units are located at 16 for flung places in the country, the Corporation has set up workshop facilities at Delhi only;

(vii) out of 3 Son-et-Lumiere shows so far mounted by the Corporation, only the one at Red Fort, Delhi has been earning profit and the other two at Sabarmati Asharam, Ahmedabad (cost Rs. 18.25 lakhs, commissioned on 21st April, 1972) and Shalimar Gardens, Srinagar (cost Rs. 27.75 lakhs, commissioned on 29th September, 1972) have been incurring losses since inception);

(viii) the existing inventory control system followed in various units of ITDC is not based on a sound and systematic footing;

(ix) the amount of sundry debtors of the Corporation has increased from Rs. 93.46 lakhs as on 31st March, 1971 to Rs. 168.85 lakhs as on 31st March, 1973. Out of the outstanding of Rs. 168.85 lakhs debts aggregating Rs. 55.38 lakhs are outstanding for periods exceeding one to three years. In the case of Ashoka Hotel, New Delhi the outstandings as on 31st March, 1973 amount to Rs. 51.73 lakhs out of which a sum of Rs. 15 lakhs is stated to be due from Ministries, Government Departments and Embassies;

(x) while the total expenses of the Corporation have increased from Rs. 524 lakhs in 1970-71 to Rs. 886 lakhs in 1972-73, the Headquarters overheads increased from Rs. 18.49 lakhs to Rs. 30 lakhs during that period. The staff strength of the field units of ITDC increased from 2,910 in 1971 to 4,385 in 1973 i.e. by about 50 per cent but the staff strength of its Headquarters increased from 204 in 1971 to 388 in 1973 *i.e.* by about 66 per cent which is more than the percentage increase in the field staff strength; and

(xi) the officers of the ITDC undertake tours of foreign countries with specific purposes of attending meetings|conferences concerned with travel trade, to undergo different training course, to sell hotels under the management of ITDC, to learn and adopt new ideas regarding development of infrastructure for tourism like development of sea-beach resorts, to inspect equipment to be imported for the use of the Corporation etc. but there is no regular system of submission of formal reports by the officers on completion of their foreign tours.

12.5. The Committee appreciate the objective with which the ITDC was started. The Corporation seeks to create interest in tourism both in India and abroad and to strengthen the infrastructure for tourism by augmenting the facilities for tourists in various spheres like accommodation, transport, entertainment, shopping etc. The Committee have no doubt that the Corporation would continue to exert vigorously to achieve this objective.

NEW DELHI; SUBHADRA JOSHI,

April 25, 1974. *Chairman,*

Vaisakha 5, 1896 (*S*). *Committee on Public Undertakings.*

APPENDIX I

(*Vide* Para 2.3)

INDIA TOURISM DEVELOPMENT CORPORATION LTD.

Statement showing original and mid-term Plan allocation, estimated cost and likely expenditure during the 4th Plan period.

(Rs. in lakhs)

Name of the programme/scheme	Original 4th Plan allocation	4th Plan allocation as per mid-term appraisal.	Estimated Cost	Total estimated expenditure during the 4th Plan period
I. CONSTRUCTION OF HOTELS:				
1. Bangalore	100·00	165·00	195·00	195·00
2. Srinagar*	150·00	..	..	..
3. Dum Dum . . .	100·00	120·00	250·00	175·00
4 Jaipur** . . .	75·00	..	..	..
5. Kovalam (Hotel & Cottages)	50·00	135·00	135·00	135·00
6. Gulmarg . .	50·00	110·00	145·00	5·00
7. Aurangabad . .	100·00	70·00	69·00	29·00
8. Akbar . . .		75·00	85·00	85·00
9. Conversion of Lalit Mahal Palace, Mysore into a hotel		..	8·00	8·00
10. Patna . . .		..	43·00	3·75
11. Goa** . . .		30·00	..	..
II. CONSTRUCTION OF MOTELS:				
1. Varanasi	50·00	40·00	49·90	49·90
2. Jammu . .	25·00	30·00	43·50	43·50
3. Gwalior* . .	25·00	..	..	..
4. Siliguri** . . .	25·00			
5. Barhi/Hazaribagh* .	25·00	..	..	..

NOTE:—*Schemes not being pursued.

**Schemes postponed to the 5th Plan.

Name of the programme/scheme	Original 4th Plan allocation	4th Plan allocation as per mid-term appraisal	Estimated Cost	Total estimated expenditure during the 4th Plan period
III. RENOVATION & EXPANSION OR TRAVELLERS' LODGES AND RESTAURANTS				
1. Mahabalipuram . .	15·00	17·00	20·50	(£)
2. Hassan . .	15·00	9·00	11·50	11·50
3. Bodhgaya** .	5·00	8·00	15·00	..
4. Madurai** .	15·00	10·00	15·00	..
5. Thanjavur* . .	15·00	..	..	..
6. Bhuvaneshwar** .	15·00	7·00	13·00	..
7. Kulu** .	10·00			..
8. Bajapur*	10·00	..	..	..
9. Khajuraho .	..	27·00	31·45	31·45
10. Qutab Restaurant		3·05	2·50	2·33
11. Taj Restaurant . .		2·00	3·75	3·75
12. Ashoka Restaurant at Asia/72 :			3·00	3·00
13. Ajanta & Ellora Restaurants etc.	..	5·45	11·00	10·87
IV. EXPANSION OF HOTELS				
1. Laxmi Vilas Palace Hotel, Udaipur . . .	50·00	25·00	25·00	25·00
2. Hotel Ashoka, Bengalore .		50·00	80·00	30·00
V. RENOVATION OF HOTELS				
1. Ashoka Hotel, New Delhi		100·00	180·00	180·00
2. Hotel Janpath, New Delhi		40·00	55·00	55·00
3. Hotel Ranjit, New Delhi .		30·00	37·00	37·00
4 Lodhi Hotel, New Delhi .	..	30·00	39·00	39·00
5. Re o ving Tower Restaurant at Ashoka Hotel, New Delhi		45·00	70·00	0·49
VI. ESTABLISHMENT & EXPANSION OF TRANSPORT UNITS . . .	150·00	88·00	96·50	96·50
VII. EXPANSION OF DUTY FREE SHOPS .	2·00	5·50	2·50	2.50
TOTAL .	1077·00	1277·00	1735·10	1278·04

NOTE:—*Schemes not being pursued.

**Schemes postponed to the 5th Plan.

APPENDIX II

(*Vide* para 3.59)

Statement showing unitwise occupancy and Profit And Loss of travellers' lodges for the last five years

Name of the Unit	1968-69* Bed occupancy %age	1968-69* Profit(+) Loss (—) (Rs. in lakhs) 1968-69	1969-70 Bed occupancy %age	1969-70 Profit(+) Loss(—) (Rs. in lakhs) 1969-70
1. Kulu Travellers Lodge	56	(—) 0·09	43	(—) 0·23
2. Bodhgaya Travellers Lodge	46	(—) 0·04	34	(—) 0·22
3. Mandu Travellers Lodge	11	(—) 0·08	16	(—) 0·42
4. Sanchi Travellers Lodge	14	(—) 0·07	15	(—) 0·27
5. Bijapur Travellers Lodge	36	(—) 0·10	50	(—) 0·13
6. Bhubaneswar Travellers Lodge	46	(—) 0·04	52	(—) 0·11
7. Tanjore Travellers Lodge	62	(—) 0·06	58	(—) 0·09
8. Manali Travellers Lodge	28	(—) 0·13	31	(—) 0·26
9. Konarak Travellers Lodge	20	(—) 0·05	23	(—) 0·21
10. Trichy Travellers Lodge	27	(—) 0·09	30	(—) 0·18
11. Bharatpur Travellers Lodge	19	(—) 0·08	21	(—) 0·22
12. Kushinagar Travellers Lodge	14	(—) 0·04	16	(—) 0·17
13. Kanchipuram Travellers Lodge	20	(—) 0·09	28	(—) 0·23
14. Madurai Travellers Lodge	67	(—) 0·09	66	(—) 0·14
15. Mahabalipuram Travellers Lodge	58	(—) 0·15	58	(—) 0·16

Name of the Unit	1970-71 Bed occupancy %age	1970-71 Profit (+) Loss (—) (Rs. in lakhs) 1970-71	1971-72 Bed occupancy %age	1971-72 Profit(+) Loss (—) (Rs. in lakhs) 1971-72	1972-73 Bed occupancy %age	1972-73 Profit(+) Loss(—) (Rs. in lakhs) 1972-73
1. Kulu Travellers Lodge.	44	(—) 0·19	41	(—) 0·29	40	(—) 0·53
2. Bodhgaya Travellers Lodge	21	(—) 0·25	19	(—) 0·39	34	(—) 0·31
3. Mandu Travellers Lodge	17	(—) 0·34	10	(—) 0·33	19	(—) 0·37
4. Sanchi Travellers Lodge	19	(—) 0·35	19	(—) 0·45	26	(—) 0·41
5. Bijapur Travellers Lodge	56	(—) 0·10	40	(—) 0·18	48	(—) 0·14
6. Bhubaneswar Travellers Lodge	39	(—) 0·13	35	(+) 0·17	45	..
7. Tanjore Travellers Lodge	47	(—) 0·22	47	(—) 0·16	40	(—) 0·27
8. Manali Travellers Lodge	52	(—) 0·22	46	(—) 0·71	53	(—) 0·69
9. Konarak Travellers Lodge	17	(—) 0·39	13	(—) 0·35	18	(—) 0·30
10. Trichy Travellers Lodge	31	(—) 0·31	18	(—) 0·20	25	(—) 0·20
11. Bharatpur Travellers Lodge	14	(—) 0·40	20	(—) 0·30	closed	(—) 0·10
12. Kushinagar Travellers Lodge	17	(—) 0·28	13	(—) 0·27	28	(—) 0·28
13. Kanchipuram Travellers Lodge	36	(—) 0·21	28	(—) 0·35	33	(—) 0·36
14. Madurai Travellers Lodge	63	(—) 0·52	48	(—) 0·03	47	(—) 0·24
15. Mahabalipuram Travellers Lodge	58	(—) 0·03	42	(—) 0,22	**	..

* These units originally operated as Travellers Lodges, were expanded in the financial year 1972-73 and converted into Motel/Shore Cottages/Hotel.

** As these units were taken over by the ITDC from the Deptt. of Tourism on 1-1-1969, they operated only for three months during 1968-69.

APPENDIX III

(*Vide* Para 5·16)

Percentage of utilization of ITDC fleet at 17 fleet Units

Sl. No.	Unit	1970-71 DLY	1970-71 DLZ	1970-71 B.C.	1971-72 DLY	1971-72 DLZ	1971-72 B.C.	1972-73 DLY	1972-73 DLZ	1972-73 B.C.
1	Delhi	74·0	74·8	48·4	78·9	65·0	46·3	80·9	75·1	58·6
2	Madras	76·4	70·4	73·2	61·9	65·2	69·5	62·6	64·8	60·8
3	Jaipur	72·1	82·6	54·1	58·7	55·4	61·5	66·7	54·7	78·9
4	Patna	77·3	61·9	54·6	70·0	41·3	46·4	73·4	51·9	57·0
5	Hyderabad	59·4	54·9	51·2	57·8	49·9	62·0	74·8	38·4	53·7
6	Aurangabad	68·9	52·8	—	66·3	61·5	—	62·1	50·3	—
7	Bangalore	—	22·4	—	66·1	67·3	—	74·8	64·9	76·0
8	Bombay	—	—	—	77·4	74·3	—	59·8	73·4	—
9	Khajuraho	61·5	—	—	60·4	—	—	78·5	—	—
10	Agra	—	48·2	28·0	—	60·0	—	84·6	74·4	—
11	Srinagar	68·8	59·7	96·4	61·9	60·7	92·5	46·4	50·6	91·2
12	Madurai	48.8	—	—	39·2	—	—	—	—	—
13	Kovalam	—	—	—	86·9	—	—	83·2	59·0	—
14	Udaipur	—	—	—	75·0	—	64·1	70·1	—	5·5
15	Bodhgaya	70·1	—	—	54·3	—	—	65·0	—	—
16	Hassan	—	—	—	30·8	—	—	36·2	—	—
17	Calcutta	—	—	—	—	—	—	50·0	50·0	50·0
	Overall Utilisation:	78	72	55	69	64	54	72	70	63

APPENDIX IV

(*Vide* Para 6.14)

Statement of expenditure on cultural entertainment including Band and Music incurred in various Hotels of ITDC.

(Rs. in lakhs)

Year	Total Expenditure	Expenditure on Cultural Entertainment, including Band & Music	% to total expenditure
1. *Ashoka Hotel, New Delhi.*			
1969-70	173·18	1·04	0·60
1970-71	231·63	2·45	1·06
1971-72	240·50	2·61	1·09
1972-73	292·30	3·70	1·27
2. *Akbar Hotel, New Delhi.*			
1971-72	27·35	0·10	0·37
1972-73	88·38	0·82	0·93
3. *Hotel Ashoka, Bangalore.*			
1971-72	67·06	0·72	1·07
1972-73	68·50	0·82	1·20
4. *Hotel Janpath, New Delhi.*			
1969-70	60·98	0·36	0·59
1970-71	70·91	0·38	0·54
1971-72	71·57	0·37	0·52
1972-73	86·95	0·40	0·46
5. *Hotel Ranjit, New Delhi.*			
1969-70	27·07	0·02	0·07
1970-71	36·05	0·02	0·06
1971-72	39·94	0·01	0·03
1972-73	43·76	0·02	0·05
6. *Lodhi Hotel, New Delhi.*			
1969-70	23·10	0·02	0·09
1970-71	31·03	0·04	0·13
1971-72	36·25	0·001	0·003
1972-73	43·61	0·02	0·05

APPENDIX V

(*Vide* Foot-note below paragraph 2.8)

Statement showing Fifth Plan Programmes of I.T.D.C.

(Rupees in lakhs)

Sl. No.	Description of the Scheme: Name of the Scheme	Star Category	Capacity: Rooms	Capacity: Beds	Estimated cost	Fifth Plan Provision	Spill-over to Sixth Plan
	I. *Continuing Schemes*						
1	Hotel at Dum Dum .	4	150	300	250	85	
2	Hotel at Kovalam .	4	100	200	145	30	..
3	Hotel at Gulmarg	4	60	120	145	140	..
4	Hotel at Aurangabad .	3	50	100	50	45	..
5	Expansion of Hotel Ashoka, Bangalore	5	100	200	100	60	..
6	Revolving Tower Restaurant at Ashoka Hotel, New Delhi.	..	..	..	90	80	..
7	Hotel at Patna . . .	3	50	100	50	45	..
	Total :		510	1020	830	485	
	II. *New Schemes*						
	(A) *Hotels* :						
1	New Delhi	3	600	1200	700	700	
2	Goa	3	150	300	200	200	..
3	Mysore . .	4	69	130	73	65	
4	Puri . .	3	75	150	60	60	..
5	Kovalam . . .	4	(150)	(300)	250	100	150
	Total :		894	1780	1283	1125	150

Sl. No.	Description of the Scheme				Esti-mated cost	Fifth Plan Provi-sion	Spill-over to Sixth Plan
	Name of the Scheme	Star Category	Capacity				
			Rooms	Beds			
	(B) *Motels* :						
1	Agra	3	100	200	135	135	..
2	Jaipur	3	100	200	135	135	..
3	Ranchi	3	60	120	50	50	..
4	Siliguri	2	50	100	45	45	..
5	Chandigarh	2	50	100	45	45	
6	U.P. Hill Areas	2	50	100	50	50	..
7	Pondicherry	2	50	100	45	45	..
8	Ahmedabad	3	60	120	75	75	..
9	Nagarjunasagar	2	50	100	45	45	..
10	Pahalgam	2	(50)	(100)	50	20	30
11	Kanya Kumari	2	(50)	(100)	45	15	30
12	Bhopal	2	(50)	(100)	45	15	30
13	Gauhati	2	(50)	(100)	45	10	35
14	Amritsar	2	(50)	(100)	45	10	35
	Total :		570	1140	855	695	160
	(C) *Cottages* :						
1	Goa	3	50	100	50	50	..
2	Kovalam	4	50	100	60	60	..
3	Mahabalipuram	3	25	50	25	25	..
	Total :		125	250	135	135	..

Sl. No.	Description of the Scheme: Name of the Scheme	Star Category	Capacity: Rooms	Capacity: Beds	Estimated Cost	Fifth Plan Provision	Spill-over to Sixth Plan
	(D) *Expansion of Hotels*/TLs						
	Hotels :						
1	Akbar	5	150	300	225	225	..
2	Qutab . . .	4	20	40	20	20	..
3	Varanasi . . .	3	50	100	50	50	..
	Travellers Lodges :						
1	Bhubaneswar . .	2	25	50	15	15	..
2	Madurai . . .	2	25	50	15	15	..
3	Bodhgaya . .	2	25	50	15	15	..
4	Kushinagar . .	2	25	50	15	15	..
5	Kulu	2	25	50	20	20	..
6	Manali . .	2	25	50	20	20	..
	Total :		370	740	395	395	..
	(E) *Renovation of Existing Hotels* :						
1	Ashoka Hotel, New Delhi . .				80	80	
2	Janpath, Ranjit & Lodhi Hotels		..		100	100	
3	Hotel Ashoka, Bangalore . . .				20	20	..
	Total :				200	200	
	(F) Establishment & Expansion of Transport Units . .			..	200	200	
	(G) Establishment, Renovation and Expansion of Duty-Free Shops/Discount Shops .				50	50	
	(H) Central Laundry for hotels in Delhi . . .				35	35	..
	(I) Training & Manpower Planning Schemes . .				80	80	..
	GRAND TOTAL .		2469	4930	4063	3400	310

APPENDIX VI

Summary of Conclusions/Recommendations

Sl. No.	Reference to para No. in the Report	Summary of Conclusions/ Recommendation
1	2	3
1	2.9	The Committee regret to note that as many as seven schemes of ITDC included in the Fourth Plan, viz. Hotel Projects for Goa, Jaipur, Motel at Silliguri and Expansion of Travellers Lodges at Bubaneshwar, Madurai, Bodh Gaya and Kulu, had to be postponed to the Fifth Five Year Plan because a closer scrutiny thereof revealed that some of them were not essential. The Committee take a serious view of inclusion of schemes in the plan without adequate scrutiny of plans and priorities. The Committee are surprised to find that clear physical targets were not laid for watching the implementation of the schemes. The Committee find that in spite of seven of the schemes having been postponed to Fifth Plan the entire allocation for the 4th Plan has been expanded. The Committee recommend that Government should ensure that only such schemes of approved priorities are included in the Plans for which all the relevant details including estimates of cost have been worked out in advance. The Committee also recommend that wherever schemes not included in the approved Plan are allowed to be executed the matter should be suitably brought to the notice of Parliament with precise reasons for the change. This may be done by making a specific mention of this with supporting details in the Annual Report of the Ministry and the Budget documents.
2	2.10	Now that ITDC has gained sufficient experience in the field over the years, the Committee stress that Government|ITDC should work out details of the schemes, determine their *inter se* priorities so that these are taken up for execution to get the best results out of the investment.

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3	3.8 and 3.9	The Committee note the decline in the rate of occupancy in almost all the hotels managed by the ITDC from 1970-71 upto 1972-73. The main reason advanced by the Management of the ITDC for this downward trend in occupancy ratio from 1970-71 to 1972-73 was non-availability of hotel rooms on account of renovation. The Committee do not see any reason why the Corporation should undertake extensive renovation of all its hotels simultaneously. The Corporation should phase its programmes of renovation of its hotels in such a manner that room occupancy is not adversely affected. One way to achieve this objective can be to undertake major renovation works during off-season period of tourist arrival in India and minimum renovation during tourist season. The Committee recommend that ITDC should study in depth the causes contributing to less occupany before launching on such major programmes of renovation as are likely to affect occupancy of hotel rooms and consequently their profitability. The Committee are glad to note the increase in the rate of room occupancy in the major hotels of ITDC during 1973-74. The Committee would also like ITDC to study the factors underlying the high occupancy of leading hotels in private sector and to take further suitable measures in order to boost up occupancy in the hotels under their management.
4	3.16	The Committee find that ITDC have undertaken renovation of Ashoka, Janpath, Ranjit and Lodhi Hotels at an estimated cost of Rs. 3.11 crores against which a sum of Rs. 2.43 crores has been spent up to 30th September, 1973. The Committee note that out of this, a sum of Rs. 30 lakhs has been spent on renovation of Ranjit Hotel and a sum of Rs. 31 lakhs on renovation of Lodhi Hotel upto 30th September, 1973. It has been claimed by the management that the

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		expenditure on renovations was justified by the increase in revenue in these hotels. The Committee note that the revenue in the case of Ranjit Hotel has increased from Rs. 35.58 lakhs in 1971-72 to Rs. 47.87 lakhs in 1972-73 and the loss has also decreased from Rs. 4.36 lakhs in 1971-72 to Rs. 1.83 lakhs in 1972-73. In the case of Lodhi Hotel, the revenue has increased from Rs. 33.77 lakhs in 1971-72 to Rs. 42.93 lakhs in 1972-73 and the loss has come down from Rs. 2.48 lakhs to Rs. 0.67 lakhs. The Committee, however, find that there has not been any appreciable improvement in the room occupancy of these two hotels. The Committee are, therefore, not impressed by the plea of the Management that the expenditure on renovation in the case of hotels was justified by the increase in revenue because they find that there has been an increase in tariff of the hotels from October, 1972.
5	3.17	The Committee were assured that the Government kept themselves fully informed of the working results of ITDC hotels and the performance of the hotels was periodically reviewed. The Committee recommend that while reviewing the performance of the hotels, the reasons for the losses incurred by each of the ITDC hotels should be critically analysed and remedial measures taken in time. The Committee would also like that while conducting the periodical review of the ITDC hotels, it should be ensured that renovations result in improving the room occupancy ratio and contribute substantially towards earnings.
6	3.29	The Committee note that Government approved the construction of the Annexe of the project of the Ashoka Hotels at an estimates cost of Rs. 2.39 crores which included a revolving tower restaurant with a height of 150 ft. with 11 floors estimated to cost Rs. 25 lakhs. The work on the Annexe project was awarded to M|s Tirath Ram Ahuja on the advice of the architects M|s. Chou-

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		dhary and Gulzar Singh in preference to the lowest tenderer M/s. Uttam Singh Duggal and Company. Before the UNCTAD Conference began in February, 1968, the Revolving Tower was completed up to third storey level. The work was suspended and it was decided to resume it after the UNCTAD Conference. Subsequently, on the advice of the architect, the height of the Tower was increased to 227 ft. and the estimated cost of the Tower was revised to Rs. 47.71 lakhs. In the meanwhile, the Committee on Public Undertakings (1967-68) had in their thirteenth report on the working of the Ashoka Hotels adversely commented on the role of the architects and the action of the management in awarding the contract for the Annexe to M/s. Tirath Ram Ahuja (Pvt.) Ltd. In pursuance of this recommendation, Government appointed an enquiry committee in June, 1968 and on the basis of that Committee's report, management dispensed with the services of the architects. Subsequently, the Committee on Public Undertakings (1971-72) in their 15th Action Taken Report on Ashoka Hotels had observed that the Parliamentary Committee had in no way recommended suspension of the work on the tower but only its economic execution and recommended that it was a fit subject for high level enquiry. The Committee were informed that the Government had now decided in principle to resume the work on the tower at revised estimated cost of Rs. 60 lakhs for which necessary provision had been included in the Fifth Plan. Government also intimated that as the project had not been given up altogether, there was no need to appoint a high level inquiry committee.
7	3.30	The Committee find that the delay of 6 years in the resumption of the work of construction of the Revolving Tower has resulted in the escalation of the cost estimates to the extent of

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		nearly Rs. 13 lakhs. According to the preliminary economics of the project, the Committee find that the return on investment will be of the order of 7 per cent only in the 5th year after commissioning of the Tower and the pay back period is expected to be 12 years.
8	3.34	The Committee note that the Fourth Plan of the Corporation included an allocation of Rs. 100 lakhs on account of a hotel at Aurangabad. The Corporation decided to take over the Railway Hotel and expand the same by addition of 50 rooms instead of going in for the construction of a new hotel. Even after the decision to expand the existing railway hotel was taken, the Corporation could not take up the work for execution due to non-availability of adequate funds during 1972-73 and 1973-74. According to the present estimates the hotel is scheduled for completion only in September, 1975. The Committee fail to understand as to why the Corporation should not have accorded priority to the development of hotel facilities at Aurangabad, when it was well known that Aurangabad was the central point for the tourists to Ajanta and Ellora caves and there was a demand for good hotel accommodation, instead of relegating the execution of the work to Fifth Plan. The Committee feel that the Corporation left the field open with the result that a private sector hotel has come to be established at Aurangabad.
9	3.43	The Committee find that out of 10 ITDC Hotels as on 31st March, 1973, as many as 6 hotels incurred losses during 1972-73, viz. Lodhi (0.67 lakh), Ranjit 1.33 lakhs), Aurangabad (1.17 lakhs), L.V.P. Hotel, Udaipur (4.72 lakh), Khajuraho Hotel (3.29 lakhs) and Kovalam Grove (6.27 lakhs). The losses incurred by the Hotels at Aurangabad, Khajuraho and Kovalam have been justified due to the fact that these hotels started functioning only during the closing months of the year, 1972. The Committee, however, find that the

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		Lodhi and Ranjit hotels have been continuously incurring losses from 1969-70. The losses had been heavy in the case of Ranjit during 1970-71 and 1971-72. The losses have been attributed to low tariffs, high break-even, increase in the wage bill over the years and high rent liability besides increased maintenance charges. It was stated that these two hotels were first built as hostels and had to be renovated to convert them into hotels. Even so, the Committee find that the occupancy had not appreciably improved. The Committee, therefore, recommend that the Government/Corporation should critically go into the reasons for the losses and take concerted measures with a view to improving occupancy and effecting economies in expenditure in order to improve the profitability of those hotels. The Committee would also like to watch the performance of the Varanasi and Qutab Hotels which have been recently commissioned.
10	3.52	The Committee note that the Corporation set up three motels one each at Jammu, Hassan and Khajuraho during 1972-73. The percentage of room occupancy during that year was 30.12 per cent. 22.71 per cent and 42.56 per cent, respectively. During the year 1973-74 (upto December, 1973) the room occupancy showed a declining trend, the occupancy being 27·64 per cent at Jammu, 19·16 per cent at Hassan and 22·36 per cent at Khajuraho. All the three motels incurred a total loss of Rs. 10·96 lakhs in 1972-73 and Rs. 5·08 lakhs in 1973-74 (upto December, 1973). The Committee are perturbed at the low room occupancy and resultant losses being incurred by these motels. Since the Motels are stated to break-even at 60 to 65 per cent occupancy, the Committee recommend that the Cor-

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		poration should carefully review the working of these motels and take concerted measures to improve their financial position.
11	3.53	The Committee also find that ITDC propose to set up 14 additional motels during the Fifth Plan period despite the fact that the existing motels continue to suffer low room occupancy and financial losses. The Committee recommend that the ITDC should proceed with the programme of setting up new motels cautiously and only after a careful scrutiny of their feasibility studies and economic viability. The Committee need hardly stress that the impact of recent increase in the price of petrol on the popularity of motels would also be kept in view in taking investment decisions for setting up new Motels.
12	3.54	The Committee note that the actual expenditure on the motel-*cum*-Tourist Reception Centre at Varanasi is likely to exceed the estimated cost of Rs. 49.90 lakhs by 25 per cent. The Committee would like Government to go into the reasons for the excess critically before sanctioning the Revised Estimates of the Project.
13	3.60	The Committee note that the Department of Tourism of the Government of India constructed travellers' lodges mostly in the Sixties at places which had magnificent architectural buildings, sculpture and scenic beauty like Ajanta, Bodh-Gaya, Konarak, Madurai, Sanchi etc. These lodges were transferred by Government to the Corporation on 1st January, 1969. The Committee find that while the number of lodges where room occupancy was 50 per cent or more was five in 1969-70, the number of such lodges has come down to one in the year 1972-73. Not only this, after the transfer of these lodges to the I.T.D.C. the total loss incured by these lodges has been increasing each year except in the year

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		1971-72 when the loss was Rs. 4.06 lakhs as against Rs. 3.88 lakhs in the year 1970-71. The Committee recommend that the operation of the travellers' lodges may be examined by Government and effective steps taken to reduce the losses so that they operate at least on no profit no loss basis.
14	3.71	The Committee note that the ITDC has so far been laying greater emphasis on catering to the needs of foreign tourists belonging to affluent sections and had accordingly been setting up mainly 5 star hotels. The Committee were informed that during the Fifth Five Year Plan the stress would be on construction of 3 star hotels with tariff of 45 to 60 rupees per day for single occupancy. The Committee note the shifting of emphasis from the 5 star to 3 star hotels in the proposed Fifth Plan. They still feel that much remains to be done for providing accommodation at cheaper rates to cater to the needs of tourists with moderate means, particularly students and others young in age. The Committee note that Government are setting up a number of Youth Hotels for meeting this requirement but no final decision has yet been taken regarding the management of these hostels. The Committee would like Government to expedite completion of these hostels and take an early decision about management keeping in view the experience of other countries where such hostels have been running for a number of years and in consultation with representative bodies engaged in youth and social welfare work.
15	4.26	The Committee not that the UNDP team in their Report on Tourism in India, 1970 had expressed insofar as development of Goa was concerned, that Goa is one of the most interesting areas which could immediately be developed to become a centre of tourism of high attraction

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		since it has all natural pre-conditions, developed infrastructure and, therefore, more favourable than Kovalam which has to start *de novo* to build up a name and image abroad. The Committee are surprised to find that in spite of these recommendations by the Team Goa has been relegated for development in the Fifth Plan and Kovalam was taken up for development on a priority basis at a cost of Rs. 225.8 lakhs, placing reliance on a survey conducted by Club Mediteraine as far back as 1959 when Goa was not part of India. The Committee, feel as admitted during evidence, Goa should have been taken up before Kovalam. The Committee fail to understand why Government should not have taken advantage of the existing infrastructure facilities at Goa and given priority for the development of Goa as a tourist resort rather than go in for a project like Kovalam where everything has to be started *de novo* to build up a name and image abroad. Moreover the Committee find that the hotel and cottages, at Kovalam cannot attract customers during the four months of the rainy season and the Corporation would be offering the accommodation at half the tariff. In the opinion of the Committee, such a situation is bound to have an adverse effect on the room occupancy and consequentially the profitability of the project. The Committee, therefore, recommend that at least now the Government|ITDC would review the position and consider taking up the development of Goa project in right earnest and on priority basis keeping in view the recommendation of the UNDP Team and the vast potential for the development of tourism at Goa.
16	4.27	The Committee note that out of the total cost of Rs. 221.58 lakhs for the Kovalam project the

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		share of the ITDC for the construction of 100 room Hotel and 40 cottages was Rs. 135 lakhs. The whole Kovalam complex was to be executed by the ITDC as an integrated project. The Committee also note that 40 cottages have been completed and commissioned on 17th December, 1972.
		The Committee were informed that according to present anticipations, the total cost of the Kovalam project is expected to go up by 30 per cent. It was however, admitted during evidence that expenses incurred on cottages were on the high side and the cost of furnishing could have been less. As assured during evidence the Committee recommend that the experience gained in Kovalam project should be fully utilised particularly in executing the expansion schemes under the project. The Committee also note that during the 3½ months of 1972-73, these cottages indicated an occupancy ratio of 43 per cent resulting in a loss of Rs. 6.27 lakhs including development rebate of Rs. 3.21 lakhs and depreciation of Rs. 3.01 lakhs for the full year. The occupancy is expected to increase to 50 per cent and an overall profit of Rs. 2.1 lakhs is anticipated during 1973-74. The Committee recommend that the Corporation should take suitable measures to attract tourists and to see that the occupancy of Kovalam improves.
17	4.28	The Committee also recommend that Corporation should ensure that the quality of service available at this project to the tourists should be of the highest order and upto the expectations of international tourists, and for this purpose, the Corporation should ensure that the staff posted are quite knowledgeable and conversant with all the details about the Project and its surroundings so as to serve as a real guide to the tourists.

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18	4.29	The Committee regret to note that the Corporation has sought the advice of UNDP experts and considered measures to prevent erosion by sea only in May, 1973 after the project had been commissioned in December, 1972. The Committee were informed that a study for a period of 2 years has now been undertaken by the Peechi Research Station to determine the sand loss during the monsoon. The Committee fail to understand as to how such an important factor was not considered even before the selection of the site for the project and adequate precautionary measures taken before commissioning the project. The Committee recommend that the Government should take suitable measures in this regard at least before the integrated project is commissioned.
19	4.30	The Committee find that expansion of Trivandrum Airport which was an essential pre-requisite for increased tourist traffic is being considered only in the Fifth Plan. The Committee see no reason why the development of the Airport should not have been integrated along with the establishment of hotel cottages at Kovalam especially when both the Departments of Tourism and the Civil Aviation are under the same Ministry. The Committee hope that at least now Government will accord priority to this scheme and ensure that these facilities are available in the early part of the Fifth Plan.
20	4.34	The Committee recommend that scope for development of Mahabalipuram Beach may be examined in detail in consultation with the State Government of Tamil Nadu keeping in view the recommenadtions of the UNDP team in this regard and an early decision taken in the matter.

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21	4.45	The Committee note that the Gulmarg winter Sports Project with an estimated outlay of Rs. 111.30 lakhs was first cleared by the Expenditure Finance Committee in 1968 and the Hotel component of the Project estimated to cost Rs. 32 lakhs for a three Star Hotel was transferred to the ITDC. The Committee also note that in spite of the recommendations of the Estimates Committee in their 90th Report (4th Lok Sabha) of 1969-70, Government felt that there was no valid justification for deferring the Project and decided to continue the execution of the Project. The Corporation in 1971 drew up plans and estimates for a centrally tested 60 room four Star Hotel at an estimated cost of Rs. 110 lakhs and the project was to be completed by November, 1974. These plans have subsequently been modified and the Revised Cost Estimates of the Project are stated to be Rs. 148 lakhs and the project is expected to be completed late in 1975 or early in 1976. The Committee are informed that the project is not expected to break-even for a period of 6 years and the overall return would be of the order of 1½ per cent only. The Committee are surprised that the Department of Tourism have decided to go ahead with the hotel project despite the low return. The Committee are not sure that even this return would materialise. The Committee, therefore, recommend that Government should have a second look on the economic viability of the project and take a firm decision about the classification of hotel which they would like to construct consistent with the needs of the tourist traffic and economic viability.
22	5.26	The Committee appreciate the sight-seeing facilities provided by the I.T.D.C. through its transport fleet thus raising the general level of Tourism in the country. The Committee also note the fares charged are reasonable and com-

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		pare favourably with what is charged by similar operators in foreign countries and utilisation during the tourist season; ranges between 75 to 85 per cent. The Committee, however, find that the overall utilisation of Transport fleet of ITDC was about 70 per cent in respect of DLY cars, 69 per cent in the case of DLZ cars and 58 per cent in the case of big coaches during the period from 1970-71 to 1972-73. The Committee regret to note that the utilisation of fleet has been as low as 5.5 per cent in 1972-73 at Udaipur and 28 per cent at Agra during 1970-71, in the case of big coaches. As far as DLZ cars are concerned the lowest utilisation was at Bangalore (22.4 per cent) in 1970-71. In the case of DLY cars the lowest utilisation was at Hassan (30.8 per cent). The Committee were informed that even if some of the Transport units are not remunerative, transport has to be provided to complement the basic infrastructure for the Centre as a whole. The Committee recommend that the Corporation should so arrange the deployment of fleet at various centres as to ensure maximum utilisation of each vehicle, consistent with the tourist traffic needs in these centres.
23	5.27	The Committee also find that during 1972-73, transport centres at Delhi, Madras, Udaipur, Kovalam, Hassan, and Calcutta made losses while those at Patna, Srinagar, Khajuraho, Aurangabad, Hyderabad, Agra, Bangalore and Bombay made profits. The overall financial results of these units indicated a net loss of about Rs. 85,000 in 1972-73 as against a profit of Rs. 36,000 in 1971-72. The Committee were informed during evidence that the main reason for the losses were that there has been no appreciable increase in the tariffs since 1965-66, fuel cost had gone up by 105 per cent, wages had increased by 50 per cent besides rise in other expenses. The Committee are surprised

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		to note that despite improvement in utilisation of fleet at Delhi in the year 1972-73 the loss at this centre has been the maximum *viz.* Rs. 2.38 lakhs. In fact, Delhi has been incurring losses continuously from 1970-71. The Committee recommend that the reasons due to which some of the transport units of ITDC including Delhi are running into losses should be critically examined and suitable remedial measures taken to improve the operational efficiency and profitability of the units.
24	5.28	The Committee note that the present estimated fleet of 4,801 tourist vehicles in the country is proposed to be increased to 10,500 vehicles by the end of the Fifth Five Year Plan, *i.e.* 1975—79. ITDC have at present a total fleet strength of 204 vehicles located in 16 units. During the Fifth Five Year Plan, the ITDC propose to add to this fleet 100 luxury cars, 70 Ambassador cars and 30 coaches. It has been stated by the ITDC that their entire existing fleet would require replacement during the next five years. The Committee would suggest that replacement of fleet should be so phased that ITDC are able to meet the additional flow of tourist traffic which it has been estimated, would double by the year 1978-79. The Committee need hardly point out that the unprecedented increase in prices of fuel and petroleum products is bound to have a marked effect on fleet requirements for transport. The Committee stress that a careful review should be made of the trends already developing in this behalf with a view to see that the fleet is augmented only to the extent considered necessary.
		The Committee would also suggest that the Corporation/Government should consider, in the context of the present need to conserve fuel resources, whether it would not be better to lay

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		greater stress on acquisition of coaches of larger capacity rather than adding luxury cars so that the interest of a common tourist are served better.
25	5.29	The Committee note that the existing servicing and maintenance arrangements for the fleet of the ITDC are far from satisfactory. Whereas the transport units are located at 16 far flung places in the country, the Corporation has set up workshop facilities at Delhi only. The Committee would urge the Corporation to carry out a systematic review of the servicing and repair facilities required for their fleet so as to put them on satisfactory basis.
	5.30	The Committee need hardly point out that vehicles which are stationed at places where necessary servicing facilities do not exist, synchronise their trips to places where they are generally attended to instead of detailing them to far away places only for routine servicing, etc.
26	5.41	As far back as 1969-70 the Committee had in paragraph 4.16 of their 70th Report on ITDC suggested that Central Government should examine the entire issue of inter-State travel by road in all its aspects on an All India basis and persuade the State Governments to follow a uniform policy with regard to issue of permits, registration of transport and non-transport vehicles, convenient and economical clearance of passengers at inter-State borders and allow unrestricted movement of tourist vehicles across State Boundaries, etc. The Committee note that the draft Rules framed in this connection have been adopted by all the States except the States of Assam, Jammu and Kashmir and West Bengal. The main reason for some of the States not adopting these Rules was stated to be the fear of loss of revenue to the States. The

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		Committee recommend that an abiding solution to this long standing problem should be found without further delay.
27	5.42	The Committee were assured during evidence that ITDC maintained a close liasion both with the State Transport Authorities and State Tourism Departments so as to avoid any possible duplication of services and facilities. Coordination was also ensured by the Department of Tourism through Tourism Development Council and the Transport Development Council. The Committee, however, feel that as road transport is a State subject and is basically governed by the policies of the individual State Governments, there is an urgent need to evolve an effective institutional arrangement for closer coordination between the ITDC and the state transport authorities in the interest of meaningful review of programmes and plans in order to avoid duplication of efforts or wasteful competition. The Committee feel that as the operations of the ITDC are not confined to any particular state or region, a time has come when ITDC should be recognised as one of the national transport undertakings of the country as a whole and its units located in various states should be treated on par with nationalised transport undertakings of respective States in the matter of grant of permits, countersignatures, fixation of fares and other allied facilities in the interest of building up a well coordinated tourist transport network of acceptable standard for the development of tourism in the country.
28	6.19	The Committee note that as a first step in the matter of providing suitable cultural entertainment facilities to foreign tourists, the ITDC are

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		organising cultural and other entertainment programmes in their major hotels with the assistance and collaboration of national cultural organisations like Bharatiya Kala Kendra, Sangeet Natak Akademi, National School of Drama etc. The Committee also note that the Ministry of Tourism have in August, 1973 set up a working group with a view to develop the entertainment facilities on a national scale and evolve suitable norms for entertainment consistent with India's rich cultural heritage and skills in performing arts and also to advise on the creation of an independent organisation in the Department of Tourism or ITDC. The Committee would like the matter to be finalised early so that suitable norms for arranging entertainment in Government owned hotels, restaurants etc. become available for implementation. The Committee also recommend that cultural programmes as arranged by the various hotels, should form part of the commercial venture of the hotels and may not be subsidised.
29	6.46	The Committee note that the Son-et-Lumiere Show at Red Fort, Delhi which was mounted and opened to the public in March, 1965 by the Department of Tourism was revised at a cost of Rs. 1.39 lakhs in November, 1965 after about seven months of its commissioning. The show was taken over by ITDC at a cost of Rs. 6.5 lakhs in April, 1967 and was once again revised at a cost of Rs. 4.37 lakhs. The revised show was opened to the Public on 28th September, 1971. The Committee are informed that the main reasons for the revision of the show were 'a lot of criticism about the contents of the programme', alternate suggestions to include in the script the song, Vande Matram, the original voice of Netaji and the INA marching song, etc.

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		The Committee regret to note that the original scripts of Red Fort Show were not properly scrutinised before inclusion in the programme with the result that the script had to be revised twice at a heavy cost of Rs. 5.76 lakhs which also included valuable foreign exchange. The Committee, therefore, urge that Government/ITDC should take utmost care in the matter of scrutiny and approval of the script so that the final production is set in true historical perspective.
	6.47	Government should also consider the feasibility of associating with them experts with knowledge of the history of the period while finalising the scripts for such shows.
30	6.48	The Committee find that a Son-et-Lumiere show covering Mahatma Gandhi's life at Sabarmati Ashram was mounted in April, 1972 at a cost of Rs. 18.25 lakhs. During the first year of its operation (1972-73) the show attracted 21,886 visitors and incurred a net loss of Rs. 2.35 lakhs as against the anticipated loss of Rs. 0.86 lakhs, despite intensive publicity through press, circulars, hoardings, cinema slides and concession to students. During evidence, the representative of the Ministry expressed the view that this show should not be judged in monetary terms but had to be considered in the context of emotional appeal and the need to project the life of Mahatma Gandhi. The Committee recommend that suitable publicity measures including revision of fares and provision of cheaper accommodation may be considered to increase local response as well as tourist attraction and make the show more popular.

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31	6.49	The Committee find that Son-et-Lumiere shows at Srinagar mounted in September 1972 at a cost of Rs. 27.75 lakhs is also not expected to be economically viable. This show has been described as a 'Poineering effort'. In the opinion of the Committee the utility of such a show in a land which is endowed with natural scenery and has other alternative attractions for the foreign tourists could not seem to be justified, even as a 'Promotional activity'. The Committee also recommend that Government/ITDC should learn a lesson from the experience of working of the Son-et-Lumiere shows already set up and avoid mounting new shows which are not economically viable.
32	6.55	The Committee note that in the matter of mounting Son-et-Lumiere Shows the Corporation had entrusted the work to Phillips of Holland in India. Although in reply to the Committees' earlier recommendation in their 70th Report of CPU on ITDC, the Committee were informed that efforts to find alternatives to Phillips India had continued, the Committee find that the Corporation had only consulted some technical institutes in India like the Central Electronic Engineering Research Institute, Pilani and ITI, Delhi and not the Electronics Corporation of India, a public sector undertaking. The Committee stress that all out efforts should be made to locate indigenous sources for installation of Son-et-Lumiere shows to reduce dependence on foreign firms at least in mounting the future shows.
33	7.11	The Committee note that the turnover of the four duty free shops run by the ITDC at Palam (Delhi), Dum Dum (Calcutta), Santa Cruz (Bombay) and Mennabakkam (Madras) has increased from Rs. 28.70 lakhs in 1970-71 to Rs. 52.49 lakhs in 1972-73. Net foreign exchange

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		earnings of these shops have increased from Rs. 22.52 lakhs to Rs. 33.69 lakhs in 1972-73. These shops earned net profit of Rs. 6.12 lakhs in 1970-71, Rs. 6.07 lakhs in 1971-72 and Rs. 12.69 lakhs in 1972-73. Although there has been an overall profit in the working of these shops, the Committee find that the Duty Free Shop at Madras has been incurring losses from 1969-70 to 1971-72 and it has earned a marginal profit of Rs. 0.17 lakhs in 1972-73. The Committee are informed that the procedure for making purchases in these shops is cumbersome and acts as a disincentive. During evidence the Chairman of the Corporation also admitted that at the duty free shops "Red tape has to be curtailed." The Committee recommend that the procedure followed at these shops may be simplified and streamlined so that tourists may not have to face any inconvenience while making purchases at the Duty Free Shops in India. Government may also examine the question of allowing incoming tourists, who have been abroad and returning home, to make purchases at the duty free shops within the admissible limits before they pass through the customs as this may help in increasing the foreign exchange earnings.
34	7.12	At present the duty free shops sell liquor, cigarettes, cigars, tobacco, perfumes, photographic goods, pens and pencils, watches, electrical goods cigarette lighters and a wide selection of items of handicrafts and readymade garments. Indigneous items like transistor radios, tea, Attar, liquor have also been introduced. The Committee, recommend that sample studies of tourists demands may be carried out and greater efforts should be made to put on sale at these shops a wider variety of indigenous commodities and goods.

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35	8.6	The Committee note that during the decade (1961-71), tourists arrivals in India had registered an average annual increase of 12.4 per cent. By 1980, India expects the tourists arrivals to increase from the present level of 3 lakh tourists to 10 lakhs tourist. As the success in attracting foreign tourists largely depends upon the "tourist image" which the country is able to build in potential tourist markets in the world, the achievement of 1980 target would in the opinion of the Committee, call for two pronged strategy of strengthening the infrastructure at home and improving India's image abroad.
36	8.27	The Committee note that during 1972-73, ITDC organised a "design workshop" to raise the quality of Indian publicity to international standards of excellence. As a result of new format evolved for India's tourism literature is stated to have replaced a variety of sizes, shapes and formats, and it is claimed that it has a high degree of visual sales appeal. It has resulted in significant economies in paper utilisation. The Committee stress that information to be included in the literature for distribution should be selected most carefully in coordination with the Government of India and the State Governments and scrutinised thoroughly so as to minimise the risk of costly multicolour publicity material becoming obsolete.
37	8.28	The Committee also recommend that the Department of Tourism/Corporation should make use of their tourist offices abroad to assess the tourists response to the material, so that improvement in the publicity material could be effected in time.
38	8.29	The Committee are impressed with the quality of publicity material produced by the

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		ITDC. The Committee suggest that the impact of publicity material on the tourists particularly foreign tourists should be systematically evaluated in the interest of improving the quality and public appeal of tourist literature.
39	8.30	The Committee also suggest that Government/ITDC should keep in touch with the latest tourist literature brought out in the world, particularly by countries which have achieved phenomenal rate of growth in tourist traffic, so as to incorporate the commendable features thereof in our publicity material.
40	8.34	The Committee find that in spite of the assurance given by Government as incorporated in the Sixth Action Taken Report (1971-72) of the Committee on Public Undertakings that efforts would continue to be made for finding a suitable indigenous substitute for imported paper required to produce certain items of publicity material, foreign exchange to the extent of Rs. 13.5 lakhs in 1969-70 and Rs. 13.94 lakhs in 1973-74 was spent on import of this item. No foreign exchange was, however, spent during 1970-71 to 1972-73 as the ITDC carried on with the stocks imported in 1969-70. The Committee recommend that Government|ITDC should make concerted efforts in conjunction with industry and research institutes to develop manufacture of good art paper required for publicity.
41	8.40	The Committee regret to note from the Statutory Auditor that ITDC stored their imported art paper in the godown of a private concern in Delhi who were also responsible for despatch of the imported paper to various printers for which they were paid Rs. 35/- per case towards packing and forwarding charges. Some of the printers are stated to have com-

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		plained that considerable quantity of the art paper received by them from the said concern was found to be damaged and hence unusable. The value of damaged paper was estimated at Rs. 1,01,209. The Committee recommend that ITDC should investigate this matter in detail, fix responsibility for this loss and explore the possibility recovering the amount from the owner of the godown.
42	8.41	The Committee also recommend that ITDC should make satisfactory arrangements for storage of imported art paper purchased out of scarce foreign exchange and make the private owner of the godown accountable for any damage to the paper kept in their store.
43	8.42	The Committee note from the Report of the Statutory Auditors for 1972-73 that the quantity particulars of stock of paper sent to the printers, utilization thereof and closing stock are not being kept. Auditors have also observed that total value of picture postcards at the commencement and at the end of the accounting period are not taken into account.
		The Committee are surprised that such vital information is not being kept. The Committee recommend that in the interest of proper inventory control, such information should be maintained.
44	8.58	The Committee are greatly perturbed to note that an amount of over Rs. 14 lakhs remained unadjusted to the end of 1971-72 the accounts of ITDC for Government are not prepared to pay the ITDC more than 15 per cent over the actual cost of production of publicity material and other charges. The Committee find that as against the amount of Rs. 21.98 lakhs claimed by ITDC, the amount payable to the Corporation on the basis of 15 per cent commission comes to Rs. 7.52 lakhs only for the year 1970-71 and 1971-72. The Com-

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		mittee feel that this important matter should not have been allowed to remain in suspense over such a long period. There is need for observance of utmost economy in ITDC to ensure that overheads do not, as a rule, exceed the limit fixed by Government.
45	8.59	8.59. The Committee need hardly point out that it is in the interest of the Corporation to see that its leadership in ideas and in production of attractive tourist literature is maintained by having a compact team of competent staff. The stress should continuously be on quality and utmost care should be taken to see that the strength of staff in the Publicity Division is not allowed to get inflated as that is bound to affect adversely the quality of production.
46	8.67	The Committee note that the ITDC produced first film titled "Destination India" during 1972-73 at a cost of about Rs. 70,000/- for promotion of tourism and this film is stated to have been enthusiatically received by various tourist offices and Air India Offices abroad. While the Committee agree that Department of Tourism/I.T.D.C. are in a better position to select themes for production of films for promotion of tourism, the Committee feel that production of films can with advantage be entrusted to the Films Division of the Ministry of Information and Broadcasting who have the expertise and the facilities therefor.
47	7.75	The Committee find that the Corporation has entered into arrangements with two agencies abroad, one at Frankfurt and the other at New York for marketing hotel facilities. Three hotels of ITDC, the Ashoka Hotel, New Delhi, Hotel Ashoka, Bangalore and the Akber hotel, New

At the time of factual varification the Ministry stated according to the Pricing Policy agreed to in January 1973, ITDC have billed the Department of Tourism for Rs. 7.28 lakhs, Rs. 11.50 lakhs and Rs. 20.57 lakhs for 1970-71, 1971-72 and 1972-73 respectively.

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		Delhi are linked to the Frankfurt agency initially for a period of two years—1972 and 1973. The other agency at New York is representing the Ashoka Hotel, New Delhi. The agency at Frankfurt has given 414 guest nights upto July, 1973 and agency at New York has given 5899 guest nights from 1969 to 1973. The Committee were informed that it was a little too early to judge the linking of ITDC's hotels with the agency at Frankfurt as linking would bear fruits only after a period of time. The Corporation is considering linking its hotels with another firm and the proposal is under consideration. The Committee were also informed that the ITDC had not set up any tourist promotion offices in foreign countries and they were using the offices set up by the Department of Tourism abroad. The Committee recommend that a critical assessment of the working of the arrangements with the existing agencies should be made to ensure that they are in the best interests of the Corporation, before further arrangements are considered. The Committee also suggest that the Corporation should take advantage of the existence of tourist offices of the Department of Tourism abroad for booking arrangements for I.T.D.C. hotels.
48	9.7	The Committee note that inventory of the Corporation has risen from Rs. 78.30 lakhs at the close of 1970-71 to Rs. 144.54 lakhs at the end of 1972-73 and in terms of month's consumption from 13.73 months in 1970-71 to about 24 months at the end of 1972-73. The Committee also note that the Corporation has a decentralised system of inventory control. The Report of the Statutory Auditors for 1971-72 and 1972-73 revealed

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		that (a) Issues made from time to time are not priced; (b) No rigid policy has been followed to fix maximum and minimum limits in Hotels; (c) system of pricing of stores has not been followed in Hotel Ashoka, Bangalore; (d) a fool proof and scientific store accounting procedure has not been adopted by Ashoka Hotel, New Delhi with regard to stores and internal control on stock is lacking. The Secretary of the Ministry admitted during evidence that the present system followed old method of inventory control and a modern system of control is necessary.
		The Committee recommend that the Corporation should take immediate steps to reorganise its stores and purchase procedures on scientific and modern lines and make it fool proof. The Corporation should also take steps to fix appropriate maximum and minimum limits of stores of all categories on the basis of their experience and with reference to the system followed in other hotels in the country. The Committee also recommend that the Corporation should take urgent steps to place the existing inventory control system on a sound and systematic footing. The Committee would like to be informed of the concrete action taken to effect improvements and the economies achieved.
49	9.17	The Committee find that a committee appointed by the Board of Directors towards the end of 1967 to go into the causes for excessive losses incurred by the Ashoka Hotels Ltd. on account of breakages of crockery and cutlery during the period 1956-57 to 1966-67 did not make any headway despite the fact that Government had all the time even upto February, 1970 been assuring the Committee on Public Undertakings that the Enquiry Committee "is still in progress." The Committee are not happy at this dilatoriness and deplore that the fact was neither brought to the

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		notice of Government nor to the Committee. From the oral evidence given before the Committee, it transpires that the Enquiry Committee could not fix responsibility on any one for these losses. The Committee note that during 1968-69 to 1972-73 losses on account of breakage of crockery and cutlery in the Ashoka Hotels ranged between 0.22 per cent to 1.66 per cent of the food and beverage sales. The Committee were informed that such loss was 1.489 per cent of food and beverage sales in Oberoi Hotel. (in 1967-68). The Committee were also informed that in major Hotels of the world, the loss on account of breakage of cuslery and crockery varied from 1.4 to 2.3 per cent of the turnover. The Committee recommend that a systematic study of the percentage of such losses in major hotels in India and abroad should be carried out and firm norms fixed for each category of Hotels under the ITDC Management. The Committee also recommend that a review of the percentage of losses should be conducted each year with a view to analyse the factors responsible therefor and take suitable remedial action to keep losses on this account to the minimum.
50	10.11	The Committee find that the amount of sundry debtors of the Corporation has increased from Rs. 93.46 lakhs as on 31st March, 1971 to Rs. 168.85 lakhs as on 31st March, 1973. Out of the outstanding of Rs. 168.85 lakhs debts aggregating Rs. 55.38 lakhs are outstanding for periods exceeding one year to three years. It has been stated that the bulk of the outstandings represent credits generally allowed in the trade. In this connection, the Committee have noticed that an aggregate amount of Rs. 2.57 lakhs was written off as bad debts in respect of various units of the Corporation. The Committee also find that a

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		sum of Rs. 3.20 lakhs due from the Department of Tourism on account of overhead charges had been written off from the books on account of the revised pricing policy. The Committee understand that the question of allocation of overhead charges is still under the consideration of Government. The Committee desire that decision in this regard should be taken quickly in the best interests of the Corporation.
51	10.12	The Committee are surprised to note that in the case of Ashoka Hotel, New Delhi the outstandings as on 31st March, 1973 amount to Rs. 51.73 lakhs out of which a sum of more than Rs. 15 lakhs was stated to be due from Ministries, Government Departments and Embassies. In their Report for the year 1972-73 on Ashoka Hotel, New Delhi, the Statutory Auditors have pointed out that the Billing and Outstanding Sections need definite improvements and stricter control. They have also pointed out that credit policy was not being strictly followed and there are number of cases where maximum credit has been exceeded. Though the Management assured the Committee that the concerned units of the ITDC were pursuing rigorously recovery of outstandings, the disclosure made by the Statutory Auditors in their report on Ashoka Hotel, Bangalore for the year 1972-73 have given an altogether a different picture of the situation, and that in the case of Hotel Ashoka, Bangalore no follow up action was taken in most of the cases. The Committee are perturbed at this state of affairs in a leading Hotel like the Ashoka Hotel in the chain of ITDC Hotels. The Committee recommend that the Corporation should take effective steps to streamline its procedure for billing and follow-up of outstandings so as to effect prompt realisation of the dues. The Corporation should also ensure that bills with Government Departments are settled within one

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		month of their becoming due. The Committee also recommend that the Corporation should strictly enforce the system of weekly billing and also insist on weekly payments so as to guard against any guest leaving the hotel without settlement of his dues.
52	10.16	The Committee regret to note that Ashoka, Janpath, Ranjit and Lodhi Hotels, New Delhi do not have a scientific system for compiling departmental accounts covering various spheres of the Hotel activity. These Hotels have not fixed standard costs, for all the items with the result that comparison of actual cost with norms becomes difficult. The Committee recommend that ITDC should place the costing system in its various units on a sound and scientific footing, so that costs of different activities are readily available and an analysis of such costs would enable the management to effect economies in its operation and keep the costs under control.
53	10.21	The Committee are surprised to find that although the importance of internal audit was emphasised earlier by the Committee as well as the Administrative Reforms Commission, the ITDC set up its Internal Audit Cell only during the latter part of 1971. The Committee need hardly stress that Internal Audit has a significant role to play in efficient running of the organisation. The Committee urge that the Corporation should take steps to ensure that reports of Internal Audit are dealt with promptly and points brought out therein resolved quickly so that the Management may be in a position to take suitable remedial action to plug the loopholes if any, cut out wastages and effect economies in expenditure. The Committee also recommend that Corporation should bring important matters including financial irregularities brought to their notice through Internal Audit before the Board periodically in the interest of timely action.

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54	10.24	The Committee find that even though the Corporation has constructed hotels & travellers' lodges at Gwalior, Varanasi and Bangalore, the lands of these projects have not been transferred in the name of the Corporation. The Committee recommend that in order to safeguard its rights, the Corporation should secure transfer of land before undertaking construction of the projects. The Corporation should also have the transfer of land in the case of Varanasi, Bangalore and Gwalior expedited.
55	10.27	The Committee regret to note that though the hotel buildings of the Janpath Group of Hotels were taken on lease as far back as September, 1965 and leases were fixed in 1967-68 before ITDC took them over no formal lease deeds had been executed with the Director of Estates and the only document available was a brief letter in which the amount of lease payable was stated. The Committee note that the ITDC is paying Rs. 11.31 lakhs towards the lease (4.1 lakhs in the case of Janpath, 3.94 lakhs in the case of Ranjit and 3.27 lakhs in the case of Lodhi). The Committee find that even in the case of Akbar Hotel, the Corporation is paying 11 per cent of sales or Rs. 15 lakhs, per annum whichever is higher to NDMC. The Committee were informed that the proposal to purchase land and buildings of the Janpath Group of Hotels was considered by the Board of Directors of the ITDC in February, 1969 and in view of the financial implications involved in the conditions of purchase the proposal to acquire these properties was not pursued.
56	10.28	The Committee also note that under the lease letter issued by the Director of Estates, the service tax levied by the NDMC and the Municipal Corporation is payable by the Hotels. The demand for tax from N.D.M.C. comprised two ele-

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		ments viz., service tax and general tax. It has been pointed out that the general tax element in the bill of the Municipal Corporation was not the liability of the hotels and was payable by the Director of Estates. The Committee, however, find that while the Ranjit Hotel was withholding only the general tax element for the two years ending 31st March, 1973, and paying the service tax element of the Municipal Corporation, the Lodhi Hotel has withheld both the service tax and the general tax elements from the rent payable to the Director of Estates. Janpath Hotel has, however, been paying the full amount of the bill of the N.D.M.C. which presumably includes only the general tax element. The Committee thus find that the practice in discharging the liability for the taxes payable to the Municipal Corporation, New Delhi Municipal Committee varies from hotel to hotel.
57	10.29	The Committee also note that some additional rent on account of renovation etc. carried out by the Director of Estates during the UNCTAD Conference in 1967-68 has also been paid to the Director of Estates by the Lodhi Hotel, while the Ranjit Hotel has withheld a sum of Rs. 91,000 upto 30th March, 1973 on this account.
58	10.30	The Committee recommend that the legal responsibilities of all these hotels in the matter of payment of rents and taxes to the Director of Estates and the taxes to the Municipal Corporation, New Delhi, Municipal Committee should be clearly laid down and definite agreements in this regard entered into with these parties in order to avoid any ambiguity which may lead to legal and financial complications. The Committee would like to be informed of the action taken in the matter.

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59	11.10	The Committee find that while the total expenses of the Corporation have increased from Rs. 524 lakhs in 1970-71 to Rs. 886 lakhs in 1972-73, the Headquarters overheads increased from 18.49 lakhs to Rs. 30 lakhs during that period. The Committee were informed during evidence that the Headquarters expenditure was 3.5 per cent of the total expenditure of all units and divisions of ITDC and it was reasonable.
60	11.11	The Committee, however, find that while the strength of the field units of ITDC increased from 2,910 in 1971 to 4,385 in 1973 *i.e.* by about 50 per cent the staff strength of its Headquarters increased from 204 in 1971 to 338 in 1973 *i.e.* by about 66 per cent which is more than the percentage increase in the field staff strength. The Committee recommend that staff strength of the Headquarters should be kept constantly under review to ensure that the overheads on account of headquarters do not prove to be a burden on the field activities of the Corporation and render them uneconomical.
61	11.12	The Committee also find that since 1971 the staff strength of the ITDC has increased by 51 per cent. *i.e*: from 3,114 as on 1st January, 1971 to 4,723 on 1st January, 1973. The increase in the staff was defended by the Management on the ground of rapid increase in its activities. The Committee learnt with surprise that no job analysis had been undertaken by the Corporation so far. It was admitted during evidence that there was some overstaffing in Ashoka Hotel, New Delhi and Janpath, New Delhi though its extent had not been determined. The Committee were assured that the probelm of overstaffing was being tackled by the Management by undertaking re-organisation studies and given conversion training. etc. The Committee recommend that

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		the Corporation should ensure that increases in staff strength of the Corporation were invariably preceded by scientific manpower studies, lest the Corporation should find itself burdened with extra staff without adequate work load resulting in increased overheads. The Committee also recommend that realistic norms for staff strength for each Unit of the Corporation may be fixed so that strength of staff can be determined in the background of well established norms.
62	11.17	The Committee note that the Headquarters of the Corporation has at present eleven divisions to manage its various activities. A view has been expressed by the Chairman, ITDC that considering the fact that the Corporation has its units spread all over the country from Srinagar to Trivandrum, and the new additional responsibilities that it will have to shoulder as a result of expansion of tourism under the Fifth Five Year Plan, it will be necessary "to split the Corporation into two or three Corporations, regionwise, or conceive of other forms of organisations like having subsidiaries etc." The Secretary of the Ministry informed the Committee that the question of future set up of ITDC in view of its expanding activities would be considered by an Expert Group to be constituted in pursuance of the decision taken at the meeting of the National Tourism Board held on 1st September, 1973. The Committee recommend that Government should lose no further time in examining in depth and taking a decision on the crucial question of restructuring of ITDC in the interest of achieving the targets laid down in this behalf in the Fifth Plan.
63	11.23	The Committee note that the officers of the ITDC undertake tours of foreign countries with specific purposes of attending meetings/conferences concerned with travel trade, to undergo

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		different training courses, to sell hotels under the management of the ITDC, to learn and adopt new ideas regarding development of infrastructure for tourism like development of sea beach resorts, to inspect equipment to be imported for the use of the Corporation etc. There is, however, no regular system of submission of formal reports by the officers on completion of their foreign tours. In the opinion of the Committee these reports can form a very useful part in the ITDC library and can provide immense assistance and guidance in the development of tourism. The Committee, therefore, recommend that suitable system should be evolved by which important points emerging from the tours are specifically brought to the notice in the meeting of the Boards in the form of a memoranda, at least once in six months bringing out the latest trends in tourism so that timely action could be taken by the Corporation to preserve its leadership in the field.

MGIPND—LS—11—531 LS—11-7-74—1,425.