

**MINISTRY OF CIVIL AVIATION AND  
TOURISM  
DEVELOPMENT OF TOURISM AND CIVIL  
AVIATION IN REMOTE AND HILLY  
AREAS**

**ESTIMATES COMMITTEE  
1994-95**

**FIFTY-THIRD REPORT**

**TENTH LOK SABHA**



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**LOK SABHA SECRETARIAT  
NEW DELHI**

# FIFTY-THIRD REPORT ESTIMATES COMMITTEE (1994-95)

(TENTH LOK SABHA)

MINISTRY OF CIVIL AVIATION AND  
TOURISM — DEVELOPMENT OF TOURISM  
AND CIVIL AVIATION IN REMOTE  
AND HILLY AREAS



*Presented to Lok Sabha on 23.4.1995*

LOK SABHA SECRETARIAT  
NEW DELHI

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(1994-95)**

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## INTRODUCTION

1. the Chairman of Estimates Committee having been authorised to submit the Report on their behalf present this 53rd Report on the Ministry of Civil Aviation and Tourism—Development of Tourism and Civil Aviation in Remote and Hilly Areas.

2. The subject was selected for examination by the Estimates Committee (1991-92). The Estimates Committee (1994-95) after considering the preliminary material, written notes and other detailed information took evidence of the representatives of the Ministry of Civil Aviation and Tourism on 1st December and 19th December, 1994. The Committee at their sitting held on 25th April, 1995 considered and adopted the Report.

3. The Committee wish to express their thanks to the officers of the Ministry of Civil Aviation and Tourism for placing before them material and information desired in connection with the examination of the subject. The Committee also wish to place on record their appreciation for the frankness with which the officials/representatives of the Ministry shared their views/perceptions and constraints with the Committee.

4. The Committee also wish to express their thanks to ASSOCHAM, FICCI, CII and IATO, for furnishing memoranda, representations, suggestions etc. on the subject of 'Development of Tourism and Civil Aviation in Remote and Hilly Areas' to the Committee.

5. The Report has been divided into 4 Chapters and each Chapter is devoted to a specific aspect. The Committee have *inter alia* made the following important observations and recommendations:

(i) Exploitation of existing potentialities of tourism all over the country, especially in remote and hilly areas, is undoubtedly a monumental task requiring concerted and strenuous efforts by the Centre, the States as well as by the private sector.

(ii) The Department of Tourism need to work with renewed vigour and enthusiasm and vigorously pursue the matter for development of the pilgrim centres identified by the Committee on Pilgrim Tourism at the highest level in the States.

(iii) Department of Tourism should set up separate Joint Task Force with respective State Governments in the Himalayan ranges for identification of facilities and amenities needed for tourists in their regions and the central assistance required for their development.



(vi)

(iv) 11 circuits and 6 destinations had been identified for intensive development, besides, five special tourism areas for integrated development of tourism. The Committee have desired that a specific time-frame should also be laid down for building tourism infrastructure in identified/travel circuits and destinations which are in remote and hilly areas.

(v) The Committee have expressed their deep concern over the slow pace of approval of tourism proposals in North Eastern States and sanction of financial assistance by the Central Government.

(vi) Government should initiate special measures for development of tourism infrastructure including setting up of a special agency for undertaking developmental activities in North Eastern States to fully exploit the untapped tourism potential in the region which has potential for stimulating economic growth of the region.

(vii) The Committee have desired that the Department of Tourism impress upon the other State Governments to offer special package incentives viz. land sites at concessional rates, interest subsidy in case of 1, 2, 3 category of hotels, exemption from payment of expenditure tax for a period of 10 years etc. to make tourism industry more competitive in attracting private investment for tourism infrastructure. The Committee have recommended to the Central Government to examine the feasibility of extending 100% income tax exemption for a period of five years to hotel industry in newly identified remote and hilly areas for development of tourism in those areas.

(viii) In order to ensure that tourism become a major economic activity in India and the country achieve a rightful share in the international tourism, it is imperative that the Department of Tourism assumes a bigger role, in the infrastructure development of tourism supported by matching budgetary allocation.

(ix) The funds allocated for a particular year to a State, which remain unutilised in that year should not be diverted to any other State. Concerted and strenuous efforts should be made by the Department of Tourism by actively pursuing the matter with the concerned State Governments. The Department of Tourism should revamp their system and procedure to ensure that the States are meted out just and fair treatment by the Union Government and that they are not deprived of due share of scarce national resources for their developmental schemes in tourism.

(x) The Committee have desired reconsideration of budgetary support for construction of airports in remote/hilly areas and in Islands near the tourist generating destinations, which are being kept in abeyance due to financial support.

6. For facility of reference the recommendations/conclusions of the Committee have been printed in bold type in the body of the Report and have also been reproduced in consolidated form Appendix of the Report.

NEW DELHI;  
APRIL, 1995

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*Vaisakha, 1917(S)*

DR. KRUPASINDHU BHOI,  
*Chairman,*  
*Estimates Committee.*

## CHAPTER I

### TOURISM POTENTIAL AND POLICY

#### A. Introductory

1.1 Tourism is an important economic activity and has today, emerged as the fastest growing industry in the world. Tourism contributes substantially to the economy in terms of foreign exchange earnings and high employment potential. It also has high value addition potential and capacity for preservation of national cultural expression and heritage, enrichment of environment and goes a long way in national integration.

1.2 The Department of Tourism is presently a part of the Ministry of Civil Aviation and Tourism. The basic objectives of the Department are to undertake promotional activities in the field of tourism— both international and domestic— and to develop tourism infrastructure. These functions involve the dissemination of tourist information, development of tourist facilities and regulation of the activities of various segments such as hotels, travel trade, transport operators, wildlife outfitters, guides etc. Other important functions are to project India's image abroad through publicity, media such as advertising in print, TV/Video, production of tourist literature, including posters and maps, films, audio-visuals, putting up of cultural presentations, participation in trade fairs, exhibitions and the like.

1.3 The Department of Civil Aviation *inter-alia* envisages the responsibility for the formulation of national policies and programmes for development and regulation of civil air transport and to oversee the provision of airport facilities, air traffic services and carriage of passengers etc. by air. Development of civil aviation in remote & hilly areas, linking far and wide dispersed centres of tourist attraction, is particularly essential to provide necessary air transport facility to domestic and foreign tourists.

#### B. Tourism Potential

1.4 India, as a destination, unique in several ways, offers tourists many attractions as well as alternatives for enjoyment from the Himalayan Ranges on the Northern boundary to the large Indian Ocean surrounding the Southern Coastline apart from the remote & hilly areas of the East to deserts and beaches etc. of the West. Besides, there are many islands yet to be exploited.

1.5 Indian land encompasses geographical, historical, cultural and religious beliefs such as desert, plateau, hills & lakes, dense forests, varied architectural/historical monuments of rare beauty and sites of pilgrimages etc. Particularly the hilly & remote areas offer varied geographical terrain/features endowed with breath taking natural and scenic beauty, alongwith

its cultural heritage, flora & fauna with potential for development and growth of world class tourism in the region.

1.6 While commenting on the country profile given in the memorandum submitted by Confederation of Indian Industry (CII), the Ministry of Civil Aviation & Tourism stated:—

“The tourism potential of the country is well known. The National Action Plan for Tourism has recognised this potential for development and has made suggestions covering different aspects including development of pilgrim tourism and adventure tourism. In addition it has identified 11 travel circuits and 6 destinations for intensive development. The plan also envisaged and creation of Special Tourism Areas as notified zones for intensive investment and development.

Five Special Tourism areas in the States of Kerala, Tamilnadu, Maharashtra, Orissa and the UT of Daman and Diu have been identified in consultation with respective State Governments/UT Administration.”

### **C. Contribution to Economy**

1.7 Describing the significant contribution made by Tourism sector to the national economy, the Ministry of Civil Aviation and Tourism in National Action Plan (NAPT) 1992 have stated that Tourist arrivals in the country during 1990-91 were 1.71 million, earning for the country Rs. 2440 Crores in foreign exchange.

1.8 Tourism has already become an important segment of Indian economy contributing substantially to its foreign exchange earnings. The foreign exchange earnings from tourism during 1992-93 were estimated at Rs. 6060 crores as against Rs. 4892 crores in 1991-92. The foreign exchange earning for 1993-94 is provisionally estimated to be Rs. 6509 crores.

1.9 Apart from its direct contribution to the economy, tourism has significant linkages with other sectors such as agriculture, horticulture, poultry, handicrafts, construction etc. It also provides employment to a large number of people both skilled and unskilled. It takes development to backward and far flung areas.

### **D. Tourism Policy**

#### ***Thrust Areas***

1.10 In order to further accelerate the development of tourism in the country, the thrust during the Eighth Five Year Plan on various activities are enumerated as under:—

- Development of selected tourist places/areas.
- Diversification from culture-oriented tourism to holiday and leisure tourism.

- Development of trekking winter sports, wildlife and beach resort tourism.
- Exploring new source markets in regions and countries having cultural affinity.
- Restoration of National Heritage Projects.
- Launching of national image building and marketing plans in key markets.
- Providing inexpensive accommodation in different tourist centres.
- Improving service efficiency in public sector corporations.
- Streamlining of facilitation procedures at airports.

1.11 In the Annual Plan 1993-94 the diversification programme includes development of wildlife tourism, beach resort and adventure tourism. Thrust is also given to develop facilities for fully tapping the leisure segment, which is one of the fastest growing activities in the world.

#### *Objectives of National Action Plan*

1.12 The National Action Plan for Tourism was presented in Parliament on 5th May, 1992 and it spells out the broad thrust which is required for projecting India as a destination of the 90's. It contains a set of strategies for achieving a phenomenal growth in tourists arrivals, foreign exchange earnings and employment generation through tourism.

1.13 The Ministry of Civil Aviation and Tourism enumerated the objectives of the New Action Plan for Tourism as follows:

#### (a) Socio-economic development of areas

Tourism conferred considerable socio-economic benefits to the community thereby uplifting the quality of life. It can further foster development even in areas where other economic activities would be difficult to sustain.

#### (b) Increasing employment opportunities

Tourism industry generates employment, directly and indirectly, for about 13-14 million persons. Employment opportunities should be atleast double the present level before the turn of the century.

#### (c) Developing domestic tourism especially for the budget category

Domestic tourists form the bulk of world tourist traffic, in India also, facilities for domestic tourists will be improved and expanded particularly the budget category so as to ensure an affordable holiday for them.

#### (d) Preservation of national heritage and environment

Tourism would be developed in a manner that our cultural expression and heritage are preserved in all its manifestations including support to arts and crafts. Preservation and enrichment of

environment should also form an integral part of tourism development.

- (e) Development of international tourism and optimisation of foreign exchange earnings.

International tourism contributes substantially to foreign exchange earnings and keeping in view the country's requirements, tourism will be so developed that foreign exchange earnings increase from Rs. 2440 crores to Rs. 10,000 crores by the end of the century.

- (f) Diversification of the tourism product<sup>1</sup>

While retaining the traditional image of cultural tourism that India enjoys, diversification of the tourism product would continue, particularly in the field of leisure, adventure, convention and incentive tourism, thereby, responding to the changing consumer needs.

- (g) Increase in India's Share in World Tourism

1.14 Presently the foreign tourist arrivals in India constitute only about 0.4% of the total foreign tourists movement all over the world. One of the objectives of the action plan would be to increase India's share to 1% within the next five years.

#### *Achievement of Objectives*

1.15 To achieve the objectives of the National Action Plan, the Department of Tourism has set up seven Committees on (i) augmentation of Tourist Accommodation, (ii) Development of Tourism (iii) Infrastructure in identified circuits and destinations (iv) Development of Adventure Tourism (v) Marketing and Publicity (vi) International Aviation and Tourism; and (vii) Domestic Aviation and Tourism and Manpower Development for Tourism.

#### *Identification of Thrust Areas*

1.16 In regard to identification of thrust areas to be developed particularly in the hilly and remote areas of the country, the Committee enquired about the criterion adopted for the purpose and methodology employed for assessing the potential of these areas as tourist generation spots. The Department of Tourism in a written note furnished to the Committee have stated as follows:—

“the Department of Tourism, Government of India, in consultation with State Governments, has identified thrust areas for development of tourism based on the popularity of certain places of tourist importance. It has also identified thrust areas in the interest of developing tourism in lesser known destinations. The Government's assessment of the potential of these places is based on:—

- (a) the number of tourist arrivals to indicate the popularity of the places/destination—Demand Criteria.

(b) an assessment made of the tourist attractions of the place, which is likely to attract tourists such as:—

- (i) Cultural attractions.
- (ii) Leisure destinations—beaches.
- (iii) Hill resorts.
- (iv) Adventure attractions.
- (v) Wild life.
- (vi) Desert Tourism”.

*Special Plan for North-Eastern States*

1.17 When asked whether any long term plan had been drawn up State-wise/UT-wise for identification of ‘thrust areas’ for development of tourism infrastructure in consultation with State Governments/UTs in all parts especially in remote and hilly areas of the country, the Department of Tourism in a reply have stated as follows:—

“A Special Plan has been evolved for the development of tourist in the North-eastern States. In view of the fact that international tourist traffic to the region at present is negligible and the infrastructural facilities available are limited, the strategy has to be directed towards promoting domestic tourism and up-market international tourism. The specific components of the strategy would include:—

- (a) Removal of restriction on the entry and stay of domestic and foreign tourists.
- (b) Augmentation of Air Transport facilities in the region.
- (c) Improvement of rail and road transport linkages.
- (d) Development of selected tourist centres with provision of basic amenities and tourist facilities.
- (e) Development of man-power resources in all the sectors connected with tourism.
- (f) Provision of packages of incentives and facilities for attracting private investment to develop tourism infrastructure.
- (g) Implementing aggressive and effective marketing and promotional strategies in the major tourists generating markets.

1.18 Bestowed with the bounties of nature and endowed with rich cultural heritage, a vast potential of tourism exists in the country. The tourism potential but largely untapped is confined not only to historical, cultural and pilgrim places but also to deserts, hills, dense forests, lakes, wildlife, beaches geographical terrain/features endowed with natural and scenic beauty in far-flung and hilly areas in the country.

1.19 Exploitation of existing potentialities of tourism all over the country, especially in remote and hilly areas, is undoubtedly a monumental task

requiring concerted and strenuous efforts by the Centre, the States as well as the private sector.

1.20 Tourism in India has become an important sector playing a pivotal role in the economy of the country contributing significantly not only in foreign exchange earnings but also in employment generation and development.



## CHAPTER II

### DEVELOPMENT OF TOURISM

#### A. Nature of Tourism

2.1 Diversification programme in the Annual Plan 1993-94 of the Department of Tourism includes development of wildlife tourism, beach resort, adventure tourism.

2.2 In a Memorandum submitted by ASSOCHAM to the Committee it was suggested that a five year programme should be developed. Appropriate investment both in pilgrimage and adventure tourism in Himalayas should received special attention from the Government and atleast 10.00 rooms should be created 1-4 category between the stretch of Leh to Darjeeling, especially roads should be paid attention and a five year programme to develop these places should be undertaken and a total outlay of Rs. 10,000 crores should be utilised for creating facilities such as airports, roads, parks, maps, adventure equipments, approach road to hotels. The Government must provide easy facilities for investors to invest into some of these facilities.

2.3 According to the Department of Tourism pilgrimage and adventure tourism are receiving special attention from the Government. Many incentives for promotion of investment in the tourism sector have been announced both for foreign investors as well as domestic investors. Many measures have been taken to ease the movement of tourists in the Himalayan Region like the relaxation in the restricted area permits etc. The Department of Tourism, Government of India is in constant touch with the Himalayan State Governmetns to provide necessary assistance for improvement of tourism facilities in the region. The National Action Plan has also identified 3 Travel Circuits and 2 destinations in the Himalayan Region for intensive development.

2.4 The Governments' network of incentives is already very wide. In addition Governments in the hilly areas are providing land at concessional rates or in some cases even free, to attract investment in new areas.

#### *(i) Holiday/Leisure Tourism*

2.5 One of the major activities undertaken by Department of Tourism for accelerating the development of tourism during the 8th Five Year Plan is diversification from 'culture oriented tourism' to 'holiday & leisure tourism'. The Ministry of Civil Aviation and Tourism (Department of Tourism) in their Annual Report stated that thrust is given to develop facilities for duly tapping the leisure segment, which is one of the fastest growing activities of the world.

2.6 When the Government was asked to furnish a note on special campaign 'Hill Holidays' launched by the Department of Tourism and the response to it in popularisation of several lesser known destinations in the Hills, the Ministry of Civil Aviation and Tourism (Department of Tourism) in a written reply stated that during the year 1987-88, the Department of Tourism ran a campaign in the local media called the 'Hilly Day Campaign'. The aim of the campaign was to publicise lesser known Hill Areas. The campaign was very well received.

(ii) *Pilgrimage Tourism*

2.7 Pilgrim flows account for a very large percentage of domestic tourism. Infrastructure facilities for tourists for pilgrim centres need to be substantially improved. For this purpose, the Central Government will earmark a sum of Rs. 5.00 crores as Central assistance every year to enable State Tourism Development Corporations/private entrepreneurs to set up or improve accommodation facilities, way-side amenities and transport systems at important pilgrim centres.

2.8 When asked about the pilgrimage centres identified in remote and hilly areas by the Government to be developed as tourist destinations State/UT-wise and the steps initiated to develop these areas, the Department of Tourism, in a written reply stated that the Committee on Pilgrim Tourism has identified centres/places in 13 States for development as per list given below:—

Sl. No.	State	Centre/Place
1.	Assam	Kamakhya
2.	Bihar	Bodhgaya and Patna Sahab
3.	Gujarat	Dwarka, Palitana and Udwada (near Vapi)
4.	Himachal Pradesh	Paonta Sahab and Jwalaji
5.	Jammu & Kashmir	Mata Vaishno Devi
6.	Karnataka	Sringeri and Gulbarga
7.	Kerala	Guruvayur
8.	Madhya Pradesh	Ujjain
9.	Maharashtra	Nanded, Shirdi and Jyotiba
10.	Orissa	Jagannath Puri
11.	Rajasthan	Ajmer Shareef
12.	Tamil Nadu	Rameshwaram
13.	Uttar Pradesh	(i) Badrinath-Kedarnath-Gangotri-Yamunotri. (ii) Barsana-Nandgaon-Gokul-Mathura-Vrindavan-Gowardhan.

2.9 For the development of these pilgrim centres, the State Governments are being constantly requested to send proposals for developing their tourism infrastructure. For example in 1992-93, the Central Department of Tourism had sanctioned Rs. 27.09 lakhs towards construction of pilgrim cottages at Kamakhya (Assam) and has also released Rs. 14.00 lakhs. For development of the area around Vaishno Devi, the Department of Tourism has sanctioned as follows:—

Name of the Project	Amount sanctioned (in Rupees lakhs)
— Pilgrim Sheds at Katra	18.75
— Tented accommodation at Katra and Bhawan	10.38
— Publicity support for printing of brochures on Mata Vaishno Devi	9.83

2.10 Similarly, on receipt of proposals from State Governments for development of the other identified centres, the Department of Tourism, Government of India examines the same and depending of the merits, availability of funds and *inter-se* priorities, the projects are sanctioned and funds released.

2.11 When a few places which could be developed for pilgrimage Tourism viz Kaladi, where Adi Shankracharya was born; and Malayattoor, which was visited by St. Thomas disciple of Christ etc., Department of Tourism in a written reply stated that recognising the importance of Kaladi and Malayattoor, in Kerala the Government of India has already sanctioned the proposal for construction of a tourist complex at Kaladi in 1992-93 for Rs. 63.08 lakhs and released Rs. 5.00 lakhs. Regarding Malayattoor, a proposal for construction of yatri niwas has been sanctioned during 1994-95 at a total cost on Rs. 34.26 lakhs and Rs. 15 lakhs released as a first instalment.

2.12 In their Memorandum submitted to the Committee ASSOCHAM have pointed out that Vaishno Devi and Badrinath-Kedarnath are the two such very well known places which draw not only visitors from India but NRIs from abroad in a large numbers who spent lot of foreign exchange in visiting these places. If we create good roads, hygienic eating places, hotels and develop quick transport from out of Delhi, NRIs from U.K., U.S.A. Canada, Australia and Indian settlers from Fiji, West Indies and South Africa are likely to come in large numbers. These two places can generate atleast half a million NRIs traffic every year. Today not many people go to these places because of sadly lacking comfortable infrastructure at these two places. No doubt facilities at Vaishno Devi are considerably improved in last 10 years but much more could be done for people to stay around this shrine in 4/5 star category comfort. Similarly arrangements could be made for visit to even for old, infirm and sickly people to Badrinath-Kedarnath. There are many other not so well known *pilgrimage places* in

Himalayas, but these are also likely to attract people if infrastructure of lodging and boarding is provided, good roads and good quality transport are made available for the purpose.

2.13 While commenting on developing the areas suggested by ASSOCHAM in Remote and Hilly Areas, the Department of Tourism stated:—

“Pilgrims account for a large percentage of domestic tourists. Infrastructure facilities for tourists in pilgrim centres are to be improved by the State Governments. The Department of Tourism, Government of India provides assistance to State Governments, including those in the Himalayan Region for setting up or improving accommodation facilities, way side amenities etc. The suggestions regarding development of Vaishno Devi and Badrinath-Kedarnath are being forwarded to the respective State Governments.

Religious and social organisations will have to provide leadership in developing overnight facilities in pilgrimage centres because of low income levels of the teeming population.”

*(iii) Adventure Tourism & Sports Tourism*

2.14 In regard to promotion of adventure and sports tourism in India, the Ministry of Civil Aviation and Tourism (Department of Tourism) stated in their Annual Report (1993-94) that to promote adventure and sports tourism, financial assistance is rendered to enable the State Governments and Union Territories to create infrastructural facilities for trekking, mountaineering and winter/water related sports and also tented accommodation for setting up of adventure camp sites. Ten trekkers' huts which are being constructed on a high altitude area in Himachal Pradesh for which funds have been released recently, are nearing completion. A water sports scheme in Daman & Diu is also nearing completion. A fresh scheme has been sanctioned for providing water sports equipment at Muttukadu & Pulicat lakes in Tamil Nadu. A major area in which initiative has been taken by the Department of Tourism is “camping tourism” in collaboration with the State Governments and State Tourism Corporations. The adventure camp put up at Nagoa Beach in Diu in collaboration with the Tourism Task Force of ITDC was a notable success. Other camps have been held at Yuksom, Sikkim and at Kaziranga, Manas Bhalukpong and Umrangso in Assam.

2.15 When asked to furnish the details of the scheme of tented accommodation for Camp Tourism the Ministry of Civil Aviation (Department of Tourism) stated as follows:—

“Under this scheme, the Department for Tourism provides assistance to the State Governments and Union Territories for setting up of tented accommodation. Tents and other accessories provided under this scheme are set up at different locations depending upon the need

and capacity to cater to a large number of tourists with a modest budget. Camp tourism also provides an unique opportunity to live in the natural surroundings and enjoy thrills of adventure and nature tours, sight seeing and other activities."

**(iv) Beach Tourism**

2.16 For furthering/accelerating the development of tourism in the country, one of the activities enumerated by Ministry of Civil Aviation & Tourism, during the 8th Five Year Plan is development of 'beach resort' tourism.

2.17 In this context, the Ministry referred to their various projects in this regard as follows:—

"Beach Tourism projects for construction of Beach Resorts/Beach Cottages have been sanctioned at Kappad and Verkela in Kerala, Valweshwar and Ganpatipule in Maharashtra, Ahmadpur and tithal in Gujarat, Digha in West Bengal. Kanya Kumari in Tamil Nadu, Maravanthe in Karnataka etc. For the year 1993-94, projects at Akkulam and Jungle Resort at Lugort have been identified for Central assistance."

2.18 The Department of Tourism informed the Committee about identifying beach resorts for developing beach tourism during evidence stating:

"We have identified Bekel Beach in Kerala as one of the remote areas for development. We have given some funds for some pilgrim tourist centres. Sabarimala has also come in for a discussion but it has the problem of a court case which we are examining."

**(v) Wild life Tourism**

2.19 In the Annual Report (1993-94) the Ministry of Civil Aviation and Tourism (Department of Tourism) mentions that to promote wild life tourism, financial assistance is provided in the form of funds for construction of forest lodges in sanctuaries/National parks under an on-going scheme. Work on Forest lodge at Manas in Assam has been completed. The Tourist cottages at SAM Desert National Park near Jaisalmer in Rajasthan has also been completed. The construction of the cruising vessel to be used as floating accommodation in the Sunderbans in West Bengal is nearing completion.

2.20 Some suggestions have been putforth by ASSOCHAM in their memorandum submitted to the Committee for developing wild life tourist spots viz:

In Amraoti district of Maharashtra, Tiger Sanctuary exists in Chikhaldia. Hence, this area also needs civil aviation/helicopter arrangements in order to develop tourism as many of the foreign tourists are attracted to visit this sanctuary.

In Chandrapur district of Maharashtra, a project forest is developed for wild animals. Many of the foreign tourists can be attracted.

*(vi) Convention and Conference Tourism*

2.21 In the NAPT document, the Ministry Civil Aviation & Tourism has elaborated that Convention and Conference Tourism has assumed a great significance. In order to encourage convention tourism it would be desirable to set up fully integrated convention complexes in the country so that more and more international conferences and conventions could be attracted to India. It would be the endeavour of Government to set up a convention city with all facilities of international standard.

2.22 In continuation of the above, the Ministry in their Annual Report (199 )

The Department of Tourism in regard to development of Convention Tourism in remote and hilly areas in a written reply have stated as follows:—

“The setting up of fully integrated convention centres are at its embryonic state and only 3 centres adjacent to major cities have been taken up. Only when sophisticated infrastructure and communication facilities are available in the remote and hilly area it would be possible to consider setting up of such integrated convention centres in these areas.”

*(vii) Crafts Villages, Fairs & Festivals*

2.23 Handicrafts constitute a major chunk of the shopping undertaken by tourists, especially foreign tourists, who are fascinated by all hand made craft items. Therefore, handicrafts are promoted as a major tourist attraction through festivals, melas and exhibitions organised both in India and abroad alongwith other cultural events. Usually at each of these fairs and festivals there is live demonstration by craftsmen who also sell their finished products.

2.24 Emphasising the relevance of Rural Crafts melas, the Ministry of Civil Aviation and Tourism in their Annual Report stated:—

“Craft melas, apart from preserving the rural traditional crafts, are also a major attraction to tourists. Department of Tourism has been supporting the Surajkund Craft Mela in Haryana, the Shilpgram Craft Mela in Rajasthan and the Taj Mahotsav and Craft Mela, Agra to promote the vanishing crafts of India as well as to promote tourism”.

2.25 Looking at the success of the crafts meals at various places the Department of Tourism in the NAPT document stated that the Department intends to set up Crafts Villages in different parts of the country and provide a boost to the traditional handicrafts of these regions.

2.26 In regard to fairs & festivals organised in various parts of country, the Ministry of Civil Aviation and Tourism in their Annual Report (1993-94) stated that multifarious fairs and festivals occur throughout the year and are an amalgam of India's rich cultural heritage and have added a new dimension to the Department's promotional efforts. Financial assistance is extended to various State Governments to promote specific fairs and festivals. This financial assistance is extended in the form of publicity support particularly for releasing advertisements, for printing publicity material relating to the fairs and festivals and also for creating semi-permanent assets. Sixty-five festivals have been identified in various States/UTs. for e.g. Fairs like Pushkar Fair, Sonapur Cattle Fair, Kite Festival, Alleppey Boat Race, Dussehra Festival in Mysore and Kulu and others have already become a big attraction for tourists. Ministry will give liberal financial assistance to develop these traditional fairs and festivals all over the country and promote them aggressively in the international markets.

2.27 India's rich culture and heritage has been one of the major attractions for the international tourists who visit out country to experience different cultures, traditions and customs. At important tourist centres there are no structured arrangements for organising cultural evenings which could provide an experience or a glimpse of Indian culture to the visiting foreign tourists. It will be the endeavour of the Government to have a tie-up with the zonal Cultural Centres for making arrangements at important tourist destinations to organise cultural evenings, son-et-lumieres, craft bazars, food plazas and fairs & festivals all round the year. Such activities will be organised in coordination with the Department of Culture and Archaeological Survey of India.

#### *Eco-Tourism*

2.28 ~~Outlining the action~~ taken by Government for preservation of environment, the Ministry of Civil Aviation and Tourism (Department of Tourism) stated in its Annual Report (1993-94) that the Department of Tourism has a vested interest in the preservation of ecology and environment. Guidelines have been formulated for development of beach resorts in the coastal stretches of the country with a view to ensure that environmental considerations are incorporated in the developmental process. Further, an Expert Committee was set up which has reviewed the existing standards and guidelines. A National Conservation Strategy and Policy Statement on Environment and Development has been proposed to ensure sustainable growth of tourism without causing irreversible damage to natural environment and the activities relating to tourism are to take care of the following:—

- Promotion of tourism based on careful assessment of the carrying capacity and support facilities;
- Development of tourism in harmony with environmental conditions and that affecting life-styles of local people; and
- Restriction on indiscriminate growth of tourism and strict regulation of

tourist activities in sensitive areas such as hill slopes, islands, coastal stretches, national parks and sanctuaries.

2.29 One of the main objectives in the new Action Plan for Tourism in NAPT document in regard to preservation of national heritage and environment is as follows:

“Tourism would be developed in a manner that our cultural expression and heritage are preserved in all its manifestations including support to arts and crafts. Preservation and enrichment of environment should also form an integral part of tourism development.”

2.30 In a note indicating the need for improvement in environment surrounding the tourist places, the Department of Tourism stated that for the tourism development of an area it is vital that the environment is not endangered in any manner. The improvement has to go hand in hand with the development of tourism. The Central Department of Tourism is all along striving in this direction. The Department of Tourism is fully conscious of the need to protect ~~preserve~~ and improve the environment. The issue of environmental protection had also been taken up in the Regional Tourism Minister' Conferences chaired by Minister for Civil Aviation and Tourism in the year 1993 and the matter was discussed at a length.

2.31 When asked as to what action has been taken in regard to developing schemes for promoting tourism in each of the States/UTs particularly in remote and hilly areas which are more eco-sensitive (friendly), the Department of Tourism in a written reply as follow:

“ the Government is well aware of the need to develop tourism that is environmentally friendly. The State Governments at various platforms have been advised to take urgent steps for taking up tourism developmental activities in conformity with the environment. The Government of India has been laying stress on construction activity including construction of hotels in a way that the ecological balance of the area is maintained. The State Governments have been asked to prepare Master Plans for the future growth of tourism infrastructure in all States including hilly, coastal and other sensitive areas of each State. To prevent environmental degradation, the Ministry of Environment and forests have issued notification declaring coastal stretches as Coastal Regulation Zone (CRZ) and regulating activities in these zones. The State Governments are requested to implement the notification vigorously and to avoid any haphazard development. In so far as ecologically sensitive areas such as Leh are concerned only tented accommodation has been given.”

2.32 In regard to preservation of ecology and environment the Indian Association of Tour Operator (IATO) in a memorandum submitted to the Committee, suggested that whatever development that takes place



has to be managed and monitored to ensure that minimal environmental disturbance and damage is caused. Uncontrolled exploitation in the name of development in places like Shimla and Manali have led to most foreign travellers, particularly from the higher spending end to completely avoid such places. There have been disturbing reports of local, State and private organisations constructing concrete structures. Water tanks etc. in pristine natural wilderness areas like the Pangong lake and Iso Monri areas in Ladakh. This will lead to disastrous consequences by completely putting off future visitors.

2.33 Commenting on the suggestion made by LATO that 'development' must have minimal environmental disturbances, the Department of Tourism stated that there is no doubt that existing hill stations have drawn so much domestic tourism that foreign tourists have fled from there. Department of tourism has, therefore, advised the State Governments to develop new areas in beautiful surroundings and away from population. State Governments have responded very well and are now offering sites at concessional prices or even free in some places.

2.34 It is well known that Himalayas are a repository of India's religious and cultural heritage. Some of the place in the Himalayan ranges are venerated for their sanctity and are thronged by blessing seekers. However, the Committee regret to find that the pilgrimage centres are lacking in the very infrastructure needed for pilgrim tourists. The Committee are informed that the National Action Plan has also identified 3 Travel Circuits and 2 destinations in the Himalayan Region for intensive development of tourism.

2.35 The Committee on Pilgrim Tourism have identified certain centres/ places in 13 States for development as pilgrim centres. For development of these pilgrim centres, the State Governments are being constantly requested by the Department of Tourism to send proposals for developing their tourism infrastructure. It is surprising to note that only Rs. 27.09 lakhs had been sanctioned by Central Department of Tourism in 1992-93 for construction of pilgrim cottages at Kamakhya (Assam) and Rs. 14.00 lakhs for development of the area around Vaishno Devi out of a sum of Rs. 5 crores earmarked as Central assistance every year to set up or improve accommodation facilities, wayside amenities and transport system at important centres. This is not a happy state of affairs. The Department of Tourism need to work with renewed vigour and enthusiasm and vigorously pursue the matter for development of these pilgrim centres identified by the Committee on Pilgrim Tourism at the highest level in the State Governments. The Committee feel that developing necessary infrastructure at these pilgrim centres will give the necessary fillip to the domestic tourism in remote and hilly areas in the country.

2.36 The National Action Plan for Tourism mentions that pilgrim Flow, account for a very large percentage of domestic tourism. Infrastructure

facilities for tourists for pilgrim centres need to be substantially improved. For this purpose, the Central Government will earmark a sum of Rs. 5.00 crores as Central assistance every year to enable State Tourism Development Corporation/private entrepreneurs to set up or improve accommodation facilities, way-wide amenities and transport systems at important pilgrim centres. The Committee while appreciating the initiative, which is in the right direction, feel that consideration a great scope existing for improvement in facilities and amenities for providing domestic pilgrim tourists an allocation of sum of Rs. 5 crores as Central assistance appears meagre and needs to be enhanced considerably.

2.37 The Committee also desire that the Department of Tourism in close coordination with State Governments take keen interest for faster development of tourism infrastructure, facilities, amenities at 'Vaishno Devi' and Badrinath-Kedernath.'

2.38 The Committee would rather recommend a very active role for the Department of Tourism to set up separate Joint Task Force with respective State Governments in the Himalayan ranges for identification of facilities and amenities needed for tourists in their regions and the Central assistance required for their development, instead of awaiting proposals from these States.

2.39 In order to encourage adventure tourism in hills among the Himalayan States, surveys should be conducted in each Himalayan state by an Expert Group comprising representatives of the Department of Tourism, State Tourism Development Corporation and others in tourism and travel industry and a comprehensive plan drawn up for each State separately. There is also need for involvement of private sector and local youth.

2.40 Adventure tourism in the hill regions of the Himalayan States should be encouraged to become a major activity through active involvement of local private sector in building tourism infrastructure, for which the Government should provide all the necessary assistance including training and expertise to the local youth and encourage and help them in setting up their own units. The Committee also desire that in order to meet financial requirement for boosting adventure tourism, budget allocation should be adequately made.

2.41 The Committee emphasise that concerted efforts should be made to gain advantage through proper support in new areas like adventure tourism, wild life tourism, conference tourism, camp tourism etc. which are gaining ground rapidly. For that purpose infrastructure/basic amenities should either be developed and made available by the Government or the private sector should be encouraged by giving them all about support in this regard.

2.42 In the past, emphasis on tourism has been mainly confined to woo foreign tourists but equally important is the existing potential in domestic

tourism as people needed to know more about their own country also. There is a need to give fillip to domestic tourism which has not been given right attention. Travelling in various parts of the country and learning about cultural diversities and life styles of different people apart from giving social and economic benefits to the people, also helps promote national integration. To generate interest in domestic tourism, the Department of Tourism and other Ministries in consultation with State Tourism Development Corporations should draw up action plans for boosting youth travel and pilgrim tourism. The tourism, travel, trade and hotel industry should, under the overall guidance and directions of the Department of Tourism and State Tourism Development Corporations, should speedily formulate plans for building up of infrastructure for promoting all categories of tourists in the country.

2.43 In the National Action Plan (1992) the Department of Tourism have brought out that Surajkund Crafts Mela and Shilpgram, Udaipur, have been a tremendous draw with the tourists. The Committee find that the Department intends to set up Crafts Villages in different parts of the country and provide a boost to the traditional handicrafts of these regions.

2.44 The Committee are of the view that on same footing, the Department of Tourism in consultation with State Tourism Corporations should arrange to exhibit art, culture, craft and cuisine of different States on one platform at major important festivals such as Kumbh Mela, Navratri Festival, Holi Festivals, Ganesh Chaturthi, Durga Puja and others for domestic pilgrim tourists for boosting the traditional handicrafts and skills of the country's craftsmen.

2.45 The Committee are satisfied to note that the Department of Tourism is conscious of the need for preservation and enrichment of environment while implementing schemes for development of tourism in an area. The Committee would, however, like to emphasise that Department of Tourism in consultation with the State Government should take adequate preventive measures for indiscriminate, un-planned and haphazard growth which lead to environmental degradation of the tourist area mainly being developed for its natural and scenic beauty.

2.46 The Committee are, therefore, sanguine that the virgin beauty of such remote and hilly areas should be maintained.

## **B. Identification of Tourist Generating Areas**

### **1. Identification of Circuits-cum-Destinations for Intensive Development under National Action Plan**

2.47 In the NAPT (1992-93), 11 circuits and 6 destinations which *inter alia* include destinations / places of tourism potential in remote / hilly areas have been identified for intensive development, which are as follows:

#### ***Travel Circuits***

1. Kulu-Manali-Lch
2. Gwalior-Shivpuri-Orcha-Khajuraho
3. Bagdogra-Sikkim-Darjeeling-Kalimpong
4. Bhubaneswar-Puri-Konark
5. Hyderabad-Nagarjunasagar-Tirupati
6. Madras-Mahabalipuram-Pondicherry
7. Rishikesh-Narender Nagar-Gangotri-Badrinath
8. Indore-Ujjain-Maheshwar-Omkarshwar-Mandu
9. Jaisalmer-Jodhpur-Bikaner-Barmer
10. Raigad Fort-Janjira Fort-Kuda Caves-Sirivardhan-Harihareshwar-Sindhudurg
11. Bangalore-Mysore-Hassan

#### ***Destinations***

1. Lakshadweep Islands
2. Andaman Islands
3. Manali (Solang-Nalah)
4. Bekal Beach
5. Muttukadu Beach
6. Kangra (Pong Dam)

2.48 As and when these circuits / destinations reach the prescribed level of development, new circuits / destinations could be added so that there is a uniform spread of tourist facilities in different parts of the country.

#### ***Special Tourism Areas***

2.49 A scheme for setting up of select Special Tourism Areas was approved in a resolution adopted by the Conference of State Tourism Ministers held in New Delhi on 10th December, 1991.

2.50 the selected Special Tourism Areas would have identifiable boundaries notified by the State Governments where land would be allotted for hotels and tourism related industries at concessional rates to prospective investors according to the Master Plan prepared. A Special

Area Development Authority would be constituted by the State Governments to administer the Special Tourism area with full delegation of powers under different statutes of the State Government. The Special Area Development Authority would prepare the Master Plan for the area and provide single window clearance facility to the investors. The state Government would provide basic infrastructure in terms of roads, transport, bus terminals, wayside amenities, electrical grids, water supply, law and order and municipal services. The Central Government would provide infrastructural support such as airports and airline services, railway stations, communication network and post/telegraph/banking services. Both the Central and State Governments would grant exemption from specified Central/State Taxes and freeze rates on water and electric supply for at least 10 years in order to attract investments.

2.51 The selection of Special Tourism Areas would be done by the Central Government in consultation with those State Governments who are willing to offer the maximum facilities for the successful functioning of such Special Tourism Areas.

2.52 Special efforts will be made to attract foreign investment in these areas.

2.53 In regard to identification of special tourism areas and financial outlay for development of these areas the Secretary, Department of Tourism, during oral evidence stated as follows:

"As far as Special Tourism Areas are concerned, we have five special Tourism Areas. Most of them are in remote areas, if not in the hilly areas. They are Diu in Daman and Diu; Bekal in Kerala, Sindudurg in Maharashtra; Mahabalipuram in Tamil Nadu and Puri-Konark in Orissa. Muttukadu-Mamallapuram in Tamil Nadu. These are the five Special Tourism Areas which we have identified. We have an outlay of Rs. 35 crores towards the financial assistance for development of Special Tourism Areas. The concept is that we are supposed to acquire land, notify the Area and develop the area. Unfortunately, the Planning Commission has not accepted our proposal of land acquisition. Therefore, Rs. 35 crore could not be utilised completely. That is why, we have been able to release funds only for the preparation of feasibility studies of these areas. The remaining amount has not lapsed. We have utilised the amount for infrastructure development in various remote and hilly areas."

2.54 In regard to identification of places for the purpose integrated development of tourism, the Secretary of Tourism Department of the Ministry of Civil Aviation and Tourism stated during evidence:

"For the development of hilly and remote areas the Minister is taking initiative and has held two meetings particularly with the North-Eastern States. The first meeting was in Darjeeling and the second meeting was in Shillong. The main items which were concentrated upon were the development of infrastructure. The Minister insisted

that each of the North-Eastern States should mention at least four places which they want to develop for the purpose of tourism.”

2.55 The places identified by the North-Eastern States for integrated development of tourism infrastructure are listed below:

**1. *Arunachal Pradesh***

- (i) Miao near Namdhapa
- (ii) Pasighat
- (iii) Ziro
- (iv) Bhalukpong

**2. *Assam***

- (i) Kaziranga National Park
- (ii) Manas Tiger Reserve
- (iii) Rajiv Gandhi Wild Life Sancturay Orang
- (iv) Guwahati
- (v) Sibsagar
- (vi) Halflong

**3. *Mizoram***

- (i) Thenzawl
- (ii) Tamdil
- (iii) Berawtlang
- (iv) Phawngpui
- (v) Chaltang

**4. *Meghalaya***

- (i) Balpakram National Park
- (ii) Umaim Lake
- (iii) Mawsynram
- (iv) Ranikor

**5. *Nagaland***

- (i) Zuku Valley
- (ii) Dzulakie

**6. *Tripura***

- (i) Rudra Sagar
- (ii) Dumboor
- (iii) Unnkoti

Manipur has yet to identify the four places.

2.56 As regards budgetary provision for development of the identified places in the North-Eastern states, the Department of Tourism in a note stated as follows:

“No specific funds have been earmarked in the budget provisions of the Department of Tourism, Government of India for development of the identified places in the North-Eastern States. During the regular interactions with the State Governments, the States come up with proposals for prioritisation of projects and these give an indication of the probable projects which can be taken up during the year and approximate outlay which could be involved. Some of the North Eastern States, like Assam, have already submitted proposals for the promotion and development of tourism in their specified areas and these have since been sanctioned by Government of India.”

2.57 On being asked during evidence how the Government assessed places of interest for the purpose of tourism the representatives of the Department of Tourism stated:

“That is done mostly by the States own selection. Whenever somebody goes from here and makes a suggestion, they also adopt it as to what monument has the potential. Other inputs are in the form of National Action Plan. It identifies those spots. It may be both ways. But when it comes to making allocations for infrastructure development, we go by the States recommendations.”

2.58 When asked about the criteria for identification of thrust areas, particularly in the hilly and remote areas in the country and whether the Government have any perspective plan for the next five years, in reply, the Secretary, Department of Tourism stated during evidence:

“The most important point would be the ability of these areas to attract the largest number of tourists.”

2.59 When the suggestion of the Confederation of Engineering Industry was sent to the Ministry for consideration that among several such spots, it will be worthwhile to identify and select 100 exclusive sites for the purpose of tourism development and promotion. The Ministry of Civil Aviation & Tourism in their written reply stated that as already stated in the comments on introduction and country profile, the National Action Plan has already identified travel circuits and destinations for intensive development. Also five special tourism areas have been identified. It has been envisaged that the State Governments/UT Administration would provide basic infrastructure facilities in terms of roads, transport network, bus terminals, wayside amenities etc.

2.60 The State Government have in addition to primary responsibility for development of tourist centres Based on proposals received from them the Department of Tourism, Government of India is releasing Central financial assistance for development of tourism infrastructure.

### *Island Tourism*

2.61 The Government will lay special emphasis on the development of island tourism in places such as the Andamans and Lakshadweep. A decision has recently been taken to selectively open out some of the islands for tourism purposes. This will be done keeping in mind the carrying capacity and the need to preserve the environment. The emphasis will be on high value low volume tourism traffic to the selected islands and the facilities to be provided would blend with the natural beauty of the islands.

2.62 The Committee were apprised that instead of spreading resources thinly only special circuits and destinations should be taken up for intensive development. So far 11 circuits and 6 destinations had been identified for intensive development, besides, five special tourism areas for integrated development of tourism facility. It was further brought out by the Department of Tourism that as and when these circuits/destinations reach the prescribed level of development, new circuits/destinations could be added.

2.63 The National Action Plan for Tourism was finalised three years back. But destinations/centres identified for tremendous potential for tourism are yet to be developed. The Committee feel that concerted efforts are required to be made to speed up development of tourism infrastructure of identified circuits/destinations. The Committee desire that a specific time-frame should also be laid down for building tourism infrastructure in identified travel circuits and destinations which are in remote and hilly areas.

2.64 The Committee also feel that in order to exploit the seemingly endless bounties available in India for tourism purposes, the Department of Tourism in consultation with State Tourism Development Corporations should explore new areas of tourism especially in remote and hilly areas and build infrastructure there so that more and more investment could be attracted for setting up facilities in those areas.

2.65 The Government of India asked the Government of North-Eastern states to identify four places each for integrated development of tourism infrastructure. The Committee note that except Manipur all the other North-Eastern States have identified the places for the purpose. However, no specific funds have been earmarked in the budget provisions of the Department of Tourism (Govt. of India) for development of these identified places. Only during the regular interactions with the State Governments the States come up with proposals for prioritisation of projects which give an indication of the probable projects which can be taken up during the year and approximate outlay which could be involved. The Committee are also informed that only Assam State have submitted proposals for the promotion and development of tourism in their specified areas and which since have been sanctioned. The Committee express their deep concern over the slow pace of approval of tourism proposals and sanction of financial assistance by



the Central Government. They are constrained to note that except Assam no other North Eastern State has submitted proposals for development of tourism in their specified areas. The Committee are of the view that the Central Department of Tourism should emphasise the importance of integrated development of these identified places in the North-Eastern States during the interactions held with the State Governments for prioritisation of projects for a particular year so that the proposals for sanction of funds for integrated development of these identified places are finalised expeditiously. They desire that Department of Tourism should take up the matter at the highest level with the State Government of Manipur for identification of four places, for integrated development of tourist infrastructure, which they have not done so far. They also desire that other N.E. State be impressed upon to submit their proposals for prioritising the projects for sanctioning of funds expeditiously. They also suggest that separate funds should also be set aside, or in the alternative, preference may be accorded, for development of special tourism areas and Island Tourism. The Committee hope that with the integrated development of these identified areas in North-Eastern States the tourism activities will get the desired boost in these States.

2.66 The Committee note that tourism in Meghalaya and other North Eastern States is still in an infant stage and the pace of development in the tourism sector is very slow due to low budget, low priority inadequate transport and communication facilities, restricted area permit system, not active/keen interest taken by State Tourism authorities even in utilisation of Central assistance earmarked for them and other local problems. The North Eastern is well known for its scenic beauty and is home to rare animals and birds not found anywhere else. The Committee desire the Government should initiate special measures for development of tourism infrastructure including setting up a special agency for undertaking developmental activities there to fully exploit the untapped tourism potential in the region which has potential for stimulating economic growth of the region.

### C. Development of Transport infrastructure

#### *Role of the Department of Tourism*

2.67 In regard to the role of Department of Tourism for promotion and building infrastructure the representative of Department of Tourism stated during evidence:

“Our role for promotion of building infrastructure has come about only recently. This happened, when we found that in the overall priority of the State Government, tourism did not find a place, because it would involve so many important activities as an important employer of persons. It is only recently that this change of perception has come about..... But the role of development of the infrastructure is primarily with the State Governments, with the public sector undertakings and with the private sector. The private

sectors' means hotels, etc. The thrust area of the Government is to create condition on which tourism activities can be generated. The State Governments provide the land and every other infrastructure. The public sector undertakings like the Railways and the Airlines provide the transport facilities."

### *Road, Railways and Air Transport*

2.68 In order to develop an integrated resort, it requires infrastructure development i.e. roads, railways and air transport, etc. when asked whether regular and reliable transport facilities for tourists are available for visiting the remote and hilly areas in each of the State/UTs, the Department of Tourism in a written reply stated that inaccessibility is a genuine problem faced by tourists visiting the remote and hilly areas. It is a fact that inadequate transport facilities has been serving as a deterrent to the growth of tourism of the country.

2.69 The Department of Tourism provides Central assistance for the development of tourism infrastructure including purchase of tourists coaches, boats etc. on receipt of specific proposals from the State Governments. In addition, the Department of Tourism maintains regular interaction with the State Government at which it is impressed on them to improve the tourism infrastructure in the tourist centres.

2.70 The Department of Tourism has also as a part of the Synergy Programme interacted with other department such as the Railways, Ministry of Surface Transport and Department of Civil Aviation, for improvement of transport infrastructure.

2.71 When the Ministry was asked to enumerate the steps taken by the Government for providing efficient transport services to the tourists in remote and hilly areas and whether these resorts have been connected with nearby major cities by fast trains and air services, the Ministry of Civil Aviation and Tourism, (Department of Tourism) in a written reply stated that with the help of the Ministry of Surface Transport the Department of Tourism have been able to get the Motor Vehicles Act amended so that vehicles carrying tourists can travel all over the country by paying a single composite fee. Car rental services have also been allowed to operate all over the country. Ministry of Finance has recently issued the Notification whereby Tourism Development Corporations of various States, travel agents, tour operators and tourist transport operators approved by the Department of Tourism, Government of India, have been permitted to import airconditioned high quality vehicles at concessional customs duty. These facilities are available to operators all over the country including the hilly and remote areas.

2.72 Fast trains connect the North Eastern cities such as Darjeeling, Shillong, Kalimpong, and Gauhati from all Metropolitan cities of the country.

2.73 In regard to accessibility and transport facilities for the remote and hilly areas, during evidence, the representatives of the Ministry of Civil Aviation and Tourism, (Department of Tourism) brought out an important point regarding the pathetic conditions of the transport facility to tourist spot stating:

"Another problem with regard to the remote and hilly areas is that the tourists are complaining, especially the foreigners, that the roads are narrow, the traffic is congested and that they are inhaling smoke all the time. Due to all these problems for the last one year or so we have been heavily recommending the aerial transport. So, Sir, we strongly believe that the private investment on the civil aviation side has got to go hand in hand with the Governmental efforts."

2.74 When it was enquired whether the Department of Tourism had submitted any proposal to the Government of India or the concerned Ministry to use Bangladeshi territory as corridor to reach remote areas like Tripura etc. in North East. The Secretary of the Department of Tourism replied in negative.

2.75 To a further query whether there was any proposal to subsidised fares to reach such places in the North-East from Calcutta, the representative of Department of Tourism stated in evidence:

"It may be very desirable to have subsidised fares. But if the service does not meet its cost and has to be subsidised, it has very deleterious effect on the servicing organisation. That has been the experience of our Government and the Indian Airlines is an example in view. Whether it is very essential to have subsidised fares is very well illustrated by another sector which is also a remote area and which is very difficult to reach and that is Kulu."

2.76 When the Ministry of Civil Aviation and Tourism was asked to comment on important aspects brought out by Indian Association of Tourists organisation in their Memorandum submitted to the Committee stating that "It is important that the road conditions be maintained to acceptable conditions very often, after the winter rains or the summer moonsoon, the roads to the higher mountain areas are completely impassable. Regular maintenance by the State PWD or Border roads authorities is necessary".

2.77 In reply, the Ministry of Civil Aviation and Tourism stated that these suggestion are being communicated to the State Governments concerned for their necessary action.

2.78 The Confederation of India Industries in their Memorandum submitted to the Committee suggested that an efficient inner-connection network of transport services which may include surface as well as air

transport upto or to a location nearest to the desired destination should be developed. So that the tourists coming to India visiting such locations in hilly/remote areas may like to book their passage directly to their destination. They also suggested that these facilities could be offered through private investment and enterprise.

2.79 The Committee find that the basic transportation network to the tourist destinations/circuits in remote and hilly areas are inadequate, inaccessible and has significant scope for improvement. The efforts of Department of Tourism so far in interacting with Railways, Ministry of Surface Transport and Department of Civil Aviation for improvement of transport infrastructure did not bear fruit. It has been pointed out that inadequate transport facilities have been serving as a deterrent to the growth of tourism in the country. They are alarmed at the complaints received from the foreign tourists about narrow roads, congested traffic with pollution etc. in some remote and hilly areas.

#### **D. Incentives for Private Sector Participation**

2.80 The National Development Council in their Approach Paper has observed that the future expansion of tourism should be achieved mainly through private sector. Accordingly, the thrust for the development of tourism infrastructure during the Eighth Five Year Plan would be through private sector. However, the State Governments would continue to play a significant role in providing essential infrastructure.

2.81 Stressing the need for private investment in tourism projects in remote and hilly areas, Secretary, of the Department of Tourism during evicence stated as follows:

"The social responsibilities of the state Governments as well as the Government of India are very heavy and likely to increase further with increase in population. So, it was found that for developing these areas, remote areas and hilly aças, the finance would have to come not from the State Governments or the Government of India, but from the private sector which can be involved in this venture. We thought we should find ways to somehow attract private investment. There we came across some difficulties.

Private sector is keen to invest only in areas where the return is good and immediate. But the return on this kind of investment, particularly in hilly and remote areas, is not only uncertain but also takes a long time. So, we sat together and thought over this problem. We suggested some ideas to the State Governments as to how to attract the private investment. One of them was to give land sites free of cost to them. We suggested them to do this. Some of the States immediately agreed to the proposal."

2.82 Government of India offered the following fiscal incentives/concessions to attract private sector investment in the tourism sector for the development of infrastructure for tourism in remote and hilly areas.

- (A) Under Section 80 HHD of Income Tax Act, 1961 of the profits attributable to foreign exchange earnings of the hotels, 50% as exempted from Income Tax straight and the balance 50% is also exempted if reinvested in tourism industry.
- (B) Approved hotels functional after 31.3.1990 but before 1.4.1995 are eligible for Tax holiday deductions under Section 80 ITA.

—The deduction ranges between 30-50 percent of the profits and is available for ten years.

—Exemption from Expenditure Tax for a period of ten years (w.e.f. 1.4.1991) will be granted to new approved hotels in a hilly area, or a rural area or a place of pilgrimage or such other place as Government may specify. These hotels will also be given 50% exemption from income tax. This concession would be available to eligible hotels which start functioning before 31.3.1994.

- (ii) The hotel buildings are eligible for depreciation at the rate of 20% with effect from 2.4.1987 (Assessment year 1988-89). Furniture and fittings used in hotels have been allowed a higher rate of depreciation of 15% against the general rate of 10%.
- (iii) Hotel Projects 1-3 star category are eligible for an interest subsidy of 3% on the entire loan amount. Hotel projects in specified areas and Heritage Hotels are eligible for 5% interest subsidy. No interest subsidy is available for 4 and 5 star Hotel and other hotels in the four metropolitan cities of Delhi, Bombay, Calcutta and Madras.

2.83 However, the fact remains that inspite of these fiscal incentives/concessions, the private sector has not been able to make use of these facilities because basic problems is that the land transfer is difficult in the North East Region.

2.84 In regard to encouragement being given to private sector investors in Hotel industry, the representative of Department of Tourism during evidence stated:

“In the last session of Parliament, Expenditure tax was reduced from 20 per cent to 10 per cent. We have also asked to State Governments to reduce their luxury tax which has been done. Therefore, there is a great encouragement from the Government. Earlier we did not allow the foreign investment in the hotel sector upto 51%. But now we have allowed it and as a matter of fact more than 51% has been allowed in some cases.”

2.85 In response to a query, the Department of Tourism have informed that only States of Kerala and Meghalaya have reduced the luxury tax.

2.86 When asked about whether the special incentives have been provided or proposed to the Private Sector for increasing their participation in development of tourism in remote and hilly areas of country by the Central Government or by the States, the Ministry furnished the following information:

“As the construction of hotels is a highly capital intensive activity, therefore, the Central Government for the development of this sector of tourism is giving incentives such as interest subsidy in case of one, two and three Star Hotels at the rate of 3%. The rate of interest subsidy is increased from 3% to 5% in case of travel circuits-cum-destinations identified for intensive development under the National Action Plan.

In addition to this, 5% subsidy is also available for heritage category of hotels. Under this scheme a capital subsidy of Rs. 5.00 lakhs or 10% of the cost whichever is less is available for development of any monument structure over 75 years into a heritage hotel.

In addition to the above the Central Government is also providing tax concessions under the Income Tax Act 1961.

The incentives being provided by the State Governments who have declared tourism as an industry are in nature of following concessions:—

- (i) Subsidy for preparation of feasibility/project report.
- (ii) Investment Subsidy/Central Capital Subsidy/State Capital Subsidy.
- (iii) Incentive for training local manpower.
- (iv) Augmenting availability of funds from State Financial institutions.
- (v) Concession in electricity and water charges.
- (vi) Allocation of land at concessional rates.
- (vii) Exemption from building tax levied by the Revenue Dept./Municipal Corporation.
- (viii) Exemption from octroi duty.

These concessions are over and above facilities available to industries.”

2.87 In response to a query, the representative of Department of Tourism during evidence stated as follows:

“The Government of India and the Department of Tourism do not provide financial support to the private sector directly. We only provide support to the State Governments and through them to whatever projects they have. The private sector gets financial assistance not only from Tourism Finance Corporation but also from various other financial institutions, including the scheduled banks.

2.88 The Committee desired to be furnished with the detailed information regarding schemes which were delayed and could not be implemented due to peculiar land laws prevailing in the NE States, and the

manner in which these land laws affect the development of tourism in the States. The Ministry of Civil Aviation and Tourism in a written reply stated as follows:

"The Central Department of Tourism extends financial assistance to State Governments for taking-up the augmentation of tourism infrastructure like Yatri Niwases, Tourist Complexes, Tourist Lodges and Wayside Amenities, etc. The funds under the existing arrangement for development of such facilities are provided only for the construction of super-structures including internal electrification, water supply and sanitary fittings, whereas the State Governments provide a developed piece of land for the tourism projects free of cost and also furnish the facility thereafter.

All the State Governments submit the land transfer documents after project is completed. There are however some instances in North-Eastern States where Article 371 of the constitution gets land attracted. Wherever the State Governments are unable to transfer the land in favour of Government of India, since the land belongs to the community and can not be transferred, long term lease agreements are being made between the concerned State Government and Union of India. The peculiar land laws, which are in vogue in North Eastern States do not affect development of tourism infrastructure facilities in the States as the properties created with Central assistance are maintained and managed by the respective State Governments on behalf of the Central Government."

2.89 On enquiring how the Government could subdue/remove this basic hindrances and whether the Government has worked out any proposal in this regard, the Ministry in a written reply stated:

"It is a fact that in certain areas of North Eastern land transfer is a basic problem and has hampered the private sector enthusiasm in the North Eastern Region. The transfer of land particularly in Forest Areas is a difficult problem. Leasing of the land is generally advised in such case."

2.90 However, later on the Ministry added that the dispensing with the condition of land transfer in case of North Eastern States will be examined after obtaining the views of the North Eastern States in this regard.

2.91 State Governments may also be persuaded to offer special package of incentives for new tourism projects such as complete exemption for ten years few luxury tax, sales tax, and entertainment tax, in remote and hilly region of the States.

2.92 In a Memorandum submitted to the Committee by FICCI it was suggested that "private sector should be increasingly involved in investments and resource mobilisation in the various sectors such as Civil Aviation, Tour and Travel operations, construction and running of hotels.

Many useful features of national action plan such incentives to hotels should be considered and substantially augmented."

2.93 The Department of Tourism after considering the above suggestion, in a note to the Committee has stated as follows:

"assistance is being given to all State Governments to develop alternative tourism attractions and augmenting facilities for accommodation, transport in remote and hilly areas, based on proposals received. Government has laid down a network of incentives. It is the private capital which is fighting shy of going to far-flung and backward areas. State Governments are now offering sites at concessional prices but in response from the private sector is not very encouraging. Private Sector is sticking to areas where return is substantial and guaranteed and avoids areas where investment is long-term and not very hefty."

2.94 The Committee note that since substantial investment is required to build tourism infrastructure in the country, private investment would go a long way in developing tourism in all the States including the remote and hilly areas where potential for development of tourism is even more pronounced. Entrepreneurs setting up tourism units are offered various incentives by the Central Government and State Government, viz, sites at concessional rates, interest subsidy at 5% in case of 1, 2 and 3 category hotels in remote and hilly areas. Income Tax deduction which have been made admissible at 50% instead of 30% and exemption from payment of expenditure tax for a period of ten years for the hotels which have started functioning on or before 31st March, 1994. The Committee are informed that only two State Government viz. Karnataka and Meghalaya have reduced luxury tax. According to a new item, Madhya Pradesh has decided to offer a special package of incentives for new tourism projects and expansion. These include complete exemption for luxury tax, sales tax and entertainment tax. The Committee desire that the Department of Tourism impress upon the other State Governments to offer similar type of incentives to make tourism industry more competitive in attracting private investment for tourism infrastructure.

2.95 Since most of the projects in Special Tourism Areas remains to be developed and offered incentives for their early set up. The Committee urge the Central Government that this deduction for granting exemption from payment of expenditure tax ten years should be extended to the hotels which start functioning after 31st March, 1994 especially in remote and hilly areas. The Committee also desire that Central Department of Tourism should examine the need for extending 100% income tax exemption for a period of five years to hotel industry in newly identified remote and hilly areas for promotion and development of tourism.



### **E. Status as an Industry**

2.96 In recognition of the vast potential of development of tourism in the country, the National Development Council had recommended that tourism should be accorded the status of an industry. Department of Tourism as a follow up of the National Development Council's recommendations, has been requesting all the State Governments to accord 'Tourism' the status of an industry. The objective is to identify the activities and offer fiscal concessions/incentives to the various segments of the tourism industry on the same lines as are being offered to the manufacturing and mining sectors. This would give an impetus to attracting private investment in tourism related activities. The following States and Union Territories have declared tourism as industry:

1. Andhra Pradesh
2. Assam
3. Bihar
4. Haryana
5. Himachal Pradesh
6. Kerala
7. Madhya Pradesh
8. Tamil Nadu
9. Tripura
10. Karnataka
11. Uttar Pradesh
12. Rajasthan
13. Pondicherry
14. Maharashtra
15. Mizoram
16. Arunachal Pradesh
17. Andaman & Nicobar
18. Lakshadweep
19. Orissa

2.97 Enquired what would be its impact on development of tourism especially in remote and hilly areas, the Department of Tourism has stated as follows:

"By according tourism, the status of an industry offering attractive concessions, the States would encourage private investment in tourism related activities. Since substantial investment is required to build tourism infrastructure in the country, private investment would

go a long way in developing tourism in all the States including the remote and hilly areas where potential for development of tourism is even more pronounced.

In addition, entrepreneurs setting up tourism units will have the benefit of the concessions allowed for setting up industry in backward areas. These would include Sales Tax concessions, subsidy on drawing up power lines, access to concessional finance, etc."

2.98 Asked to outline the main hurdles/constraints faced in declaring tourism as an Industry, the Department of Tourism in a reply stated that it is found the State Governments who have not declared tourism as an industry, are somewhat hesitant in offering the incentives/concessions that are required for the development of tourism like giving of land at concessional rate, electricity at concessional rates, etc. The State Governments feel this would result in loss of revenue. In addition, some State Governments are yet to accord priority to the tourism sector within their overall development goals and are not aware of the tourism sector's potential for employment generation and development.

2.99 The Committee note that in pursuance of the recommendation of National Development Council, the Department of Tourism have accorded the status of an industry to the tourism sector with the sole objective of the development and growth of tourism. Consequent upon the above declaration, 19 State Governments/UTs have since been accorded the status of an industry to the tourism sector. However, most of the States still have not declared tourism as an industry which shows that much importance is not being attached by these States to this sector which has tremendous potential for employment generation and development.

2.100 Expressing their satisfaction over declaring the tourism sector as an industry, the Committee cannot resist saying that this step should have been taken long ago. They would now like the Government to draw the attention of the remaining State Governments/UTs to the potential of employment and revenue that would be generated as a result of the growth of tourism and impress upon them to accord the status of an industry to tourism as early as possible.

#### *Facilities and Amenities*

2.101 The Department of Tourism, Government of India is dependent on the State Governments for all tourism activities. With the supply systems like land, water, electricity etc. under the control of the State Government and the resources of the Government being limited, the Department of Tourism cannot undertake any developmental programme on its own without the support and cooperation of the State Governments. The State Governments are also conscious of the law and order problems and thus they try to develop facilities at relatively safer destinations and promote such destinations.

### *Supply of essential food items*

2.102 Important tourist centres in the remote and hilly areas are ensured of adequate supply of essential food items, vegetables petroleum products and other items at affordable prices. The necessary monitoring for this purpose rests with the Department of Civil Supplies, both at the Centre & State levels. The Government of Sikkim has made special arrangements to provide LPG in a smaller size cylinders for trekkers groups.

### *Tourist basic necessities*

2.103 The Central Department of Tourism extends financial assistance for augmenting such facilities particularly the toilet and drinking water facilities at various monuments/places of tourist interest. Further TV/ Radio Advertising, as a routine, to promote any region of India is not undertaken by the Central Department of Tourism. The promotion of tourism to areas of tourism importance in well known parts of each State is normally undertaken by the State Government concerned.

### *Security*

2.104 The security of a tourist visiting places in any part of the country including the remote and hilly areas is of paramount importance. Every State Government takes special care to ensure security of foreigners and immediate action is taken in case of a problem.

### *Training to local youths*

2.105 Laying emphasis on training and educating local youths in coping with the increase in visitors/tourists for a planned development, the Indian Association of Tour operators suggested in a memorandum submitted to the Committee that:

“..... also to train the locals in basic hygiene, cleanliness and in-job oriented vocations viz mountain guides camp supervisors etc.”

### *Bungalows with Local Architecture*

2.106 When asked whether any model plans for tourist bungalows, wayside amenities, Yatri Niwases etc. exist, the representative of the Department of Tourism replied during evidence as under:

“We do not have any model plans for tourist bungalows, Wayside amenities, Yatri Niwases etc., because the philosophy of the Ministry to Tourism is that we should allow the architectural speciality and genius of each State Government to flourish. We have initially made it clear that State Governments should develop their own plans.”

### *Package/Conducted Tours*

2.107 In this connection, the Committee enquired whether the Department of Tourism prepare any package tours for various destinations in the country. In reply, the Department stated this is done only by travel agents and tour operators. Several agents have reported that they have

prepared special package tours to remote and hilly areas for special group. These tours would undoubtedly be on the increase when adequate infrastructure is available. Darjeeling and Kalimpong are included in tours to Sikkim and Bhutan. State Government and Corporation in North Eastern States have prepared packages which are being marketed & promoted by them as well as by travel trade.

2.108 A number of travel agencies in the private sector do operate conducted tours in North Eastern Region and other remote and hilly areas of the country.

#### *Promotion and Marketing*

2.109 Publicity efforts about destinations in the Himalayan Region and elsewhere are being made through the overseas offices of the Department of Tourism. Media campaigns like the "Hill Holidays Campaign" have been launched by which several lesser known destinations in the hills have been popularised. The publicity campaigns are an ongoing exercise.

2.110 When enquired as to how the assessment of the tourists interested in going to remote and hilly areas is made by Government and the steps taken by the Government to send message directly to prospective visitors, the Department of Tourism in a written reply stated that the overseas and domestic Tourist Offices of Government of India and the State Governments are in direct contact with the travel trade and consumers in their respective markets and those segments of tourists interested in visiting remote and hilly areas are being identified accordingly. These offices also undertake promotion activities like organising exhibitions, India evenings etc. to promote prospective visitors. In addition, promotional material like posters brochures, leaflets and audio-visual aids are available in these offices send messages directly to prospective visitors.

2.111 The Committee were informed that for promoting and boosting tourism in remote and hilly areas the Department of Tourism has printed material on Lesser Known Destinations in the hill areas such as:

- (i) Brochure on North-East
- (ii) Film and brochure on Andaman & Nicobar Islands
- (iii) Film on Sikkim-Bagdogra-Darjeeling
- (iv) Little Known Treasure brochure
- (v) Hill Stations of Western India

"Several new hilly areas are being opened such as Sikkim, Ladakh, Kulu Manali and Andaman & Nicobar Islands. Our local offices and overseas offices are promoting these areas through various means including advertising, printing and distribution of brochures/folders films, audio-visuals, direct mailing and by persuading tour operators to include these destinations in their packages.

A continuous and sustained effort is made by our Overseas Offices to identify new markets for marketing and promoting these areas. The step taken include meeting consumer travel agents, opinion leaders conducting market research etc."

2.112 Asked about the efforts made by the Department to publicise Lesser Known Destinations of the Country from the point of view of Tourism potential, the representatives of the Department of Tourism stated in evidence:

"As regards the efforts made by us, I would like to reiterate that in the last one or two years, attention had been paid to those areas where, probably, attention had never been paid. As regards the pamphlet, there is so much confusion. Its name is Little Known Treasure. It is a very huge pamphlet. In this pamphlet, only lesser known remote areas and hill areas have been covered. I think no other Minister had gone twice except the present one to the remotest areas of the North-East. There was, recently, a Seminar held by the Assam Tribune. We gave the idea to enlarge its scope. The Finance Minister had also agreed to inaugurate it."

2.113 The Committee appreciate the efforts being made by the Department of Tourism in regard to publicising tourism in India and abroad. They are happy about changing the whole concept of marketing India as a 'Specific destination' instead of 'generalised destination', thereby changing the strategy to concentrate on specified circuits/destinations in overseas publicity programme. The emphasis is now on direct promotion by way of going directly to the consumer. The Government also propose to intensify the promotion of remote and hilly areas through advertising both in print and electronic media, distribution of publicity material, extending support to tour operators/travel agents, through, fairs and festivals, through direct mailing and through posters, films, audio-visuals and multi vision presentations. The Committee, however, feel that the most important problem faced by the industry is that the Government is unable to reap the fruits of the revolutionary changes taking place in satellite communication network throughout the world. They are of the opinion that the Department of Tourism should make use of the vast opportunities thrown open by the modern satellite system network to promote the image of India in the international arena as 'destination India' especially the 'Lesser Known Destinations' in remote and hilly areas being developed as tourist destinations. The Committee is hopeful that in the process, curiosity on India will be generated.

2.114 The Committee, therefore, recommend that Government should immediately start efforts to hard sell India through a creative and effective advertisement campaign so that awareness is generated among the people all over the world specially in Asian, African and Latin American Countries.

### *Employment Multiplier Effect of Tourism*

2.115 Apart from its direct contribution to the economy, tourism have significant linkages with several other sectors like agriculture, horticulture, poultry, handicrafts, construction etc. Several items of tourist expenditure induce a chain of transactions in these sectors and each such transaction calls for the supply of some kind of goods and services. Further, those directly or indirectly employed following the development of tourism may also demand more goods and services as a result of such employment than what they would have demanded otherwise. The additional consumption demand, thus emanating from tourist expenditure will not only induce more employment, but also generates a further multiplier effect through a successive chain of transactions. As a result of this twin set of multiplier effects—indirect and induced—additional income and employment opportunities are generated through each successive transactions.

2.116 The indirect employment multiplier in the case of tourism is fairly high and is estimated as 2.358. It means that the direct employment of one person in the tourism sector generate employment to 1.358 persons in other sectors of the economy due to linkages with tourism.

### *Investment in Tourism*

2.117 Investment in tourism creates more jobs than in several other sectors. The labour/capital ratio is more favourable in the case of tourism than many other industries.

S. No.	Sector	Labour/Capital ratio
1.	Agriculture	44.7
2.	Manufacturing	12.6
3.	Mining & Quarrying	2.6
4.	Railways	0.9
5.	Other transport	13.8
6.	Hotel and restaurants	89.0
7.	Tourism	47.5

2.118 The Committee find that tourism has already emerged as an important segment of Indian economy and has been recognised as an instrument for generating employment opportunities with significant linkages with several other sectors of the economy. A welcome feature of the development of tourism is that the labour/capital ratio is more favourable in the case of tourism than many other industries. The Committee, therefore, urge the Government to develop tourism in remote and hilly areas at an accelerated pace so that employment opportunities to local youth in the countryside are also generated with its multiplier effect.

### E. Monitoring

2.119 The progress of infrastructure development for which Funds have been sanctioned by the Centre is monitored by the Department of Tourism, Government of India by deputing the officers in field offices having on-the-Spot inspections, periodic discussions with the concerned State Government's officials as well as agencies wherever possible.

2.120 When asked as to how the Central Government monitors utilisation of funds allocated in accordance with the schemes of financial assistance provided by the Centre to the proposals sent by the State Governments, the Ministry of Civil Aviation and Tourism stated that the Plan Projects assisted by the Department of Tourism are presently monitored through a series of interaction with respective State Governments officials, field inspections and Minister level meetings. The details of the mechanism are as follows:—

- (i) Central financial assistance to any project is approved only after assessing its feasibility.
- (ii) A review is taken annually to assess the progress of all the projects sanctioned by the Central Department at the prioritisation meeting
- (iii) The release of each instalment in respect of sanctioned projects are based on the actual utilisation of funds already released.
- (iv) Regional Offices of the Department of Tourism make field inspections of the projects in their respective jurisdictions.
- (v) The progress of projects sanctioned by the Department of Tourism are also reviewed at the level of Minister, Secretary, Director General during their visits to the respective States and at the time of the Tourism Ministers' Conferences.

2.121 The Department of Tourism has proposed to the Planning Commission the setting up of a monitoring and evaluation cell to monitor the progress of Centrally assisted projects in the different States. A proposal has also been made for setting up of a Statistical Cell and Investment Cell to effectively monitor statistical information.

2.122 The Committee note that the progress of infrastructural development for tourism of Plan Projects sanctioned by the Centre is monitored by the Department of Tourism through interaction with respective State Government officials, field inspections and Minister level meetings, etc. As the proposed Monitoring and Evaluation Cell would make monitoring the progress of Centrally assisted tourism projects effective, the Committee expect that such a cell would be set up early.

**CHAPTER III**  
**BUDGET**  
**ALLOCATION AND SANCTIONING OF SCHEMES**

**A. Budget Allocation**

3.1. For the various schemes to be implemented by the Directorate General of Tourism Rs. 85.20 crores was approved by the Planning Commission for the year 1993-94. For the year 1993-94, the Revised Estimates have been approved at Rs. 83.49 crores against the Budget Estimates of Rs. 85.20 crores.

3.2 The statement showing amount sanctioned and amount released during VIIth Five Year Plan to all States/UTs is shown below:







3.3 In a detailed note with suggestions as to what should be done to foster tourism in the country and how much allocation is required to promote tourism at a satisfactory level, if not international standards and for tourism development in remote and inaccessible areas, the Department in a written reply stated that:

the following suggestions are made for the development of tourism as a whole:

Recognising the economic and social benefits of tourism, it is important that tourism is accorded the status of a priority sector.

For remote and inaccessible areas, special efforts should be made to identify and promote such areas to enable tourism to develop in not just a few places.

To meet the demands of tourists, the required infrastructure has to be developed keeping in mind the different segments that would visit the different destinations.

Private investment has to be encouraged in view of the limited resources of the Government.

Trained manpower who will serve the industry has to be produced.

Marketing of the destinations, to create awareness and the desire to travel has to be stepped up.

For the Department of Tourism to undertake promotion and development of tourism at a satisfactory level, a sum of Rs. 128.60 crores has been proposed to the Planning Commission for plan assistance during 1995-96. As against this proposal, a sum of Rs. 92 crores only has been approved by the Planning Commission. Ideally the Department of Tourism needs a higher allocation. However, every effort will be made to utilise the limited budget in the most effective manner.

3.4 As regards funds provided for infrastructure development the Committee enquired as to how much funds are being allocated to the infrastructure development by the Department of Tourism every year. In reply, the Director General, Tourism stated during evidence:

"I would like to reiterate that the development of tourism is basically the responsibility of the State. Our financial resources in the form of providing infrastructure is just about Rs. 15 crore annually which we can give to the States."

3.5 In this connection, the Committee enquired as to whether the Department of Tourism was getting sufficient funds for infrastructure development to exploit tourist potential. A representative of Department of Tourism during evidence informed the Committee as follows:

"We are far behind in realising our potential. When the National Action Plan was laid down in Parliament, our share of the global tourism activity was 0.4 per cent. We are slipping behind in the sense that our global share came down to 0.35 per cent from 0.4 per cent.

It is because enough money is not being sanctioned for this purpose. Though the importance of tourism is recognised, the Department is still unfortunately starved of funds. We have taken it up very actively with the Planning Commission and we are proposing that we should have a bigger role in infrastructure development also. We hope that we will certainly be able to convince them."

3.6 The representative of Department of Tourism further stated:

"We have recently taken a decision to write to the Chairman of Planning Commission that infrastructure should be increased because of increasing demands from the States and that is why we have decided now to approach the Chairman of the Planning Commission and the Prime Minister himself to increase this amount at the disposal of the Department of Tourism."

3.7 In the subsequent note, the Department of Tourism have informed as follows:

"The Planning Commission has approved a Plan Budget of Rs. 92.00 crores for the Department of Tourism for the year 1995-96, as against Rs. 126.60 crores proposed. The approved budget of Rs. 92.00 crores is Rs. 81 lakhs less than the current years budget of Rs. 92.81 crores. In the circumstances it has not been possible to enhance the provisions under the Head 'Tourism infrastructure' which has been retained at the same level of Rs. 13.56 crores as in the year 1994-95."

#### *Allocation to State Government*

3.8 The Department of Tourism, Government of India at the beginning of financial year holds discussions with the concerned State Governments for prioritisation of projects to be taken up during that financial year. The concerned State Governments are expected to submit complete proposals to the Department of Tourism for financial sanction and release of funds therefor. However, most of these States have not been able to utilise the funds earmarked.

When asked about the basis the Central Government sanctioned these funds to State Governments and the kind of vigilance kept by them for proper utilisation of funds allocated and work in progress, the Director General, Tourism stated during evidence:

"We generally prioritise some schemes and then the money is allocated. It means, it gives the States some option. If they are having problem in sending the estimates or proceeding with the formulas in one case, then they can take up the other case and send us those estimates. Once they send us those estimates, the sanctioned money is released to them, of course, on a first come, first serve basis. It is going on that principle. There is no point in wasting the money at the end of the year by simply not utilising it. As it is, the State Governments are keeping very low budgetary allocations for

tourism. So, we do not allow any of the money that is allocated here to go waste."

3.10 The Secretary of the Department endorsed the above view and stated:

"Nearly the entire outlay is utilised every year. If a particular State is not able to come up with the proposal fast enough, that money is not wasted. It goes to some other State. It all gets evened out."

3.11 In this connection, the Director General, Tourism added during evidence:

"We take completion certificates in all cases. Apart from that, in regional meetings or whenever the Secretaries come and whenever our officers visit those States, these schemes are reviewed to see that proper utilisation is taking place and that the scheme is coming up."

3.12 In a note to the Committee it has been stated as follows:

"The main role of the Department of Tourism is tourism promotion. It is not building of infrastructure. So, our object accordingly is fixed and most of our staff is for promotion activities and some regulation activities. Development is not one of the major roles in terms of directly financing and implementing infrastructural developments."

3.13 On asking as to what is to be done to develop tourism in remote and unaccessible areas of the country the Secretary, Department of Tourism explained:

"We have prepared working paper".

3.14 As regards development of Remote and Hilly Areas the Committee enquired whether the Government has earmarked separate funds for the development of these areas the representative of Department of Tourism stated during evidence:

"All categories including Remote and Hilly Areas are covered. We do not have exclusively earmarked funds for Remote and Hilly Areas".

3.15 He further added:

"We are able to satisfy full needs of all the projects which come up in these areas. The projects themselves are guided by market forces. It is not that the private sector sets up the hotels because we are giving the subsidy."

3.16 Commenting on the suggestion for separate allocation in the budgetary provision for development of Remote & Hilly Areas, the Ministry of Civil Aviation & Tourism stated as follows:

"Budgetary provision is made scheme-wise for the various activities undertaken by the Department of Tourism. It would perhaps not be appropriate to suggest budget allocations geographically. In any case

a large number of the tourism attractions are in the remote and hilly areas, the expenditure undertaken in the normal course under the schemes of the Department of Tourism does affect the development and promotion of tourism in such areas."

3.17 In regard to Special Tourism Areas identified, the Committee desired to know the funds allocated for development of these Areas. The representative of the Department of Tourism stated during evidence:

"We had initially earmarked Rs. 35 crore for the special tourism areas under the anticipation that we would be able to release funds for the acquisition of land and creation of infrastructure. Since the Planning Commission did not agree with our proposal saying that land acquisition was not our job, therefore, we released only Rs. 1.9 crore for the pre-feasibility studies and for preparation of master plans for these areas in 1991-92 subsequently. In 1993-94 kept only Rs. 89 lakh for this purposes."

3.18 Subsequently—Department of tourism in a note furnished the utilisation of Rs. 80 lakhs during 1993-94 under the head B-1(1)-financial assistance for tourist centres/areas as follows:

(Rs. in lakhs)

1. Tourist Complex at Jayantia in West Bengal	11.50
2. Tourist Complex at Sariska in Rajasthan	6.00
3. Jaisalmer Fort at Rajasthan	39.88
4. Tourist Complex at Paonta Sahib and Tatapani	15.00
5. Tourist Complex at Matheran	8.00

3.19 Though no specific provisions have been made in the 8th Five Year Plan for development of tourism in remote and hilly areas, the above provisions will help fully in the development of such areas in the country.

3.20 When enquired whether the Department of Tourism have chalked out any five year perspective plan for development of tourism in remote and hilly areas in various States, the Ministry in a written reply have stated that "All the State Governments have been requested to draw out a master plan for the development of tourism in their respective States including remote and hilly areas. There is no five year perspective plan drawn up by the Department of tourism for development of tourism in remote and hilly areas specifically."

3.21 In the 8th Five Year Plan ITDC has a provision of Rs. 7.70 lakhs in its budget under the Head 'New Schemes' which *inter alia* is for proposed budget hotels at various places including Lakshadweep (remote area). The implementation of this is, however, subject to interse priority, availability of suitable sites, economic viability etc.

3.22 Investment by Tourism Finance Corporation of India in remote and hilly areas upto 3 March, 1994 is as follow:

	Sanctioned Disbursed (Rs. in crores)	
Investment in Remote Areas	Nil	Nil
Investment in Hill Areas	29.68	26.93

3.23 The Committee are informed that the Planning Commission has approved a Plan budget of Rs. 92.00 crores for the Department of Tourism for the year 1995-96, as against projected requirement of Rs. 126.60 crores. They find that approved plan budget for Department of Tourism is Rs. 81 lakhs less than the current years budget of Rs. 92.81 crores. Taking into account rate of inflation during 1994-95 at 11.41 per cent, there has been decline (in real terms) of more than 11 per cent in the Plan budget for the Department of Tourism during 1995-96.

3.24 The Committee note that the provision under the head 'Tourism Infrastructure' was of the order of Rs. 13.56 crores in the year 1993-94. It is unfortunate that there have been lower budgetary allocations in the succeeding years under this head of the Department of Tourism i.e., Rs. 12.26 crores (RE) in 1994-95 and Rs. 12.76 crores (BE) for the year 1995-96. The Committee feel that in order to develop new tourism destinations in remote and hilly areas, there is a need for adequate investment with a long gestation period to develop infrastructure. They are of the view that Rs. 13.50 crores to invest infrastructure is meagre sum as compared to the expectation about earnings from developing tourist generating destinations in remote and hilly areas. The Committee desire the Department of Tourism to again approach the Planning Commission for increase in budgetary allocation further for infrastructural development as part of this forms the very foundation for development of tourism in remote and hilly areas.

3.25 They would like to be informed about the positive efforts made by the Department of Tourism in that direction. All over the country there is considerable scope for improvement in the infrastructure for the tourism sector. In order to ensure that tourism becomes a major economic activity in India and that the country achieve a rightful share in the international tourism, it is imperative that the Department of Tourism assumes a bigger role in the infrastructure development of tourism supported by matching budgetary allocation.

3.26 The Committee note with concern that no separate allocation is being made in the budget for the development of remote and hilly areas. The Committee, however, desire that the Department of Tourism while prioritising tourism schemes of the State Governments for sanction of central assistance should give preference to tourism projects in remote and hilly areas and that a portion of funds exclusively for development of

tourism in remote and hilly areas should be earmarked in the budgetary provisions of the Department of Tourism.

3.27 There is no five year perspective plan drawn up by the Department of Tourism for development of tourism in remote and hilly areas specifically. The Committee are happy to note that all the State Governments have been requested to draw a master plan for the development of tourism in their respective States including remote and hilly areas to enable the Central Government to have a comprehensive picture of the entire country State-wise.

3.28 The Committee note that presently foreign tourist arrivals in India is only about 0.4% of the total foreign tourist movement all over the world. It is saddening to note that it has further declines to 0.35%. In order to increase India's share in world tourism and to attain 1% within the next five years as envisaged in the National Action Plan for Tourism, it is imperative that the development of infrastructure in tourisms should be of world-class.

#### B. Proposals from the State Governments

3.29 The Department of Tourism, Government of India, does not, on its own, undertake any activity for development of areas for amusement parks, sports activities, clubs etc. It considers extending financial assistance to the State Governments for creation of infrastructural facilities including construction of accommodation and other allied activities as well as purchase of equipment for adventure sport tourism on the basis of specific proposals received from the concerned State Governments/Union Territories. Such proposals are considered on the basis of their merits, *inter se* priorities and availability of funds. The Department of Tourism to avail benefits of cultural activities existing at different tourist centre or regions of the States encourage, the State Governments to organise cultural events and programmes to highlight the touristic attractions of the particular centre as well as the rich cultural heritage of that region. Such cultural programmes etc. are placed on the calendar of events for giving due publicity in India as well as overseas and also to extend financial assistance required for infrastuctural facilities connected with cultural activities.

3.30 When the Committee enquired about the criteria for grant of assistance to State Govts. in the development of Tourism for prioritising projects especially in remote and hilly areas. The Department of Tourism furnished the criteria as under:—

- (i) The number of popular tourists destinations in the State/UT and volume of tourists traffic to them.
- (ii) The feed back receipt from the Overseas Offices, Travel intermediaries and tourists regarding shortage of toursts facilities in respective centres.



- (iii) The capacity of the State/UT to absorb assistance.
- (iv) The unique attractions of the State.
- (v) The destinations and circuits identified in the National Action Plan for intensive development of tourism.

3.31 The amount of assistance provided depends on the priorities assigned to tourism by the States/UTs. Those States/UTs which are more active in tourism development thus, receive a better share of financial assistance.

3.32 When asked to numerate the special efforts being made by the Central Department of Tourism for development of destination/circuit centres having tourism potential but the State Govts./UTs were not taking the desired active interest in tourism development in those areas, the Ministry of Civil Aviation and Tourism stated that the Department of Tourism is constantly in touch with State Governments, persuading them to send proposals for development of tourism infrastructure in the Circuits/destinations identified in the National Action Plan for Tourism, as well as in other areas of tourism potential.

3.33 However, if State Governments inspite of repeated requests do not respond, the Government of India cannot directly take steps for development of destinations/circuits as development of such places is primarily the responsibility of the State Governments. In any case, efforts are made by the Department of Tourism, Govt. of India to persuade the State Govts. Departments to take interest through:—

- (i) the Regional Meetings of Tourism Ministers and Secretaries
- (ii) Prioritisation Meetings with State Governments, and
- (iii) Progress Review Meetings.

3.34 The details of the amounts sanctioned and released for the States in the North East during the last three years namely 1991-92, 1992-93 and 1993-94 are as follows:

State	1991-92		1992-93		1993-94	
	Amount Sanctioned	Amount Sanctioned	Amount Sanctioned	Amount Sanctioned	Amount Sanctioned	Amount Sanctioned
Arunachal Pradesh	24.00	1.00	48.27	28.00	45.40	23.50
Assam	174.79	100.02	78.66	37.94	78.11	28.83
Manipur	—	—	66.24	34.38	45.50	23.35
Meghalaya	92.54	40.00	9.77	5.00	1.85	1.85
Mizoram	62.00	35.16	47.70	30.45	88.18	12.50
Nagaland	69.24	49.54	7.17	6.50	16.66	8.00
Tripura	77.29	32.50	80.28	36.70	9.31	4.69
Sikkim	119.98	78.70	49.12	28.10	130.89	94.66

3.35 It has also been stated that the projects with their estimated cost for Central assistance are prioritised annually for all State Governments and Union Territories. The State Governments are expected to send the

proposals complete in all respects within the estimated amount prioritised.

3.36 In respect of North-Eastern States the Committee desired to know the reasons for amount released being much lower than the amount sanctioned during the last three years. The Department of Tourism in a written reply stated as follows:

"The procedure of the Department of Tourism for assisting the State Governments is that on sanction of a project, the amount is released in instalments. The second and third instalments are released depending upon the progress of the project and the submission of utilisation certificates and completion certificates from the State Governments. This method has been adopted to ensure that the amount released by the Central Department is properly utilised by the State Government. Due to slow progress in implementation of the State Government in the above States for the years mentioned, the full amounts would not be released.

3.37 On an enquiry as to why only Rs. One lakh was released against the amount of Rs. 24 lakhs sanctioned to Arunachal Pradesh in 1991-92 and only Rs. 12.5 lakhs against an amount of Rs. 88.18 lakhs for Mizoram in 1993-94, the representatives of the Department of Tourism explained:

"This particular project involved construction of a tourist complex in Parigat in Arunachal Pradesh. We had prioritized this project very much in time. We normally prioritize projects between March and June. We request the State Governments to send their proposals of the prioritized projects after following all the finance guidelines to us latest by 31st July. The State governments do have some difficulties. So normally we receive the proposals sometimes in the month of November or December. In this particular case, it was received on the 25th of March and when we did finally decide to sanction, it was already 31st March. So we could release only rupee one lakh as a notional amount, so that the project did not die. We requested them to come again in the next year with revised proposal. Unfortunately they did not come forward. So the Utilization Certificate has also not been received in this case and we are in correspondence with time to find out whether they want to drop the project completely or not."

3.38 In regard to Mizoram, the witness added:

"In Mizoram, we had prioritized seven projects in 1993-94 amounting to about Rs. 88.18 lakhs. They included construction of tourist lodges. As I have mentioned about Arunachal Pradesh, the same thing happened in Mizoram also. So we were able to sanction only the national amounts which came to Rs. 12.50 lakhs. They have now started the projects and during our Review Meetings which we hold every year, they have given us an assurance that they will complete it by March, 1995."

3.39 Explaining the problem in sanctioning of funds for the proposal sent by the State Governments, the Secretary, Department of Tourism stated:

"There are two points. One is the sanction which we issue from here. It depends on the proposal which we received from the State. Secondly, in the North-east, in the many of the States, there is a problem about getting land. Supposing you are to make a tourist lodge, then the Government of India would give money and the State Government would give land. In many of the North-eastern States, there is a problem in transferring the land because of peculiar land laws."

3.40 The representative of the Department elaborated further:

"We would like to make it very clear that, as far as these schemes are concerned, if some States got less money or some others did not get anything, it is generally because the proposals did not come or came late or they were not complete. Since we have the subjecting limit, that is Rs. 15 crores, we do like to disburse it quickly. We would like to have these proposals by July. But in these cases, as it has been pointed out, they were received as late as January and in one case we even received it in March. By that time, most of the money has already been utilised or sanctioned and disbursed to other States. So, the States should be more vigilant about it."

#### *Inner Line Permit*

3.41 Asked to explain the position of inner line permit in North Eastern region, its impact on opening of the region to the foreign tourists and provision of infrastructure as per the decision made above of the North Eastern States, the Department of Tourism in a written reply stated as follow:

"For the development of tourism in the North-Eastern States, it is essential to remove the restrictions on the visit of foreigners and Indians to the North-Eastern region. The inner line permit is required by all Indian tourists who visit the following States:

1. Nagaland
2. Manipur
3. Mizoram
4. Arunachal Pradesh

The restrictions which are aimed at protecting the local population and for strategic reasons, have an adverse affect on the development of tourism. It becomes too cumbersome to visit these States. Moreover, this creates an atmosphere that is not conducive to the private investment which could assist in the development of tourism infrastructure.

The Central Department of Tourism, Government of India assists State Governments in the development of tourism infrastructure on receipt of specific proposal for schemes like construction of

wayside amenities, tourist bungalows, yatri niwases, etc. Though the region by virtue of its scenic beauty climate conditions offers tremendous potential for the growth of tourism but the availability of the infrastructure is not adequate."

3.42 When asked as to what has been decided mutually in a hearing between Chief Ministers of North Eastern States and the Centres in respect of lifting the Restricted Area Permit to the tourists visiting North Eastern States, the Department of Tourism stated as follows:

"(a) In the meeting of the North Eastern-Region it was agreed to open the North Eastern Region by withdrawing assistance of permit relating to Restricted Area Regime and Protected Area Regime. However, the question of withdrawing the RAP and PAP was linked to the system of inner line permit which restricts the entry of Indian Nationals to the predominantly tribal region of the North East. In the meeting, it was felt that question of inner line permit should be delinked from the opening of the region to foreign tourists as there was wide spread apprehension that the predominantly tribal State would undergo a demographic change.

(b) Only the State of Assam supported the view that opening of the North Eastern Region should be delinked from provisioning of infrastructure."

3.43 To a query about the existing statutory provision regarding making land transfers in North Eastern Region and the feasibility to lay down special provisions for hotel projects etc. In these areas, the Department of Tourism in a note stated:

"The Central Department of Tourism extends assistance to State Governments for development of tourism infrastructure for schemes like construction of yatri niwases, tourist complexes, wayside amenities, etc.

The funds under the existing arrangements are provided only for construction of super-structure including internal electrification, water supply and sanitary fittings, whereas the State Governments provide a developed piece of land for the tourism projects free of cost and also furnish the facility thereafter.

All the State Governments submit the land transfer documents after the project is completed. There are some instances in North-Eastern States where Article 371 of the Constitution gets attracted. Wherever the State Governments are unable to transfer the land in favour of Government of India, since the land belongs to the community and cannot be transferred, long term lease arrangements are being accepted by the Government of India. The peculiar land laws which prevail in North Eastern States, however, do not adversely affect development of tourism infrastructure in the States as the properties created with central assistance are maintained and managed by the respective State Governments on behalf of the Central Government."

3.44 When asked about the problems being faced in developing and implementing the prioritised schemes/proposals of State Governments, the representative of the Department of Tourism stated in evidence:

“Really a practical view has been taken for developing and implementing these schemes. Normally, two-year period is given for a scheme to be completed. Apart from this, it is also our experience that when we approve a scheme, it is not known that the money allotted for that scheme may or may not get utilized depending upon the sensitive activity of the State Government. So what is now being done is that whether they have any problem or not, we, first of all, prioritize a number of projects for every State. At the same time, we know that what we prioritize, we will not be able to finance in that one year. As I have mentioned before, the funds are very limited. So, the priority really depends upon the efficiency of the State Government as to how soon it utilizes.”

3.45 In the same context, the representative added:

“You asked about three problems which have come up. The way the scheme works is because of the Central Government, i.e. the Department of Tourism gives the financial assistance. The land is given by the State Government. In the North-East, the problem is towards transfer of land and that is a very serious problem. It is a very difficult proposition. They have got their own laws and we have suggested that they may give land on lease. We are persuading. Our Finance Department did not agree with it. We also went to the extent of saying that States are also a part of our country. After all, the project is going to be run by the State Governments. They are taking up the profit and Loss and they are mostly incurring loss for many years that we should not insist on transfer of land. But somehow the financial structure of the Union is such that once finance is given, the land should be transferred and that too in the Central Government’s name. So this is one of the problems that come up. After that, there may be other problems which very depending on the State, depending upon the initiative of the Department or depending upon the initiative, may be, of an officer located in that area.”

3.46 In regard to the monitoring of implementation of various schemes/projects by the Central Department of Tourism, the representative of Department of Tourism in evidence stated as under:

“Sometimes, projects involving Rs. 20 lakhs are taken up actually at the level of the Ministry. We review these projects one by one at the Regional Meetings and ask them to expedite. The result is that really, if we notice, in 1993-94, the amount released was Rs. 1480 lakhs against just about Rs. 991 lakhs in 1992-93. So, there is a difference and we also find increasing response from the State Government.”

*Proposals from States of Assam and Arunachal Pradesh*

3.47 Department of Tourism, in a note furnished after evidence stated that the State Government of Assam has not submitted any specific proposals seeking central financial assistance to develop all its remote and hilly areas from the tourism point of view. However, considering the tourist requirements of Bhalukpong which is on the State border of Arunachal Pradesh and Assam, the Government of Assam had requested for financial assistance for tented accommodation at Kaziranga, Manas, Bhalukpong and Umrouse which was sanctioned for Rs. 14.77 lakhs during 1993-94 and Rs. 6.38 lakhs has been released as first instalment to the State Government of Assam. Considering the tourism potential of Bhalukpong the Government of Arunachal Pradesh has also sought central assistance for construction of tourist lodge at Bhalukpong, which was sanctioned for Rs. 4.65 lakhs during 1993-94 and 2.50 lakhs was released to the State Government as first instalment towards this project. On the basis of a proposal received from the Government of Arunachal Pradesh, Government of India sanctioned during 1988-89 a project for construction of 20 bedded tourist lodge and cultural complex at Tawang for Rs. 21.09 lakhs and Rs. 17 lakhs was released to the State Government as first instalment for the project. According to the information provided by the Government of Arunachal Pradesh the project is expected to be completed by March, 1995. No proposal has been received from the State Government in respect of Bomdilla.

3.48 The Committee note that the Department of Tourism, Government of India, does not on its own undertake an activity for development of areas for tourism. It considers extending financial assistance to the State Governments for creation of infrastructural facilities etc. on the basis of prioritised proposals received from the concerned State Governments/UTs. The Committee are informed that inspite of repeated requests, if State Governments do not respond, the Government of India cannot directly take any steps for development of destination/circuits for Special Tourism Areas since development of such places is primarily the responsibility of the State Governments.

3.49 The Committee find that despite the prioritisation of various projects during a particular financial year by respective State Governments for sanction, the funds allocated to some States remain unutilised at the end of the year. According to the Department of Tourism, these funds are not allowed to remain unutilised as they are diverted to other States so that the entire outlay is utilised every year. The Committee deprecate this tendency of diverting funds allocated to a particular State being allowed to be utilised by other States. In their opinion, it may so happen that the funds, earmarked for a lesser developed and backward State lacking in expertise and necessary initiative may be transferred to more resourceful States. They are afraid that this may lead to unharmonised growth in development of

tourism in all parts of the country and perpetrate under development in less developed States. The Committee therefore strongly recommend that the funds allocated for a particular year to a State, which remain unutilised in that year, should not be diverted to any other State. In connection, the Committee would recommend that concerted and strenuous efforts be made by the Department of Tourism by actively pursuing the matter with the concerned State Governments and holding quarterly meetings whenever necessary at the Secretary's level to ensure sanction of funds to the States for whom these have been earmarked. The Department of Tourism should revamp their system and procedure to ensure that the States are meted out just and fair treatment by the Union Government and that they are not deprived of due share of scarce national resources for their developmental schemes in tourism on which they may not be aware of the latest benefits. Such States should also be provided requisite expertise and guidance in the formulation of specific proposals for development of tourism. The Committee would like to be apprised of the remedial measures taken in this regard.

## **CHAPTER IV**

### **NEED OF CIVIL AVIATION IN DEVELOPMENT OF TOURISM IN REMOTE AND HILLY AREAS.**

4.1 The Department of Civil Aviation is responsible for the formulation of national policies and programmes for development and regulations of Civil Aviation and for devising and implementing the schemes for orderly growth and expansion of Civil Air Transport. Its function also extends to overseeing the provision of airport facilities, air-traffic services and carriage of passengers and goods by air.

4.2 Giving a brief account of the role of civil aviation in developing tourism in remote and hilly areas of the country, the Secretary, Department of Civil Aviation, during evidence, stated as follows:

“India has been identified as one of the countries which is very much on the brink of a major aviation expansion. In the coming decade or two, India will gain a lot from tourism, from business flow provided our aviation infrastructure can be modernised and improved upon. It is in this context that the development of remote and hilly areas of the country is of great importance.

Now the question is purely not only of having requirements, not only one of making these airports economically and commercially viable but also the technical issues are involved in it, because construction of airports and taking aviation services to the hilly and remote areas is imposing certain technical problems.”



**Plan Allocation**

Plan allocation for Development of Stations in the Remote and Hilly areas is as follows:

S. Stations No.	PLAN OUTLAY			ACTUAL EXPENDITURE			
	6th Plan	7th Plan	8th Plan	6th Plan	7th Plan	8th Actual upto 11/93	Anticipated for the Remining period
1. Imphal	91.0	85.00	1254.00	NIL	380.00	26.00	1228.00
2. Shillong	29.00	—	305.00	NIL	NIL	NIL	305.00
3. Port-Blair	3.00	76.00	832.00	NIL	9.38	NIL	832.00
4. Kulu	20.00	10.00	NIL	NIL	8.24	NIL	NIL
5. Shimla	360.00	108.00	1040.00	NIL	654.18	1000.00	40.00
6. Dehradun	58.00	133.00	600.00	NIL	44.00	—	600.00
7. Agatti	100.00	NIL	NIL	NIL	574.00	NIL	NIL
8. Dimapur	NIL	100.00	1195.00	NIL	860.00	179.00	1016.00
9. Passighat	84.00	NIL	NIL	10.14	NIL	NIL	NIL
10. Aizwal	40.00	105.00	360.00	74.40	63.58	NIL	360.00
11. Tezu	39.00	38.00	NIL	NIL	NIL	NIL	NIL
12. Zero	49.64	NIL	NIL	NIL	31.83	NIL	NIL
13. Daparizo	49.00	NIL	NIL	8.89	2.69	NIL	NIL
14. Along	16.00	NIL	NIL	NIL	9.95	NIL	NIL

**Existing Air Routes**

4.3 to 4.5 Out lining the Indian Airlines Vayudoot services to various remote and hilly areas to cater to the requirements of passengers, and in case there is a shortage, the steps being taken to meet these requirements, the Department of Civil Aviation stated as follows:

"Gidwani Committee and later the National Transport Policy Committee selected 14 stations in and around North Eastern Region on the criterion of lack of adequate transportation far removed from the rest of the country both geographically and also from the point of view of transportation, leading to a sense of isolation in the people of the area and therefore recovering greater effort at bringing the people of the area close to their National mainstream. These 14 stations are as follows:—

ASSAM			WEST BENGAL		
1.	Rupsi		7.	Cooch Behar	
2.	Sadiya		ARUNACHAL PRADESH		
	MEGHALAYA		8.	Along	
3.	Shillong		9.	Passighat	
	TRIPURA		10.	Itanagar	
4.	Kamalpur		11.	Zero	
5.	Kailashar		12.	Tezu	
	SIKKIM		13.	Daparizo	
6.	Gangtok		MIZORAM		
			14.	Aizwal	

Gangtok, Itanagar and Sadiaya could not be airlinked due to non-availability of airports at these stations. Again sustained operations could not be provided to Rupsi, Kamalpur, Along, Passighat and Tezu due to shortage of aircraft capacity and inadequate load.

4.6 In addition to the aforesaid 14 stations Vayudoot had commenced services to the following stations in hilly areas:—

- |                |              |
|----------------|--------------|
| 1. Dehradun    | 2. Pantnagar |
| 3. Kulu        | 4. Shimla    |
| 5. Dharamshala |              |

4.7 The above services have however, been suspended due to operational constraints.

4.8 There was a persistent demand from the people and the Government of Jammu & Kashmir for airlinks to Rajouri, Poonch, Kishtwar and Kargil. Vayudoot operations to Rajouri were provided but had to be withdrawn primarily due to security reasons. Operations to Kishtwar, Poonch and Kargil could not be provided to Kishtwar due to non availability of operational airfield and to Poonch due to its proximity to the Actual Line of Control. Services to Kargil could also not be provided due to the fact that Vayudoot had no suitable aircraft to undertake operations there.

4.9 Apart from the above there have been repeated demands for airlinking of the following stations:—

**ARUNACHAL PRADESH**

Misa, Nazira, Diphu, Haplong

**MEGHALAYA**

Tura

**MIZORAM**

Lunglei

**TRIPURA**

Belonia

**MANIPUR**

Anini

**NAGALAND**

Kohima

4.10 It may be stated that shortage of aircraft capacity, absence of operational airfield and commercial non-availability of operations are the main factors agitating against Vayudoot operations to all these stations. Air operations to these stations will involve huge investment in developing airfields, acquisition of aircraft capacity and providing other necessary infrastructure. The actual operations also will be loss making proposition and the airlines will have to be adequately compensated for the losses to enable them to provide operations to these stations.

4.11 Indian Airlines was providing convenient connection and direct flights from Delhi to most of the cities in North Eastern Region. Due to exodus of B-737 operating crew, Indian Airlines had to curtail its operations on many sectors and the direct flights from Delhi provided to North Eastern Stations (Dimapur, Dibrugarh, Agartala and Imphal) were

withdrawn. In the present schedule, passengers desirous to travel between Delhi and North Eastern Cities served by Indian Airlines have been provided convenient connections over Calcutta in both the directions on limited weekly frequency basis. With the present availability of operating crew, it may not be possible to augment capacity. However, in its present schedule, Indian airlines provides adequate capacity in relation to the level of traffic demand on all air routes to/from stations/cities in hilly areas. It may be added that Indian Airlines has been continuously incurring losses on flights operated to North East as also Jammu & Kashmir.

4.12 When asked to state the steps taken to provide uninterrupted operations of Indian Airlines and Vayudoot flights in remote and hilly areas within the limitation of available capacity, the Department of Civil Aviation in a note stated that Indian Airlines operates scheduled services to the North Eastern region. Vayudoot Limited had opened an operational base at Guwahati and had based one Dornier-228 aircraft for undertaking operations to various stations in the North Eastern Region. Due to commercial and operational constraints the Guwahati base had to be closed. Vayudoot has plans to reactivate Guwahati base by stationing 2 Dornier-228 aircraft there to undertake operations within the North Eastern region.

4.13 Policy to Enumerate the salient features of the Government's policy for the development of infrastructural facilities for the introduction of Civil Aviation, the Secretary, Department of the Civil Aviation stated:

"The policy of the Government of India with regard to the introduction of civil aviation, is that it depends upon the need for the socio-economic development of the area, subject to there being sufficient air traffic potential, both in terms of passenger and cargo, for sustaining the airlines as well as the airport operations. The second point is availability or otherwise of adequate transport links such as roads or railways. The third point is availability of suitable site for the construction of the airport considering the operational and technical inputs, the availability of funds by the Corporation to construct the airport."

4.14 The Department of Tourism maintains an active dialogue with the Ministry of Civil Aviation. The National Airport Authority have upgraded airport facilities and are augmenting air services in all places of tourists interest in the country including hilly and remote areas.

#### *Criteria for new Centres for Air Services*

4.15 The National Transport Policy Committee appointed by the Government to propose *inter-alia* a comprehensive national transport policy for the country for a decade or so, in its report submitted to the Government in March, 1979 recommended that the new centres for air services should be selected with the following objectives in mind:—

- (i) Achieving a faster rate of economic growth;
- (ii) Dispersal of economic and industrial activities particularly to smaller and medium sized towns; and

(iii) Bringing remote and inaccessible areas into the mainstream of national life.

4.16 Indian Airlines considers the operations of new air services based on the following general criteria:

(i) availability of adequate air traffic in relation to the aircraft/fleet.

(ii) availability of suitable airfields.

(iii) availability of adequate capacity to consider new/increase air services.

4.17 Vayudoot Ltd., was incorporated in 1981 to connect inaccessible areas in North-East and other regions of the country and such other stations as are important centres of trade and commerce or are important from the point of view of tourism, but are not served by Indian Airlines.

4.18 When asked about the specific suggestions made by the Department of Tourism to the Department of Civil Aviation for development/upgradation of airport facilities and augmenting air services in places of tourist potential including remote and hilly area and present status of implementation of their suggestions the Department of Civil Aviation in a note stated *inter-alia* as follows:

4.19 The existing international airports and those at Hyderabad, Bangalore and Goa should be developed as main access points for foreign tourists. Infrastructure at other airports need to be developed for receiving charter and domestic flights.

4.20 Better utilisation of existing facilities and improvement of various facilities at airports for the passengers.

4.21 Action taken on the suggestions of the Department of Tourism are:

International Airports Authority of India and National Airports Authority have drawn up plans for development of all the airports specified by the Department of Tourism. In addition development of Agra, Gaya, Aurangabad and Port Blair airports were considered for development to enable handling of increased tourist traffic. 12 domestic airports, including Hyderabad, are being developed as model airports. provisions of immigration, customs, etc. have been made at these airports to enable intro introduction of international flights whenever necessary.

4.22 Action has also been initiated to improve various passenger facilities to ensure smooth flow of passenger traffic.

4.23 The following 12 Airports have been chosen for development as Model Airports:

- |                |             |
|----------------|-------------|
| 1. Bhubaneswar | 2. Calicut  |
| 3. Coimbatore  | 4. Guwahati |
| 5. Hyderabad   | 6. Imphal   |
| 7. Indore      | 8. Jaipur   |
| 9. Lucknow     | 10. Nagpur  |
| 11. Patna      | 12. Vadodra |

4.24 Commenting on the contention of the representative of the Department of Tourism that 'we need smaller aircrafts and not bigger

aircrafts for North Eastern Region', the Secretary Department of Civil Aviation stated during evidence as follows:

"For the intra-State transport we have stationed smaller aircrafts in Guwahati. We need smaller aircraft to go to Itanagar, Shillong etc. from these bases. For linking up the North East with the rest of the country, we do need larger type of aircraft. We have now linked the North-East intensely with Calcutta, Delhi, Patna and Varanasi. There are passengers and goods which are flowing between the North-East and these places.

So, the answer really is that you need both the larger bodied aircraft as well as the smaller bodied aircraft for intensive tourism."

4.25 On the question of subsidising air services for remote and hilly areas for tapping tourism potential the Director General, Tourism during evidence opined as follows:—

"It may be very desirable to have subsidised fares. But if the service does not meet its cost and has to be subsidised, it has a very deleterious effect on the servicing organisation. That has been the experience of our Government and the Indian Airlines is an example in view. Whether it is very essential to have subsidised fares is very well illustrated by another sector which is also a remote area and which is very difficult to reach and that is Kulu. The Indian Airlines were finding that route uneconomic. What was happening, as the Secretary had earlier said that there was a mismatch between the capacity of the aircraft delivering the passenger there. Now, the Indian Airlines have quit that route. The reasons being that the route was not economic and they did not want to run route. So, they had given that route to a private airlines. The private airlines are operating seventeen seat capacity aircraft. In summer, they are flying four aircraft and they are charging higher tariff than charged by the Indian Airlines at any point of time. So, for tourism, subsidising of a service is not really the criterion because the country has to overall gain from tourism and not lose in favour of tourism.

4.26 The Department of Civil Aviation in a reply to another question stated:

"There is no proposal on payment of compensation to Indian Airlines in regard to its operations in remote areas."

4.27 On referring to the Vayudoot flights in the North Eastern States, it was pointed out that its services could be extended further for covering other sectors as well, on the suggestion that burden of Indian Airlines should also be shared by other scheduled airlines, the Secretary of the Department of Civil Aviation has stated as follows:

"Now, with the abolition of the Air Corporations Act. With the introduction of scheduled airlines, all of them are flying to North-East and that covers uneconomic routes also. It will improve the frequency of services. We are persuading them that out of every 100 flights, 50 flights should be on branch lines."

4.28 In regard to the recommendations of the Committee under the Director-General, Civil Aviation to work out details for best possible six of air transport services to people of North-East the Secretary of the Department of Civil Aviation informed as follows:

“The Committee was constituted in January, 1992 and it submitted its report in June, 1992. The major recommendation of the Committee was that there should be intensive flights to some of the States in the North Eastern region for which infrastructure needs to be developed.”

4.29 Based on the recommendations of the Committee headed by the Director General of Civil Aviation, it was planned to introduce subsidised helicopter services by Pawan Hans Limited (PHL) in the States of Arunachal Pradesh and Nagaland. Government of Nagaland has not so far provided infrastructural facilities required for the helicopter services. PHL has, therefore, been advised to introduce services in Arunachal Pradesh in the first phase. PHL is planning to commence services by June, 1995. If this scheme proves successful, then it could be extended to other areas of North East and hilly areas in a phased manner.

4.30 The Ministry of Civil Aviation and Tourism have recently issued an order making it mandatory for scheduled air transport operators to provide certain minimum proportion of services deployed by them on specified trunk routes in other areas which include North East, J&K, Andaman and Nicobar and Lakshadweep.

4.31 The Committee note that remote areas which are very difficult to reach became uneconomic route for the Airlines and that they do not desire to run operations on these routes. They view with concern that most of the tourist destinations being developed in remote and hilly areas would fall in this category and that air-transportation services may become the main hindering factor in development of the tourist areas. The Committee appreciate that the Government is conscious of need of air transport services to remote and inaccessible areas to bring them into the mainstream of national life. All scheduled airlines have been asked that half of their flights should run on branch lines which cover uneconomic routes also. The Committee recommend that while approving scheduled airlines to operate on trunk routes and branch lines it should be made obligatory to them to operate their flights to some of the remote and hilly areas, where facilities exist for promoting tourism in those areas. The feasibility of helicopter services to these areas including certain stations in Himachal Pradesh where Vayudoot service have been withdrawn should also be examined by the Department of Civil Aviation.

## **B. Construction of new Airports**

**4.32 In a detailed note on bringing remote and inaccessible and hilly areas into the mainstream of national life through air links the Department of Civil Aviation stated that—**

“Construction of new airports in the remote and hilly region is very cost and time intensive. Due to resource constraints, the National Airports Authority is not able to take up construction of new airports in these region on a large scale. Due to crew constraints and limited aircraft capacity, Indian Airlines and Vayudoot are not able to expand their services to additional stations in remote and hilly areas. Nevertheless, the Government is fully conscious to the need of bringing the remote, inaccessible and hilly areas into the mainstream of national life. It is the constant endeavour of the Government to provide airlink to these areas to the extent possible. Details of the efforts made/being made in this behalf are as under:—

National Airports Authority proposes to construct/upgrade aerodromes, suitable for operations of small aircraft like Dornier at Kargil, Kishtwar and Rajouri in J&K State. NAA also has a proposal to construct a new airport at Tura in Meghalaya.”

**4.33 Requests have been received for construction of new airports at Tura, Darjeeling, Sikkim/Lengpui, Spiti, Chamba, Minicoy and Androth Islands. In regard to Tura, the Ministry have informed as follows:**

“Tura in Meghalaya has been selected for construction of a new airport suitable for Dornier type of aircraft. Subject to the approval of Planning Commission, the project is proposed to be taken up on cost sharing basis between North-Eastern Council and NAA in the ratio of 60:40.

When considering the budgetary support for another airport in Meghalaya, the Planning Commission of India ruled that as per the formula for cost sharing between NAA and NEC, construction of a new airport cannot be done and only upgradation of an existing airport can be done.

As a result, the NEC withdrew from the funding of the Tura project.”

**4.34 In a subsequent note, the Ministry have informed that the case is under consideration of the Planning Commission. The construction of the airport will be taken up on receipt of the budgetary support.**

**4.35 National Airports Authority did not construct the airport at Gangtok, Itanagar and Sadiaya as there was no demand from any of the airline operators for introducing flights to these places.**

4.36 Regarding economic viability of the construction of airport in remote and hilly areas, the Secretary, Department of Civil Aviation stated.

"There may be areas which are not utilised properly with a result it is not economically viable to construct an Airport".

4.37 He further added in this regard:

"We want to make an airport commercially viable by putting in all sorts of other schemes which make them commercially viable by putting in all sorts of other schemes which make them commercially viable like shopping, hotels, motels, recreation, etc. and then linking that airport to the city centre by means of rapid system so that people can come to the airport and use the facilities there. By these means enough revenue is generated to make them commercially viable."

4.38 When it was pointed out that although the question of economic viability is paramount in respect of a developing country like India, but other socio-economic considerations are also important for linking remote and hilly areas by air services, the Secretary, Department of Civil Aviation have submitted that economic viability is one factor which is now coming into play. Earlier, the Government used to give budgetary support for construction. Now that has been stopped. Apart from the economic viability, the socio-economic development of the area, as demanded by the representatives of the people or by the administration of the State Government, may not be so sufficient for air traffic potential. Sufficient need for air traffic potential as well as availability of passengers, air cargo, transport linkages, such as road or railways is also taken into consideration. There are places which can be connected only through air transport net work. For instance, Andaman and Lakshadweep Island, where quick transport can only be provided by air.

4.39 Then, the availability of the suitable site for the construction of airport also needs to be taken into account, considering the technical requirements. From technical point of view, there are air fields Badrinath—Kedarnath where there is much traffic and tourism potential which cannot be constructed.

4.40 Finally, there is availability of funds. We try to maximize whatever we do. All these factors such as tourist linkages and economic requirements, are contributory.

4.41 The Committee view that although economic viability is definitely one of the major criteria for construction of an airport; yet the socio-economic aspects cannot be overlooked, especially in case of a developing country like India. They also lay emphasis on the fact that construction of an airport at new destination for development of tourism potential in remote and hilly areas may not necessarily be economically viable as these areas may be inaccessible. They were apprised that earlier Government used to



provide budgetary support for such projects, but have been discontinued now. The Committee desire reconsideration of budgetary support for construction of airports in remote/hilly areas and in Islands near the tourist generating destinations, which are being kept in abeyance due to financial support.

### C. Private Operators

4.42 As per the Air Taxi Guidelines, air taxi operators are free to operate to/from any of the 93 aerodromes listed in those guidelines which include the following aerodromes in the North East and remote and hilly areas:—

- |                 |              |
|-----------------|--------------|
| 1. Kulu         | 2. Shimla    |
| 3. Agati        | 4. Leh       |
| 5. Dehradun     | 6. Jammu     |
| 7. Aizwal       | 8. Barapani  |
| 9. Daporijo     | 10. Imphal   |
| 11. Kailashahar | 12. Kamalpur |
| 13. Passigha    | 14. Tezu     |

4.43 The Air Taxi Operators are free to operate on any routes connecting these airports.

4.44 In accordance with the conditions for operation of scheduled Air Transport services laid down by the Department of Civil Aviation, air routes have been classified into 3 categories as following:—

#### CATEGORY—I

Routes connecting directly

Bombay—Bangalore	Calcutta—Delhi
Bombay—Calcutta	Calcutta—Bangalore
Bombay—Delhi	Calcutta—Madras
Bombay—Hyderabad	Delhi—Bangalore
Bombay—Madras	Delhi—Hyderabad
Bombay—Trivandrum	Delhi—Madras

#### CATEGORY—II

Routes connecting stations in North Eastern Region, Jammu & Kashmir, Andaman & Nicobar and Lakshadweep.

#### CATEGORY—III

Routes other than those in Category-I and Category-II.

Every scheduled operator operating on one or more trunk routes (Category-I) is required to deploy on routes in Category-II at least 10% of the capacity he deploy on routes in the Category-I and of the capacity thus required to be deployed on Category-II routes, at least 10% would be deployed on services or segments thereof exclusively on routes within the Category-II. The operator is also

required to deploy on routes in Category-III, at least 50% of the capacity he deploy on routes in Category-I.

4.45 Explaining the position during evidence, the Secretary, Department of Civil Aviation stated as follows:

"We have given them a ratio of 100:50:10:1; that is, if they are planning 100 flights on the Trunk Routes, they have to have 50 flights on the branch lines; 10 flights to the north east, J&K, Andamans and Lakshadweep; and one per cent of these flights intensively in these areas. Now Damania, Modiluft, East-West; these three have become scheduled airlines and they are operating as such. Others are importing some aircrafts; as and when they are ready, they will also be made scheduled airlines."

4.46 In regard to granting permission to the 6 private operators for commencing scheduled air services by DGCA, the Department of Civil Aviation in a written note stated that as per the schedules submitted by them, following places in remote and hilly areas are proposed to be airlined:—

- |              |             |
|--------------|-------------|
| 1. Kullu     | 5. Srinagar |
| 2. Shimla    | 6. Silchar  |
| 3. Agati     | 7. Agartala |
| 4. Dibrugarh |             |

4.47 Indian Airlines presently operates air services to the following cities/stations in hilly areas.

North—Srinagar, Loh

North-East—Agartala, Bagdogra, Dibrugarh, Dimapur, Guwahati, Imphal, Jorhat, Silchar, Tezpur.

4.48 Vayudoot Limited operated services to the following stations in the hilly areas:—

- |             |           |
|-------------|-----------|
| Dehradun    | Pantnagar |
| Kulu        | Shimla    |
| Dharamshala |           |

4.49 The Committee would like to express their happiness about the liberalised policies of the Government in permitting private airlines to operate. Under the Air Taxi Guildelines, air taxi operators are free to make operations on 93 aerodromes which include aerodrome in the North East and remote and hilly areas. Under the guidelines laid down by the Department of Civil Aviation the permission is granted to operate on remunerative routes as well as on other routes based on 100:50:10:1. That is if they are planning 100 flights on the trunk routes, they have to have 50 flights on the branch lines; 10 flights to the North East, Jammu and

Kashmir, Andamans and Lakshadweep and one per cent of these flight intensively in these areas. However, the Committee would like the Department of Civil Aviation to ensure that the operation of the scheduled airlines in remunerative routes *vis-a-vis* other routes are adhered to in letter and spirit and that there is no slippage in respect of other routes.

4.50 The Committee desire the Government to ensure that air-flights to various destinations in remote and hilly areas and in Islands should be done in a planned manner in consultation with the tour operators in the interest of tourism promotion. They are hopeful that Government would undertake sustained efforts in persuading Indian Airlines, Vayudoot and private operators to participate and contribute to development of air linkages to various remote and hilly areas from the view point of augmenting tourist arrivals.

NEW DELHI;  
April 27, 1995  
 Vaisakha 7, 1917 (S)

DR. KRUPASINDHU BHOI,  
*Chairman,*  
*Estimates Committee.*

## APPENDIX

### *Statement of Recommendations/Observations*

Sl. No.	Para No.	Recommendations/Observations
1.	1.18	Bestowed with the bounties of nature and endowed with rich cultural heritage, a vast potential of tourism exists in the country. The tourism potential but largely untapped is confined not only to historical, cultural and pilgrim places but also to deserts, hills, dense forests, lakes, wildlife, beaches, geographical terrain/features endowed with natural and scenic beauty in far flung and hilly areas in the country.
2.	1.19	Exploitation of existing potentialities of tourism all over the country especially in remote and hilly areas, is undoubtedly a monumental task requiring concerted and strenuous efforts by the Centre, the States as well as the private sector.
3.	1.20	Tourism in India has become an important sector playing a pivotal role in the economy of the country contributing significantly not only in foreign exchange earnings but also in employment generation and development.
4.	2.34	It is well known that Himalayas are a repository of Indian religions and cultural heritage. Some of the places in the Himalayan ranges are venerated for their sanctity and are thronged by blessing seekers. However, the Committee regret to find that the pilgrimage centres are lacking in the very infrastructure needed for pilgrim tourists. The Committee are informed that the National Action Plan has also identified three Travel Circuits and two destinations in the Himalayan Region for intensive development of tourism.
5.	2.35	The Committee on Pilgrim Tourism have identified certain centres/places in 13 States for development as pilgrim centres. For development of these pilgrim centres, the State Governments are being constantly requested by the Department of Tourism to send proposals for developing their tourist infrastructure. It

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		<p>is surprising to note that so far only Rs. 27.09 lakhs had been sanctioned by Central Department of Tourism in 1992-93 for construction of pilgrim cottages at Kamakhya (Assam) and Rs. 14.00 lakhs for development of the area around Vaishno Devi out of a sum of Rs. 5 crores earmarked as Central assistance every year to set up or improve accommodation facilities, wayside amenities and transport system at important centres. This is not a happy state of affairs. The Department of Tourism need to work with renewed vigour and enthusiasm and vigorously pursue the matter for development of these pilgrim centres identified by the Committee on Pilgrim Tourism at the highest level in the State Governments. The Committee feel that developing necessary infrastructure at these pilgrim centres will give the necessary fillip to the domestic tourism in remote and hilly areas in the country.</p>
6.	2.36	<p>The National Action Plan for Tourism mentions that pilgrim flows account for a very large percentage of domestic tourism. Infrastructure facilities for tourists for pilgrim centres need to be substantially improved. For this purpose, the Central Government will earmark a sum of Rs. 5.00 crores as Central assistance every year to enable State Tourism Development Corporation/private entrepreneurs to set up or improve accommodation facilities, way-side amenities and transport systems at important pilgrim centres. The Committee while appreciating the initiative, which is in the right direction, feel that, considering that a great scope exist for improvement in facilities and amenities for providing domestic pilgrim tourists, an allocation of sum of Rs. 5 crores as Central assistance appears meagre and needs to be enhanced considerably.</p>
7.	2.37	<p>The Committee also desire that the Department of Tourism in close coordination with State Governments take keen interest for faster development of tourism infrastructure, facilities/amenities at 'Vaishno Devi' and 'Badrinath-Kedarnath'.</p>

Sl. No.	Para No.	Recommendations/Observations
8.	2.38	The Committee would rather recommend a very active role for the Department of Tourism to set up separate Joint Task Force with respective State Governments in the Himalayan Ranges for identification of facilities and amenities needed for tourists in their regions and the Central assistance required for their development, instead of awaiting proposals from these States.
9.	2.39	In order to encourage adventure tourism in hills among the Himalayan States, surveys should be conducted in each Himalayan State by an Expert Group comprising representatives of the Department of Tourism, State Tourism Development Corporation and others in tourism and travel industry and a comprehensive plan drawn up for each State separately. There is also need for involvement of private sector and local youth.
10.	2.40	Adventure tourism in the hill regions of the Himalayan States should be encouraged to become a major activity through active involvement of local private sector in building tourism infrastructure, for which the Government should provide all the necessary assistance including training and expertise to the local youth and encourage and help them in setting up their own units. The Committee also desire that in order to meet financial requirement for boosting adventure tourism, budget allocation should be adequately made.
11.	2.41	The Committee emphasise that concerted efforts should be made to gain advantage through proper support in new areas like adventure tourism, wildlife tourism, conference tourism, camp tourism etc. which are gaining ground rapidly. For that purpose infrastructure/basic amenities should either be developed and made available by the Government or the private sector should be encouraged by giving them all out support in this regard.
12.	2.42	In the past, emphasis on tourism has been mainly confined to woo foreign tourists but equally important is the existing potential in domestic tourism as people needed to know more about their own

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	country also. There is a need to give fillip to domestic tourism which has not been given right attention. Travelling in various parts of the country and learning about cultural diversities and life styles of different people apart from giving social and economic benefits to the people, also helps promote national integration. To generate interest in domestic tourism, the Department of Tourism and other Ministries in consultation with State Tourism Development Corporations should draw up action plans for boosting youth travel and pilgrim tourism. The tourism travel, trade and hotel industry should, under the overall guidance and directions of the Department of Tourism and State Tourism Development Corporations, should speedily formulate plans for building up of infrastructure for promoting all categories of tourist in the country.
13. 2.43	In the National Action Plan (1992) the Department of Tourism have brought out that Surajkund Crafts Mela and Shilpgram, Udaipur, have been a tremendous draw with the tourists. The Committee find that the Department intends to set up Crafts villages in different parts of the country and provide a boost to the traditional handicrafts of these regions.
14. 2.46	The Committee are of the view that on same footing, the Department of Tourism in consultation with State Tourism Corporations should arrange to exhibit art, culture, craft and cuisine of different States on one platform at major important festivals such as Kumbh Mela, Navratri Festival, Holi Festival, Ganesh Chaturthi, Durga Puja and others for domestic pilgrim tourists for boosting the traditional handicrafts and skills of the country's craftsmen.
15. 2.45	The Committee are satisfied to note that the Department of Tourism is conscious of the need for preservation and enrichment of environment while implementing schemes for development of tourism in an area. The Committee would, however, like to emphasise that Department of Tourism in consultation with the State Government should take adequate preventive measures for indiscriminate,

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		un-planned and haphazard growth which lead to environmental degradation of the tourist area mainly being developed for its natural and scenic beauty.
16.	2.46	The Committee are, therefore, sanguine that the virgin beauty of such remote and hilly areas should be maintained.
17.	2.62	The Committee were apprised that instead of spreading resources thinly only special circuits and destinations should be taken up for intensive development. So far 11 circuits and 6 destinations had been identified for intensive development, besides, five special tourism areas for integrated development of tourism facility. It was further brought out by the Department of Tourism that as and when these circuits/destinations reach the prescribed level of development, new circuits/destinations could be added.
18.	2.63	The National Action Plan for Tourism was finalised three years back. But destinations centres identified for tremendous potential for tourism are yet to be developed. The Committee feel that concerted efforts are required to be made to speed up development of tourism infrastructure of identified circuits/destinations. The Committee desire that a specific time-frame should also be laid down for building tourism infrastructure in identified travel circuits and destinations which are in remote and hilly areas.
19.	2.64	The Committee feel that in order to exploit the seemingly endless bounties available in India for tourism purposes, the Department of Tourism in consultation with State Tourism Development Corporations should explore new areas of tourism especially in remote and hilly areas and build infrastructure there so that more and more investment could be attracted for setting up facilities in those areas.
20.	2.65	The Government of India asked the Government of North-Eastern States to identify four places each for integrated development of tourism infrastructure. The Committee note that except Manipur all the other North-Eastern States have identified the places



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## Recommendations/Observations

for the purpose. However, no specific funds have been earmarked in the budget provisions of the Department of Tourism (Govt. of India) for development of these identified places. Only during the regular interactions with the State Governments, the States come up with proposals for prioritisation of projects which give an indication of the probable projects which can be taken up during the year and approximate outlay which could be involved. The Committee are also informed that only Assam State have submitted proposals for the promotion and development of tourism in their specified areas and which since have been sanctioned. The Committee express their deep concern over the slow pace of approval of tourism proposals and sanction of financial assistance by the Central Government. They are constrained to note that except Assam no other North-Eastern State has submitted proposals for development of tourism in their specified areas. The Committee are of the view that the Central Department of Tourism should emphasise the importance of integrated development of these identified places in the North-Eastern States during the interactions held with the State Governments for prioritisation of projects for a particular year so that the proposals for sanction of funds for integrated development of these identified places are finalised expeditiously. They desire that Department of Tourism should take up the matter at the highest level with the State Government of Manipur for identification of four places, for integrated development of tourist infrastructure, which they have not done so far. They also desire that other N.E. States be impressed upon to submit their proposals for prioritising the projects for sanctioning of funds expeditiously. They also suggest that separate funds should also be set aside, or in the alternative, preference may be accorded, for development of special tourism areas and Island Tourism. The Committee hope that with the integrated development of these identified areas in North-Eastern States the tourism activities will get the desired boost in these States.

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21.	2.66	<p>The Committee note that tourism in Meghalaya and other North-Eastern States is still in an infant stage and the pace of development in the tourism sector is very slow due to low budget, low priority, inadequate transport and communication facilities restricted area permit system, not active/keen interest taken by State Tourism authorities even in utilisation of Central assistance earmarked for them and other local problems. The North-Eastern is well known for its scenic beauty and is home to rare animals and birds not found anywhere else. The Committee desire that Government should initiate special measures for development of tourism infrastructure including setting up of a special agency for undertaking developmental activities there to fully exploit the untapped tourism potential in the region which has potential for stimulating economic growth of the region.</p>
22	2.81	<p>The Committee find that the basic transportation network to the tourist destinations/circuits in remote and hilly areas are inadequate, inaccessible and has significant scope for improvement. The efforts of Department of Tourism so far in interacting with Railways, Ministry of Surface Transport and Department of Civil Aviation for improvement of transport infrastructure did not bear fruit. It has been pointed out that inadequate transport facilities have been serving as a deterrent to the growth of tourism in the country. They are alarmed at the complaints received from the foreign tourists about narrow roads, congested traffic with pollution etc. in some remote and hilly areas.</p>
23	2.96	<p>The Committee note that since substantial investment is required to build tourism infrastructure in the country, private investment would go a long way in developing tourism in all the States including the remote and hilly areas where potential for development of tourism is even more pronounced. Entrepreneurs setting up tourism units are offered various incentives by the Central Government and State Governments, viz. sites at concessional rates,</p>

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	<p>interest subsidy at 5% in case of 1, 2 and 3 category hotels in remote and hilly areas, Income Tax deduction which have been made admissible at 50% instead of 30% and exemption from payment of expenditure tax for a period of 10 years for the hotels which have started functioning on or before 31st March, 1994. The Committee are informed that only two State Governments viz. Karnataka and Meghalaya have reduced luxury tax. According to a new item, Madhya Pradesh has decided to offer a special package of incentives for new tourism projects and expansion. These include complete exemption for luxury tax, sales tax and entertainment tax. The Committee desire that the Department of Tourism impress upon the other State Governments to offer similar type of incentives to make tourism industry more competitive in attracting private investment for tourism infrastructure.</p>
24 2.97	<p>Since most of the projects in Special Tourism Areas remains to be developed and offered incentives for their early set up. The Committee urge the Central Government that this deduction for granting exemption from payment of expenditure tax for 10 years should be extended to the hotels which start functioning after 31st March, 1994 especially in remote and hilly areas. The Committee also desire that Central Department of Tourism should examine the need for extending 100% income tax exemption for a period of five years to hotel industry in newly identified remote and hilly areas for promotion and development of tourism.</p>
25 2.101	<p>The Committee note that in pursuance of the recommendation of National Development Council, the Department of Tourism have accorded the status of an industry to the tourism sector with the sole objective of the development and growth of tourism. Consequent upon the above declaration, 19 State Governments/UTs have since been accorded the status of an industry to the tourism sector. However, most of the States still have not declared tourism as an industry which shows that much importance is not</p>

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	being attached by these States to this sector which has tremendous potential for employment generation and development.
26. 2.102	Expressing their satisfaction over declaring the tourism sector as an industry, the Committee cannot resist saying that this step should have been taken long ago. They would now like the Government to draw the attention of the remaining State Governments/UTs to the potential of employment and revenue that would be generated as a result of the growth of tourism and impress upon them to accord the status of an industry to tourism as early as possible.
27. 2.115	<p>The Committee appreciate the efforts being made by the Department of Tourism in regard to publicising tourism in India and abroad. They are happy about changing the whole concept of marketing India as a 'specific destination' instead of 'generalised destination', thereby changing the strategy to concentrate on specified circuits/destinations in overseas publicity programme. The emphasis is now on direct promotion by way of going directly to the consumer. The Government also propose to intensify the promotion of remote and hilly areas through advertising both in print and electronic media, distribution of publicity material, extending support to tour operators/travel agents, through fairs and festivals through direct mailing and through posters, films, audiovisuals and multi vision presentations.</p> <p>The Committee, however, feel that the most important problem faced by the industry is that the Government is unable to reap the fruits of the revolutionary changes taking place in satellite communication network throughout the world. They are of the opinion that the Department of Tourism should make use of the vast opportunities thrown open by the modern satellite system network to promote the image of India in the international arena as 'destination India', especially the 'Lesser Known destinations' in remote and hilly areas being developed as tourist destinations. The Committee is hopeful that in the process, curiosity on India will be generated.</p>

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28. 2.116	The Committee, therefore, recommend that Government should immediately start efforts to hard sell India through a creative and effective advertisement campaign so that awareness is generated among the people all over the world, specially in Asia, African and Latin American countries.
29. 2.120	The Committee find that tourism has already emerged as an important segment of Indian economy and has been recognised as an instrument for generating employment opportunities with significant linkages with several other sectors of the economy. A welcome feature of the development of tourism is that the labour/capital ratio is more favourable in the case of tourism than many other industries. The Committee, therefore, urge the Government to develop tourism in remote and hilly areas at an accelerated pace so that employment opportunities to local youth in the countryside are also generated with its multiplier effect.
30. 2.124	The Committee note that the progress of infrastructural development for tourism of Plan Projects sanctioned by the Centre is monitored by the Department of Tourism through interaction with respective State Government officials field inspections and Minister level meeting, etc. As the proposed Monitoring and Evaluation Cell would make monitoring the progress of Centrally assisted tourism projects effective, the Committee expect that such a cell would be set up early.
31. 3.23	The Committee are informed that the Planning Commission has approved a Plan budget of Rs. 92.00 crores for the Department of Tourism for the year 1995-96, as against projected requirements of Rs. 126.60 crores. They find that approved plan budget for Deptt. of Tourism is Rs. 81 lakhs less than the current years budget of Rs. 92.81 crores. Taking into account rate of inflation during 1994-95 at 11.41 per cent, there has been decline (in real terms) of

Sl. No. Para No.	Recommendations/Observations
32. 3.24	<p>more than 11 per cent in the Plan budget for the Department of Tourism during 1995-96.</p> <p>The Committee note that the provision under the head 'Tourism Infrastructure' was of the order of Rs. 13.56 crores in the year 1993-94. It is unfortunate that there have been lower budgetary allocations in the succeeding years under this head of the Department of Tourism i.e., Rs. 12.26 crores (RE) in 1994-95 and Rs. 12.76 crores (BE) for the year 1995-96. The Committee feel that in order to develop new tourism destinations in remote and hilly areas, there is a need for adequate investment with a long gestation period to develop infrastructure. They are of the view that Rs. 13.50 crores to invest in infrastructure is meagre sum as compared to the expectation about earnings from developing tourist generating destinations in remote and hilly areas. The Committee desire the Department of Tourism to again approach the Planning Commission for increase in budgetary allocation further for infrastructural development as part of this forms the very foundation for development of tourism in remote and hilly areas.</p>
33. 3.25	<p>They would like to be informed about the positive efforts made by the Department of Tourism in that direction. All over the country there is considerable scope for improvement in the infrastructure for the tourism sector. In order to ensure that tourism becomes a major economic activity in India and that the country achieve a rightful share in the international tourism, it is imperative that the Deptt. of Tourism assumes a bigger role in the infrastructure development of tourism supported by matching budgetary allocation.</p>
34. 3.26	<p>The Committee note with concern that no separate allocation is being made in the budget for the development of remote and hilly areas. The Committee, however, desire that the Department of Tourism while prioritising tourism schemes of the State Governments for sanction of central assistance should give preference to tourism projects in remote</p>

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		and hilly areas and that a portion of funds exclusively for development of tourism in remote and hilly areas should be earmarked in the budgetary provisions of the Department of Tourism.
35.	3.27	There is no five year perspective plan drawn up by the Department of Tourism for development of tourism in remote and hilly areas specifically. The Committee are happy to note that all the State Governments have been requested to draw a master plan for the development of tourism in their respective States including remote and hilly areas to enable the Central Government to have a comprehensive picture of the entire country State-wise.
36.	3.28	The Committee note that presently foreign tourist arrivals in India is only about 0.4% of the total foreign tourist movement all over the world. It is saddening to note that it has further declined to 0.35% In order to increase India's share in world tourism and to attain 1% within the next five years as envisaged in the National Action Plan for Tourism, it is imperative that the development of infrastructure in tourism should be of world-class.
37.	3.48	The Committee note that the Department of Tourism, Government of India, does not on its own undertake an activity for development of areas for tourism. It considers extending financial assistance to the State Governments for creation of infrastructural facilities etc. on the basis of prioritised proposals received from the concerned State Governments/UTs. The Committee are informed that inspite of repeated requests, if State Governments do not respond, the Government of India cannot directly take any steps for development of destination/circuits for Special Tourism Areas since development of such places is primarily the responsibility of the State Governments.
38.	3.49	The Committee find that despite the prioritisation of various projects during a particular financial year by respective State Government for sanction, the funds allocated to some States remain unutilised at the end

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of the year. According to the Department of Tourism, these funds are not allowed to remain unutilised as they are diverted to other States so that the entire outlay is utilised every year. The Committee deprecate this tendency of diverting funds allocated to a particular State being allowed to be utilised by other States. In their opinion, it may so happen that the funds, earmarked for a lesser developed and backward State lacking in expertise and necessary initiative may be transferred to more resourceful States. They are afraid, that, this may lead to unharmonised growth in development of tourism in all parts of the country and perpetrate under development in less developed States. The Committee therefore strongly recommend that the funds allocated for a particular year, to a State, which remain unutilised in that year, should not be diverted to any other State. In connection, the Committee would recommend that concerted and strenuous efforts be made by the Department of Tourism by actively pursuing the matter with the concerned State Governments and holding quarterly meetings whenever necessary at the Secretary's level to ensure sanction of funds to the States for whom these have been earmarked. The Department of Tourism should revamp their system and procedure to ensure that the States are meted out just and fair treatment by the Union Government and that they are not deprived of due share of scarce national resources for their developmental schemes in tourism on which they may not be aware of the latest benefits such States should also be provided requisite expertise and guidance in the formulation of specific proposals for development of tourism. The Committee would like to be apprised of the remedial measures taken in this regard.

39. 4.31

The Committee note that remote areas which are very difficult to reach became uneconomic route for the Airlines and that they do not desire to run operations on these routes. They view with concern that most of the tourist destinations being developed in remote and hilly areas would fall in this category and that air-transportation services may become the



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40.	4.41	<p>main hindering factor in development of the tourist areas. The Committee appreciate that the Government is conscious of need of air transport services to remote and inaccessible areas to bring them into the mainstreams of national life. All scheduled airlines have been asked that half of their flights should run on branch lines which cover uneconomic routes also. The Committee recommend that while approving scheduled airlines to operate on trunk routes and branch lines it should be made obligatory to them to operate their flights to some of the remote and hilly areas, where facilities exist for promoting tourism in those areas. The feasibility of helicopter services to these areas including certain stations in Himachal Pradesh where Vayudoot service have been withdrawn should also be examined by the Department of Civil Aviation.</p> <p>The Committee view that although economic viability is definitely one of the major criteria for construction of an airport; yet the socio-economic aspects cannot be overlooked, especially in case of a developing country the India. They also lay emphasis on the fact that construction of an airport at new destination for development of tourism potential in remote and hilly areas many not necessarily be economically viable as these areas may be inaccessible. They were apprised that earlier Government used to provide budgetary support for such projects, but have been discontinued now. The Committee desire reconsideration of budgetary support for construction of airports in remote/hilly areas and in islands near the tourist generating destinations, which are being kept in abeyance due to financial support.</p>
41.	4.49	<p>The Committee would like to express their happiness about the liberalised policies of the Government in permitting private airlines to operate. Under the Air Taxi Guidelines, air taxi operators are free to make operations on 93 aerodromes which include aerodrome in the North East and remote and hilly areas. Under the guidelines laid down by the Department of Civil Aviation the permission is granted to operate on remunerative routes as well as</p>

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42.	4.50	<p>on other routes based on 100:50: 10:1. That is, if they are planning 100 flights on the trunk routes, they have to have 50 flights on the branch lines; 10 flights to the North East, Jammu and Kashmir, Andamans and Lakshadweep and one per cent of these flight intensively in these areas. However, the Committee would like the Department of Civil Aviation to ensure that the operation of the scheduled airlines on remunerative routes <i>vis-a-vis</i> other routes are adhered to in letter and spirit and that there is no slippage in respect of other routes.</p> <p>The Committee desire the Government to ensure that air-flights to various destinations in remote and hilly areas and in Islands should be done in a planned manner in consultation with the tour operators in the interest of tourism promotion. They are hopeful that Government would undertake sustained efforts in persuading Indian Airlines, Vayudoot and private operators to participate and contribute to development of air linkages to various remote and hilly areas from the view point of augmenting tourist arrivals.</p>