

Second World Wars. UK, France and other countries mobilised external exchanges and paid them in their local currencies and that way they have resolved foreign debts. Why cannot you do it? What is the objection for our country to adopt the same thing? That is question (c).

SHRI VISHWANATH PRATAP SINGH : U.K. did it. Pound was a convertible currency with them. That way, rupee is not convertible currency. Apart from it, there is not much money which the Indians have by way of securities because we are not given permission on a large scale. Not much is going to come out of it.

[*Translation*]

DR. CHANDRA SHEKHAR TRIPATHI : Mr. Speaker, Sir, may I know from the hon. Minister the quantum of interest due to be paid on loans taken by India from International Financial Institutions in 1984-85? Further, when most of the industries are incurring losses, from what sources the interest due on loans is being paid?

SHRI VISHWANATH PRATAP SINGH : In 1985-86, the principal re-payment of I.M.F. Borrowings is Rs. 245 crores whereas the interest payable is Rs. 442 crores.

DR. CHA DRA SHEKHAR TRIPATHI : From what sources do the Central Government pay interest due on huge investments made in factories which are incurring loss?

SHRI VISHWANATH PRATAP SINGH : This money is invested on many projects. It is not like this that it has been invested in a particular factory and that the interest on the loss sustained by it is to be paid by us. The commercial borrowing taken by the companies are invested by them in their factories. The money which we borrowed was put to good use, productive use and this shows our credibility. We have put that money to good use, we have not misused it.

[*English*]

SHRI E. AYYAPU REDDY : There is a reference to payment by way of invisible

earnings. (a) What are the invisible earnings? How have they become visible? (b) What is the rate of interest which we are paying; and (c) What is the estimated value of annual debt services?

SHRI VISHWANATH PRATAP SINGH : For normal borrowings, the rate of interest from the IMF is 7%. That is the current rate. What we withdrew from the extended facilities is a mix of normal rates and commercial rates. It is 1/1, half, half.

So far as the normal withdrawals are concerned, it is about 7%.

The other portion is from 9 to 10%.

About invisible and how that is visible, it is not that invisible. It comes to the bank, of course. Our Indians who are abroad and earning send money. Then there are deposits coming from NRI. These are the forms. It is quite visible.

SHRI E. AYYAPU REDDY : What is the annual debt service estimate?

SHRI VISHWANATH PRATAP SINGH : Just now I gave the percentage.

Incentives to Private Sector for Investment in Tourism Infrastructure

*87. **SHRI BHOLANATH SEN :** Will the Minister of PARLIAMENTARY AFFAIRS AND TOURISM be pleased to state :

(a) whether Government have offered incentives to the private sector to attract private sector investment in tourism infrastructure; and

(b) if so, the details of the incentives offered by Government and the response from the private sector thereto?

THE MINISTER OF PARLIAMENTARY AFFAIRS AND TOURISM (SHRI H.K.L. BHAGAT) : (a) and (b). A statement is given below.

Statement

(a) and (b). Yes, Sir. Several concessions/incentives are offered by Government to private sector for attracting investment in tourism infrastructure. Details of these are given below :

Hotels

- (i) **TAX HOLIDAY :** Under Section 80-I, in the case of approved hotels which start functioning after 31-3-1981 but before 1-4-1990, 25% of the profits and gains derived by an Indian Company from the hotel business are exempt from Income-tax for a period of eight years. This concession was earlier available only upto 1-4-1985 but has since been extended upto 1-4-1990.
- (ii) **INITIAL DEPRECIATION :** Under Section 32(1)(v), an initial depreciation at the rate of 25% of the actual cost of a hotel building is allowed as deduction in the computation of the taxable profits in the case of a company running an approved hotel.
- (iii) **EXTRA DEPRECIATION :** Under item (iii) of Sub-part III of Part I in Appendix I to the Income Tax Rules 1962, an extra allowance of depreciation of an amount equal to one-half of the normal allowance in respect of machinery and plant installed by an Indian Company in an approved hotel allowed as deduction.
- (iv) **HIGHER DEPRECIATION :** In respect of furniture and fitting used in hotels, a higher rate of depreciation of 15% has been provided under item (2) in Sub-part II of Part I of Appendix to the Income-tax Rules, 1962 as against the general rate of 10%.
- (v) **HOTELS SET UP IN BACKWARD AREAS :** Under Section 80-HH of the Income-Tax Act, 20% of the profits and gains from the business of hotels set up

in specific backward areas is deductible from the taxable income for a period of 10 years, subject to certain conditions.

- (vi) **CENTRAL SUBSIDY FOR INDUSTRIES SET UP IN BACKWARD DISTRICTS/AREAS :** With effect from 1-1-1977, hotels set up in the specified backward districts/area are eligible for the grant of central investment subsidy under the Central Outright Grant or Subsidy Scheme, 1971.
- (vii) **Institutional Loan :** Approved hotel projects are eligible for the grant of loan by the Industrial Finance Corporation of India (IFCI) and also other public financial institutions. This loan is eligible for interest subsidy of 10%.
- (viii) **FOREIGN EXCHANGE INCENTIVE QUOTA :** Approved hotels are eligible for Foreign Exchange Incentive Quota which is determined @ 10% of their direct Foreign exchange earnings. This quota is available to respective hotels for essential imports, overseas promotional tours, publicity and advertising etc.
- (ix) **Priority consideration in the allotment of telephone/telex connections, LPG (Cooking Gas) etc.**
- (x) **Besides, hotels qualify for investment by non-resident Indian in the equity capital of the promoting companies, subject to the conditions laid down by the Reserve Bank of India.**
- (xi) **Private Limited Companies were given certain incentives/concessions by the 1985 budget. As the hotels and travel agencies are mostly incorporated as private limited companies they will benefit from this concession.**

Travel Trade

- (i) **The Department of Tourism**

advances loans on concessional rates to approved Tourist Car operators for purchase of Tourist Cars and manufacture of Tourist Coaches.

- (ii) Travel Agents and Tour Operators are allowed to import two vehicles in a year under the Incentive Quota which is 2.5% of their net foreign exchange earnings during the previous year.
- (iii) Travel Agents and Tour Operators are also allowed to import office equipment and undertake promotional tours overseas under the Incentive Quota.

The response from private sector has been encouraging.

SHRI BHOLANATH SEN : Will the hon. Minister state whether the restrictions that are now current or which are currently enforced in hill areas in Himalayan region will be withdrawn for the purpose of helping the trade of tourism ?

SHRI H.K.L. BHAGAT : Generally Government is very much interested in opening up more and more areas in the Himalayan region. We want to encourage Himalayan tourism, but with regard to particular areas, whether a particular area should be allowed or not, that is a matter which has to be taken up by the Home Ministry. As far as the Ministry of Tourism is concerned, we want to open up more and more areas in the Himalayan region.

SHRI BHOLANATH SEN : May I know from the hon. Minister whether there is any plan for holding international meets and international conferences in farflung areas like Shillong, Arunachal and other places as was done in the case of Panaji with regard to the Commonwealth Heads of Government Conference, and Panaji was developed in the meantime ?

SHRI H.K.L. BHAGAT : I have already given the answer. So far as the present position is concerned, there are no restrictions, as he has himself said about Panaji. I think, Shillong is also open. The attitude and the policy of the Tourism

Ministry is that more and more areas should be made open so that more and more tourists, both domestic and foreign, can visit and more and more foreign tourists can come. That is our attitude. As to the specific areas, we have taken up the matter with the Ministry of Home Affairs.

SHRI P. KOLANDAIVELU : The Central and State Governments are actually encouraging the private sector to have tourism spots and tourism hotels, but the funds are being mismanaged and misused by the private sector in some of the places. Proper guide and proper administration are necessary in this matter. Then only the funds can be utilised for the purpose for which the funds are being allocated. I would like to know from the hon. Minister how many private sector people have come forward in order to have hotels and tourism spots in various parts of the country.

SHRI H.K.L. BHAGAT : So far as complaints or cases of misuse of funds of particular hotels are concerned, mostly financial help comes from the financial institutions; there are some concessional things in the Central sector and there are certain things in the State sector. If any specific cases of misuse of funds or any concession are brought to our noticer Government will certainly take note of those. Most of these hotels are in the private sector. The total number of hotels in the country at present—I am talking of, 5-Star, Deluxe 5-Star, 4-Star, 3-Star, 2-Stas and 1-Star—is 485; classified 353 and yet to be classified 132. The total number of rooms available is 33,476. These are the various categories of hotels and most of them are in the private sector. In regard to hotels and in regard to transport—because the government funds are limited so far as tourism is concerned—Government is keen that the private sector should come forward in a bigger way in having these hotels. In the public sector, Government has decided not to have any more 5-Star hotels except the one which we are thinking of in Bombay. The rest would be accommodation which can be used by people with lesser means.

SHRI SHANTARAM NAIK : I would like to know whether, for reasons of

security, the Government of India have any plans to restrict the stay of foreign tourists only in government hotels and whether, for that purpose, the Government of India are going to construct hotels throughout the country.

SHRI H.K.L. BHAGAT : I have said that the foreign tourists can stay in government hotels and other hotels. There is no restriction for the tourists who come to this country that they should stay only in government hotels. Now he is asking whether, for reasons of security, we are going to construct more hotels. Not for that. But for actual necessities of tourism in the country, particularly for people with comparatively less means, Government is keen to construct. Some of the hotels are already under construction. There are joint ventures between the Central and State Governments. In the private sector also we want more hotels to come up.

SHRI S. JAIPAL REDDY : Generous assistance for 5-Star hotels is being extended from financial institutions with a view to attracting foreign exchange. But what has been really happening is that our own private sector executives have been staying in them, without getting any foreign exchange whatever, leading to artificial demand for more five star hotels. In view of this, will the Government consider imposing a restriction that only those who can pay in foreign exchange could stay in five star hotels?

SHRI H.K.L. BHAGAT : Sir, I think the Hon. Member is not correctly informed. I would suggest that certainly we want that foreign tourists should get accommodation in these hotels. But it is not the position at present that foreign tourists are not getting accommodation because accommodation is not available and because other tourists come and stay there.

(Interruptions)

Please wait, I can understand you, I can invite you for a discussion.

The present position is that during the last one year, it has been a very lean season of tourists. In fact we have more accommodation in five star hotels available.

There is another Question at Sl. No. 93, that you can utilise for this. Therefore, it is not correct to say that accommodation is not available for foreign tourists; nobody else will come. That is not the position.

SHRI S. JAIPAL REDDY : He has said that I have been incorrectly informed. But he has not informed the House. Will the Minister be able to say what is the proportion of foreign exchange earned by the five star hotels in relation to the total amount received by them?

SHRI H.K.L. BHAGAT : I can inform the Hon Member that in five-star hotels much more accommodation is available.

(Interruptions)

MR. SPEAKER : Now, look here, I cannot allow a discussion here. If I allow you, you will hold on to it. I can allow one more supplementary.

(Interruptions)

PROF. MADHU DANDAVATE : If the reply is independent of the Question what do we do?

(Interruptions)

SHRI SHIVENDRA BAHADUR SINGH : Mr. Speaker Sir, I would like to know from the Hon. Minister—because he had just said that he is not going in for any more five star hotels. I would like to get clarification from him regarding those ITDC hotels which are in the pipeline and especially the one relating to Bhopal. Is it going to be made or not?

SHRI H.K.L. BHAGAT : So far as Public Sector is concerned, the ITDC and so on, we have decided that during the 7th Five Year Plan we shall not have any more five star hotels except one which we are thinking of putting up in Bombay.

Bank Robberies and Bank Protection Force

+

*88. **SHRI ANAND SINGH :**

SHRI I. RAMA RAI :

Will the Minister of FINANCE be pleased to state :

(a) the State-wise number of bank