

INDIA TOURISM DEVELOPMENT CORPORATION LIMITED

**(MINISTRY OF COMMERCE AND TOURISM—
DEPARTMENT OF TOURISM)**

COMMITTEE ON PUBLIC UNDERTAKINGS 1990-91

NINTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

THIRD REPORT
COMMITTEE ON
PUBLIC UNDERTAKINGS
(1990-91)

(NINTH LOK SABHA)

INDIA TOURISM DEVELOPMENT CORPORATION
LIMITED

(MINISTRY OF COMMERCE AND TOURISM—
DEPARTMENT OF TOURISM)

[Action taken by Government on the recommendations contained in the
61st Report of the Committee on Public Undertakings Eighth (Lok Sabha)]



Presented to Lok Sabha and Laid in Rajya Sabha on 28 August, 1990

LOK SABHA SECRETARIAT
NEW DELHI

August, 1990/Sravana, 1912 (Saka)

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**COMMITTEE ON PUBLIC UNDERTAKINGS
(1990-91)**

Shri Basudeb Acharia—*Chairman*

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3. Shri Narsingh Rao Dixit
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SECRETARIAT

1. Shri R.L.L. Dubey—*Joint Secretary*
2. Smt. P.K. Sandhu—*Under Secretary*

*Resigned from the Membership of the Committee w.e.f. 9.8.1990.

**Ceased to be a Member of the Committee consequent upon his resignation from Rajya Sabha w.e.f. 14.6.1990.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this 3rd Report on Action Taken by Government on the recommendations contained in the 61st Report of the Committee on Public Undertakings (Eighth Lok Sabha) on India Tourism Development Corporation Limited,

2. The 61st Report of the Committee on Public Undertakings was presented to Lok Sabha on 26 July, 1989. Replies of Government to all the recommendations contained in the Report were received on 29 January, 1990. The Committee considered and adopted this report at their sittings held on 22 June, and 8 August, 1990.

3. An analysis of the action taken by Government on the recommendations contained in the 61st Report (1989-90) of the Committee is given in appendix III.

NEW DELHI :

August 22, 1990

Shravana 31, 1912 (Saka)

BASUDEB ACHARIA

Chairman

Committee on Public Undertakings

CHAPTER I

REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the Sixty-First Report (Eighth Lok Sabha) of the Committee on Public Undertakings on India Tourism Development Corporation Limited which was presented to Lok Sabha on 26th July, 1989.

2. Action Taken Notes have been received from Government in respect of all the 34 recommendations contained in the Report. These have been categorised as follows :—

- (i) *Recommendations/observations that have been accepted by Government*
Sl. Nos. 3, 4, 6—11, 13, 17, 18, 20, 27—29, 31 and 32.
- (ii) *Recommendations/observations which the Committee do not desire to pursue in view of Government's replies.*
Sl. Nos. 21—23, 25 and 26
- (iii) *Recommendations/observations in respect of which replies of Government have not been accepted by the Committee.*
Sl. Nos. 1, 2, 5, 12, 14, 15—16, 24 and 30
- (iv) *Recommendations/observations in respect of which final replies of Government are still awaited.*
Sl. Nos. 19, 33 and 34

3. The Committee desire that the final replies in respect of recommendations for which only interim replies have been given by Government should be furnished to the Committee expeditiously.

The Committee will now deal with the action taken by Government on some of their recommendations.

A. Setting up of National Tourism Board

Recommendation Sl. No. 1 (Paragraph 1.28)

4. The Committee had expressed the feeling that there was lot of overlapping of functions among the different agencies involved in the development of tourism. While emphasising the need to evolve an intergrated approach towards development and promotion of tourism in the country, the Committee had desired that a decision in regard to the setting up of the

proposed National Tourism Board on the lines of the Railway Board as recommended by the National Committee on Tourism should be taken soon. The Tourism Board should be equipped with sufficient powers to enable it to effectively control the activities of different agencies.

5. Government have stated in their reply that no decision has been taken about setting up of a National Tourism Board. The Department of Tourism has regular meetings with the State Governments and other agencies involved in the promotion of tourism for adopting an integrated approach towards development of tourism in the country.

6. The Committee are unhappy over the fact that so far no decision has been taken by the Government about the setting up of a National Tourism Board although the Government had informed the Committee during evidence that they would be taking up the matter with the Cabinet and they hoped a decision would be taken soon. The plea that the Department of Tourism has regular meetings with the State Governments and other agencies, involved in the promotion of tourism is hardly convincing to the Committee. They would, therefore, reiterate that a decision in regard to setting up of a National Tourism Board should be taken without further delay with a view to evolve an integrated approach towards development and promotion of tourism in the country and to effectively control the activities of different agencies involved in this field.

B. Reimbursement of losses incurred on unviable unviable

Recommendation Sl. No. 2 (Paragraph 1.29)

7. The Committee were informed that it had been decided that instead of going in for Five Star Hotels except in certain places to fill up the missing links like Bombay and Madras, ITDC should go in for lower category hotels which the private sector was still not finding economically viable in many new areas. The Committee had desired the Government to ensure that ITDC, as a commercial organisation was not put to loss by entering into such unviable areas and whenever it is required to do so, the losses should be made good by the Government.

8. According to the Government's reply it has been the government policy in the Ministry of Finance that whenever a Public Sector Undertaking is overall making profit (as in the case of ITDC) no reimbursement by parent Ministry of losses by individual units is allowed. However, whenever the public sector undertaking as a whole is running in loss, the Ministry of Finance is prepared to consider reimbursement of such losses.

9. The Committee note that as per the present Government policy, whenever a public sector undertaking is over all making profit no reimbursement by parent Ministry of losses by individual units is allowed. However, they are of the opinion that in order to depict a true picture of the financial state of a public undertaking, it should be reimbursed the losses incurred on units being run on the directions of Government even if the undertaking is overall making profit. The Committee therefore, recommend that the Government should review their present policy in regard to reimbursement of losses incurred by public undertakings on commercially unviable units being operated by them at the Government's instance.

C. Merger of HCI and ITDC

Recommendation Sl. No. 5 (Paragraph 1.32)

10. The Ministry of Civil Aviation and Tourism had informed the Committee that it had been decided to process the case for merger of Hotel Corporation of India Ltd. and ITDC in order to improve the functioning of HCI, to ensure coordinated operations and a more extensive and well-integrated accommodation network. The Committee had recommended that this should be implemented without any further delay.

11. In their reply, the Government have now stated that the question of merger of HCI with ITDC has been dropped for the present.

12. The Committee are shocked to note that the decision taken earlier by the Government to merge the two Corporations is not being implemented now. On the contrary the Committee have been informed that the question of merger has been dropped for the present. The Government have not even cared to apprise the Committee of the reasons for dropping the question. The Committee cannot help expressing their displeasure over the manner in which the Government have reversed their decision. The Committee reiterate their recommendation made in their 48th Report (1981-82) and 61st Report (1989-90) that the Hotel Corporation of India should be merged with ITDC to avoid overlapping of functions of the two public sector companies and avoid unnecessary competition within the public sector.

D. Marketing of ITDC properties

Recommendation S. No. 8 (Paragraph 2.35)

13. While commenting on the performance of ITDC hotels the Committee had observed that an area which had so far been neglected was marketing. They had emphasised the need for ITDC to step-up its marketing efforts in domestic as well as international markets substantially. They had

21. The Committee are not convinced with the reply that it is only through advertisement and subsequent selection by a Committee that the allotment of shops in the Shopping Arcades of ITDC hotels to parties of good standing and repute can be ensured. They are of the view that this can also be achieved if the shops are auctioned by providing the necessary pre-conditions for eligibility. In fact this would not only eliminate any loopholes in the present system but might also be more remunerative to ITDC. The Committee, therefore, reiterate that shops in the Shopping Arcades of ITDC hotels should be allotted through auction.

G. Manpower Planning

Recommendations Sl. Nos. 15 & 16 (Paragraph 3.27-3.28)

22. The Committee had expressed shock over the dismal performance of Ashok Travels and Tours Division (ATT) of ITDC. They had observed that even after re-organisation of the Division in May, 1983, it incurred a loss of Rs. 177.65 lakhs during the five years from 1983-84 to 1987-88.

The loss per kilometre on operation of ITDC's vehicles during 1987-88 was Rs. 2.45 for Ambassador cars, and Rs. 4.12 for Mercedes cars Rs. 1.93 for coaches. While the loss in transport units was stated to be due to ITDC's inability to compete with small operators, the Committee had observed that one of the reasons for closure of transport units since the restructuring of ATT was admittedly lack of effective control from the Headquarters or from the Regional offices. They had also pointed out that the fleet staff ratio in the ATT increased from 1 : 1.7 at the end of 1982-83 to 1 : 3.2 at the end of 1987-88 which obviously contributed to the rise in wage cost per vehicle which could have been avoided had there been proper redeployment of manpower. The Committee had, therefore, recommended that in future whenever the fleet strength at a unit is reduced, the staff should be redeployed in other transport units or in other Divisions of the Corporation. Norms should be laid down for fleet to staff ratio and the same should be adhered to.

23. In their reply, the Government have stated that ITDC's Transport Division (presently forming part of the Ashok Travels and Tours) was formed to meet the transportation needs of the tourists in emerging tourist destinations and ITDC's role was at that time recognised as one of a path finder and that it would withdraw when private operators entered the business; consequently ITDC closed nine transport units in stages since 1983. ITDC plans further reduction in its fleet and will finally retain a hardcore of

approximately 50 vehicles at locations where commercial viability of transport operations can be assured. Thus against a planned fleet of 50 vehicles, the manpower required by ITDC would be 85 as per the norm of fleet to staff ratio 1 : 1.7. It would take several years to relocate the surplus staff in ITDC's other business functions (overmanned at present), and therefore would really materialise from natural wastage i.e. retirements/resignations and earlier retirements.

24. The Committee fail to understand why the redeployment of staff to be rendered surplus was not planned when it was contemplated even at the time of formation of ITDC's Transport Division that the company would withdraw from the transport business when private operators entered the business. As a result of the lack of proper planning, the Company now finds itself in a situation where on the one hand more staff is expected to be rendered surplus upon the reduction in fleet, on the other it would be unable to redeploy them in its other business functions which are already overmanned. The Committee cannot help expressing their dissatisfaction over such staff of affairs. They desire that Government should consider formulating a Voluntary Retirement Scheme in the Company.

H Independent Enquiry against Sr. Vice President (C & P)

Recommendation S. No. 24 (Paragraph 4.41 and 4.42)

25. The Committee had referred a number of complaints received by them against Shri O.N. Verma, Senior Vice-President (Coordination and Personnel) in ITDC to the Ministry of Civil Aviation and Tourism. As the complaints were of a serious nature including complaints regarding victimisation of officers, showing favouritism in recruitment and promotions, shielding some officials by using his influence, drawing of excess house rent by producing false house rent declarations etc., the Committee had desired that it would be in the overall interest of ITDC to hold an independent enquiry into the allegations. The Committee had also desired to be apprised of the results of the enquiry.

26. In their reply the Government have informed the Committee that the Ministry of Civil Aviation and Tourism have made a confidential enquiry in the matter relating to the various allegations against Shri O.N. Verma after obtaining the relevant files from the ITDC. None of the allegations against Shri Verma was proved.

27. The Committee had recommended an independent enquiry into the allegations against Shri O.N. Verma, Senior Vice-President (Coordination and Personnel) in ITDC. However, instead of having an enquiry conducted by an independent body like the CVC, the Government merely made a departmental enquiry in the matter. The Committee take a very serious view of the fact that the Government did not implement their recommendation in its true spirit. They reiterate their earlier recommendation that an enquiry be conducted into the allegations against the Senior Vice President (C&P), ITDC by the CVC which is an independent body. The Committee would also like to be apprised of the results of this enquiry together with the action taken thereon at the earliest.

I. Deficiencies in Vigilance Division

Recommendation S. No. 29 (Paragraph No. 4.47)

28. The Committee had pointed out that out of the 18 cases registered by CBI during 1977-78 to 1987-88 against the officials of ITDC, only 7 cases were registered at the instance of ITDC. The CMD of the Corporation admitted during his evidence before the Committee that ITDC's security did not know about these cases which CBI deemed it prudent to investigate. The Committee had desired that ITDC should take immediate steps for streamlining the functioning of the Division.

29. The Government in their reply have stated that as per instructions contained in the Vigilance Manual, as a general rule investigation of the types given below should be entrusted to CBI :

- (1) Allegations involving offences punishable under Law which the Delhi Special Police Establishment are authorised to investigate such as Offences involving bribery, corruption, forgery, cheating, criminal breach of trust, falsification of records etc.
- (2) Possession of assets disproportionate to known sources of income.
- (3) Cases in which the allegations are such that their truth can not be ascertained without making inquiries from non-official persons or those involving examination of non-government records, books of accounts etc. and
- (4) Other cases of complicated nature requiring expert police investigation.

It has been further stated that the ITDC Vigilance and CBI are two independent agencies required to perform somewhat identical functions. CBI operates on all-India basis and have wide resources as well as wide powers of not only conducting independent investigation but also launching prosecution under relevant provisions of law. On the other hand anti-corruption role of Vigilance Department is confined within the Corporation and it functions with limited resources. Of the cases registered by CBI *suo-moto* against ITDC officials, 2 cases pertain to possession of assets disproportionate to the known sources of income, one case relates to cheating and misappropriation of Government stores, 3 cases relate to misuse of official position and in 5 cases outside parties (non-ITDC personnel) were required to be questioned. Thus, the above 11 cases investigated by the CBI during the period 1977-78 to 1987-88 are by and large of the category which have to be investigated by the CBI. In order to further streamline the functioning of Vigilance Division, existing strength has been augmented by filling up the vacant positions. Proposal for further augmenting the staff-strength is under active consideration. Anti-corruption efforts have been further geared up. Maximum emphasis is being laid on preventive vigilance.

30. As already observed by the Committee, of the 18 cases registered by CBI during 1977-78 to 1987-88 against officials of ITDC, 11 cases were registered by CBI *suo-moto*. It is now obvious from Government's reply that all these 11 cases were by and large of the category which ought to have been entrusted to CBI by ITDC itself as per the instructions contained in its Vigilance Manual. The fact that this was not done, poorly reflects on the functioning of Vigilance Division of ITDC. The Committee hope that its functioning would now be streamlined in order to ensure that anti-corruption efforts are fully geared up and no cases of malpractices go unnoticed.

J. Lowering of penalty recommended by CBI

Recommendation Sl. No. 30 (Paragraph 4.48)

31. The Committee had observed that out of the 16 cases where CBI report had been received during 1977-78 to 1987-88, in 6 cases involving 8 officers, lower penalty than that recommended by CBI was imposed. The Committee had pointed out that of the 8 officers concerned, 4 were exonerated while 3 were just issued warning letters whereas the CBI had recommended major penalty against all of them, thus almost ignoring the recommendations of CBI. They had recommended that since CBI is the top central investigating agency, the facts of each such case where disciplinary authority decided ultimately to lower down the penalty recommended by CBI, should be put forward before the Board in the regular meetings and decision be taken thereafter with the concurrence of the Board.

32. The Government have stated in their reply as follows :

- “(a) that the ITDC has its own Conduct Discipline and Appeal Rules/Standing Orders, wherein the Disciplinary/Appellant Authority have been defined in respect of various categories of employees ; that the concerned Disciplinary/Appellant Authority have to exercise their mind in awarding punishment to employees on the basis of the findings of the Enquiry Officer ;
- (b) that the CBI makes recommendations for initiating disciplinary action and issue of charge-sheet either for major penalty action or for minor penalty action and does not recommend imposition of penalty ;
- (c) that the recommendations of the CBI with regard to initiating of disciplinary action is adhered to in the ITDC. The imposition of the penalty on the delinquent officer is decided on the basis of proven charges, taking into account the gravity of the misconduct on the part of the employees and this decision has to be based on his independent assessment and cannot be influenced by any other authority/agency ; and hence taking of decision in such matters with the concurrence of the Board would be violative of the principle of natural justice and bad in law.”

33. The Committee are informed that the CBI makes recommendations for initiating disciplinary action and issue of charge-sheet either for major penalty action or for minor penalty action and does not recommend imposition of penalty. Punishment is awarded by the disciplinary authority to employees on the basis of findings of the Enquiry Officer. The Committee cannot help expressing their dissatisfaction over the reply of the Government. Of 8 officers against whom major penalty was recommended by CBI, 4 were exonerated and 3 were simply issued warning letters. The Committee fail to understand as to why the recommendation of CBI for major penalty in all these cases was totally ignored by I.T.D.C. The Committee find that according to BPE guidelines in regard to cases of departmental action against the employees charged with corruption, bribery etc., the findings of enquiries conducted against such employees should be reported to the Board of Directors, Administrative Ministries and the Central Vigilance Commission. It appears that the ITDC did not adhere to these guidelines. The Committee hope that in future ITDC would strictly adhere to the guidelines laid down by the BPE and would strengthen their vigilance set-up in consultation with the Chief Vigilance Commissioner.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

(Recommendation No. 3, Para No. 1.30)

The Committee feel that there is lot of scope for development tourism along the Indian coasts. They desire that the feasibility of introducing services of Shipping Corporation of India liners along the coasts should be seriously examined. In committee's view ITDC can be involved in this scheme in a big way as part of their developmental role.

Reply of the Government

It has not been considered administratively feasible and economically viable by Department of Tourism to introduce liner service along the coast line by Shipping Corporation of India/ITDC.

[Ministry of Commerce & Tourism (Department of Tourism) O.M.
No. 8/113/87—PSU (T)—Vol. II dated 22nd January 1990]

(Recommendation No. 4, Para No. 1.31)

In terms of the recommendations of the Administrative Reforms Commission made in 1967 regarding formulation of a statement on the objectives and obligations of the Public Enterprises and subsequent guidelines issued by the Bureau of Public Enterprises on the subject, the Public Enterprises were required to lay down broad principles for determining their precise financial and economic obligations. However, the Committee regret to observe that the micro-objectives formulated by ITDC which also have the approval of the Department of Tourism, Planning Commission and Ministry of Finance, are too general. These objectives include *inter alia* improved corporate profitability for attaining self-sustained growth, increasing foreign exchange earnings, promotion of domestic tourism etc. and do not lay down any specific targets regarding return on investment, growth rate in respect of turnover, foreign exchange earnings, internal generation of resources, number of domestic and foreign tourists etc. The committee were not at all happy to learn that targets with respect to these were fixed each year in the annual

budgets of the Corporation. The committee, therefore, recommended that the micro-objectives of ITDC should be reformulated so as to make them more specific to facilitate a meaningful appraisal of the performance of the Corporation by Government and Parliament.

Reply of the Government

A Corporate Planning Division has been set up in ITDC, assigning to it *inter alia* the responsibility for preparation of ITDC's Annual Plan and Five-Year Plans.

The draft 8th Five Year Plan (1990-95) aims at achieving in specific terms the following micro-objectives by ITDC :

Physical :

- (a) to increase the existing capacity of 4005 rooms to 5435 rooms under the Ashok Group (i.e. own, joint venture and managed properties) by 1994-95;
- (b) to refurbish all the Ashok Group Hotels by 1991-92 and to ensure thereafter keeping them contemporary;
- (c) to computerise ITDC's business operations by 1994-95;
- (d) to restructure Janpath, Lodi and Ranjit Hotels in Delhi through collaboration arrangements (without involving ITDC's investment) in order to fully exploit the locational advantage of these properties;
- (e) to refurbish all Duty Free Shops by 1990-91 and to offer customer service and products consistent with competitive standards; and
- (f) to develop Ashok Travels & Tours as a profitable instrument for supporting the growth of domestic tourists.

Financial :

to achieve the following targets :

	From 1988-89	To 1994-95
(Rupees in crores)		
— Sales Turnover	106.00	239.00
— Operating Profit	17.66	43.62
— Profit before tax	9.68	26.91
— Profit after tax	6.05	11.97
— Interest	3.00	5.51
— Depreciation	4.98	11.20
— %age return on Equity	10.8%	18.7%
— %age return on Capital Employed		
(i) before tax	10.58%	20.7%
(ii) after tax	6.61%	9.2%
— Profit before tax/turnover ratio	9.13%	11.26%
— Profit after tax/turnover ratio	5.71%	5.00%
Foreign Exchange earnings		
— Direct	22.00	63.00
— Indirect (estimated)	25.00	55.00
Total :	47.00	118.00

Financing of Five-Year Plan

	7th Plan	Draft 8th Plan
(Rupees in crores)		
— Internal generation	16.92	29.00
— Budgetary support	27.40	12.00
— External borrowings	5.70	34.00

Guest Nights

achieve increase in guest nights as under :—

	From	To
Guests nights	1988-89	1994-95
	(figures in lakhs)	
— Foreign	6.46	8.66
— Indian	7.51	7.67
	13.97	16.33

Human Resource Development

More emphasis will be given for improvement in quality of service. For this purpose, it is aimed at achieving the target of imparting training to 5000 employees upto 1994-95 (the last year of the Eighth Plan) as against the training given to 1200 employees in 1988-89.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T) Vol. II dt. 22 Jan. 90]

Recommendation No. 6, Para No. 1.33

The Committee have been informed that in some states Tourism has been declared as an industry while in some other States only hotels have been declared as industry. Such declaration reportedly entitled the industry to get certain concessions like sales tax exemption for a period of three years, exemption of registration and stamp duty involving land, supply of water and power at concessional rates and financial subsidy for new projects etc. The Committee would suggest that in order to give a boost to tourism, immediate steps should be taken for declaring tourism as an industry throughout the country.

Reply of the Government

It was decided in 1986 in the National Development Council meeting to declare tourism as an industry. In pursuance of this decision, a number of financial and fiscal incentives to attract private sector to invest in tourism infrastructure have been announced by government in the last 2-3 years with the following concessions :

- (i) Subsidy for preparation of feasibility/project report.
- (ii) Incentive for training local man-power.

- (iii) Augmenting availability of funds from State Financial Corporations.
- (iv) Concessions in electricity and water charges.
- (v) Allocation of land at concessional rates.

These concessions would be over and above what is already available under other developmental schemes of the Central Government like Interest Subsidy, Transport Subsidy, etc.

The following States/Union Territories have declared tourism as an Industry :

States :

- | | | |
|----------------------|---------------|-------------------|
| 1. Himachal Pradesh | 2. Meghalaya | 3. Uttar Pradesh |
| 4. Arunachal Pradesh | 5. Kerala | 6. Andhra Pradesh |
| 7. Haryana | 8. Tamil Nadu | 9. Bihar |
| 10. Tripura | 11. Manipur | 12. Assam |
| 13. Karnataka | 14. Goa | |

Union Territories

- | | |
|---------------------------|----------------|
| 1. Andamans and Nicobar | 2. Lakshadweep |
| 3. Dadra and Nagar Haveli | |

The following States have declared hotel as industry :

- | | | | |
|-----------|----------------|--------------|-----------|
| 1. Orissa | 2. West Bengal | 3. Rajasthan | 4. Punjab |
|-----------|----------------|--------------|-----------|

Simultaneously, Department of Tourism is making sincere efforts to persuade the remaining States to declare tourism/hotel as industry and it is hoped that they will also follow other States.

[Ministry of Commerce & Tourism (Department of Tourism
O.M. No. 8/113/87—PSU(T) Vol. II dated 22nd January 1990]

Recommendation No. 7, Para Nos. 2.33 & 2.34

ITDC has at present 24 hotels of which 11 belong to 3—star, 2—star and 1—star category. The Committee notice that over the years, the average room occupancy of ITDC hotels has been lower than that of private sector hotels in all categories, particularly in 3—star, 2—star and 1—star categories. During the year 1987-88, the average occupancy of 3—star, 2—star and 1—

star hotels in private sector was 74.2, 66.7 and 68.7. The corresponding figures for ITDC hotels were 60.41 and 32 respectively. Similarly, the percentage of profit (before tax, interest & depreciation) to turn-over during the years 1985-86, 1986-87 and 1987-88 was 19.26, 22.19 and 22.91 in the case of a leading group of hotels in private sector. In the case of ITDC hotels the corresponding figures were 17.40, 18.80 and 18.90 respectively. The committee also noticed that 8 of the ITDC hotels incurred losses continuously during the last 3 years. Needless to say, there is lot of scope for improvement in the performance of ITDC hotels.

The reason advanced for lower occupancy of ITDC's hotels in the 3, 2 and 1—star categories was that a majority of these hotels are in tourist locations where occupancy levels fluctuate whereas the competing hotels being in commercial localities do not have this fluctuation. Further, at many locations, ITDC's 3—star and 2—star hotels have to compete with a 5—star hotel. However, in Committee's view, lack of professional approach at various levels has been the main contributing factor. As was admitted by the CMD of the Corporation during evidence the ability of persons concerned at all levels to achieve results in a planned fashion is very important in hotel industry. The Committee, therefore, need hardly emphasise that particular attention should be given to impart on-job training to hotel personnel in the ITDC hotels in order to inculcate a sense of competitiveness in the individuals at various levels. The Committee urge that an action programme in this direction should be formulated soon.

Reply of the Government

So far as the comparison of average occupancy of ITDC's 1—star, 2—star and 3—star hotels with that of the Private Sector hotels is concerned, it may be reiterated that ITDC Hotels in these three categories are essentially located at places like Jammu, Aurangabad, Khajuraho, Patna, Hassan, etcetera. Moreover, these locations are basically seasonal while the comparison is being made with Private Sector Hotels which are located in the metropolitan cities as well as commercially important locations. The position is therefore not comparable. The overall occupancy of ITDC Hotels during 1987-88 and 1988-89 was 70% which is a satisfactory position considering the fact that a majority of hotels are on Tourist Circuits which have seasonal business and are dependent largely on tourists from abroad.

Of the eight hotels which have incurred losses for 3 consecutive years ending 1987-88, two hotels viz Hotel Ashok Bangalore and Hotel Madurai Ashok, Madurai have made profits during 1988-89. With regard to the other

hotels, efforts are being made to improve their performance through improvement of product, intensive marketing and upgradation of the skills of the employees.

Close monitoring of ITDC's quarterly performance is now being done by the Ministry of Tourism.

As regards imparting on-the-job training, a batch of nine trainers has been identified from different units which has also been trained to impart 'on-the-job' training in various disciplines. Each trainer is expected to train 30 personnel every month. Thus, annually these 9 trainers would cover a little over 3000 persons. Another batch of trainers is being identified for imparting training to them at the end of the current tourist season.

This apart, language courses in French, German Russian and Japanese are presently being conducted in Delhi by ITDC which are being attended by 70 executives and non-executives. By the end of April 1990, these employees would become conversant in the languages being learnt by them.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T)—Vol. II dated 22 Jan. 90]

Recommendation No. 8, Para No. 2.35

Another area which has admittedly been neglected so far is marketing. Hotel industry being highly competitive, the need for vigorous marketing efforts cannot be over-emphasised. The Committee expect the ITDC to step-up its marketing efforts in domestic as well as international markets substantially. They also feel that placing some advertisements, projecting the facilities being offered by ITDC at different places, on the closed circuit TVs provided in its hotel rooms would go a long way in boosting the image of ITDC. The Committee also desire that the package tours introduced by ITDC should be reassessed in order to make them more attractive for lower and middle class tourists so that the occupancy of its 3, 2 and 1 star hotels could be improved without impinging on their profitability.

Reply of the Government

In order to step up the marketing efforts, ITDC has taken/is taking the following measures :

Domestic Marketing

- (a) Sales Offices have been opened in Agra, Jaipur and Patna;
- (b) Sales Offices are being opened in Pune, Bhopal and Hyderabad;

The Sales Offices at these 'locations will help in tapping business houses/companies around these cities which remained hitherto not called upon;

- (c) Ashok Reservation System is in the process of being started whereby Private Sector/State Government hotels in different cities, all over India will be put on a computer system for acceptance of hotel room reservations depending upon the status fed into the computer. This system being on a reciprocal basis would open up more outlets for accepting bookings in the Ashok Group of Hotels as well; and
- (d) Sales blitz on a regular basis are organised.

International Marketing

- (a) ITDC has appointed consolidators in various countries abroad to represent the Ashok Group. These consolidators are the GSAs for the railways and therefore, would be in a better position to sell the Ashok Group; and
- (b) ITDC has been participating in travel fairs and trade meets held abroad but its participation in these fairs is considered inadequate as compared to that of the Private Sector. ITDC's participation is restricted because of inadequate foreign exchange release thereby hampering overseas promotion and exposure of ITDC properties. Thus, the Private Sector Hotels have a definite edge over ITDC properties because not only are they linked with foreign chains but also have offices abroad.

Liberal Government policy in releasing foreign exchange to ITDC in keeping with its spending capacity for this purpose is required in creating favourable impact in the overseas market.

The Committee's Suggestion for screening of ITDC facilities on the close circuit TVs in the hotels is being implemented. A video film on ITDC facilities has already been made while video films on individual hotels are under production.

The package tours introduced by ITDC were floated as part of ITDC's commitment towards tourism promotion, especially for the lower and middle class tourists and for fulfilling its social objective as a Public Sector body. ITDC now proposes to introduce family packages, which will not only help the cause of domestic tourism but will also not affect its profitability.

In addition, package tours are being made available by the Ashok Travels & Tours (ATT). These include seat-in-a-coach tours for local sight-seeing in Delhi, Calcutta, Madras, Bombay, Agra, Jaipur as also to places of tourist interest in surrounding areas of these cities (like Delhi/Agra, Delhi/Jaipur; Madras/Mamallapuram/Kancheepuram, Madras/Tirupati; Aurangabad/Ajanta Ellora, etcetera). Recently, the ATT has floated package tours in Bombay covering Shirdhi, Sholapur, Aurangabad besides "South India Panorama" package tour from Madras to the State of Tamil Nadu and Karnataka. For the North-Eastern State, packages have been developed for operation by States and these are being sold by the ATT. Tour to Lakshadweep and Arunachal Pradesh have also been marketed. For giving boost to tourism in Orissa, Bhubaneswar, Konark and Puri are being included in the LTC packages from the ATT Unit based in Calcutta. Apart from this, special packages are also floated during summer to hill stations like Srinagar, Kulu, Manali, Ooty, Shillong, Vaishno Devi & Mussoorie.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T)—Vol. II dated 22 Jan. 90]

Comments of the Committee

(Please see para 15 of Chapter I of the Report)

Recommendation No. 9, Para No. 2.36

The Committee, take a serious note of the fact that 8 of the hotels of ITDC have been continuously incurring heavy losses from 1985 to 1988. Stiff competition from the private sector has been attributed to be one of the reasons for causing these losses. The Chairman, ITDC was, however, candid enough to admit during the evidence that low quality of products as compared to the private sector is also a contributing factor. The Committee, however, fail to understand as to why the private sector should have edge over ITDC especially in view of the fact when it has requisite potential and manpower and it happens to be the single organisation which owns so many hotels. The Committee are, therefore, of the considered view that something is basically wrong with the working of ITDC and recommend that vigorous efforts need be made to identify the weak areas and evolve suitable strategies to overcome the same with a view to bring the ITDC hotels on par with the private sector. Earnest efforts are also required to be made to bring down the losses of these hotels by devising suitable methods of checks and controls. The Committee desire that the financial performance of these hotels

should be reviewed regularly at the Ministerial level. Concerted efforts should also be made to improve the conditions of all the hotels by developing human resources and rendering warm, friendly, personalised and highly effective service.

Reply of the Government

During 1985-86 to 1987-88, losses were incurred by eight hotels located at Bangalore, Aurangabad, Khajuraho, Mamallapuram, Patna, Bhubaneshwar, Madurai and Ranjit Hotel New Delhi. Two of these hotels (located at Bangalore and Madurai) have made profits during 1988-89.

One of the main factors responsible for continuous losses has been that these hotels are old and have not been renovated for a long time and that to compete in the market, they need substantial renovation. A programme has therefore been drawn to improve these properties in a phased manner. Allocations for this purpose have been made in respect of these properties as shown below :

Name of the property	1989-90	1990-91 (Proposed) (Rupees in lakhs)
1. Hotel Ranjit, New Delhi	26.85	30.00
2. Hotel Ashok Bangalore, Bangalore	75.00	45.00
3. Hotel Aurangabad Ashok, Aurangabad	—	30.00
4. Hotel Khajuraho Ashok, Khajuraho	—	10.00
5. Temple Bay Ashok Beach Resort, Mamallapuram	11.40	10.00
6. Hotel Patliputra Ashok, Patna	81.50	35.00
7. Hotel Kalinga Ashok, Bhubaneshwar	31.50	20.00
8. Hotel Madurai Ashok, Madurai	25.00	20.00
	251.25	200.00

Insofar as marketing is concerned, consolidators have been appointed in selected overseas markets to represent the Ashok Group of Hotels. Further, it is also proposed to step up ITDC's participation abroad in Travel Fairs and trade Meets.

For updating the skills of ITDC employees, action has been initiated for imparting extensive 'on-the-job' training. A batch of nine trainers has been identified from different units which has also been trained to impart 'on-the-job' training in various disciplines. Each trainer is expected to train 30 personnel every month. Thus, annually these 9 trainers would cover a little over 3000 persons. Another batch of trainers is being identified for imparting training to them at the end of the current tourist season.

This apart, language courses in French, German, Russian and Japanese are presently being conducted in Delhi by ITDC which are being attended by 70 executives and non-executives. By the end of April 1990, these employees would become conversant in the languages being learnt by them.

The existing systems pertaining to F & B and other controls are being reviewed/strengthened with a view to controlling wastage, pilferage and to exercise check on quality/quantity of goods etcetera. Quantified objectives and time-bound action plans have been formulated for each executive. Also the performance of each hotel is being monitored monthly at the Corporate/Ministry levels. Besides a quarterly review meeting of performance of ITDC is taken by Secretary (Tourism).

The above measures are likely to improve over a period of time the performance of ITDC hotels.

[Ministry of Commerce & Tourism (Department of Tourism)
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Recommendation No. 10, Para No. 2.37

The Committee find that ITDC is not at present represented in Bombay and Madras. It is making efforts to construct joint venture hotels at these two places. The Committee feel that with the proposed merger of Hotel Corporation of India with ITDC, it should be possible for the latter to make use of HCI's two Hotels at Bombay to complete its chain and construction of another hotel would not be necessary. However, the Committee desire that land should soon be made available to ITDC by Government for construction of a hotel in Madras.

Reply of the Government

In order to meet the growing need of budget tourists, ITDC proposes to set up budget hotels on the lines of Ashok Yatri Niwas at New Delhi in other metropolitan cities, including Bombay and Madras.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T) Vol. II dated 22 Jan. 90]

Recommendation No. 11, Para No. 2.38

The Committee are constrained to observe that a number of rooms in ITDC hotels are occupied by its officers for residential purposes. They are unable to agree to the contention that for business reasons the number one of the unit has to stay in the hotel. The Committee are of the view that such practice results in avoidable loss of revenue to the Corporation. They would, therefore, recommend that instead of the General Managers staying in hotel rooms, the feasibility of constructing flats on the land available within the hotel premises, which cannot be used for generating revenue, should be seriously examined. The Committee cannot but express concern over the manner in which an Ex-General Manager is still occupying 3 rooms in Ranjit Hotel even though his services have been terminated since September, 1984. The Committee would like to be apprised of the result of this case pending in the court.

Reply of the Government

The recommendations of the Committee have been noted. The feasibility of constructing flats on the land available in hotel premises for providing residential accommodation to the General Managers is being examined at all the ITDC hotels. Action has been initiated in the case of Ashok Hotel, New Delhi and Hotel Bodhgaya.

ITDC maintains that in the interest of maximising operational efficiency, it is necessary to provide GMs with accommodation within a hotel. This practice is also followed by several Private Sector Hotel Chains. However, where surplus land that cannot be utilised for generating revenue is available, such as at Ashok Hotel New Delhi, Hotel Ashok Bangalore and Hotel Bodhgaya, it is planned to construct housing for the GMs over a 3-years period.

As regards vacation of the 3 rooms occupied by the ex-GM in the Ranjit Hotel New Delhi, the Committee would be apprised of the position as and when the Supreme Court gives its decision in the matter.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T)—Vol. II dated 22 Jan. 90]

Recommendation No. 13, Para No. 2.40

The Committee are informed that at present 12 cases are pending in Labour/High Court relating to eastwhile Akbar Hotel. Of these, 11 cases relate to the period prior to closure of Akbar Hotel. The Committee would suggest that in order to avoid unnecessary expenditure on litigation, which is already quite high as discussed in a subsequent chapter, the feasibility of settling the disputes relating to the already closed down Akbar Hotel across the table should be explored.

Reply of the Government

ITDC has set up a Committee to examine the possibility of settling the disputes across the Table.

These cases are being referred to this Committee to make efforts to settle them across the Table.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T)—Vol. II dated 22 Jan. 90]

Recommendation No. 17, Para No. 3.29

Another area where control seems to be lacking is expenditure on repairs and consumption of fuel. The expenditure on repairs of coaches/cars in ITDC increased from Rs. 33.83 lakhs in 1982-83 to Rs. 44.30 lakhs in 1987-88. The Committee are surprised to observe that the expenditure on repairs and maintenance (inclusive of POL) of the two staff cars allotted to the then Chairman and the then Managing Director during the period 1982-83 to 1986-87 was of the order of Rs. 3.55 lakhs. At present, vehicles of the ATT are not always sent for repairs to registered garages. The Committee desire that repairs of the vehicles should invariably be done through registered garages so as to prevent any chances of malpractices. The Committee also note that consumption of fuel during 1987-88 was higher than the norms in 6 of the 9 units in respect of tourist cars and 7 of the 10 units in respect of coaches. They are not satisfied with the contention that the consumption of

fuel is higher due to high density traffic, since the consumption has been higher in other areas also. The Committee desire that effective measures should be taken to bring down the expenditure on repairs and fuel.

Reply of the Government

The norms for consumption of fuel are as follows :

<i>Type of vehicle</i>	<i>Norm</i>
Tourist car	9 km. per ltr.
Mercedes Benz	8.50 km. per ltr.
Coach	3.50 km. per ltr.

The unitwise consumption of fuel per litre during 1988-89 is given below :

Unit	Ambassador cars	Mercedes Benz cars	Coaches
Delhi	8.9	9.7	3.4
Agra	10.1	9.3	3.8
Jaipur	9.8	9.3	3.5
Bombay	7.8	8.6	3.6
Aurangabad	9.4	9.8	3.5
Calcutta	8.5	6.8	3.0
Patna	8.9	8.1	3.1
Varanasi	9.2	9.8	3.2
Madras	9.5	9.1	3.3
Bangalore	—	9.2	3.5

It would be seen from the above that there has been an improvement on the consumption of fuel. While in the case of Bombay Unit, the average for Ambassador cars has gone upto 7.8 km. in 1988-89 as against 6.8 during 1987-88; in the case of Calcutta Unit, it has improved to 8.5 km. in 1988-89 as compared to 8.0 km. in the previous year.

For monitoring the performance of the Units, the Corporate Division of ATT is now receiving micro analysis reports from the Units every month.

As regards repairs of vehicles, instructions have been issued to the Units by the I. DC Management that wherever the repairs are not carried out departmentally, these should be got done only through registered garages of companies.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T)—Vol. II dated 22 Jan. 90]

Recommendation No. 18. Para No. 3.30

The Committee note that the air-conditioning systems fitted in the 150 Ambassador cars purchased in late 1982 for the Non-Aligned Meet were found to be defective due to the improper radiators. Taking refuge under the ambiguous wording of the contract valued at about Rs. 15 lakhs, the contractor only modified the radiators instead of replacing them as contended by ITDC. The case went to arbitration and according to the award of the arbitrator, the corporation is required to release the withheld payment of Rs 73,850 with 18% interest from March, 1983. The Committee are of the opinion that this huge financial liability could have been easily avoided if due care had been exercised in framing the terms of the contract. Though ITDC has contended that no defect was found with the Air-conditioners and subsequent enquiry also exonerated the members of the Selection Committee, yet the Committee are astonished to note as to why no responsibility was fixed on the officials who were instrumental in framing the contract and for finally entering into the same with the contractor. The Committee, however, hope that now at least the ITDC shall consider fixing the responsibility on the defaulting officials and would also apprise the Committee of the action taken at the earliest. The Committee would also like to be informed of the final outcome in this case.

Reply of the Government

In 1982-83 when ITDC got Ambassador cars fitted with airconditioners for the Non-Aligned Meet, it was a pioneering efforts on its part. There was very little to draw from the experience of other transporters as till that time hardly anyone had registered AC Ambassador cars for tourist use.

The 150 Ambassador cars were fitted with airconditioner at the behest of Ministry of External Affairs to be used in the NAM 1983.

It was decided that the final indents for this purpose would be placed only on the parties approved by the MEA. This decision was taken in a meeting headed by the Cabinet Secretary and attended by, beside others, Secretary (Tourism), Secretary (External Affairs), Secretary (Fin-Expenditure), Secretary (Sports), Chief Secretary Delhi, MD ITDC and Divisional Manager ITDC.

MEA had forwarded to ITDC, a letter from Hindustan Motors (addressed to MEA) mentioning that the airconditioning of the cars be done by M/s. SSN International and the offer of M/s. SSN International was also forwarded along with the letter of MEA.

ITDC while floating enquiry had included Hindustan Motor's approval for the airconditioning system as a pre-condition (since Hindustan Motors, the makers of the Ambassador car would be in the best position to judge the compatibility of the airconditioning system with their vehicle).

M/s. SSN International quoted for the same system as was offered by them through the MEA. They furnished a fresh certificate from Hindustan Motors stating that 'for technical reasons, we recommend the use of airconditioning system offered by M/s SSN International Pvt. Ltd., India.' This system makes a perfect match with Ambassador car and gives a very satisfactory performance.

This offer of M/s. SSN International was, value-wise, the same as the offer made by them through MEA. However, in this offer, M/s SSN International had indicated to undertake the provisioning of suitably modified radiator without adding any extra charges for this to their earlier financial offer.

The draft for the contract was prepared in the Regional Office (North) and submitted by the Regional Manager (North) for approval to the ITDC Headquarters [Divisional Manager (TS)]. The draft was duly approved by the divisional office in the ITDC Headquarters and returned to RM (North), after which he entered into the contract.

Keeping in view the fact that airconditioning of Ambassador cars was done for the time—the total concept being a departure from the existing technology available in the ITDC and the time was limited for the execution of the project—ITDC was under tremendous pressure. It appears that there was no malafide intention and all acted in good faith and the best possible terms were worked out. With the benefit of hind-sight, it appears that the warding of the contract vis-a-vis only one element i.e. the radiators could have been better. The airconditioners have nothing wrong with them and in fact some of them are being used in ITDC cars even till today.

To obviate any problem occurring in the future, the present Management of ITDC has laid down a directive to ensure that contracts with outside parties entered into by the ITDC will be vetted by the legal Department and the Finance & Accounts Division.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T)—Vol. II dated 22 Jan. 90]

Recommendation No. 20, Para No. 3.32

In view of the lacunae discussed in the preceding paragraphs, the Committee have come to the firm conclusions that the dismal performance of this unit is mainly attributable to absence of professional expertise both at the Headquarters as well as regional offices, lack of proper methods of controls and checks and development of available human resources. As discussed elsewhere in the report, the Committee were distressed to find that the Ashok Travels & Tours Division was allowed to be run under the guidance of a Senior officer who was not even barely qualified enough to hold the post. Though this unit has been incurring heavy losses continuously over a period of several years, yet the Committee feel that the performance can definitely be improved if concerted efforts are made towards improving and streamlining the working of this Unit. The Secretary Tourism during his evidence before the Committee also expressed the view that "with better management and with better control they can improve their performance." The Committee hope that pending final decision in regard to the closure of the unit sincere and conscientious efforts would be made to effect improvement in the existing management and in exercising proper controls at different levels with a view to bring down the expenditure on overheads and to make the operation of ATT competitive.

Reply of the Government

The performance of the Ashok Travels and Tours has improved. Losses have been reduced from approximately Rs. 47 lakhs in 1986-87 to Rs. 27 lakhs in 1987-88 and there has been a profit of Rs. 48 lakhs in 1988-89 and a profit of Rs. 53 lakhs is estimated for 1989-90. The improvement has occurred mainly due to the Travel Agency related activities which are now going to be increasingly stepped up.

The Commercial viability of the entire operation of ATT has been analysed and reviewed. It is felt that the performance will improve by enlarging the product mix. With the input of more tour and travel related activity the revenues are slated to increase. As stated earlier that whereas ITDC plans a further reduction in its fleet in the coming years, it will retain a hard core of approximately 50 vehicles at locations where commercial viability of the transport operations can be assured.

[Ministry of Commerce & Tourism (Department of Tourism)
O.M. No. 8/113/87—PSU(T)—Vol. II dated 22 Jan. 90]

Recommendation No. 27, Para No. 4.45

The Committee are perturbed to note that presently 190 cases between ITDC and its workers/unions are pending in Industrial Tribunals/Labour Courts/High Court. While separate figures in respect of litigation cases relating to employees of ITDC were not made available, the expenditure incurred, under 'Legal and Professional Charges' continuously increased from Rs. 2.61 lakhs in 1983-84 to Rs. 8.21 lakhs in 1987-88. In Committee's view, this is a sad reflection on the management of ITDC and points towards inherent deficiencies in the employees-management relations. The Committee hope that serious efforts would now be made to improve the employees-management relations in the Corporation. The Committee also feel that there is need for improvement in the personnel policies of the Corporation. Apart from this an amount of Rs. 3.87 crores is involved in pending arbitration cases relating to Engineering Works alone. Of this 5 cases involving an amount of Rs. 1.25 crores are pending for more than 2 years. The Committee feel that there is need to take necessary steps to avoid heavy amounts being involved in arbitration.

Reply of the Government

The employee-management relations in ITDC are cordial. Every effort is made by ITDC to settle disputes of employees across the Table. The jurisdiction of the courts is however invoked mostly by workers. The main reason for increase in court cases has been the inter-union rivalry. Further, the workers seek adjournment of cases and as such, with the passage of time, the total number of cases have shown increasing trend. The workers seek legal remedy to the courts because of the existing pro-labourer and liberal attitude of courts. An analysis of the cases pending in courts reveals as follows :

- (1) Of the total 190 cases, 12 cases are pending in High Court. Of the 12 cases in High Court, in 8 cases ITDC Management has gone for appeals and in the remaining 4 cases workers have filed writs/appeals.
- (2) Further, out of the 190 cases, nearly 135 cases relate to disciplinary actions/matters and the remaining 55 cases relate to service conditions.

While the disciplinary matters which have resulted into court cases relate to terminations, dismissals, stoppage of increment, challenging of suspensions, claim for wages/arrears for the period of

suspensions, approval petitions of action taken by the Management, etc., the court cases on service matters relate to claim for bonus, date of birth, supersession, overtime, regularisation of daily wage workers, welfare fund, etc. The breakup of the subject matter/nature of court cases is given below :

Subject matter	Number of cases
Termination/dismissal	59
Stoppage of increment	24
Challenging of suspensions	2
Claim for wages/arrears for the period of suspension	40
Approval petitions	8
Bonus	14
Date of birth	2
Supersession	9
Overtime	5
Regularisation of daily wage workers	4
Miscellaneous	23

	190

The periodwise pendency of the cases is as follows :

(a) More than 5 years	—	41 cases
(b) Between 3-5 years	—	55 cases
(c) Below 3 years	—	94 cases

		190 cases

The expenditure under the head 'Legal and Professional Charges' amounting to Rs. 2.61 lakhs in 1983-84 and Rs. 8.21 lakhs in 1987-88 includes the expenditure on cases pending in courts as also other legal and professional expenses incurred by ITDC on other day today legal matters.

The increase in expenditure reflects broadly the expansion in the activities of the Corporation apart from rising cost. It may be stated that while the employees management relations are cordial, the increase in the number of court cases has been due to intense inter union rivalry. However, in relation to the increase in the activities of the Corporation and the general increase in cost, the increase in the number of cases/legal expenses may not be considered as high. As regards arbitration cases, the position is explained below :

- (a) The contract documents for execution of engineering works are prepared by incorporating suitable clauses therein after discussions with the tenderers before award of contract so as to finalise all parameters of the work/contract.
- (b) Execution of ITDC's engineering works by the contractors is based on contract agreements. The obligations and responsibilities of the contractors are governed by the terms of these agreements. By and large, the contracts are performed without arbitration. Some contractors however resort to arbitration on grounds of mis-interpretation of contract clauses or to make good their own deficiencies in performance and sometimes with mixture of genuine or non-genuine claims. Such contractors tend to frame their exaggerated claims in arbitrations.

As such the amount claimed by contractors in arbitration cases does not represent the amount of claim as accepted by the arbitrator.

- (c) ITDC makes every effort to find solutions and remedies to contractors' various disputes/interpretations/claims with a view to dissuading them from seeking arbitration.
- (d) In case where arbitration becomes unavoidable the contractors' claims are examined and detailed replies supported by relevant documents filed (including wherever required ITDC's counter claims) before the arbitrator.

For achieving greater managerial efficiency and creating uniform greater procedural awareness, an engineering manual has been preponed for use in ITDC wherein relevant systems and procedures have been incorporated.

Recommendation No. 28, Para No. 4.46

The Committee have noticed certain lacunae in the functioning of the Vigilance Division of ITDC. The Division consists of two Department viz. Vigilance and Security. The Committee are unhappy to note that out of the 18 posts of executives/officers in the Vigilance Department, as many as 6 posts are vacant. Similarly in the Security Department out of the 12 posts of executives, 5 are vacant. Even the appointment of Chief Vigilance officer is pending with the Government and a proposal has only recently been submitted to the Appointments Committee of Cabinet for approval. The Committee desire that a senior officer from IPS should be appointed to hold the responsible and sensitive post of Chief Vigilance Officer on the analogy of other Public Sector Undertakings like FCI and BHEL etc. The posts of executives in the Vigilance Division should also be filled up soon so that the work of the Division does not suffer due to lack of direction.

Reply of the Government

An IPS officer has since joined the ITDC with effect from 1 Jun. 89 as Chief Vigilance Officer. He has been designated as Executive Director (Vigilance).

As regards other posts, the following action has been taken :

- (1) One post of Assistant Manager (Vig.) was filled through departmental selection in April 89; and
- (2) Two Assistant Managers have been transferred to the Vigilance Division in Aug. 89 from the Security Division. Thus, one post of AM now remains to be filled up.

In addition to the above, the staff strength of the Vigilance & Security Division is being reviewed for its revamping/augmenting.

[Ministry of Commerce & Tourism (Department of Tourism)
O M. No. 8/113/87—PSU(T)—Vol. II dated 22 Jan. 90]

Recommendation No. 29, Para No. 4.47)

The Committee are informed that all complaints/information having vigilance angle are examined by the Vigilance Department of the Corporation. The cases considered fit for reference to CBI are referred to them. The Committee regret to note that out of the 18 cases registered by

CBI during 1977-78 to 1987-88 against the officials of ITDC only 7 cases were registered at the instance of ITDC. The CMD of the Corporation admitted during his evidence before the Committee that 'our security did not know about these cases which CBI deemed it prudent to investigate. Our security department believed that nothing was wrong but CBI in their wisdom believed that something was wrong and therefore, the cases were examined.' The Committee cannot but conclude that the functioning of the Vigilance Division of ITDC leaves much to be desired. They, therefore, desire that ITDC should take immediate steps for streamlining the functioning of the Division. The Committee would like to be apprised of the steps taken in this direction.

Reply of the Government

As per instructions contained in the Vigilance Manual at para 1.2 of Chapter 3 (Volum I. IVth edition), as a general rule investigation of the types given below should be entrusted to CBI :

- 1. Allegations involving offences punishable under Law which the Delhi Special Police Establishment are authorised to investigate such as offences involving bribery, corruption, forgery, cheating, criminal breach of trust, falsification of records etc.**
- 2. Possession of assets disproportionate to known sources of income.**
- 3. Cases in which the allegations are such that their truth can not be ascertained without making inquiries from non-official persons or those involving examination of non-government records, books of accounts etc. and**
- 4. Other case of complicated nature requiring expert police investigation.**

It is evident that only certain categories of cases/complaints as indicated above are generally required to be investigated by the CBI. The ITDC Vigilance and CBI are two independent agencies required to perform somewhat identical functions. CBI operates on all India basis and have wide resources as well as wide powers of not only conducting independent investigation but also launching prosecution under relevant provisions of law. On the other hand anti-corruption role of Vigilance Department is confined within the Corporation and it functions with limited resources.

From the scrutiny of relevant 11 cases registered by CBI *suo-moto* against ITDC officials, it transpires that 2 cases pertain to possession of assets disproportionate to the known sources of income, one case relates to cheating and misappropriation of Government stores, 3 cases relate to misuse of official position and in 5 cases outside parties (non-ITDC personnel) were required to be questioned.

Thus, it may be seen that the above 11 cases investigated by the CBI during the period 1977-78 to 1987-88, are by and large of the category which have to be investigated by the CBI. It may not be out of place to mention that vigilance officials of all organisations are required to frequently interact with CBI and CVC officials. During such inter-actions, information about corruption/vigilance matters is exchanged/discussed.

In order to further streamline the functioning of Vigilance Division, existing strength have been augmented by filling up the vacant positions. Proposal for further augmenting the staff-strength is under active consideration. Anti-corruption efforts have been further geared up. Maximum emphasis is being laid on preventive vigilance.

[Ministry of Commerce & Tourism (Department of Tourism)
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Comments of the Committee

[Please see para 30 of Chapter I of the Report]

Recommendation No. 31. (Para No. 5.22)

The Committee on Public Undertakings in their 49th Report (1981-82) and 32nd Report (1987-88) had emphasised the need for holding Quarterly Performance Review Meetings regularly by the Administrative Ministries in respect of enterprises under their control as they are an important instrument for ensuring accountability of Public undertakings. The Committee, however, regret to note that the number of such meetings held by the Ministry of Civil Aviation and tourism in respect of ITDC was one each during 1984-85, 1986-87 and 1987-88 while it was 2 during 1985-86. Only after the Committee took up the subject for examination, 3 Performance Review Meetings were held during 1988-89, two of them being held with a gap of less than a fortnight during the last month of the financial year. The Committee are not at all satisfied with the reasoning of the Ministry that delay takes place on account of the detailed information which is required to be compiled by

ITDC as per the prescribed formats. The Committee express their displeasure over the lapse on the part of the Ministry. They hope that in future the Quarterly Performance Review Meetings would be held regularly by the Ministry of Civil Aviation and Tourism in respect of public enterprises under its administrative control.

Reply of the Government

The Recommendation has been noted. Regular meetings are being held.

[Ministry of Commerce & Tourism (Department of Tourism)
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Recommendation Sl. No. 32 Para No. 5.23 and 5.24

The normal credit period for recovery of amounts due to ITDC is stated to be between 30 to 59 days for travel agents, 80 day for credit card holders Airlines and other private/public limited companies while it is normally 60 days for Government Departments/Public Undertakings. In spite of these stipulations, the Committee find that the outstandings due to the corporation have been increasing, the amount at the end of 1984-85, 1985-86, 1986-87 and 1987-88 being Rs. 976.36 lakhs, Rs. 1151.32 lakhs, Rs. 1436.94 lakhs and Rs. 1462.98 lakhs respectively. The Committee are concerned to note that the percentage of outstandings to turnover during these years ranged between 15.97 to 18.16 in ITDC against about 12 in the private sector. The situation, therefore, calls for concerted efforts for the recovery of outstanding.

Out of the Rs. 1642.98 lakhs due to the corporation as on 31.3.1988, as much as Rs. 554.65 lakhs was outstanding for more than one year including Rs. 194 lakhs outstanding for more than 3 years. Admittedly the Corporation is losing heavy amounts by way of interest on the unrecovered money. In spite of the efforts made by the Department of Tourism for recovery of dues to ITDC, Government Departments account for 55% of the total amount due to the corporation for more than a year. The Committee recommend that the credit policy of ITDC should be reviewed and the possibility of charging penal interest from parties whose bills are not settled within the specified time could be seriously examined.

Reply of the Government

The following action has been taken/is being taken for realisation of outstandings :

- (a) The units have been advised to achieve to targetted reduction in outstandings;

- (b) Government Departments/Public Sector Undertakings are being approached from time to time directly and also through the Ministry of Tourism to settle outstandings; and**
- (c) Monthly review of units' outstandings is being done at the Corporate level.**

As regards Committee's suggestion about charging of penal interest from parties for delay in payments, the same has been considered by the ITDC management. It is felt that it will not be in the commercial interest of the Corporation to do so because of its being in the highly competitive market. However, as indicated above, constant monitoring of information on sundry debtors/outstandings is being done for ensuring quicker recovery.

**[Ministry of Commerce & Tourism (Department of Tourism)
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CHAPTER III

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

Recommendation No. 21, (Para No. 3 33)

The Committee note that the Ashok Travels & Tours received IATA recognition in March 1986 enabling it to do international ticketing. IATA recognition was applied for in April, 1985 only since the ATT did not have the infrastructure necessary for obtaining the IATA recognition. However, the Committee note that the Board of ITDC had decided that the Travel Agency of ITDC should start functioning from October, 1981. They are, therefore, of the view that had simultaneous action been initiated for creating the necessary infrastructure, the ATT could have obtained IATA recognition for international ticketing much earlier resulting in accrual of commission to ATT. The Committee cannot but deplore the lackadaisical attitude of the Ministry as well as ITDC in this regard.

Reply of the Government

The reasons for not initiating simultaneous action for creating the necessary infrastructure for securing IATA recognition are given below :

- (1) The proposal for setting up a travel agency was mooted in the middle of 1981. The travel agency was to "Promote and handle inbound tours to the country and ITDC Hotels."
- (2) The ITDC Board decided that the Ashok Travels & Tours (ATT) should start functioning from October 1981.

A small nucleus— comprising one Manager and one Tour Assistant— was set up; with their joining the ITDC in 1981 itself;

- (3) The application for IATA membership was to be made after all the necessary infrastructure was set up and the various approvals were also received;

- (4) The approval of the Department of Tourism (Government of India) was made available only after the travel agency of ITDC had been in existence for one financial year (i.e. 1982-83), as per the norms of the DOT. Thereafter a Money Charges' Licence was obtained from the Reserve Bank of India to carry on the travel agency functions;
- (5) In 1983-84, ITDC received the "award for in highest foreign exchange earnings in Category IV and by then the tour business had also been built up. After this, attention was given to get IATA membership, the pre-requisites of which were : (a) Central and ground floor/first floor/easily accessible location in commercial area/not in a Hotel; (b) Ministry of External Affairs recognition as Passport Handling Agents; (c) RBI Licence; (d) Two staff having passed IATA approved courses;
- (6) The necessary steps for fulfilling the above conditions were completed viz. (a) ATT moved its office in Sept. 1983 to its central and first floor location of Kanishka Plaza; (b) In August 1983, one officer possessing qualifications of IATA approved courses was recruited and the other joined the ATT in February 1985 (the earlier attempts of ITDC Management to recruit officers having qualifications of IATA approved courses have not been fruitful); (c) The Desired Productivity level, which is the basic factor for getting IATA approval was Rs. 2.70 lakhs per month as in the year 1985; and (d) After fulfilling all the conditions needed for obtaining IATA approval, the ATT applied for the same in April 1985. The ATT was accorded IATA Applicant status in May 1985 and thereafter IATA approval in March 1986, which is the record time (as normally such an approval is available only after completion of one year as IATA Applicant status).

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Recommendation No. 22, Para No. 4.37 to 4.39

The recruitment and promotion in ITDC is governed by the Recruitment, Promotion & Seniority Rules 1982-83. These Rules are stated to aim at fairness and equitability. However, the Committee find that something is seriously wrong so far as application of these rules is concerned. During the examination the Committee have come across one or two

glaring cases of such irregularities which are sufficient enough to show the casual manner in which the personnel department of the Corporation has been working.

One such case pertains to the selection to the post of Vice-President (Ashok Travels & Tours), which was advertised in January/February, 1984. The Committee are pained to find that even for such a senior post carrying a scale of Rs. 2250-2500, neither any professional qualification in travel trade and transport was prescribed, nor the requirement of requisite experience in this field was insisted upon by way of pre-qualification. Not only this, what further astonishes the Committee is that out of 6 candidates called for interview, one was (Shri M. N. Gupta) who did not possess any professional qualification in travel trade and transport and who had all along been only in hotels. He did not even possess the qualifications mentioned in the advertisement. Yet, of all the candidates, it was Shri Gupta who was finally selected in preference to others including the then GM (ATT) Shri N. Vidyadharan who not only had high professional qualifications but had also long varied experience at senior posts in this field.

The Committee also express their displeasure over the composition of the Selection Committee for the appointment to the post of Vice-President (ATT). In accordance with the then existing rules of Recruitment, Promotion and Seniority, a BPE representative was to be co-opted but, he was not associated on the selection Committee. The contention of the ITDC that association of BPE representative for selection to a non-scheduled post was not obligatory seems to be hardly justified in this context. The manner in which the Selection Committee was constituted undoubtedly casts serious reflection on the working of ITDC.

Reply of the Government

The Committee has made two points in the matter of selection to the post of Vice President (Ashok Travels and Tours) viz firstly, with regard to the composition of the Selection Committee by not constituting it strictly in accordance with the Recruitment, Promotion and Seniority Rules of ITDC; and secondly, the selection of Shri M.N. Gupta in preference to all others including the then GM(ATT) who was a professional with considerable experience in the field.

The position with regard to both these points is clarified as under :

ITDC started its travel agency primarily for securing business for its hotels. The post of VP(ATT) was multidimensional and related to transport, travel, workshop for repairs and maintenance of vehicles, marketing and hotels. A person having qualifications and experience of these job dimensions was to be located and for this purpose it was felt that a Press advertisement would make it possible to have a broad based selection. The internal candidates who applied for the post were also provided with an opportunity for selection.

The Selection Committee was constituted with the approval of the Board of Directors which had the powers to do so; the association of a BPE representative was not considered necessary keeping in view the Government guidelines issued in September 1981. The Selection Committee as constituted by the ITDC Board, aimed at selecting a suitable person, included one of the top executives (Shri Ram Kohli) in the Travel Trade Industry of the country who was co-opted as a Member.

Shri Gupta was found suitable by the Committee.

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Recommendation Sl. No. 23, Para No. 4.40

The Committee find further that not only the then General Manager (ATT) was found unfit for the post of Vice-President (ATT) but a disciplinary case was initiated against him. The enquiry was initiated by the Vigilance Division of ITDC in August, 1983 on account of the deployment of certain taxis in Hotel Kanishka and Ashoka Yatri Niwas, As a result of this enquiry charges/lapses were reportedly found against seven officials including the Ex-General Manager (ATT) The advice of the CVC to whom the case was referred to, was received in May, 1984. The charge-sheets in the case were issued only in January 1985 i.e. 8 months after receipt of the CVC's advice. The main charge against the Ex-General Manager was that he did not apply his mind and approved the recommendations of the Inspection Committee constituted by him for engaging 7 DLT taxis. A commissioner for Departmental Enquiries had, in the meantime been appointed in November 1984 to conduct the enquiry. The Committee are shocked to note that the enquiry

was finally completed in December, 1987 and that too after just 4 hearings and the Ex-General Manager was exonerated of all the charges and necessary orders were issued on 29 December 1987, just two days before his retirement. The Committee strongly deprecate the inordinate delay in completion of the enquiry during which time some juniors admittedly were promoted and the ex-General Manager could not get any benefit from his acquittal since he retired immediately thereafter. The Committee feel sorry over the entire system of working in this organisation which can stretch itself to any extent in victimizing and causing undue harassment to some of their own employees. The Committee would, therefore, desire that responsibility should be fixed on those officials who were responsible for delaying the whole process of enquiry for a period of more than 4 years and the Committee be apprised of the action taken against them at the earliest.

Reply of the Government

The relevant facts are given below :

The four year period arrived at in the COPU's observation is from August 1983 to December 1987.

Vigilance inquiry in this case was initiated by ITDC in August 1983 and the same was completed in Nov. 1983. The recommendations of the Vigilance Division were approved by the then Managing Director in December 1983 whereafter the case was referred to the CVC on 9 January 1984 for 1st stage advice.

The 1st stage advice of the CVC was received in ITDC in May 1984 and the necessary follow up action was initiated with approval of the then MD in the same month viz. initiation of major penalty proceedings against Shri Vidyadharan and six others. The CVC had also advised for registration of a case with the CBI against a private operator and two other ITDC employees who were stated to be directly involved in collection/acceptance of bribe in this case.

On 27 July, 1984 the respective disciplinary authorities in respect of ex-GM (ATT) and six others were intimated to initiate regular departmental action for major penalty. The CBI were also informed on 9 August 1984 of the CVC's advice for registration of cases against a private taxi operator and the other two ITDC officials.

Preparation of charge sheets against the ex-GM (ATT) and six others required examination of various documents (as referred to in the investigation report) which were voluminous in nature apart from securing necessary approvals from the concerned disciplinary authorities (which were different). Further, the Corporate Personnel Office of ITDC had to handle total strike of the employees of Samrat and Kanishka Hotels during the months of September to November 1984. These factors contributed to delay of about five months in finalisation and issue of charge sheet to Shri Vidyadharan which was served on him in January 1985. There was no intentional delay on the part of ITDC, except the circumstantial one explained above.

Holding of regular departmental proceedings was ordered on 11 Jun 85 by the ITDC Management against ex-GM(ATT) and others in the absence of reply from the ex-GM ATT to the charges; the non-submission of reply to the charge sheet issued in Jan 1985 to ex-GM (ATT) led to a delay of about 5 months.

Initially the CVC nominated Smt. Mala Srivastava as Commissioner for Departmental Inquiries (CDI) to hold oral enquiries in this case. Subsequently, however, on 22 November 1984 her nomination was cancelled by the CVC and Shri S. Lahiri was nominated in her place.

The commencement and conclusion of the departmental enquiry against ex-GM (ATT) and others by the CDI reflects a period of about 2½ years. Although Shri Vidyadharan was exonerated, the observations of the CVC in this case may be of relevance and as such are reproduced below :

“The suspect officers have escaped punishment in this case for want of supporting evidence and the attached benefit of doubt available to them. However, in the Commission’s view, it is indisputable that a very strong suspicion continues to linger about the honesty and integrity of all the suspect officers...”

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Recommendation No. 29, Para No. 4.43

During his evidence before the Committee Shri O.N. Verma stated that he had never held the post of General Manager (Personnel) but he had been Joint Divisional Manager (Personnel) while the two posts were in fact one and the same as admitted by the Chairman & Managing Director,

ITDC. The Committee take a serious view of such replies made by senior officers in evidence before the Committee which are obviously of misleading nature.

Reply of the Government

In relation to this observation, the position is as under :

- (a) that during the course of evidence before the Committee, it was being stated that Shri O.N. Verma had dealt with the disciplinary cases of some drivers of the Transport Division as GM(Per) in the year 1975;
- (b) that Shri O.N. Verma's submission in regard to the above matter before the hon'ble Committee was that he never held the designation of GM(Per);
- (c) that the above-mentioned submission of Shri Verma is borne out of the records as under :
 - (i) that in 1975, Shri O.N. Verma held the post of Deputy Divisional Manager (Per) in the scale of Rs. 1300-1600 (later revised to Rs. 1500-2000);
 - (ii) that Shri Verma was promoted in December 1976 as Joint Divisional Manager (Per) in the scale of Rs. 1800-2250;
 - (iii) that the change in the nomenclature of designation i.e. from JDM(per) to General Manager (Per) was given effect to in ITDC in 1983; and
 - (iv) that in 1983 when the change in designation took place, Shri O.N. Verma was holding the post of Divisional Manager (Per) consequent upon the above-mentioned change in the nomenclature of this post in ITDC.

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Recommendation No. 26, Para No. 4.44

The Committee are also dismayed to note that some drivers of the Transport Division (presently Ashok Travels & Tours Division) of ITDC, whose services had been terminated for possessing private commercial vehicles while in the employment of ITDC, were reinstated in 1976 by the Corporation

and the only punishment awarded to them was just with-holding of one increment with cumulative effect. It is indeed surprising that the Corporation has not been able to indicate the exact number of cases dealt with at that time. The relevant records are reported to be not readily available. However, on the basis of the personal files of the drivers presently in the employment of ATT Division, the Committee have been informed that 6 drivers whose services were terminated for possessing private commercial vehicles were reinstated on the basis of the memorandum of settlement with the employees unions or apology tendered by the concerned persons. The Committee deprecate the action on the part of ITDC of reinstating these drivers against whom charges of grave nature had been proved.

Reply of the Government

The charge of possessing a commercial vehicle was proved against six drivers, namely, S/Shri Sardool Singh, Chetan Singh, Sukhdev Singh, Murari Lal, Gurdeep Singh and M.S. Chawla.

The punishment of stoppage of one increment with cumulative effect was awarded to S/Shri Sardool Singh and Chetan Singh. The other 4 drivers were awarded the punishment of termination from service. All the six orders were passed by the then Regional Manager (Transport). In the year 1976, the then C&MD constituted a High Powered Committee consisting of Deputy Personnel Manager, Asstt. Personnel Manager and RM(T) to look into the grievances of the drivers for alleged discrimination in the matter of awarding punishment for similar misconduct. The requirement of natural justice demands equal punishment be awarded for similar misconduct. Therefore, the then C&MD suggested that "every effort will be made to discuss/negotiate and settle the legitimate grievances of the employees. Discipline and industrial peace should be maintained at all costs." The Union also assured the C&MD that they whole-heartedly welcomed the advice of C&MD to maintain discipline and peace and examination and settling their grievances expeditiously. Hence, remedial action was taken in the context of overall industrial relation situation. The then Management of ITDC signed a settlement with the Unions and the 4 drivers were also reinstated with stoppage of one increment with cumulative effect.

CHAPTER IV

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

(Recommendation No. 1, Para No. 1.28)

India Tourism Development Corporation was set up in October, 1966 with the merger of erstwhile Hotel Corporation of India Limited and India Tourism Transport Undertaking Limited. Apart from ITDC numerous agencies at Central and State level such as Ministry of Civil Aviation and Tourism, Air India, Indian Airlines, Hotel Corporation of India International Airports Authority of India, State Tourism Development Corporations and private sector are involved in the development of tourism. While the Department of Tourism is involved in strategic planning of tourism in the country, ITDC's role has been defined as the commercial arm of the Department for developing tourist infrastructure in the country and supplementing its efforts in the field of tourism. However, the Committee have been given to understand that there is lot of overlapping of functions among different agencies involved in the development of tourism. The Committee feel that there is an urgent need to evolve an integrated approach towards development and promotion of tourism in the country. They, therefore, desire that a decision in regard to the setting up of the proposed National Tourism Board on the lines of the Railway Board should be taken soon. The tourism Board should be equipped with sufficient powers to enable it to effectively control the activities of different agencies.

Reply of the Government

No decision has been taken about setting up of a National Tourism Board.

The Department of Tourism has regular meetings with the State Governments and other agencies involved with the promotion of tourism for adopting an integrated approach towards development of tourism in the country.

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Comments of the Committee

(Please see Paragraph 6 of chapter I of the Report)

Recommendation No. 2, Para No. 1.29

The National Committee on Tourism has observed that it is neither necessary nor feasible for the State to continue their investment in the tourism sector as before. The State should concentrate on Planning broad strategies of tourism development, provision of fiscal and monetary incentives to catalyse private sector investment and devising an effective regulatory and supervisory mechanism to protect the interests of the industry and the consumer. A decision is stated to have since been taken that the ITDC should not go in for Five Star hotels except in certain places to fill up the missing links like Bombay and Madras. Instead, ITDC should go in for lower category hotels which the private sector was still not finding economically viable in many new areas. The Committee would like the Government to ensure that ITDC, as a commercial organisation is not put to loss by entering into such unviable areas and whenever it is required to do so, the losses should be made good by the Government.

Reply of the Government

It has been the government policy in the Ministry of Finance that whenever a public sector undertaking is overall making profit as in the case of ITDC) no reimbursement by parent Ministry of losses by individual units is allowed. However, whenever the public sector undertaking as a whole is running on loss, the Ministry of Finance is prepared to consider reimbursement of such losses,

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Comments of the Committee

(Please see paragraph 9 of Chapter I of the Report)

Recommendation No. 5, Para No. 1.32

The Committee on public Undertakings in their 48th Report (1981-82) had recommended that the Hotel Corporation of India (a subsidiary of Air India) should be merged with ITDC to avoid unnecessary competition within the Public Sector. However, the Committee regret to note that the two Corporations still continue to function independently. The Committee do not agree with the argument that the ITDC and HCI have different roles to perform. In fact the CMD, ITDC expressed a feeling before the Committee that the functions of the two corporations were overlapping. Not only that, there was

little coordination between the two, despite the fact that both of them are under the same Ministry. The Committee, however, observe that a decision to merge the Hotel Corporation of India with the ITDC has recently been taken. They would like the Government to implement it without any further delay.

Reply of the Government

The question of merger of HCI with ITDC has been dropped for present.

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Comments of the Committee

(Please see Paragraph 12 of Chapter I of the Report)

Recommendation No. 12, Para No. 2.39

Akbar Hotel, New Delhi was closed in April, 1986 for reasons best known to Government and the building was handed over to Ministry of External Affairs for their office use. Even the Secretary, Ministry of Civil Aviation and Tourism opined before the Committee during evidence that this was not a correct decision. The Committee find that some of the employees of erstwhile Akbar Hotel have been given fresh employment in the Ministry of External Affairs. The Committee regret to not that the matter regarding pay scale of employees who have been employed by the Ministry is still under consideration and they are being paid presently on the basis of total emoluments as drawn by them at the time of the closure of the hotel. They would urge the Government to finalise the matter at the earliest. The Committee are amazed to learn that a decision has now been taken to hand over the building back to ITDC. They desire that the implementation of the decision should not be unduly protracted and the employees of the erstwhile hotel who have been redeployed in ITDCP Ministry of External Affairs should be given preference while recruiting the personnel of the hotel.

Reply of the Government

The observation of the Committee on pay scales of the employees of the erstwhile Akbar Hotel New Delhi has been sent to the Ministry of External Affairs by ITDC for taking action.

A decision in principle has been taken, and Ministry of external Affairs has agreed that Akbar Hotel will be used as a Hotel again. However, this

decision can actually be implemented only when Ministry of External Affairs construct their own building.

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Comments of the Committee

(Please see paragraph 18 of Chapter I of the Report)

Recommendation No. 14 Para No. 4.41)

The Committee note that shops in the Shopping Arcades of JTDC hotels are being offered for allotment through advertisement. The allotment is made normally for a period of 3 years on the basis of recommendations made to the Area Vice President/Area General Manager by a Committee consisting of the General Manager, Member (Finance) and a Senior Executive of the Hotel. Although guidelines are stated to have been laid down for selection of allottees, the Committee are of the opinion that the present system of allotment of shops is not free from loopholes. They would, therefore, suggest that the shops in the Shopping Arcades should be auctioned after prescribing the necessary criteria on the lines of the guidelines laid down for the selection committee.

Reply of the Government

Allotment of shops through auction is not considered feasible in the shopping arcade of hotels, since the chances of undesirable agencies getting into the premises cannot be ruled out. The existing practice for allotment of shops through advertisement has been in existence from the very beginning and this practice ensures occupation of shops by parties of good standing and repute.

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Comments of the Committee

(Please see Paragraph 21 of Chapter I of the Report)

Recommendation No. 15, Para No. 3.27

The Transport Division of ITDC was restructured in May, 1983 by adding to it the travel agency functions which earlier formed part of the Marketing Division and the Division was renamed as Ashok Travels and Tours Division (ATT). Since its restructuring, nine Transport Units have been closed from September, 1983 to November, 1987 while no new unit has been established. The Committee are shocked to observe that the performance of the ATT presents a very dismal picture. Even after re-organisation, the Division incurred a loss of Rs. 177.65 lakhs during the five years from 1983-84 to 1987-88. The heavy losses of the ATT have been attributed to the Transport wing of the Division, each unit of which is incurring a loss while the Travel Agency Wing is stated to be doing well. The loss per kilometre on operation of ITDC's vehicles during 1987-88 was Rs 2.45 for Ambassador cars, Rs. 4.12 for Mercedes cars and Rs. 1.93 for coaches. The Committee were given to understand that the Transport units of ITDC are running into losses due to its inability to compete with small operators because its wage costs and over-heads are higher than the small operators. ITDC is, therefore, planning to progressively pull out of the transport business. However, to the Committee, the actual reasons for the continuous losses appear to be mis-managment and lack of control and even lack of commercial prudence as brought out in the succeeding paragraphs.

Reply of the Government

ITDC's Transport Division was formed to meet the transportation needs of tourists in emerging tourist destinations. It was recognised at the time, that ITDC's role was one of a path finder and that it would withdraw when private operators entered the business. Consequently, nine Transport Units have been closed in stages since 1983. Whereas ITDC plans a further reduction in its fleet in the coming years, it will retain a hard core of approximately 50 vehicles at locations where commercial viability of the transport operations can be assured.

Consequent upon the Division having entered the travel business in may 1983, losses have been reduced from approximately Rs. 47 lakhs in 1986-87 to approximately Rs. 27 lakhs in 1987-88 in 1988-89, the Division made a profit of Rs. 47.97 lakhs and a profit of Rs 53.05 lakhs is estimated in 1989-90.

**[Ministry of Commerce and Tourism (Department of Tourism)
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Recommendation No. 16, Para No. 3.28

The Committee wish to point out that one of the reasons for closure of 9 transport units since the restructuring of ATT has admittedly been due to lack of effective control from the Headquarters or from the Regional Offices. The fleet to staff ratio in the Ashok Travels and Tours increased from 1 : 1.7 at the end of 1982-83 to 1 : 3.2 at the end of 1987-88 which obviously contributed to the rise in wage cost per vehicle which could have been avoided had there been proper redeployment of manpower. The Committee therefore, recommend that in future whenever the fleet strength at a unit is reduced, the staff should be redeployed in other transport units or in other Divisions of the Corporation. Norms should be laid down for fleet to staff ratio and it should be adhered to.

Reply of the Government

The norm for fleet to staff ratio is 1 : 1.7. Against this as on 1 Apr. 89, the fleet to staff ratio is 1 : 3.2.

In this connection it may be stated that ITDC's Transport Division (presently forms part of the Ashok Travels and Tours) was formed to meet the transportation needs of the tourists in emerging tourist destination and ITDC's role was at that time recognised as one of a path finder and that it would withdraw when private operators entered the business; consequently ITDC closed nine transport units in stages since 1983. ITDC plans further reduction in its fleet and will finally retain a hardcore of approximately 50 vehicles at locations where commercial viability of transport operations can be assured. Thus against a planned fleet of 50 vehicles, the manpower required by ITDC would be 85 as per the norm of fleet to staff ratio of 1 : 1.7. It will take several years to relocate the surplus staff in ITDC's other business functions (overmanned at present), and therefore, will really materialise from natural wastage i.e. retirements/resignations and earlier retirements.

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Comments of the Committee

(Please see Para 24 of Chapter I of the Report)

Recommendation No. 24, Para No. 4.41 & 4.42

The Committee received a number of complaints against Shri O.N. Verma, at present senior Vice-president (Coordination and Personnel) in ITDC, some of which are of a serious nature including complaints regarding victimisation of officers, showing favouritism in recruitment and promotions, shielding some official by using his influence, drawing of excess house rent by producing false house rent declarations etc. The Committee do not wish to go into each of these allegations. They have referred these complaints to the Ministry of Civil Aviation and Tourism. Keeping in view the gravity of the charges and the senior position held by the Officer, the Committee feel that it would be in the overall interest of ITDC to hold an independent enquiry into the allegations. they would like to be apprised of the results of the enquiry.

The Committee note that before resorting to direct recruitment through for the post of Vice President (Ashok Travel and Tours), Government/BPE were to be requested to sponsor names for appointment on deputation basis or on transfer from other undertakings as provided in the Recruitment, Promotion and Seniority Rules of ITDC. From the perusal of the records furnished to the Committee, they are surprised at the noting recorded by the then Vice President (Shri O. N. Verma) presuming that it was unlikely that they would be able to get a suitable incumbent from Government on deputation having the requisite qualifications. While proposing the constitution of Selection Committee he, in his note, submitted to the Managing Director did not even mention that the Rules of ITDC provided for inclusion of the BPE representative in the Selection Committee for selection to the post of Vice President. As a result no BPE representative was associated with the Selection Committee. The Committee have separately expressed their displeasure over the composition of the Selection Committee and the selection made to the post.

Reply of the Government

The Ministry of Civil Aviation and Tourism have made a confidential enquiry in the matter relating to the various allegations against Shri O.N. Verma after obtaining the relevant files from the ITDC. None of the allegations against Shri Verma was proved.

As regards recruitment/constitution of the selection committee for the post of VP(ATT) the position is explained below :—

- (1) that the ITDC's travel agency was started primarily for securing the business for its hotels;

- (2) that the post of VP (ATT) was multi-dimensional and related to transport, travel, workshop for repairs and maintenance of vehicles, marketing and hotels;
- (3) that in view of the above, it was felt that a press advertisement would make it possible to have a broad based selection;
- (4) that the internal candidates, who applied for the post were given opportunity for selection;
- (5) that the association of a BPE representative was not considered necessary keeping in view the Government guidelines issued in September 1981; and
- (6) that the Selection Committee, as constituted by the competent authority (i.e. ITDC Board) aimed at selecting a suitable person, included one of the top executives (Shri Ram Kohli) in the Travel Industry of the country as a co-opted Member.

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Comments of the Committee

(Please see Para 27 of Chapter I of the Report)

Recommendation No. 30 (Para No. 4.48)

The Committee observe that out of the 16 cases where CBI report was received during 1977—78 to 1987-88, in 6 cases involving 80 officers, lower penalty than that recommended by CBI was imposed. Imposition of lower penalty is being justified on the plea that the individual concerned is not given an opportunity of explanation before CBI. After receipt of the CBI report a departmental enquiry is held where the individual is given an opportunity to explain his case. Based on this enquiry, the final action is taken. The power of imposition of any penalty vests in the appointing authority. However, the Committee fail to understand how, of the 8 officers concerned, 4 were exonerated while 3 were just issued warning letters when the CBI had recommended major penalty against all of them. The Committee are of the view that since CBI is the top central investigating agency, its recommendations have to be given due weightage. The Committee regret to note the manner in which recommendations of CBI have been almost ignored by ITDC. The Committee, therefore, recommend that facts of each such case where disciplinary authority decides ultimately to lower down the penalty recommended by CBI, should be put forward before the Board in the regular meetings and decision be taken thereafter with the concurrence of the Board.

Reply of the Government

In relation to the recommendation of placing before the Board the facts of the matters where Disciplinary Authority decides to lower down the penalty (in cases investigated by CBI) and taking of decisions with the concurrence of the Board, it may be stated as follows :

- (a) that the ITDC has its own Conduct Discipline and Appeal Rules/ Standing Orders, wherein the Disciplinary/Appellant Authority have been defined in respect of various categories of employees; that the concerned Disciplinary/Appellant Authority have to exercise their mind in awarding punishment to employees on the basis of the findings of the Enquiry Officer;
- (b) that the CBI makes recommendations for initiating disciplinary action and issue of charge-sheet either for major penalty action or for minor penalty action and does not recommend imposition of penalty;
- (c) that the recommendations of the CBI with regard to initiating of disciplinary action is adhered to in the ITDC. The imposition of the penalty on the delinquent officer is decided on the basis of proven charges, taking into account the gravity of the misconduct on the part of the employees and this decision has to be based on his independent assessment and cannot be influenced by any other authority/agency; and hence taking of decision in such matters with the concurrence of the Board would be violative of the principle of natural justice and bad in law.

[Ministry of Commerce and Tourism (Department of Tourism)

O. M. No. 8/113/87-PSU(T)-Vol. II dated 22 Jan. 90]

Comments of the Committee

(Please see Para 33 of Chapter I of the Report)

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation No. 19, Para No. 3.31

In another case, the Bombay unit of the ATT entered into a contact with M/s. Crest Hotels Limited for marketing their 15 Mercedes Benz cars for minimum guaranteed business of Rs. 2.75 lakhs per month. M/s. Crest Hotels were to get 15% commission (later revised to 25%) on the business generated. M/s. Yours Travels Limited were authorised to act as operating agents on behalf of M/s. Crest Hotels Limited. Here again M/s. Yours Travels Limited started claiming Proportionate deductions when the cars drivers were not available to them in full strength of 15 round the clock. The party stopped making advance payment of guaranteed amount of Rs. 2.75 lakhs less discount/commission. Upto May, 1985 the amount in default shot up to Rs. 12.68 lakhs when the contract was terminated. The civil suit filed by ITDC in November, 1985 for recovery of Rs. 13.57 lakhs plus 20% interest is reported to be pending in court. In Committee's view both these contracts lacked commercial prudence which have resulted not only in protracted litigations and undue embarrassment to the Corporation but might also result in avoidable payments running into lakhs of rupees. The Committee hope that in future at least care shall be exercised in framing the terms of the contract and the same shall be worded in more precise terms. The Committee would like to be informed of the court's decision on the civil suit filed by ITDC.

Reply of the Government

The contract with M/s. Crest Hotels Ltd for marketing 15 Mercedes Benz cars was done keeping in view the prevailing commercial environment and to ensure the marketing of 15 M. B cars for a guaranteed business of Rs. 2.75 lakhs a month which was critical at that point as this would add to the financial liability of the losing Bombay Unit and turn it into profit; which in fact it did.

The present Management of the JWDG has laid down a directive to ensure that contracts with outside parties entered into by the JWDG will be vetted by the Legal Department and the Finance and Accounts.

As desired, the committee will be informed of the courts decision of the civil suit filed by ITDC against M/s. Crest Hotels Ltd.

[Ministry of Commerce and Tourism (Department of Tourism)
O. M. No. 8/113/87-PSU (T) Vol. II dated 22 Jan. 90]

Recommendation No. 33, Para No. 5.25

The Committee note that ITDC has been managing certain properties on behalf of the Department of Tourism. It was decided in December, 1985 that ITDC shall be reimbursed by the Department of Tourism the losses as well as overheads and management remuneration of the properties managed by it on behalf of the Department upto 31 March, 1985 which would be treated as the cut-off date since the losses suffered by ITDC were accounted for by it only till that date. No losses from 1.4.1985 onward are to be reimbursed by the Department on account of these properties. However the Committee see no reason why the Corporation should not be reimbursed the losses suffered by it on managing these properties which amounted to Rs. 37 lakhs from 1985-86 to 1987-88. They desire that the matter regarding reimbursement of losses incurred by the corporation after March, 1985 should be re-considered after obtaining the necessary details from the Corporation so that ITDC, as a commercial organisation does not have to suffer losses on account of properties being managed by it on behalf of the Department of Tourism.

Reply of the Government

The matter is under consideration of the Government.

[Ministry of Commerce and Tourism (Department of Tourism)
O. M. No. 8/113/87-PSU (T) Vol. II dated 22nd January 1990]

Recommendation No. 34, Para No. 5.26

The Committee find that out of a sum of Rs. 199.48 lakhs reimbursable to ITDC in respect of losses, managerial remuneration and overheads on account of these properties, Rs. 100.75 lakhs have since been sanctioned, while the matter regarding reimbursement of the remaining Rs. 98.73 lakhs as also the capital expenditure incurred on these properties upto 31.3.1985 is still pending with the Government. Now that the necessary verification has

been completed, the Committee desire the Government to process soon the question of reimbursement of this remaining amount since it has already been decided to reimburse the losses, managerial remuneration and overheads incurred by ITDC upto 31.3.1985.

Reply of the Government

The matter is under consideration of the Government.

[Ministry of Commerce and Tourism (Department of Tourism)
O. M. No. 8/113/87-PSU (T) Vol. II dated 22nd January 1990]

NEW DELHI ;
August 22, 1990

31 Sravana, 1912 (S)

BASUDEB ACHARIA
Chairman,
Committee on Public Undertakings

APPENDIX

only page

**Minutes of the 4th sitting of the Committee on Public Undertakings
held on 22nd June, 1990.**

The Committee sat from 15.00 hrs. to 16.30 hrs.

PRESENT

Shri Basudeb Acharia—Chairman

MEMBERS

2. **Shri Manoranjan Bhakta**
3. **Shri Narsingh Rao Dixit**
4. **Shri R. Muthiah**
5. **Shri Harpal Singh Panwar**
6. **Dr. A. K. Patel**
7. **Shri V. Sreenivasa Prasad**
8. **Shri Kalpnath Rai**
9. **Shri Rajdev Singh**
10. **Shri R. Surender Reddy**
11. **Shri Daulat Ram Saran**
12. **Prof. Saif-ud-din Soz**
13. **Shri Piyus Tiraky**
14. **Shri Hukumdeo Narayan Yadav**
15. **Shri Dipen Ghosh**
16. **Shri Pramod Mahajan**
17. **Shri Syed Sibtey Razi**
18. **Dr. G. Vijaya Mohan Reddy**
19. **Prof. Chandresh P. Thakur**

SECRETARIAT

1. Shri R. D. Sharma—*Joint Secretary*
2. Shri S. N. Banerjee—*Deputy Secretary*
3. Smt P. K. Sandhu—*Under Secretary*
4. Shri N. M. Jain—*Under Secretary*

The Committee considered and adopted the draft Report on Action Taken by Government on the recommendations contained in the 61 st report of Committee on Public Undertakings (1989-90) on India Tourism Development Corporation Limited. The Committee also authorised the Chairman to finalise the Report on the basis of factual verification by the Ministry of Commerce and Tourism (Department of Tourism) and ITDC and to present the same to Parliament.

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The Committee then adjourned

APPENDIX II

Minutes of the 7th sitting of Committee on Public Undertakings held on 8 August, 1990

The Committee sat from 15.00 hrs. to 16.30 hrs.

PRESENT

Shri Basudeb Acharia—*Chairman*

MEMBERS

2. **Shri Manoranjan Bhakta**
3. **Shri Narsingh Rao Dixit**
4. **Shri Bal Gopal Mishra**
5. **Shri R. Muthiah**
6. **Dr. A. K. Patel**
7. **Shri Piyus Tiraky**
8. **Shri Hukumdeo Narayan Yadav**
9. **Shri Dipen Ghosh**
10. **Prof. Chandresh P. Thakur**

SECRETARIAT

1. **Shri R. L. L. Dubey—*Joint Secretary***
2. **Smt. P. K. Sandhu—*Under Secretary***
3. **Shri N. M. Jain—*Under Secretary***

Office of the Comptroller and Auditor General of India

Shri K. S. Menon—Member Secretary, Audit Board

The Committee reconsidered the reply of Government to the recommendation at S. No. 24 (Paragraphs 4.41 & 4.42) contained in the 61st Report of Committee on Public Undertakings (1989-90) on India Tourism Development

Corporation and decided that the reply may not be accepted and put in Chapter IV. It was also decided that the recommendation regarding holding an independent enquiry against Shri O. N. Verma may again be reiterated with the stipulation that an enquiry by the Central Vigilance Commission which is an independent body may be conducted and report conveyed to the Committee.

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4. The Committee authorised the Chairman to finalise the Reports on the basis of factual verification by the concerned Ministry/Undertaking and Audit and to present the same to Parliament.

The Committee then adjourned

APPENDIX III

(*Vide* Paragraph 3 of the Introduction)

Analysis of Action taken by Government on the recommendations contained in the 61st Report of the Committee on Public Undertakings (Eighth Lok Sabha) on India Tourism Development Corporation Limited.

I.	Total number of recommendations.....	34
II.	Recommendations that have been accepted by the Government (<i>Vide</i> recommendations at Sl. Nos. 3, 4, 6—11, 13, 17, 18, 20, 27, 29, 31 and 32).....	17
	Percentage to total.....	50%
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>Vide</i> recommendations at Sl. Nos. 21—23, 25 and 26)....	5
	Percentage to total.....	14.7%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>Vide</i> recommendations at Sl. Nos. 1, 2, 5, 12, 14, 15, 16, 24 and 30).....	9
	Percentage to total.....	26.5%
V.	Recommendations in respect of which final replies of Government are still awaited (<i>Vide</i> recommendations at Sl. Nos. 19, 33 and 34).....	3
	Percentage to total.....	8.8%

CORRIGENDA TO THIRD REPORT OF
C.P.U. (1990-91).

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	20	4	cut	out
6	21	8	alloted	allotted
7	24	6	expeted	expected
		9	staff	state
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