

COMMITTEE ON PUBLIC UNDERTAKINGS (1974-75)

(FIFTH LOK SABHA)

SIXTY-FIRST REPORT

**Action Taken by Government on the recommendations
contained in the Fifty-First Report of the Committee
on Public Undertakings (Fifth Lok Sabha)**

**INDIA TOURISM DEVELOPMENT
CORPORATION LIMITED
(Ministry of Tourism & Civil Aviation)**



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1975/Chaitra, 1897 (S)

Price : Rs. 1.90

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Sixty-First Report on Action Taken by Government on the recommendations contained in Fifty-first Report of the Committee on Public Undertakings (5th Lok Sabha) on India Tourism Development Corporation Limited.

<u>Page</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
2.	15	was	were
2	20	After 'November' put comma and delete 'of'	
4	12	Gulbarg	Gulmarg
5	5	tranhport	transport
8	5	avoded	avoided
60	19	this	his
65	22	Delete the words 'and estimates'	
67	22	entrepreneurs	enterpreneurs
74	4	delete the word 'free'	
74	5	duty-shops	duty-free shops
78	31	read 'the' before vouchers	
83	10	percentage	percentage

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
COMPOSITION OF SUB-COMMITTEE ON ACTION TAKEN REPORTS	(v)
INTRODUCTION	(vii)
 I Report	 1
II Recommendations that have been accepted by Government .	26
III Recommendations which the Government do not desire to pursue in view of Government's replies	 41
IV Recommendations in respect of which replies of Government have not been accepted by the Committee	 59
APPENDIX	
(Analysis of the Action Taken by Government on the recommenda- tions contained in the 51st Report of the Committee on Public Undertakings (5th Lok Sabha)	 83

**COMMITTEE ON PUBLIC UNDERTAKINGS
(1974-75)**

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Shri Nawal Kishore Sharma

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2. Shrimati Roza Vidyadhar Deshpande
3. Shri T. H. Gavit
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20. Shrimati Purabi Mukhopadhyay
21. Shri S. G. Sardesai
22. Pandit Bhawani Prasad Tiwari.

SECRETARIAT

1. Shri M. A. Soundararajan—Chief Financial Committee Officer.
2. Shri K. S. Bhalla—Senior Financial Committee Officer.

*Elected w.e.f. 28-11-74 in the vacancy caused by appointment of Shri H. M. Trivedi as Minister.

**COMPOSITION OF SUB-COMMITTEE ON ACTION TAKEN
REPORTS**

1. Shri Vasant Sathe—*Convener*
 2. Shri Harsh Deo Malaviya—*Alternate Convener*
 3. Shri R. P. Yadav
 4. Shri S. G. Sardesai
 5. Shri Digvijaya Narain Singh
 6. Shrimati Mukhopadhyay
 7. Shri Sriman Prafulla Goswami
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INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf present this Sixty-First Report on the Action Taken by Government on the recommendations contained in the Fifty-First Report of the Committee on Public Undertakings (Fifth Lok Sabha) on India Tourism Development Corporation Limited.

2. The Fifty-First Report of the Committee was presented to Lok Sabha on the 29th April, 1974. Government furnished their replies indicating the action taken on the recommendations contained in that Report on 30th August, 1974. Further information in respect of some of the recommendations called by the Committee was received from the Government on the 5th December, 1974.

3. The replies and further information received from Government were considered by the Sub-Committee on Action Taken Reports at their sitting held on the 7th March, 1975.

4. The draft Action Taken Report was considered and adopted by the Committee at their sitting held on the 20th March, 1975. The Committee authorised the Chairman to finalise the Report and present the same to the Parliament.

5. The Report has been divided into the following four Chapters:—

I. Report;

II. Recommendations that have been accepted by Government;

III. Recommendations which the Committee do not desire to pursue in view of Government's replies; and

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

6. An analysis of the Action Taken by Government on recommendations contained in the Fifty-First Report is given in Appendix I. It would be observed therefrom that out of 56 recommendations contained in the Report 48 per cent have been accepted by Government. The Committee do not desire to pursue 21 per cent of the recommendations in view of Government's replies. Replies of Gov-

ernment in respect of the remaining 31 per cent of the recommendations have not been accepted by the Committee.

NEW DELHI;

March 31, 1975

Chaitra 10, 1897 (Saka).

NAWAL KISHORE SHARMA,

Chairman,

Committee on Public Undertakings.

CHAPTER I

R E P O R T

A. Revolving Tower Restaurant (Ashoka Hotel, New Delhi)

Recommendation Sl. No. 5 (Paragraph 3.30)

The Committee noted that in December, 1972, the ITDC approached the Government for their approval to complete the Revolving Tower Restaurant (Ashoka Hotel, New Delhi) Project. In January, 1973 the Government agreed in principle that the Corporation could include this scheme in the shelf of projects in the Fifth Plan subject to its economic viability. Accordingly the project had been included in the Fifth Plan approved by the Planning Commission. The Government have further stated in their reply that a feasibility study for the project was under consideration and it would be put up to the Board of Directors and if necessary it would be forwarded to the Government for necessary sanction.

In January, 1973 the Government gave clearance to complete the construction of the Revolving Tower Restaurant. Accordingly this scheme was included in the Fifth Plan approved by the Planning Commission.

The Committee are surprised that though the Government gave clearance to complete the construction of the Revolving Tower Restaurant as early as January, 1973 and the scheme was included in the Fifth Five Year Plan, it is only now that the Corporation is considering preparation of the feasibility study of the Project and putting up to the Board of Directors and thereafter forwarding the same to the Government for sanction, if necessary. The Committee are not happy at this reversal of the process. The Committee therefore, recommend that all the preliminaries in regard to feasibility study etc. should be completed without further delay so that the results of the study may be available in time.

B. Profitability of Ranjit and Lodhi Hotels

Recommendation Sl. No. 7 (Paragraph 3.43)

The Committee found that the Ranjit and Lodhi Hotels have been continuously incurring losses from 1969-70. The Committee recommended that the Government|Corporation should locate and

investigate the reasons for the losses and take remedial measures to improve the profitability of these hotels.

The Government stated in reply that these two hotels were likely to incur bigger losses in 1973-74. It was further stated that a Committee comprising 4 senior officers of the Corporation was going into the reasons for losses incurred by Ranjit and Lodhi Hotels and that the Committee was expected to suggest measures for improving functional efficiency and profitability of these two hotels.

On enquiring further the Government stated that the 4-member committee was appointed on the 7th May, 1974. According to their terms of reference the report was expected to be submitted by the second week of July, 1974. The Committee, however, submitted the report on 12th November, 1974 because it was decided to incorporate in it data pertaining to the financial year 1973-74 and the annual accounts of the Corporation was approved in their Annual General Meeting in 30th September, 1974.

The Committee hope that the recommendations made by the 4-member Committee constituted to go into the reasons for losses incurred by the Ranjit and Lodhi Hotels in their Report submitted on the 12th November of 1974 for improving profitability of these two hotels would be implemented without loss of time.

C. Working of Motels.

Recommendation S. No. 8 (Paragraph 3.52)

The Committee noted that the Corporation set up three motels one each at Jammu, Hassan and Khajuraho during 1972-73. During the year 1973-74 (upto December, 1973) the room occupancy of these motels showed a declining trend as compared to the year 1972-73. All the three motels incurred loss. In view of the fact that the motels were stated to break-even at 60 to 65 per cent occupancy, the Committee recommended that the Corporation should carefully review the working of these motels and take concerted measures to improve their financial position.

In reply the Government simply stated that Khajuraho Motel (now called Hotel) was expected to improve substantially in the year 1974-75 as its occupancy was severely affected by the Indian Airlines situation in the latter half of 1973-74. As regards Jammu

and Hassan Motels it was stated that their working was being carefully watched to ensure better financial results.

The Committee further enquired about the results of the review of the working of the three motels and also about the action taken in pursuance thereof.

The Government in their further reply indicated that these motels had incurred smaller losses during 1973-74 than in 1972-73. It was also stated that these units being new were likely to show profits after a gestation period of 5 years.

The Committee are not satisfied with the reply. It is evident that no review of the working of these units of ITDC has been made as recommended by the Committee and no concrete steps have been taken in pursuance thereof. The Committee, therefore, reiterate their earlier recommendation that a review of the working of these three units should be conducted in order to critically analyse the reasons and to take suitable measures to improve their profitability.

D. Working of Travellers' Lodges

Recommendation S. No. 11 (Paragraph 3.60)

The Committee found that while the number of travellers' lodges where room occupancy was 50 per cent or more was five in 1960-70, the number of such lodges came down, to one in the year 1972-73. The total loss incurred by these lodges had been increasing each year except in 1971-72 after their transfer to the ITDC on 1st January, 1969. The Committee recommended that the operation of these lodges might be examined by Government and effective steps taken to reduce the losses so that they operate at least on no-profit, no-loss basis.

The Government stated in reply that the travellers' lodges were constructed to promote tourism and they were not expected to be economically viable by themselves. It was also stated that the operation of these lodges had been examined in depth during the Fifth Plan period and every effort was being made to reduce the losses. The Government also proposed to transfer some of these lodges to the State Governments who had shown interest in taking them over.

The Committee feel that the reply of the Government is vague as the results of the examination of the working of the travellers' lodges stated to have been conducted during the Fourth Plan have not been indicated in their reply. It has also not been mentioned as to what steps had been taken to reduce losses of these establishments. The reply neither indicates the number of such lodges as were proposed to be transferred to the State Governments nor the measures adopted to reduce losses. The Committee, therefore, again recommend that some positive steps should be taken by Government|ITDC so as to ensure that the travellers' lodges are run at least on no-profit no-loss basis.

E. Gulbarg Winter Sports Project

Recommendation Sl. No. 18 (Paragraph 4.45)

The Committee expressed their surprise on the decision of the Department of Tourism to go ahead with the hotel project at Gulmarg despite the fact that over all return of the project was expected to be as low as 1½ per cent only. The Committee indicated that even that rate of return was doubtful and therefore recommended that Government should have a second look at the economic viability of the project and laid stress on taking a firm decision about the classification of the hotel consistent with the needs of the tourist traffic and economic viability.

The Government stated in reply that experience showed that whenever facilities of a desired standard were provided, tourist traffic naturally flowed to those places. The Government were of the opinion that Gulmarg could be placed as a top holiday resort if a centrally heated hotel of internationally acceptable standard was put up there. The Government also stated that apart from earning foreign exchange for the country the Gulmarg winter sports project was also a labour-intensive project. It would also afford employment opportunities in the State, give fillip to agriculturists and other industries linked with tourism to meet the needs of the holiday resort township all the year round. Rs. 76.33 lakhs were stated to have already been spent at Gulmarg in the Central Sector for providing some winter sports facilities. It was stated that further development of Gulmarg would depend upon the construction of a centrally heated hotel of internationally accepted standard. Gulmarg was stated to have every potential of attracting a much larger number of tourists than it receives at.

present making the project more economically viable. It was also stated that with each delay in the construction of the hotel, the cost estimates were bound to rise and that was the main reason for estimates increasing from Rs. 110 lakhs to Rs. 145 lakhs for the hotel project.

The Committee are not quite satisfied with the reply of Government as nothing has been stated about the measures proposed to be taken for operating the proposed hotel at Gulmarg as an economically viable unit. The Committee reiterate their earlier recommendation that all aspects pertaining to the economic viability of the hotel should be carefully re-examined keeping in view the needs of the prospective tourist traffic.

F. Repairs and Maintenance of transport fleet.

Recommendation Sl. No. 22 (Paragraphs 5.29 & 5.30)

The Committee noted that the transport units of ITDC were located at 16 far flung places but the workshop facilities were provided at Delhi only. The Committee recommended a systematic review of the servicing and repair facilities required for the ITDC transport fleet. The Committee also recommended that the vehicles which were stationed at places where no facilities existed should so arrange their trips to places where they were generally attended to as to synchronise with their servicing instead of detailing them to far away places only for routine servicing.

The Government stated in reply that Corporation had requested 9 State Governments to make the servicing facilities of the State Transport undertakings available to their specialised transport fleet but till December, 1974, no reply had been received. It was further stated that a decision was made to contact the concerned authorities personally to enable the Corporation to carry out a systematic review of maintenance and repair facilities required by ITDC.

The Committee feel that the reply of Government is not satisfactory as no serious attempt appears to have been made to tackle the problem and to make provision for repair and servicing facilities at convenient places in order to see that the transport fleet is kept in trim. The Committee, therefore reiterate that the matter may be pursued with the State Governments concerned and adequate arrangements for maintenance and repairs of the ITDC vehicles made through State Governments or otherwise as early as possible.

G. Inter-State Travel by Road

Recommendation Serial No. 23 (Paragraph 5.41)

The Committee recommended that an abiding solution to the long outstanding problem of unrestricted movement of ITDC vehicles across State boundaries should be found out early.

In reply the Government stated as follows:—

“The scheme for free movement of tourist vehicles under all-India permit on single point taxation basis was sponsored by the Department of Tourism for facilitating inter-State travel by road. Although the State representatives have unanimously accepted the scheme in principle in successive meetings of the Transport Development Council, its implementation is held up as some States have not yet issued orders despite requests made at the highest level. The latest position with regard to the acceptance of the scheme is as under:—

Full agreement	Agreement for Road Tax exemption but not passenger tax	States which have not responded at all
Maharashtra	Bihar	Punjab
Andhra Pradesh	Uttar Pradesh	Haryana
Goa	Rajasthan	Jammu & Kashmir
Nagaland	Mizoram	
Gujarat	Kerala	Assam
Chandigarh	Himachal Pradesh	Madhya Pradesh
West Bengal		Meghalaya
Pondicherry		
Tamil Nadu		
Delhi		
Orissa		
Manipur		
Karnataka		

As soon as the scheme is implemented, each State will be authorised to issue All India permits in respect of 100 tourist taxis and 25 tourist coaches.”

The Committee regret that the matter regarding free inter-State travel of ITDC vehicles by road has been hanging for a very long time. The Committee are of the view that unrestricted travel of tourists throughout the country by road is very crucial for development of tourism but the problem has evaded solution so far. The Committee recommend that Central Government should persuade those State Governments which have not agreed to the proposals in this regard to give clearance in the wider interest of the development of tourism in the country. The Committee would urge that the problem should be solved without further loss of time.

H. Coordinated tourist transport network

Recommendation Serial No. 24 (Paragraph 5.42)

The Committee felt that there was an urgent need to evolve an effective institutional arrangement for closer coordination between the ITDC and the various State Transport Authorities to avoid duplication of efforts or wasteful competition. The Committee also felt the need that 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 providing facilities so that a well coordinated tourist transport network of acceptable standard could be built up for the development of tourism in India.

In reply the Government merely stated that coordination was highly essential for smooth running of ITDC transport fleet. It was also stated that the ITDC Officers in charge of transport units were required to maintain a close liaison with the State Transport Authorities and the State Departments of Tourism.

The Committee felt that the reply of Government was cryptic and enquired of the Government whether any attempt had been made to evolve an effective institutional arrangements for closer coordination between ITDC and the State Transport Authorities. It was also enquired whether any attempt had been made to attain recognition for ITDC as a national transport undertaking in the country.

In their further reply Government stated as follows:—

“Close liaison is maintained by the I.T.D.C. officers with the State Transport authorities and the State Tourism De-

partments through correspondence, periodical meetings and consultations with a view to seek their assistance and co-operation as and when necessary. The requirement of obtaining a route permit ensures that duplication of services is avoided. The State Government authorities do not give route permits where adequate services of the State Undertakings exist. The question of recognising ITDC as a national transport undertaking was taken up with the Ministry of Transport. They have clarified that the ITDC was already covered under the expression "State Transport Undertaking" as defined in clause (b) (iv) of Section 68-A of the Motor Vehicles Act. The question whether this clarification meets the requirements of ITDC in the matter of grant of permits, counter signatures, fixation of fares and other allied facilities is being examined in consultation with ITDC."

The Committee note that the clarification given by the Ministry of Transport that the ITDC was already covered under the expression "State Transport Undertaking" as defined in clause (b) (iv) of Section 68-A of the Motor Vehicles Act is being examined by the Government in consultation with ITDC to see whether it meets the requirements of ITDC in the matter of grant of permits, counter signatures, fixation of fares and other allied facilities. The Committee urge that in case the definition under the afore-mentioned Motor Vehicles Act does not allow the same facilities to the ITDC vehicles as are available to the State Transport undertakings the matter should be taken up at higher level for the recognition of ITDC as a national transport undertaking and a firm decision taken in this regard expeditiously.

I. Mounting of Son-et-Lumiere Shows

Recommendation Sl. No. 29 (Paragraph 6.55)

The Committee found that although the Government had stated in their reply to the Committee's earlier recommendation contained in their 70th Report (4th Lok Sabha) that efforts to find alternative to Philips of Holland in India for mounting Son-et-Lumiere shows had continued they had only consulted some technical institutes in India but had not contacted the Electronics Corporation of India, a public sector undertaking. The Committee recommended that all 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.

The Government stated in reply that the Corporation had approached the Electronics Corporation of India and they had expressed their inability to undertake such work.

The Committee are of the opinion that Government/ITDC should continue to make efforts to locate indigenous sources for installation of Son-et-Lumiere shows with the ultimate aim of reducing dependence on foreign firms in this field.

J. Working of Duty-free shops

Recommendation Sl. No. 31 (Paragraph 7.11)

The Committee recommended that the procedure followed at the duty free shops, which was stated to be cumbersome and which acted as a distinctive, should be simplified and streamlined to enable the tourists to make purchases on these shops without difficulty. The Committee also recommended that the Government should examine the question of allowing home coming Indian tourists to make purchases at these shops within the admissible limits before they pass through the customs in order to increase foreign exchange earnings.

The Government merely replied that these matters had been taken up with the authorities concerned and were being pursued.

On Committee's further enquiry to know the outcome of the efforts made in this regard the Government again stated in December, 1974 that the matter was being pursued with the Central Board of Excise and Customs.

The Committee are not happy with the delay in simplifying the procedure followed at the duty-free shops and also in allowing home coming tourists to make purchases at these shops within the admissible limits. The Committee, therefore, reiterate that these matters may be finalised early.

K. Substitute for imported paper

Recommendation Sl. No. 37 (Paragraph 8.34)

The Committee recommended that Government/ITDC should make concerted efforts in conjunction with paper industry and research institutes to develop and manufacture good art paper re-

quired by ITDC to produce certain items of publicity material in order to save foreign exchange.

The Government stated in reply that ITDC would have to continue to use imported paper for most of the items for overseas circulation so that Indian Tourism literature could compete in foreign markets. ITDC was stated to have made efforts to gradually minimise the use of imported paper particularly in production of tourist literature for domestic consumption.

The Committee further enquired as to what efforts had been made in conjunction with the industry and reasearch institutes to develop manufacture of good art paper required for publicity.

The Government in their further reply stated:—

“Prospects for developing mass production of good quality art paper of international standard within the country requires an extensive study of the all India demand for such papers and the raw material and capacity available. For exploring possibilities of manufacturing Indian art paper of superior quality, ITDC is in touch with the Institute of Paper Technology, Saharanpur and the Forest Research Institute & Colleges, Dehra Dun as well as the leading paper manufacturers. Perhaps, it would be appropriate for the Hindustan Paper Corporation to pursue this question.

The Committee note that ITDC is in touch with the Institute of Paper Technology, Saharanpur, and the Forest Research Institute & Colleges, Dehra Dun as well as the leading paper manufacturers for exploring possibilities of manufacturing Indian art paper of superior quality. The Committee recommend that the matter may be taken up with the Hindustan Paper Corporation also and all possibilities explored to develop the production of good quality art paper of international standard within the country so that the ITDC and others do not have to import such paper for their requirements.

L. Production of Films for Promotion of Tourism

Recommendation Sl. No. 43 (Paragraph 8.67)

The Committee noted that the ITDC produced its first film titled “Destination India” by itself for promotion of tourism. The Committee were of the view that though the Department of Tour-

ism/ITDC were in a better position to select them yet the production of films could with advantage be entrusted to the Films Division of the Ministry of Information and Broadcasting who had the expertise and the facilities therefor.

The Government stated in reply that the Films Division did not possess the equipment and facilities needed for producing a film like 'Destination India'. The services of the ITDC had to be used to make this special film. It was also stated that most of the Tourist documentaries were produced through the Films Division of that Ministry of Information and Broadcasting but in special circumstances the necessity to entrust the work to ITDC could not be ruled out.

The Committee feel that it might be economical if the Films Division of the Ministry of I&B is approached for the production of even special type of films rather than ITDC itself undertaking such ventures.

M. Allocation of overhead charges

Recommendation Sl. No. 47 (Paragraph 10.11)

The Committee found 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 were given to understand that the question of allocation of overhead charges was still under the consideration of Government. The Committee therefore desired that decision in this regard should be taken quickly in the best interest of the Corporation.

The Government stated in their reply dated the 29th August, 1974 that the question of allocation of overhead charges to the Department of Tourism was under active consideration of the Government.

On further enquiry by the Committee regarding decision in the matter the Government stated in December, 1974 as follows:—

"The present formula for allocation of overhead charges to the Department of Tourism in respect of production and Publicity Division was evolved in January, 1973. Some thought has been given to review this formula. The question of review is under consideration."

The Committee are of the view that the final decision regarding allocation of overhead charges to the Department of Tourism has been inordinately delayed. The Committee reiterate their earlier recommendation that final decision in the matter should be taken without further loss of time in the best interest of the Corporation.

N. Realisation of outstanding dues

Recommendation Sl. No. 48 (Paragraph 10.12)

The Committee were perturbed to note that no follow-up action was taken by the leading hotels of ITDC like Ashoka Hotel in most of the cases to realise their outstanding dues. The Committee noticed that a bulk of the outstandings were due from Ministries, Government Departments and Embassies. The Committee recommended that 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. It was further recommended that the Corporation should also ensure that bills with Government Departments were settled within one month of their becoming due. The Committee also recommended 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 dues.

The Government informed the Committee that the Corporation had taken the following steps in this regard:—

- “(a) Towards improvement in the Billing system, NCR (National Cash Register) machines have been installed in Ashoka Hotel, New Delhi, Hotel Ashoka, Bangalore and Akbar Hotel, New Delhi. Pneumatic tubes have also been installed in Ashoka Hotel, New Delhi so that the vouchers from different sales centres reach the Front Office expeditiously.
- (b) Bills are now despatched and pursued more vigorously with regular follow up action.
- (c) The system of weekly billing is now being strictly enforced.
- (d) Credit limits are not normally exceeded except in the interest of business as far as possible.”

The Committee further asked the Government to state as to what action had been taken regarding settlement of bills with

Government Departments within one month of their becoming due and also regarding insisting on weekly payments by the guests staying in the hotels of ITDC.

The Government stated in their further reply that the Ashoka Hotel, New Delhi had brought to the notice of all the Government Departments the recommendation of the Committee on Public Undertakings that payments should be made within one month of their becoming due.

The Committee feel that no serious efforts have been made for prompt realisation of dues from Ministries, Government Departments and Embassies as the recommendation of the Committee has simply been brought to the notice of the Government Departments only and that too only by Ashoka Hotel, New Delhi. The Committee, therefore, recommend that effective steps should be taken so as to ensure that the dues of the hotels of the ITDC are realised from the Ministries, Government Departments, Embassies and other clients within one month of their becoming due.

O. Transfer of Land of hotels in the name of ITDC

Recommendation Sl. No. 51 (Paragraph 10.24)

The Committee noted that though the Corporation had constructed hotels and traveller's lodges at Gwalior, Varanasi and Bangalore the lands of these projects had not been transferred in the name of the Corporation. The Committee recommended that the Corporation should secure transfer of land before undertaking construction of the projects and the Corporation should also get the land in the case of Gwalior, Varanasi and Bangalore transferred expeditiously.

The Government stated in reply that the matter regarding transfer of the title of the land in the case of Bangalore and Gwalior Projects was being pursued and in the case of Varanasi the question whether the land should be leased or sold to ITDC was under consideration of the Government.

The Committee are not happy to know that none of the three cases regarding transfer of title of the land in the name of the Corporation has been finalised. The Committee reiterate that in order to safeguard its rights, the Corporation should secure transfer of land in the case of all the three projects namely Bangalore, Gwalior and Varanasi without further delay. Government should also ensure that in future the land should be got transferred in the name of the Corporation before undertaking the construction of the project to avoid any legal complications at a later stage.

P. Legal responsibilities of Hotels

Recommendation Sl. No. 52 (Paragraphs 10.27 to 10-30)

The Committee noted that no lease deeds had been executed by the Corporation with the Directorate of Estates though the hotel building of Janpath Group of Hotels were taken on lease in 1965. The Committee also noted that a sum of Rs. 11.31 lakhs per annum was being paid towards the lease. Even in the case of Akbar Hotel the Corporation was paying 11 per cent of sales or Rs. 15 lakhs, per annum, whichever was higher to NDMC. The proposal to purchase land and buildings of the Janpath Group of Hotels considered by the board of Directors in 1969 was not pursued because of financial implications in the conditions of purchase.

The Committee found that practice in discharging the liability of various taxes payable to the Municipal Corporation and New Delhi Municipal Committee by the Janpath Group of Hotels varied from hotel to hotel.

The Committee also noted that the Lodhi Hotel had paid some additional rent on account of renovation, etc., carried out by the Directorate of Estates in 1967-68 due to UNCTAD Conference while the Ranjit Hotel had withheld a sum of Rs. 91,000 upto 31st March, 1973 on this account.

The Committee recommended that the legal responsibilities of all these hotels in the matter of payment of rents and taxes to different authorities should be clearly laid down and definite agreements entered into with the parties concerned in order to avoid legal and financial implications. The Committee wanted to know the action taken in the matter.

The Government stated in reply that the Corporation was examining the question of the legal responsibilities of Janpath, Lodhi and Ranjit Hotels with regard to payment of rents and taxes to the concerned authorities.

The Committee are surprised that even after such a long time no action has been taken to lay down in clear terms the legal responsibilities of the Janpath Group of Hotels in discharging their liability regarding payment of rents and municipal taxes by entering into definite agreements. The Committee reiterate that the recommendation made by them earlier in this regard should be implemented without any further delay.

4. Restructuring of I.T.D.C.

Recommendation Sl. No. 56 (Paragraph 11.17)

The Committee noted the view expressed by the Chairman of ITDC that it would be necessary "to split the Corporation into two or three Corporations region-wise or conceive of other forms of organisations like having subsidiaries, etc." in view of the heavy work being managed by eleven Divisions of the Headquarters and also in view of the expanding activities of Tourism and future programmes. The Committee also noted that restructuring of ITDC 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 1-9-1973. The Committee recommended that Government should examine expeditiously the crucial question of restructuring of ITDC thoroughly in the interest of achieving the targets laid down in this behalf in the Fifth Plan.

In reply the Government stated that a 5-Member group had been constituted to review the working of the India Tourism Development Corporation and to suggest changes that should be made for the more efficient fulfilment of the objectives of the Corporation and expeditious implementation of its programmes.

In their further reply regarding the progress made in this respect the Government stated that the first meeting of the 5-Member Committee was held on 27-11-1974. The data compiled by ITDC would be considered by that Committee in their sittings to be held in future.

The Committee are not happy at the slow progress made in this regard and recommend that the review of the working of the ITDC should be completed with utmost expedition and the Parliament informed about the outcome thereof.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 4)

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 (Para 3.17).

Reply of Government

The performance of ITDC hotels is reviewed from time to time. Every effort is made to improve their cocupancy, profitability, standard of service etc. For improving sales of hotel rooms a Marketing Division has been set up at the Headquarters. The Division is maintaining close liaison with travel agents and overseas tour operators. Greater publicity campaign within the country and abroad has been undertaken. For encouraging group movements, Group Tariff has been introduced in practically all the units of ITDC. Strict control is also being exercised on expenditure incurred in hotels and monthly performance budgeting has been introduced in all units. For improving the standard of service, the training programme has been intensified and the existing staff is being imparted on-the-job training. With the induction of trained staff at the middle managerial level, the standard of service is likely to show a marked improvement.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016|8|74-HL, dated 29-8-74]

Further information called by the Committee

No comments have been offered about conducting critical analysis of the reasons for the losses incurred by each hotel while reviewing its performance and taking remedial action. Please comment.

[Lok Sabha Secretariat O.M. No. 15-PU/74 dt. 7th November, 1974]

Further reply of Government

The Government agree that there is need for conducting critical analysis of the reasons for the losses incurred by each hotel, while reviewing its performance and taking remedial action. This is a matter which engages continuous attention of the Management of the Corporation. Performance of the various units of the Corporation is critically analysed periodically by the Corporation and suitable remedial action is taken. Monthly performance budgets and quarterly financial reviews contain an analysis of the performance of the various hotels. It may be mentioned in this connection that profitability is a result of inter-action of a number of factors, such as location, degree of competition, tourist flow, reputation for service and rates charged etc. Every efforts is made to improve their occupancy, profitability, standard of service, etc. The impacts of sales promotion efforts, budgetary control, training programmes are reviewed from time to time. In some cases, detailed investigations are conducted. For example, the working of Ranjit and Lodhi Hotels was critically reviewed by a Committee and the management is taking suitable action in the light of its findings.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-HL dated 4th December, 1974]

Recommendation (Serial No. 9)

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 programmes 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. (Para 3.53).

Reply of Government

The Board of Directors is reviewing the position of construction of motels carefully and will take decisions in future whether motels or hotels of 2 to 3 star category should be put up. All factors like petrol price hike, special role of motels in the service of tourists etc. will be taken into consideration while setting up new motels during the Fifth Five Year Plan.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-Dated 29-8-74]

Recommendation (Sl. No. 10)

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. (Paragraph 3.54)

Reply of Government

The Motel-cum-Tourist Reception Centre was originally envisaged as a joint project of the ITDC and the Department of Tourism. While the entire project was to be executed by ITDC, the incremental cost of the tourist reception centre was to be financed by the Department of Tourism. It has now been decided to treat this project as a project of ITDC.

Against the original cost of Rs. 49.90 lakhs, the revised cost is likely to be of the order of Rs. 73 lakhs. The project accounts are under finalisation and audit. The main reasons for the increase in cost of the project are increase in cost of land, electric sub-station, higher tenders for items of civil works and furniture and fittings, provision of lifts, mezzanine floor, tube well and underground tank, installation of central airconditioning system for 35 rooms and public areas etc.

The Government will examine the estimates critically after they are received from the Corporation.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-HL dated 29-8-74]

Recommendation (Sl. No. 12)

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 5th 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. (Para 3.71)

Reply of Government

The Department of Tourism is constructing 15 Youth Hostels for encouraging Youth Travel to and within India. The Youth Hostel at Jaipur is already commissioned, those at Madras, Hyderabad, Aurangabad, Gandhinagar, Bhopal, Patni Top, Dalhousie, Panchkula, Panaji and Amritsar have been constructed but have yet to be furnished; and the remaining four located at Nainital, Puri, Darjeeling and Trivandrum are due for completion by the end of 1974.

The scheme for management of these Youth Hostels has since been finalised and discussed with representatives of the State Governments. The State Governments have been asked to formally communicate their acceptance of the scheme. The broad outlines of the scheme are:—

- (1) The management of Youth Hostels would be entrusted to the respective State Governments. The State Governments would provide working capital and would also be responsible for the recurring operational profits/losses. The Central subsidy would be limited to Rs. 12,000 per annum per youth hostel.
- (2) The Department of Tourism would meet the entire costs of civil expenditure on the construction of Youth Hostels. This would include the cost of furniture and equipment which would be limited to Rs. 70,000 per Youth Hostel.
- (3) The guidance for the management of Youth Hostels would be provided by a Central Policy Committee. For supervising the activities of each Youth Hostel, however, local managing Committees would be constituted. The Chief functionary of each Youth Hostel would be its Warden.
- (4) The Youth Hostel building would be rented out to State Governments on a nominal rent.

- (5) The Department of Tourism would undertake periodical inspections with a view to ensuring proper maintenance, upkeep and standards.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-
HL dt. 29-8-74]

Recommendation (Serial No. 13)

The Committee note that the UNDP Team in their Report on Tourism in India, 1970 had expressed in so far 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 build 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 for 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 in Goa.

(Para 4.26)

Reply of Government

As explained at the time of oral evidence given to the Committee, the decision to develop Kovalam as an international beach resort was taken even before the liberation of Goa. This was as a

result of Kovalam being selected for beach development by Club Mediterraine in 1959-60. The Report of the UN Experts Team headed by Dr. R. J. O' Driscoll, while recommending the development of the beaches in Goa, also recommends 'the Kovalam project may be considered with the Gulmarg project as two worthwhile pilot projects with the aim to broaden the tourist image of Indian and worthy of UNDP support' (Page 76 of the Report). This Report does not indicate any preference for the development of one beach area over the other. Later a more specific survey of 2 beach areas was undertaken under the UNDP Technical Assistance Programme. Their Report on the Beach Resorts Survey states "From the initial field investigations, it was immediately clear that there were major differences in the three project areas. Kovalam is centred around most attractive area of relatively long stretch of beach and contains most of the basic essentials for a quality and more exclusive beach resort development. Goa on the other hand is a vast region of expansive and attractive beaches and related navigable waterways, with ability to accommodate large numbers of visitors and where development must be viewed in a regional context. Mahabalipuram is principally a significant monument and historic areas situated on a major beach stretch". Both the reports thus commend the decision to develop Kovalam and Goa, the Report on Beach Resorts Survey further stating "The ITDC's new Palace Hotel complex has established a sound quality and high standard of design and development which should set the tone for additional development at Kovalam."

As mentioned in the UNDP Report on Beach Resorts Survey, the development of beaches in Goa has to be viewed in a regional context entailing determination of not only *inter-se* priorities for the development of various beaches, but also the preparation of master plans of a much larger number of beaches than would be the case at Kovalam or Mahabalipuram. The problem in Goa is further aggravated by the fact that the State does not have any Town and Country Planning Act under which master plans could be prepared indicating land use and zoning for different functional uses such as industrial, commercial, fisheries, tourism, residential etc.

As soon as the draft Town and Country Planning Bill, now before the State Legislature, is passed it will be possible to zone the areas for tourism development thereby preventing land speculation and haphazard growth of the beach areas spoiling their environment.

As regards infrasturctural facilities, water and electric supply would have to be brought from a much longer distance to the beaches

in Goa than is the case at Kovalam, which is located only 7 miles from Trivandrum. Similarly, approach roads to many beaches in Goa are either non-existent or are in poor condition and would, therefore, need to be improved and widened at a much greater cost than the case at Kovalam. Because of the larger number of beaches in Goa requiring regional planning, the cost for developing infra-structural facilities for beach complexes in Goa would be much higher compared to the development of a single beach stretch at Kovalam. Goa and Kovalam being alike climatically, the former will be equally handicapped as Kovalam in attracting tourists during the moonsoon months as it also receives heavy rainfall.

The Government, however, recognised the importance of beach development in Goa from the point of view of attracting a larger volume of tourists, and has therefore provided Rs. 4.50 crores in the Central Sector for tourism development in Goa. Action has also been initiated to take up beach development at Goa in right earnest as recommended by the Committee.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-
HL, dt. 29-8-74]

Recommendation (Serial No. 14)

The Committee note that out of the total cost of Rs. 221.58 lakhs for the Kovalam Project the 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 anticipation, 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 3 1/2 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. (Para 4.27).

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 the surroundings so as to serve as a real guide to its tourists. (Para 4.28).

Reply of Government

The recommendation of the Committee have been noted. For improving the service in Kovalam Hotel, training for the staff has been organised at Hotel Ashoka, Bangalore. A publicity campaign has been launched in India as well as abroad for selling the Kovalam Complex. It needs to be mentioned here that Kovalam Beach Complex was adversely affected during 1973-74 due to Indian Airlines lockout. A boeing 737 service is being introduced between Bombay and Trivandrum and a larger number of tourists will be able to visit Kovalam. The airport at Trivandrum is also being improved. These measures will help to improve the occupancy of the beach resort and its profitability.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-
HL dt. 29-8-74]

Recommendation (Serial No. 15)

The Committee regret to note that the Corporation has sought the advice of UNDP 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 the period of 2 years has now been undertaken by the Peechi Research Station to determine the sand loss during the moonsoon. 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. (Para 4.29).

Reply of Government

The Study by the Peechi Research Station is continuing and any further steps needed after their recommendations are received, will be taken up in consultation with technical experts. It may, however, be noted that the UNDP Experts have expressed their opinion

that there is no need to be alarmed by the wasting of the sand in the monsoon season, as it is replenished after the rains.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-
HL dt. 29-8-74]

Recommendation (Serial No. 16)

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 as 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. (Para 4.30).

Reply of Government

The Scheme for strengthening and lengthening of the runway at Trivandrum aerodrome to make it suitable for Boeing 707 charters has been included in the Fifth Plan proposals of the CAD. The case is being examined on a high priority basis.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-
HL dt. 29-8-74]

Recommendation (Serial No. 17)

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. (Para 4.34).

Reply of Government

The recommendation of the Committee is noted and the matter has been taken up with the Government of Tamil Nadu.

[Ministry of Tourism & Civil Aviation, O.M. No. HS-11016/8/74-
HL dt. 29-8-74]

Recommendation (Serial No. 19)

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 seasons, 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.

(Para 5.26)

Reply of Government

The Committee have accepted that it is necessary to maintain transport fleet at places of tourist importance even though some of the units may not be remunerative. As recommended by the Committee, the question of deployment of fleet at various transport units so as to ensure maximum utilisation of vehicles consistent with the traffic needs for these centres is under constant review.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-
HL, dated 29-8-75].

Further Information called by the Committee

Please state the outcome of the review mentioned in the reply regarding the question of deployment of transport fleet at various units to ensure maximum utilisation of vehicles.

[Lok Sabha Sectt. O.M. No. 15-PU/74, dated 7-11-1974]

Further Reply by Government

The question of deployment of the transport fleet at various units to ensure maximum utilisation of vehicles receives continuous attention of the management of the Corporation. Inter-unit transfers of vehicles are made according to requirements both during the season and off-season. For example, the mini coach at Udaipur has

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been transferred to Jaipur; a coach from Delhi has been transferred to Patna for the coming tourist season and a DLZ car placed at Kovalam was transferred to Madras as there was not enough demand during the off-season. It may, however, be mentioned that it is necessary to maintain transport services at certain tourist centres as transport facilities have to be provided to complement the basic tourist infra-structure in the region.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-HL.
dated 4th December, 1974]

Recommendation (Serial No. 21)

The Committee note that the present estimate fleet of 4801 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 affect 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.

(Para 5.28)

Reply of Government

The recommendations of the Committee will be kept in view while drawing up plans for replacement of vehicles and expansion of transport services during the Fifth Plan period.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-
HL, dated 29-8-75]

Further Information called by the Committee

The Committee stressed that a careful review should be made to see that the fleet is augmented only to the extent considered necessary. Please state whether such a review has since been made and if so, what is the outcome.

[Lok Sabha Sectt. O.M. No. 15-PU/74, dated 7th November, 1974]

Further Reply by Government

The Fifth Five-Year Plan of the Corporation is under revision. The Annual Plan of the Corporation for 1975-76 providing for an outlay of Rs. 5.50 crores is now to be considered by the Planning Commission. A clearer picture regarding the availability of funds for the implementation of various plan projects including transport is likely to emerge towards the end of the current financial year.

During the last two years the Corporation has not imported any luxury cars. Consequent on the increase in fuel prices, it has been found that operation of diesel-run vehicles is economical and hence it is proposed to augment diesel-run coaches. It may be mentioned in this connection that additions to the fleet are made only to the extent considered necessary.

As soon as the position regarding the availability of funds crystallises, the review of fleet requirements will be made keeping in view the recommendation of the Committee for acquiring coaches of larger capacity.

It must, however, be added that with the increase in tourist traffic the need for augmenting the transport fleet is bound to become an inescapable requirement.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL, dated 4th December, 1974]

Recommendation (Serial No. 25)

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 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.

(Para 6.19)

Reply of Government

Programmes of Indian dances are arranged from time to time at the various hotels of the ITDC in Delhi, Bangalore, Udaipur and Kavalam. In organising these programmes, the ITDC has taken assistance from agencies such as the Bharatiya Kala Kendra, Sangeet Natak Akademi and the National School of Drama.

A working Group on Entertainment Facilities has been constituted by the Department of Tourism to advise on the creation of an Entertainment Unit in order to provide cultural entertainment to foreign tourists at 10 selected centres, namely Delhi, Bombay, Calcutta, Madras, Agra, Varanasi, Jaipur, Srinagar, Aurangabad and Bangalore.

At the last meeting of the Working Group it was decided that:

- (a) The Sangeet Natak Akademi may be requested to compile data on various existing art forms which could possibly be utilised for arranging programmes and to furnish details of suitable organisations available at the 10 selected centres which could assist in arranging various types of Programmes.
- (b) A survey should be carried out in four main cities of India and if possible, in one or two smaller towns to obtain data on the type of programmes which would appeal to tourists.
- (c) The ITDC should work out a scheme for setting up an Impresario Unit for arranging entertainment programmes for tourists, initially in the centres where ITDC hotels exist.

Action has been initiated on the above points. The Committee's recommendation that cultural programmes arranged by Government owned hotels should form part of the commercial venture of the hotels and may not be subsidised will be borne in mind.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016|8|74-
HL, dated 29-8-75].

Further Information called by the Committee

Please state by what time the entire scheme initiated by the Working Group on Entertainment Facilities is likely to be finalised.

[Lok Sabha Sectt. O.M. No. 15-PU|74, dated 7-11-1974]

Further Reply of Government

The outline of a scheme for setting up Entertainment Families was received for the I.T.D.C. in July, 1974. The scheme envisaged a subsidy for each programme. Apart from the fact that no provision for this purpose exists in the Fifth Five Year Plan of the Department of Tourism, it was felt that a scheme of this type need not necessarily be based on subsidy. The ITDC has therefore been requested to consider the possibility of revising the scheme with a view to ensuring that the programmes are part of the commercial ventures of the hotels and do not therefore need any specific subsidy. Considering however the cost involved in the scheme as envisaged earlier, it is difficult to say by what time it will be possible to evolve a scheme which would not need subsidy.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016|8|74-
HL, dated 4th December, 1974]

Recommendation (Serial No. 26)

The Committee note that the Son-et-Lumiere Show at Red Fort, Delhi which was mounted and open 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 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.

(Para 6.46)

Reply of Government

Noted. It may be mentioned that the script was revised only once after ITDC took over the Son-et-Lumiere at Red Fort when the tapes had worn out.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-HL dated 29-8-74].

Recommendation (Serial No. 27)

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.

(Para 6.47)

Reply of Government

Noted. In fact, this is already being done as the following table would show:—

Name of the Show	Experts consulted
Revision of the SBL show at Red Fort, Delhi.	Sri B. R. Nanda of Jawaharal Nehru Memorial Library and Principal M. M. Begg of University of Delhi (Prof. M. Mujib was informally consulted)
SBL Show at Shalimar, Ahmedabad	Sri K. Rithakrishnan of Gandhi Peace Foundation.
SBL Show at Shalimar Gardens, Srinagar	Director, National Archives of India and Ministry of External Affairs (Historical Division)

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL dated 29-8-74].

Recommendation (Serial No. 28)

The Committee find that a Son-at-Lumiere show covering Mahatma Gandhi's life at Sambarmati 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.

(Para 6.48)

The Committee find that Son-et-Lumiere show 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 'Pioneering 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.

(Para 6.49)

Reply of Government

Every effort is being made to improve the earnings of the sound and light shows at Ahmedabad and Srinagar. These are promotional projects executed and operated by ITDC on behalf of the Department of Tourism.

The recommendation of the Committee will be kept in view while taking decisions on proposals for mounting new sound and light shows.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-HL dated 29-8-74].

Further Information called by the Committee

Please state the concrete steps taken to increase local response and tourist attraction to make Son-et-Lumiere show at Sabarmati Ashram, Ahmedabad, more popular.

[Lok Sabha Secretariat O.M. No. 15-PU/74 dated 7th November, 1974]

Further Reply of Government

As already indicated, Government is of the view that the Son-et-Lumiere show at Sabarmati Ashram, Ahmedabad, should not be judged in monetary terms alone but also in the context of emotional appeal and the need to project the life of Mahatma Gandhi.

The following steps have been taken to increase the local and tourist response to the Sabarmati Ashram Son-et-Lumiere Show:

- (i) 50 per cent concessions are being given to students of schools and colleges.
- (ii) Efforts are being made to sell the show to educational institutions and industries in Gujarat State.
- (iii) The publicity of the show is being done through newspaper advertisements and by putting up posters and hoardings at important places in the city.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL dated 4th December, 1974]

Recommendation (Sl. No. 32)

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.
(Para 7.12).

Reply of Government

The articles generally in demand by tourists are known. However, a sample study as suggested is being undertaken. Additional

indigenous items will be included for sale subject to profitability and availability of space in the shops.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL.
dated 29-8-74]

Recommendation (Serial No. 33)

The Committee note that during the decade (1961—71), tourist arrivals in India had registered an average annual increase of 12.4 percent. By 1980, India expects the tourist arrivals to increase from the present level of 3 lakh tourists to 10 lakh 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, calls for two pronged strategy of strengthening the infrastructure at home and improving India's image abroad. (Para 8.6).

Reply of Government

Government agree with the observations made and their effort is directed to this end.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL.
dated 29-8-74]

Recommendation (Serial No. 34)

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 multi-colour publicity material becoming obsolete. (Para 8.27).

Reply of Government

Information included in the text for the tourist publicity literature is prepared by the Editorial Department of ITDC. Before the text is sent for final printing, the manuscript is circulated amongst

the concerned regional tourist offices of the Government of India and State Governments. Comments/suggestions made by these offices are taken into consideration before publication. Every effort is made to include latest information.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016|8|74-HL
dated 29-8-74]

Recommendation (Serial No. 35)

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 materials, so that improvement in the publicity material could be effected in time. (Para 8.28).

Reply of Government

As a matter of policy, the Government of India Tourist Offices abroad assess the tourist response to publicity material and feed back the information to the India Tourism Development Corporation for effecting improvement in the publicity material. The views of the Committee are again being circulated to the Government of India Tourist Offices overseas.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016|8|74-HL
dated 29-8-74]

Recommendation (Serial No. 36)

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. (Para 8.29).

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. (Para 8.30).

Reply of Government

This is already being done by the Publicity and Production Division of the India Tourism Development Corporation. Necessary guidance and assistance is provided by the Department of Tourism and its field offices.

ITDC has a good collection of tourist literature produced by the various countries in the world and also receives them regularly from the Overseas Tourist Offices and Air India. These materials are referred to while planning ITDC publications.

The views of the Committee are being circulated to all concerned for further emphasis.

[Ministry of Tourism & Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74]

Recommendation (Serial No. 39)

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.
(Para 8.41).

Reply of Government

With effect from July, 1973, arrangements for storage of imported art paper have been made with M/s. Central Warehousing Corporation (A Government of India Undertaking) at Delhi, Bombay and Madras. The arrangements are quite satisfactory.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74]

Recommendation (Serial No. 40)

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, utilisation 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.

(Para 8.42).

Reply of Government

A stock register indicating the paper sent to printers and ITDC's closing stock is maintained in the P&P Division. For every job for which paper is supplied out of ITDC stock, printers have to submit

to the P&P Division an account of paper utilised, before their bills are passed for payment by P&P Division. The paper account received, is in the form of a statement which is filed in the P&P Division's relevant job file.

The Statutory Auditors advised that, in addition, this information should be maintained in the form of a separate paper consumption register. A Statement showing the receipt of paper, its consumption and balance, if any, is received from the printers and a stock register containing this information is now being maintained.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016|8|74-HL
dated 29-8-74]

Recommendation (Serial No. 41)

The Committee are greatly perturbed to note that an amount of over Rs. 14 lakhs remain unadjusted upto the end of 1970-71, in 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 the overheads do not, as a rule, exceed the limit fixed by Government. (Para 8.58).

Reply of Government

The issues on the pricing policy and the outstanding amount to be paid by the Department of Tourism have since been resolved. Every effort is being made to control the overheads.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016|8|74-HL
dated 29-8-74]

Recommendation (Serial No. 45)

The Committee note that the 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 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 and (d) a fool proof and scientific stores 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 thier 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. (Para 9.7).

Reply of Government

The Corporation has noted the Committee's recommendations on the subjects of centralised policy for 'Inventory Control System' and of scientific "Stores Accounting Procedure" for all ITDC units on a uniform basis.

2. As regards "Inventory Control System" the present methods are being modernised, as far as feasible on the lines indicated. In order to achieve all possible economies in the material costs, the following steps are being taken:—

- (a) A policy directive, in order to achieve uniformity and to fix maximum/minimum limits of important store items and pricing of issues in all units, is under issue. The implementation will be watched by the Corporation's Internal Audit Cell.
- (b) In the meantime, in the major units like Ashoka and Janpath Hotels, New Delhi, a close internal control is being exercised on different aspects of Stores such as: purchase, inspection, receipt, storage|stock, issues, consumption etc.

3. As regards the introduction of modern scientific "Store Accounting Procedure", the Corporation has been in touch with the National Productivity Council and the International Computers Limited. They have submitted their cost estimates for undertaking the job. These are under scrutiny of the management.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74]

Recommendation (Serial No. 46)

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 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 between 0.21 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 cutlery 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. (Para 9.17).

Reply of Government

A study of breakages in the major hotels of ITDC has been conducted on the basis of figures for 1972-73. According to this study, percentage of breakages of cutlery and crockery ranged between 0.3 per cent and 2.8 per cent of sales and a norm was fixed last year.

In the major hotels of the world, the loss on this account varies from 1.4 per cent to 2.3 per cent of the turnover. On a study of the trend revealed by the audited figures of 1973-74 and the information regarding private sector hotels a suitable norm will be laid down.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-HL dated 29-8-74].

Further Information called by the Committee

Please state as to what action has been taken to keep the losses on account of breakage of crockery and cutlery to the minimum.

[Lok Sabha Sectt. O.M. No. 15-PU/74 dt. 7th Nov. 1974]

Further reply of Government

A review has been conducted of the losses on account of breakage of crockery and cutlery in various hotels of ITDC. Norms have been evolved to minimise the losses and the hotels have been asked to adhere to the prescribed norms.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL dated 4th December, 1974]

Recommendation (Serial No. 50)

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 loop-holes, if any, cut out wastage and effect economies in expenditures. 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. (Para 10.21).

Reply of Government

The Internal Audit Cell set up in the latter part of the year 1971-72, has covered the audit of various units of the Corporation and

has issued 28 Audit Reports during 1972-73 and 33 Audit Reports during 1973-74.

As recommended by the Committee, important matters reported by the Internal Audit will be brought to the notice of the Board.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74]

Recommendation (Serial No 56)

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 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. (Para 11.23).

Reply of Government

It has been made obligatory on the part of every officer going abroad to furnish a formal report on his/her return.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation (Serial No. 1)

The Committee regret to note that as many as seven schemes of ITDC included in the Fourth Plan, viz. Hotel Projects for Goa, Jaipur, Hotel at Siliguri and expansion of Travellers' Lodges at Bhubaneswar, Madurai, Bodh Gaya and Kulu, had to be postponed to the Fifth 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 Fourth Plan has been expended. 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 (Para 2.9).

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. (Para 2.10).

Reply of Government

Expenditure during the Fourth Plan is of the order of Rs. 12.25 crores against the plan provision of Rs. 12.77 crores. The shortfall in expenditure as against plan allocation is on account of cuts in budget allocations during 1972-73 and 1973-74. The reasons for postponing the following schemes to the Fifth Plan are given below:—

1. Cottages at Goa

This scheme was postponed to the Fifth Plan pending UNDP's report on beach development in India. In the Fifth Plan a provision of Rs. 250 lakhs has been included for a hotel and cottages.

2. Jaipur

This scheme was originally included in the Fourth Plan. In view of the private sectors proposals to construct a hotel at Jaipur, this scheme was dropped at the time of mid term appraisal with the approval of Planning Commission. The question has since been reviewed and a hotel at Jaipur has been included in the Fifth Plan.

3. Motel at Siliguri

In the Fourth Plan a 50 room motel was envisaged at Siliguri. A detailed assessment of the requirements indicated that the construction of accommodation at Siliguri could be postponed for some time. There was also some difficulty in the allotment of a site for this project by the Government of West Bengal. The question has since been reviewed and this project has been included in the Fifth Plan of the Corporation.

4. Expansion of Travellers' Lodges at Bodhgaya, Bhubaneswar, Madurai and Kulu

(i) *Bodhgaya*: Department of Tourism, Government of India decided to get a master plan prepared for development of Bodhgaya, Nalanda complex. It was considered advisable to take up the expansion of Bodhgaya Travellers' Lodge after the master plan is finalised and hence the scheme was postponed. The scheme has now been included in the Fifth Plan.

(ii) *Bhubaneswar Travellers' Lodge*: The proposal for expansion of this lodge has been approved by the Board of Directors in June, 1973. However, work on this project could not be taken up during 1973-74 due to tight budgetary position at that point of time. The scheme therefore had to be postponed to Fifth Plan.

(iii) *Madurai & Kulu Travellers' Lodges*: It was felt that expansion of these lodges could be postponed for some time. The question has since been reviewed and the proposal for expansion of these lodges have been included in the Fifth Plan. Though the above schemes were shifted from the Fourth Plan to Fifth Plan the allocation was used upto Rs. 12.25 crores due to following reasons:

- (a) Due to cost escalations most of the projects exceed the estimated cost requiring additional funds.

Every effort is made to identify in advance projects which should be included in a particular plan period and to allocate priorities. It, however, sometimes happens that during the currency of a particular Plan urgent requirements arise which were not foreseen when the original Plan was drafted. In such an event it becomes necessary to execute the project within the funds available.

- (b) The Corporation undertook four new schemes not originally covered in the mid term appraisal. These schemes were the Ashoka Restaurant at Asia '72, patna Hotel, the conversion of Lalitha Mahal Palace into a hotel and commissioning of Qutab Hotel at New Delhi. These projects were taken up as they were considered urgent and the circumstances were such that they could not be postponed.

In deciding which projects should be undertaken, the Corporation has to take into account a number of factors such as tourist potential, availability of existing accommodation, plants of the private sector in regard to each such place etc. The drawing up of feasibility studies in regard to each possible location in advance of the commencement of the plan period has serious limitations in the tourism field. The development of any particular tourist location depends on a number of factors such as accessibility, suitable air connections, tourists' preferences and other infrastructure facilities available. It is therefore, difficult to estimate in advance the demand forecast for hotel accommodation. In view of these considerations the procedure adopted in the Fifth Plan as in the earlier plans has been to draw up a shelf of projects based on tentative cost estimates and assessment of demand and supply of tourist facilities. Detailed feasibility studies are taken up after the final plan allocations are made known. Individual projects are executed only after detailed studies are made and the financial aspects are considered. A certain measure of flexibility in the choice of the projects, is, therefore, essential to keep abreast of other developments in the tourism sector. A great deal of expenditure by way of surveys, preparation of plans and estimates by Architects is involved in each project and in the present inflationary state of economy, the cost estimates require constant revision. The Corporation undertakes execution of individual projects, almost in every case, with the approval of the Gov-

ernment. The Plans are revised annually not only for budget considerations but also more often from the point of view of ensuring adequate progress. Physical and financial targets are, in fact, laid down for each project and these are reviewed not only by the Board of Directors but also by the Government periodically. The Corporation and the Government thus, ensure taking up of only such projects as are essential for the fulfilment of the overall growth of tourism within the country. New schemes undertaken outside the projects originally included in the Plan will be mentioned in the Annual Report.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74]

Further information called by the Committee

Please state the action proposed to bring to the notice of Parliament whenever schemes not included in the approval plan are allowed to be executed, indicating the precise reasons for the change.

[L.S. Sectt. O.M. No. 15-PU/74 dt. 7th November, 1974]

Further reply of Government

Government have already agreed that new schemes undertaken outside the projects originally included in the Plan will be mentioned in the Annual Report of the Ministry indicating the reasons why they were taken up. As the Annual Report of the Ministry is placed before Parliament, such schemes come to the notice of Parliament.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
4th December, 1974]

Recommendation (Serial No. 2)

Occupancy

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 mini-

mum 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. (Para 3.8).

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. (Para 3.9).

Reply of Government

The Committee have observed that they have noted the decline in the rate of occupancy in almost all the hotels managed by the ITDC from 1970-71 to 1972-73. This is not borne out by the occupancy figures quoted in para 3.4. The occupancy in the Ashoka (Delhi), Ashoka Bangalore and Akbar Hotels have progressively increased during these years. However, the occupancy in respect of Janpath and Lodhi Hotels have only slightly declined. The occupancy in the case of Ranjit Hotel was the same in 1972-73 as in 1970-71 but has registered a decline in 1973-74.

The argument regarding non-availability of hotel rooms on account of renovations, as reason for decline in occupancy is applicable only in the case of Ranjit Hotel during 1973-74. As a large scale renovation programme was put through in Ranjit Hotel, the works extended beyond the loan season and hence affected the occupancy. It has been pointed out earlier that large scale renovations in the case of Ranjit and Lodhi Hotels were inescapable as the buildings were not initially constructed for running as hotels but were meant to serve as hostels. As far as possible, all renovation works are undertaken only during the off season so as not to affect the overall occupancy of the hotel.

The Committee's recommendations that ITDC should study the factors underlying the high occupancy in the private sector to boost up the occupancy in its hotels will be implemented. In this connection, suitable marketing strategy and operational improvements are being planned during the Fifth Plan period.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016|8|74-HL
dated 29-8-74]

Recommendation (Sl. No. 3)

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 upto 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 hotels from October, 1972. (Para 3.16)

Reply of Government

The occupancy and the income of a hotel is a composite result of inter-action of many factors like tourist arrivals, reputation for quality service, competition from other hotels, location of the hotels, importance of the place foreign collaboration arrangement etc. It would therefore not be correct to attribute the occupancy to one single factor alone like renovation. Renabation is however a very essential requirement for improving the market-ability of a hotel. By and large, the renovation of ITDC Hotels has improved their image and popularity. It is submitted that there is bound to be a time lag between undertaking of renovations and improvement of occupancy.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL

Dated 29-8-74.]

Recommendation (Serial No. 6)

Aurangabad Hotel

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 railways 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 relagating the execution of the work to Fifth Plan. (Para 3.34)

Reply of Government

The Fourth Five Year Plan of the Corporation originally included allocation of Rs. 100 lakhs on account of 100 room hotel at Aurangabad. No good site was available to start construction immediately. After considering different alternatives, it was felt that it would be better to take over the Railway Hotel at Aurangabad and expand the same as the railway hotel was ideally located with extensive grounds to take care of expansion.

After protected negotiations with the railway authorities, the railway hotel was taken over from the Railways w.e.f. 1-10-1972 and as such the work on expansion could not be taken up earlier. Immediately after taking over the hotel, architects were appointed and the architects prepared preliminary plans and cost estimates for a 50 room expansion block in early 1973. The proposal to expand the Aurangabad Hotel was approved by the Board and the work was taken up during 1973-74 consistant with the position of funds.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016|8|74.
Dated 29-8-74.]

Recommendation (Serial No. 20)

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 critically examined and suitable remedial measures taken to improve the operational efficiency and profitability of the units.

(Para 5.27)

Reply of Government

Delhi Transport Unit incurred loss of Rs. 1.01 lakhs in the year 1970-71 and Rs. 0.60 lakhs in 1971-72. While improvement in its working results was noticed during 1971-72, the loss in 1972-73 increased to Rs. 2.38 lakhs. This was mainly due to the fact that the depreciation policy was changed during 1972-73 to comply with the requirements of the Companies Act and higher amount of depreciation of Rs. 1.22 lakhs was provided. Besides, depreciation for the full year was charged on account of 41 imported cars added to the fleet, though these cars were in operation only for about 2 months. On this account additional depreciation to the extent of Rs. 2.18 lakhs had to be provided. On the whole, the profits were reduced by Rs. 3.40 lakhs. Considering the above aspect, it would be seen that improvement in utilisation of fleet has in fact improved the financial results. The rise in petrol prices consequent on the energy crises has added a new dimension to the problem of profitable operations of tourist transport services. It may be stated that ITDC cannot independently revise the tariffs of Transport Fleet as these are controlled by State Governments. Wherever the State Governments have not revised the tariffs, the ITDC has taken up the matter with the concerned authorities. The working of the Transport Division of the Corporation has been under constant review and every effort is being made to improve the operational efficiency and the profitability of the units.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
Dated 29-8-74.]

Further Information called by the Committee

Please state the concrete steps taken to improve the operational efficiency and profitability of the transport units.

[Lok Sabha Secretariat O.M. No. 15-PU|74 dated 7th November, 1974].

Further Reply of Government

As already indicated, the working of the Transport Division is under constant review. Against the loss of Rs. 85,000|- during 1972-73, the Transport Division of the Corporation has made a profit of Rs. 18,000|- during 1973-74.

A Public Sector Transport Undertaking does not have the flexibility enjoyed by Private Operators and has to maintain a high standard of service. Further the rise in petrol prices has had an adverse effect on the profitability of the tourist transport services and the increase in operating costs has led to some consumer resistance to increased tariffs. Even so, this facility has to be provided as an essential service to tourists in the interest of promotion and development of tourism.

Every effort is made to improve the operational efficiency of the transport units and the following steps have been taken in this regard:

- (i) Tighter control over repairs and maintenance of vehicles
- (ii) Intensified sales promotion efforts
- (iii) Introduction of new coach tours
- (iv) Acquisition of big coaches
- (v) Maximum utilisation of each vehicles
- (vi) Periodical checks to ensure the observance of (i) to (v).

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016|8|74-HL dated 4th December, 1974]

Recommendation (Serial No. 30)

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. (Para 6.61)

Reply of Government

The proposed projects at Calcutta and Mahabalipuram have been dropped.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL dated 29-8-74.]

Recommendation (Serial No. 38)

Storage of Imported Paper

The Committee regret to note from the Statutory Audit Report 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 responsibility for this loss and explore the possibility of recovering the amount from the owner of the godown. (Para 8.40)

Reply of Government

M/s. National Offset Works have been storage and forwarding contractors since 1966-67. Complaints of damaged paper were received from the Printers only in some of the consignments despatched in 1971-72. The position regarding the damaged paper received by the printers is as under:—

	Estimated Cost
	Rs.
(i) Paper sent to M/s. Prasad Process, Madras	64,000
(ii) Paper sent to M/s. Lal Chand Roy & Co., Calcutta	14,000

The consignments of allegedly damaged paper sent to two other printers have been taken back by the contractors at their own cost. The entire responsibility for this loss is of M/s. National Offset Works who were responsible for despatch of imported paper to various

printers besides storing the paper. With a view to minimise the losses, attempts have been made as far as possible to salvage the paper on the request of M/s. National Offset Works. The Corporation has succeeded in salvaging considerable quantity in the case of the consignment sent to M/s. Lal Chand Roy & Co., Calcutta and the loss has been minimised to the extent of Rs. 4500/- against the estimated value of Rs. 14,000/- indicated above. As regards the paper sent to Madras also, attempts are being made to salvage the paper after M/s. National Offset Works obtained the permission of the Insurance Company under whose Insurance cover the paper was despatched by them. However, to safeguard the interest of the Corporation, the amount equivalent to the estimated loss, to ITDC, has been withheld from the dues of the party. ITDC are under correspondence with the party and are exploring all the avenues open to settle the matter amicably. In the event of failure, the Corporation may have to resort to legal action.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74.]

Recommendation (Serial No. 42)

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 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. (Para 8.59).

Reply of Government

In planning management and man-power requirements for the production of publicity material, ITDC's emphasis is on a single objective: to maintain the quality standards which have been established for India's tourist literature and to improve upon these standards to meet the needs of the intensely competitive overseas markets for which our material is intended.

The Corporation periodically reviews its staff requirements in relation to the magnitude of the publicity programme.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74.]

Recommendation (Serial No. 44)

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 Akbar 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 the 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.

Reply of Government

The arrangements with Steigenberger Reservation System and M/s. Utell International are being continued during the current financial year also. Since the Steigenberger Reservation System has not generated much business it has given a substantial rebate on the last year's bills as a result of which ITDC will be required to pay DM 13,900 as against DM 22,000 contracted for earlier. M/s. Utell has been giving satisfactory performance and it is proposed to continue this arrangement.

ITDC maintains close liaison and coordination with the tourist offices of the Department of Tourism abroad who also play a considerable role in popularising and promoting ITDC hotels in India. Active sale and bookings by such offices would, however, not be feasible.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 29-8-74.]

Further Information Called by the Committee

(a) Please state whether a critical assessment of the working of arrangements with the existing agencies abroad for selling ITDC hotels in India has been made and if so, what is the outcome thereof.

(b) It has been simply stated that active sales and bookings by the tourist offices of the Department of Tourism abroad would not be feasible. Detailed reasons may please be furnished.

[L.S.S. O.M. No. 15-PU/74 dt. 7th Nov., 1974]

Further Reply of Government

The ITDC has at present arrangements with only two agencies abroad for selling ITDC hotels. Their performance has been reviewed and the emerging position is as follows:—

Steigenberger Reservation Service

The direct bookings received from the Steigenberger Reservation Service in respect of the ITDC hotels linked up with this agency are as under:

	Guest Nights in 1972 & 1973	Guest Nights in 1974
Ashoka Hotel, New Delhi	610	690 (From 1-1-74 to 30-11-74)
Akbar Hotel, New Delhi	88	45 (from 1-1-74 to 30-11-74)
Hotel Ashoka, Bangalore	8	92 (From 1-1-74 to 30-11-74)

M/s. Utel International New York

M/s. Utel International have been representing Ashoka Hotel since 1969. The business given by them is indicated below:

Year	Guest Nights
1969	414
1970	1589
1971	1529
1972	1579
1973	1943
1974 (upto 24-11-74)	1733

It will be seen that there is improvement in 1974 and the management has, therefore, decided to continue these services till December, 1975 for the present.

The main reasons why Government of India Tourist Offices abroad cannot undertake actual bookings on behalf of ITDC are:—

- (a) The Foreign Governments allow the opening of Government Tourist Offices abroad on the understanding that they are purely official organisations doing publicity and promotion and not undertaking any commercial activity.
- (b) The local laws of foreign countries do not apply to Government tourist offices thereby exempting the tourist offices from the payment of income-tax as well as other local taxes. As soon as a tourist office undertakes commercial activities, they will be bound by local regulations and laws involving avoidable expenditure in the form of local taxes.
- (c) The function of a tourist office is to create favourable conditions to enable foreign tour operators to sell India as a destination. By taking over the function of bookings the tourist offices will start competing with the local tour operators losing in the bargain their goodwill.

It may, however, be pointed out that tourist offices overseas are actively selling ITDC facilities including their hotels. Actual bookings are done by foreign tour operators in their own countries through Indian tour operators or directly through the ITDC. This arrangement is working satisfactorily.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL dated 4th December, 1974].

Recommendation (Serial No. 49)

The Committee regret to note that Ashoka, Janpath, Ranjit and Lodhi Hotels, New Delhi do not have a scientific system of 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 become 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. (Para 10.16)

Reply of Government

Efforts have been made to maintain departmental accounts in Ashoka, Janpath, Ranjit & Lodhi Hotels, New Delhi.

But due to the peculiar nature of hotel industry in India, there are practical difficulties encountered in introducing a full fledged Departmental Accounting System. The main problem is allocation to the various departments of the day to day expenditure on items like provisions, electricity, wages, linen, uniforms, depreciation, interest etc. However, for the purpose of cost control in these hotels standard norms in respect of consumption of major raw materials for preparation of dishes, have been fixed after taking into account the cost of raw materials and other component. The cost of different items of food and beverages prepared is also reviewed from time to time.

The Corporation is considering strengthening of its Costing Department. This is with a view to placing the Costing System in its various units on a more sound footing. This will ensure that the costs of different activities are readily available as far as possible and that analysis of such costs are brought to the notice of Management. This would also enable the Management to know their working from the point of view of economy and efficiency.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL dated 29-8-1974].

Recommendation (Serial No. 53)

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 Rs. 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. (Para 11.10)

Reply of Government

Increase in the field staff is mainly due to recruitment in new hotel units and to some extent due to opening of new transport units. The staff strength in the Headquarters, however, includes the staff

working in independent Divisions, like P&P Division, Projects Division and Planning Division, which are not directly concerned with the field activities like running hotels and transport units. The salary of the staff employed in these divisions is not reflected in the over heads of the running hotels|transport units. It would, therefore, not be appropriate to link the percentage of increase in staff in headquarters with the increase in the staff of the field activities like running hotels/transport units.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016|8|74-HL dated 29-8-1974].

Recommendation (Serial No. 54)

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 1973 i.e. by 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.

(Para 11.11)

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 Hotel, 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 reorganisation 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. (Para 11.12).

Reply of Government

The staff strength in the headquarters includes trainees, who are subsequently dispersed on the completion of the training to new units. The total average number of trainees undergoing training comes to 300 per annum including apprentices. To that extent, the staff strength of the headquarters appears inflated.

The Corporation is deeply conscious of the need to ensure that there is no over-staffing in any of its units. The additional staff requirements proposed by the various units and divisions of the Corporation are not only examined by the concerned Divisional Heads but are also scrutinised by the Personnel Division after looking into the justification for each post.

As regards Ashoka Hotel, New Delhi; the latest position is that the Board of Directors have imposed not only a ban on future recruitment but also a ban on extensions beyond superannuation age.

A comparison of the staff expenditure in Ashoka Hotel, New Delhi with other international hotels shows that the figures are fairly within the international norms, despite obvious variations in factors such as levels of technical skill, mechanisation, spread of accommodation-cum-estate etc. etc.:—

	Inter national Hotels 1972	Ashoka Hotel, New Delhi— 1972-73
Peyroll and related expenses	30.7%	30.13%

(Source : 'Worldwide Operating Statistics of the Hotel Industry' 1973 Edition).

In the meantime, the Corporation is attempting an internal study also of the staff found surplus to the requirements of both the Ashoka and Janpath Hotels, New Delhi. It is intended to deploy surplus staff, if any, in other ITDC establishments if possible. However, while so doing, the terms of appointment of the staff and the industrial relations factor, in these two old units of the Corporation have to be kept in view.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL dated 29-8-74.]

Further information called by the Committee

Please state the action taken to keep the staff strength of the Headquarters of ITDC constantly under review to avoid over-staffing.

Please state the action taken to fix realistic norms for staff strength for each unit of the Corporation.

[L.S. Sectt. O.M. No. 15-PU/74, dt. 7-11-74].

Further reply of Government

A review on the staff strength of the various divisions/units of ITDC has been undertaken. Pending completion of this review, the power for creation of posts of all categories delegated to the subordinate officers have been withdrawn.

Realistic norms for the staff strength will be fixed in the light of the review.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL, dt. 4-12-1974].

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Serial No. 5)

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 & Company. Before the UNCTAD Conference began in February, 1968, the Revolving Tower was completed upto 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. (Para 3.29).

Revolving Tower Restaurant

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 fifth year after commissioning of the Tower and the pay back period is expected to be 12 years. (Para 3.30).

Reply of Government

The Revolving Tower was originally planned alongwith the annexe of the Ashoka Hotel. In March, 1967, tenders were invited for construction of the annexe building including the revolving tower. The restaurant in the revolving tower was to be built to a height of 150 ft. The contract was awarded on 20th April, 1967. However the contractor did not quote for items of RCC works above 3rd floor level on the ground that the architect's drawings were not clear to indicate the complex nature or the work involved. It was however stipulated that the rate of construction above the 3rd floor level would be based on the rates for similar items in this tender.

Subsequent to the award of tender, there was some rethinking on the height of the tower. The work on the tower block was completed upto 3rd floor level and thereafter the work was suspended as the delegates to the UNCTAD Conference were to be accommodated in the new annexe. At this stage, in pursuance of the recommendations of the CPU in their 13th Report the Government appointed an Enquiry Committee in June, 1968. On the basis of this Committee's Report, the management dispensed with the services of the architect.

In June, 1969, the Board of Directors of Ashoka Hotel decided that in view of the pressing need for renovation of the Ashoka Hotel, funds were more urgently required for that purpose rather than for the construction of the tower which could be kept in abeyance. Subsequently, the CPU (1971-72) in their 15th Action Taken Report on Ashoka Hotel observe that the Parliamentary Committee had in no way recommended suspension of the work on the tower but only the mode of its economic execution, and recommended that it was a fit subject for high level enquiry. Since the project had not been abandoned the Government decided that no high level enquiry was necessary. Thereafter in December, 1972 the Corporation approached the Government for their approval to complete this project. In January,

1973 the Government agreed in principle that the Corporation can include this scheme in the shelf of projects in the Fifth Plan subject to its economic viability. Accordingly, the project has been included in the Fifth Plan approved by the Planning Commission. The delay in implementation of the project is justified on the basis that the Ashoka Hotel in 1969 had deteriorated so much that the occupancy and image of the hotel had come to a low point and there appeared to be no justification for spending money on a revolving restaurant until the hotel had been properly renovated.

A feasibility study for the revolving restaurant is under preparation and will be put up to the Board of Directors. Thereafter if necessary the same will be forwarded to the Government for necessary sanction.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL, dt. 29-8-1974].

Recommendation (Serial No. 7)

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 lakhs), Ranjit (1.83 lakhs), Aurangabad (1.17 lakhs), L.V.P. Hotel, Udaipur (4.72 lakhs), 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 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 breakeven, 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 hotels 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 economics 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. (Para 3.43).

Reply of Government

The Committee has observed that the losses incurred by the hotels at Aurangabad, Khajuraho and Kovalam during 1972-73 were due to the fact that these units started functioning only during the closing months of the year 1972. It is anticipated that barring Aurangabad, the other 2 hotels would show lesser losses during 1973-74 although they were badly affected by the Indian Airlines lockout in the peak of the tourist season. It may be mentioned here that these 3 hotels depend entirely on air services for their clientele.

Ranjit and Lodhi Hotels have been suffering losses consistently due to low tariff, increased wage bill, high rent liability and increased maintenance expenses. These two hotels are likely to incur bigger losses in 1973-74. A Committee comprising of 4 senior officers of the Corporation is going into the reasons for losses incurred by Lodhi and Ranjit Hotels and it would suggest measures for improving their functional efficiency and profitability.

Varanasi and Qutab Hotels, which started operation towards the end of 1973-74, would be incurring losses during that financial year. They are, however, likely to record better performance during 1974-75 under normal conditions. The present booking position shows encouraging signs.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dt. 29-8-1974].

Further information called by the Committee

Please state as to when the committee comprising 4 senior officers of the Corporation was appointed to go into the reasons for losses incurred by Ranjit and Lodhi Hotels, what were its terms of reference and when was it expected to give its report.

(Lok Sabha Secretariat O.M. No. 15-PU/74, dt. 1-2-75).

Further reply by Government

The Committee was appointed on the 7th May, 1974. The terms of reference were:

- (a) To determine the reasons for losses incurred by these two hotels in the past.
- (b) To review the working of various departments such as Front Office, Food & Beverage, Maintenance etc. and suggest measures for improvement in their working;
- (c) To suggest measures for improving the profitability of these hotels.

Under the terms of reference of the Committee, the report was expected to be submitted by the second week of July, 1974. (However, the Committee decided to incorporate the data pertaining to the financial year 1973-74 in the report. The annual accounts of the Corporation for the year 1973-74 were finalised and approved by the Annual General Meeting of the Company on 30th September, 1974. The Committee submitted its report on 12th November, 1974, after incorporating the relevant data from the annual accounts of the year 1973-74).

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dt. 5-2-1975].

Recommendation (Serial No. 8)

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 Corporation should carefully review the working of these motels and take concerted measures to improve their financial position. (Para 3.52).

Reply of Government

The occupancy of the Khajuraho Motel (now called Hotel) was severely affected by the Indian Airlines situation in the latter half of 1973-74. It is expected to improve substantially in the current year (1974-75). The working of Jammu and Hassan Motels is being carefully watched to ensure better financial results.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL,
dt. 29-8-1974].

Further information called by the Committee

Please state the result of the review of the working of the three motels and action taken in pursuance thereof.

(L.S. Sectt. O.M. No. 15-PU/74 dt. 7-11-1974).

Further reply by Government

The working results of the motels during 1972-73 and 1973-74 are indicated as under:

(Rs. in lakhs)

7 Name of the Unit	Date of Commissioning	Profitability	
		1972-73	1973-74
Hassan Motel	27-7-1972	(—)2.37	(—)1.00
Jammu Motel	9-9-1972	(—)5.29	(—)3.40
Khajuraho Hotel (now called Khajuraho Hotel)	19-11-1972	(—)3.29	(—)2.78

It may be noted from the above that these units have incurred smaller losses during 1973-74 than in 1972-73, when they did not operate for the full year.

These are newly commissioned units which are likely to have a gestation period of about 5 years before showing profitable results. Efforts are being made to improve their profitability by encouraging group traffic, tightening food and beverage controls, intensive sales promotion efforts etc.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL dt. 4-12-1974].

Recommendation (Serial No. 11)

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 ITDC 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. (Para 3.60)

Reply of Government

The Travellers' lodges were constructed by the Government with a view to promoting and developing tourism in the country. They were not necessarily expected to be economically viable by themselves as they were promotional projects. The operation of these establishments during the Fourth Plan period has been examined in depth and every effort is being made to reduce the losses. As it is felt that the State Governments are in a better position to run the lodges, it is proposed to transfer some of them to the State Governments, who have shown interest in taking them over.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL.
dt. 29-8-1974].

Recommendation (Serial No. 18)

The Committee note that the Gulmarg Winter Sports Projects 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 inspite 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 4-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 1-1/2 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. (Para 4.45).

Reply of Government

Whereas the Estimates Committee in its 90th Report (4th Lok Sabha) of 1969-70 had suggested deferring the implementation of

the Gulmarg Winter Sports Project, the Estimates Committee in its 42nd Report (5th Lok Sabha) of 1972-73 has recommended "The Committee hoped that the completion of the Gulmarg Winter Sports Project will augment tourist traffic to India". While making this recommendation the Committee has commented "at present accommodation is a weak point in Gulmarg's presentation. Two hotels with 80 beds each, four smaller hotels with 160 beds altogether, 60 beds in the existing tourist bungalows and about 140 huts with 5 coaches each, offer 1,080 overnight possibilities but only in summer. In winter, the Highland Park Hotel and the DAK-bungalow offer the only accommodation for guests at Gulmarg. Considerable investment in accommodation facilities, heating and water installation has to be made, either by public means or by private initiative with the help of Governmental loans on easy terms" (Para 4.29 (xv) on page 51 of the Report). The Committee further states "Gulmarg could be an outstanding pilot project and all possible means should be concentrated on the creation of a perfect summer and winter mountain resort with extensive sport facilities. But planning and execution, we repeat, must be expert, professional and technically upto-date" (Para 4.29 xvii) on page 51 of the Report.

Experts from Austria, France and Italy and tour promoters from Japan and other countries have independently come to the view that Gulmarg holds a tremendous potential for development as a ski resort. They have also indicated that a centrally heated hotel and a suitable aerial transportation system upto Khilanmarg and Apharwat are necessary for the success of Gulmarg as a ski resort. Given these facilities Gulmarg should attract a substantial number of tourists both in the summer and winter months. The traffic projection given in the hotel project report may well turn out to be an under-estimation for experience shows that whenever facilities of a desired standard are provided tourist traffic naturally flows to those places. The present day tourist trend of visiting places affording a restful holiday, and at the same time offering varied leisure time activities can well place Gulmarg as a top holiday resort if a centrally heated hotel of internationally acceptable standard is put up at Gulmarg.

With this in view the hotel project was revised to provide a 60-room centrally heated 4-Star hotel at an estimated cost of Rs. 110 lakhs. Due to escalation in costs and the remote location of Gulmarg adding to the cost of construction, the cost estimates had to be revised to Rs. 145 lakhs. The Memorandum for the Gulmarg hotel

project has been prepared and submitted to the Public Investment Board for its clearance. The economics of the proposal indicate that:-

- (i) The break-even year of operation is 7th year.
- (ii) The internal rate of return over the 10 year period would be 1.7 per cent.
- (iii) The internal rate of return calculated assuming a shadow value of Rs. 10 per dollar of foreign exchange earned by the hotel increased the rate of return from 1.7 per cent to 9 per cent.

If the internal rate of return is calculated over a longer period of 20 years, and if the terminal value of the assets is taken into account, the internal rate of return would be as follows:—

- (i) Without shadow pricing 3.2 per cent.
- (ii) With shadow pricing 9.2 per cent.

Apart from earning foreign exchange for the country the Gulmarg Winter Sports Project is also a labour-intensive project. On completion of its first phase of development approximately 300-400 people would be employed in the various components of the project taken up in the Central Sector, including the proposed hotel. In addition, employment opportunities will be afforded by facilities that are provided in the State Sector and by private entrepreneurs. The Project will also give a fillip to agriculturists round about Gulmarg for providing large quantities of agricultural produce, poultry, fish etc. to feed the resort township. Sale of handicrafts will be given a further impetus with the year round visit of tourists to Kashmir due to winter sports development at Gulmarg. At present the tourist season extends to only 4 to 5 months. Thus with the development of Gulmarg as a summer and winter resort, job possibilities for the people of this mountain-locked and snow-bound State will increase, and they will find year-round employment not only in tourism-based activities, but also in secondary and tertiary industries inter-linked with tourism. This was one of the considerations influencing the development of winter sports at Gulmarg. Already Rs. 76.33 lakhs have been spent at Gulmarg in the Central Sector for providing some winter sports facilities. Further development of Gulmarg, however, will depend upon the construction of a centrally heated hotel of internationally acceptable standard. Unless this basic facility is provided it would not be possible to develop Gulmarg as an international summer and winter resort.

The Government is equally anxious that the proposed hotel at Gulmarg is economically operated. As mentioned earlier, the projected figures of tourist arrivals at Gulmarg may well turn out to be an under-estimation as given a comfortable, centrally heated hotel, Gulmarg has every potential of attracting a much large number of tourists then it receives at present making the project more economically viable. But with each delay in the construction of the hotel, the cost estimates are bound to rise, and this is the main reason for estimates increasing from Rs. 110 lakhs to Rs. 145 lakhs for the hotel project.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL.
dt. 29-8-1974].

Recommendation (Serial No. 22)

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. (Para 5.29).

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

Reply of Government

ITDC did not have satisfactory servicing and maintenance arrangements for the transport fleet deployed outside Delhi as a number of units are located at far flung places and the local servicing facilities do not meet the requirements for the Corporation's imported cars and coaches. The Corporation has requested the State Governments to make the servicing facilities of the State Undertakings available to its specialised transport fleet.

At the major cities, ITDC transport vehicles are maintained and serviced by established workshops. At far flung places, where no servicing/maintenance facility exists in the local area, ITDC vehicles have to be sent to the nearest district headquarters where such facilities exist. Every effort will be made to synchronise trips to such places instead of sending them specially for routine servicing only.

The Cooperation of the State Governments through their State Road Transport Corporation is being sought by the ITDC in the matter of maintenance of vehicles wherever possible.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-
HL dated 29-8-1974]

Further information called by the Committee

Please state whether a systematic review of servicing and repair facilities required for ITDC fleet has been carried out and if so, the outcome thereof. Also state the response of the State Governments stated to have been requested for making servicing facilities of the State Undertakings available.

Please state the present position regarding maintenance of vehicles within the cooperation of the State Governments.

[Lok Sabha Secretariat O.M. No. 15-UP/74 dated 7th November, 1974]

Further Reply of Government

The Corporation has addressed nine State Undertakings with a view to ascertain whether their facilities could be used by the Corporation. The Corporation has not yet received any replies from the Undertakings. It has, therefore, been decided that the concerned authorities should be personally contacted with a view to ascertain their decision so that a systematic review of maintenance and repair facilities required by the ITDC fleet may be carried out, on the basis of facilities that may be available.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-
HL dated 4th December, 1974]

Recommendation (Serial No. 23)

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 State 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.

(Para 5.41)

Reply of Government

The scheme for free movement of tourist vehicles under all-India permit on single point taxation basis was sponsored by the Department of Tourism and for facilitating inter-State travel by road. Although the State representatives have unanimously accepted the scheme in principle in successive meetings of the Transport Development Council, its implementation is held up as some States have not yet issued orders despite requests made at the highest level. The latest position with regard to the acceptance of the scheme is as under:—

Full agreement	Agreement for Road Tax exemption but not passenger tax	States which have not responded at all.
Maharashtra	Bihar	Punjab
Andhra Pradesh	Uttar Pradesh	Haryana
Goa	Rajasthan	Jammu & Kashmir
Nagaland	Mizoram	Assam
Gujarat	Kerala	Madhya Pradesh
Chandigarh	Himachal Pradesh	Meghalaya
West Bengal		
Pondicherry		
Tamil Nadu		
Delhi		
Orissa		
Manipur		
Karnataka		

As soon as the scheme is implemented, each State will be authorised to issue All India Permits in respect of 100 tourist taxis and 25 tourist coaches.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-
HL dated 29-8-1974]

Recommendation (Serial No. 24)

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.

(Para 5.42)

Reply of Government

As regards coordination, we fully agree with the Committee's suggestion that closer coordination is highly essential for smooth running of ITDC transport fleet. The ITDC officers in charge of transport units in the country are required to maintain a close liaison with the State Transport Authorities and the State Department of Tourism to obtain maximum utilisation of ITDC vehicles.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-
HL dated 29-8-1974]

Further information called by the Committee

(a) Please state whether any attempt has been made to evolve an effective institutional arrangement for closer coordination between ITDC and the State Transport Authorities to avoid duplication of services or wasteful competition.

(b) Please state whether any effort has been made to attain recognition for ITDC as a national transport undertaking in the country.

[Lok Sabha Secretariat O.M. No. 15-PU/74 dated
7th November, 1974].

Further Reply of Government

Close liaison is maintained by the I.T.D.C. officers with the State Transport authorities and the State Tourism Departments through correspondence, periodical meetings and consultations with a view to seek their assistance and cooperation as and when necessary. The requirement of obtaining a route permit ensures that duplication of services is avoided. The State Government authorities do not give route permits where adequate services of the State Undertakings exist.

The question of recognising ITDC as a national transport undertaking was taken up with the Ministry of Transport. They have clarified that the ITDC was already covered under the expression "State Transport Undertaking" as defined in clause (b) (iv) of Section 68-A of the Motor Vehicles Act. The question whether this clarification meets the requirements of ITDC in the matter of grant of permits, counter signatures, fixation of fares and other allied facilities is being examined in consultation with ITDC.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL,
dt. 4-12-1974].

Recommendation (Serial No. 29)

The Committee note that in the matter of mounting Son-et-Lumiere Shows the Corporation had entrusted the work to Philips of Holland in India. Although in reply to the Committees' earlier recommendation in their 70th Report on ITDC, the Committee were informed that efforts to find alternative to Philips 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 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.

(Para 6.55)

Reply of Government

The Corporation has already approached the Electronics Corporation of India. They have expressed their inability to undertake such work.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL
dt. 29-8-1974].

Recommendation (Serial No. 31)

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 Meenambakam (Madras) 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. 22.52 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 shops 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.

(Para 7.11)

Reply of Government

These matters have been taken up with the authorities concerned and are being pursued. The shops have earned profits due to increase in turnover.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-HL dated 29-8-1974]

Further information called by the Committee

Please state the outcome of efforts made with the authorities concerned to streamline and simplify the procedure followed at duty-free shops and also to allow free home coming tourists to make purchases at duty-shops within the admissible limits.

[Lok Sabha Secretariat O.M. No. 15-PU/74 dated
7th November, 1974].

Further Reply of Government

The question of simplifying and streamlining the procedure and allowing home-coming tourists to purchase goods at duty-free shops has been taken up with the Central Board of Excise and Customs. The matter is being pursued.

[Ministry of Tourism & Civil Aviation O.M. No. HS. 11016/8/74-
HL dated 4th December, 1974]

Recommendation (Serial No. 37)

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.

Reply of Government

The superior quality of paper required for the production of high quality literature is not manufactured in India. ITDC is fully aware of the foreign exchange implications in importing paper and, therefore, to reduce its dependance on imported paper, efforts have been made to gradually minimise the use of imported paper. To attain this objective, ITDC has devised two separate programmes of tourist literature, one for overseas consumption and the other for domestic consumption. This measure will substantially cut-down the use of imported paper. But ITDC will have to continue to use imported paper for most of the items for Overseas circulation, if Indian Tourism Literature has to withstand competitive con-

ditions in foreign markets. ITDC is also using Indian hand-made and offset paper for certain items.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dt. 29-8-1974].

Further information called by the Committee

Please state what efforts have been made in conjunction with the industry and research institutes to develop manufacture of good art paper required for publicity.

[Lok Sabha Secretariat O.M. No. 15-PU/74 dated
7th November, 1974].

Further reply of Government

Prospects for developing mass production of good quality art paper to international standards within the country requires an extensive study of the all India demand for such papers and the raw-material and capacity available. For exploring possibilities of manufacturing Indian art paper of superior quality, ITDC is in touch with the Institute of Paper Technology, Saharanpur and the Forest Research Institute and Colleges, Dehra Dun as well as the leading paper manufacturers. Perhaps, it would be appropriate for the Hindustan Paper Corporation to pursue this question.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL,
dt. 4-12-1974].

Recommendation (Serial No. 43)

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/ITDC 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. (Para 8.67).

Reply of Government

Destination India is not a coventional film. It is a film made with colour transparencies projected through several projectors which

has later been made into a 16 mm film for the sake of convenience. The Film Division does not possess the transparencies needed for producing such a film. The Department of Tourism had, therefore, to use the services of the ITDC to make this special film which is used more for making presentations in travel seminars abroad of travel agents and tour operators. Most of the Tourist documentaries are produced through the Films Division of the Ministry of Information and Broadcasting. However, in special circumstances, the necessity to entrust the work to the I.T.D.C. cannot be ruled out.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL,
dt. 29-8-74].

Recommendation (Serial No. 47)

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 everhead 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 interest of the Corporation. (Para 10.11).

Reply of Government

The Corporation have taken the following measures to realise the outstandings from the parties:—

- (i) Improvements have been effected in the Billing system by installation of NCR machines in Hotel Ashoka, Bangalore and Ashoka and Akbar Hotels in New Delhi.
- (ii) Vigorous follow-up action is being taken in pursuing the outstanding bills.
- (iii) Credit limits are reviewed periodically.

It may be mentioned in this connection that the position regarding outstandings in relation to turn-over of the Corporation has been improving from year to year since 1969-70 as indicated below:—

Year	Turn-over	Out-standings	% of out-standing to total turnover
	(Rs. in lakhs)		
1969-70	110.17	50.88	46.2%
1970-71	552.08	93.46	16.9%
1971-72	644.92	158.94	24.6%
1972-73	914.04	168.85	18.5%

The question of allocation of overhead charges to the Department of Tourism is under active consideration of the Government [Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL, dt. 29-8-74].

Further Information Called by the Committee

Please state since when the question of allocation of overhead charges to the Department of Tourism is under consideration and what is the outcome thereof?

[L.S.S. O. M. No. 15-PU/74 dt. 7-11-74].

Further Reply of Government

The present formula for allocation of overhead charges to the Department of Tourism in respect of Production & Publicity Division was evolved in January, 1973. Some thought has been given to review this formula. The question of review is under consideration.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL, dated 4th December, 1974]

Recommendation (Serial No. 48)

The Committee are surprised to note that in the case of Ashoka Hotel, New Delhi the outstanding as on 31.3.1973 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 Embas-

sies. 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 vigorously recovery of outstandings, the disclosure made by the Statutory Auditors in their report on Hotel Ashoka, 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. (Para 10.12)

Reply of Government

The Corporation have taken the following steps in this regard:—

- (a) Towards improvement in the Billing system, NCR (National Cash Register) machines have been installed in Ashoka Hotel, New Delhi, Hotel Ashoka, Bangalore and Akbar Hotel, New Delhi. Pneumatic tubes have also been installed in Ashoka Hotel, New Delhi so that vouchers from different sales centres reach the Front Office expeditiously.
- (b) Bills are now despatched and pursued more vigorously with regular follow up action.
- (c) The system of weekly billing is now being strictly enforced.
- (d) Credit limits are not normally exceeded except in the interest of business as far as possible.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL,
dt. 29-8-74].

Further information called by the Committee

Please state as to what action has been taken regarding settlement of bills with Government Departments within one month of their becoming due.

It has been stated that system of weekly billing has been enforced but nothing has been stated regarding insisting on weekly payments. Please comment.

[Lok Sabha Secretariat O. M. No. 15-PU/74 dt. 7-11-74]

Further Reply of Government

The Ashoka Hotel, New Delhi have brought to the notice of all the Government Departments, the recommendations of the Committee on Public Undertakings that payments from Government Departments should be made within one month of their becoming due.

The billing procedure has been streamlined. The ITDC hotels are required to do weekly billing and also insist on weekly payments, in cases where prior credit limits have not been agreed to.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL
dated 4th December, 1974]

Recommendation (Serial No. 51)

The Committee find that even though the Corporation has constructed hotels and travellers' lodge at Gwalior, Varansi 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. (Para 10.24).

Reply of Government

The Corporation has constructed hotels at Bangalore and Varanasi and not at Gwalior. The position in regard to land is as under:—

(1) Bangalore Project:

The Karnataka State Government has allotted the land to ITDC and the question of transferring the land in the name of the Corporation is being pursued.

(2) Varanasi Project:

Since the Varanasi Project is an integrated project of ITDC and Department of Tourism, the land has been acquired by the Department of Tourism. The question whether the land should be leased or sold to ITDC is under consideration of the Government.

(3) Gwalior Project:

The land was acquired by the Department of Tourism from whom this property was taken over by ITDC. The question of transfer of the title of the land is being pursued.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL dated 29-8-74].

Recommendation (Serial No. 52)

The Committee regret to note that though the hotel building of 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 Directorate of Estates and the only documents 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. (Para 10.27).

The Committee also note that under the lease letter issued by the Directorate of Estates, the service tax levied by the NDMC and the Municipal Corporation is payable by the Hotels. The demand for tax from NDMC comprised two elements 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 Directorate 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 Directorate of Estates. Janpath Hotel has, however, been paying the full amount of the bill of the NDMC which presumably includes only the general tax element. The Committee thus find that the practice in discharging the liability of the taxes payable to the Municipal Corporation, New Delhi Municipal Committee varies from Hotel to Hotel. (Para 10.28).

The Committee also note that some additional rent on account of renovation etc., carried out by the Directorate of Estates during the UNCTAD Conference in 1967-68 has been paid to the Directorate of Estates by the Lodhi Hotel while the Ranjit Hotel has withheld a sum of Rs. 91,000/- upto 31st March, 1973 on this account. (Para 10.29).

The Committee recommend that the legal responsibilities of all these hotels in the matter of payment of rents and taxes to the Directorate 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. (Para 10.30).

Reply of Government

The legal responsibilities of Janpath, Lodhi and Ranjit Hotels with regard to payment of rents and taxes to the Directorate of Estates and the taxes to the Municipal Corporation, New Delhi Municipal Committee are being examined by the Corporation.

[Ministry of Tourism & Civil Aviation O.M. No. HS-11016/8/74-HL, dt. 29-8-74].

(Recommendation (Serial No. 55))

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, region-wise 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. (Para 11.17).

Reply of Government

The Government have constituted a 5-member group under the Chairmanship of Dr. Ajit Mozoomdar, Secretary (Expenditure), Ministry of Finance who till recently was the Director General of Tourism to review the working of the India Tourism Development Corporation and to suggest changes that should be made for the more efficient fulfilment of the objectives of the Corporation and expeditious implementation of its programmes.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL dated 29-8-74].

Further information called by the Committee

Please state the progress made by the 5-Member Group in regard to restructuring of ITDC.

(Lok Sabha Sectt. O.M. No. 15-PU/74 dt. 7-11-74).

Further Reply of Government

The first meeting of the 5-Member Committee took place on 27th November, 1974. The Committee covered some ground work. ITDC has compiled requisite data required by the Committee which will be considered by the Committee in their further sittings.

[Ministry of Tourism and Civil Aviation O.M. No. HS-11016/8/74-HL dt. 4-12-1974].

NAWAL KISHORE SHARMA,

Chairman,

Committee on Public undertakings.

NEW DELHI;

March 31, 1975

Chaitra 10, 1897 (S.)

APPENDIX

Analysis of the Action Taken by Government on the recommendations contained in the 51st Report of the Committee on Public Undertakings (51st L.C. 211), (Vide para 6 of the Introduction)

I	Total number of recommendations	56
II	Recommendations that have been accepted by Government (<i>Vide</i> recommendations at Serial Nos. 4, 9, 10, 12 to 17, 19, 21, 25 to 28, 32 to 36, 39 to 41, 45, 46, 50 and 56.	
	Number	27
	Percentage to total	48%
III	Recommendations which the Committee do not desire to pursue in view of Government's replies (<i>Vide</i> recommendations at Serial Nos. 1 to 3, 6, 20, 30, 38, 42, 44, 49, 53 and 54.	
	Number	12
	Percentage to total	21%
IV	Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>Vide</i> recommendations at Serial Nos. 5, 7, 8, 11, 18, 22 to 24, 29, 31, 37, 43, 47, 48, 51, 52 and 55.	
	Number	17
	Percentage to total	31%