

**ESTIMATES COMMITTEE**  
**(2001-2002)**  
**TENTH REPORT**  
**(THIRTEENTH LOK SABHA)**  
**MINISTRY OF TOURISM AND CULTURE**  
**(DEPARTMENT OF TOURISM)**  
**DEVELOPMENT OF INFRASTRUCTURE FOR GROWTH OF TOURISM**  
**Presented to Lok Sabha on 29.4.2002**  
**LOK SABHA SECRETARIAT**  
**NEW DELHI**  
**April , 2002/Vaisakha , 1924 (S)**

**CONTENTS**

**INTRODUCTION**

**CHAPTER(S)**

- 1**            Tourism Potential and Policy
- 2.**            Tourist Sports
- 3.**            Infrastructural Facilities
- 4.**            Intrastructural facilities at Pilgrim Centres
- 5.**            Infrastructural Projects
- 6.**            Budgetary Allocation
- 7.**            Investment in tourism Sector
- 8.**            Miscellaneous

**Observations/ Recommendations**

-

**INTRODUCTION**

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the report on their behalf present this Tenth Report on the Ministry of Tourism and Culture (Department of Tourism) – ‘Development of Infrastructure for Growth of Tourism’.

2. The subject was selected for detailed examination by the Estimates Committee (1997-98). The Estimates Committee (2000-2001) took evidence of the representatives of the Ministry of Tourism and Culture (Department of Tourism) , Ministry of Civil Aviation, Ministry of Environment and Forests, Ministry of Finance, Ministry of Home Affairs, Ministry of Railways, Ministry of Surface Transport and Ministry of Urban Development and Poverty Alleviation (Deptt. of Urban Development) on 08.11.2000. The Committee took further evidence of representatives of Department of Tourism on 19.12.2000. They also took evidence of Planning Commission, Ministry of Finance (Deptt. of Expenditure), Ministry of Tourism and Tourism Finance Corporation of India on 20.12.2000. The Committee interacted with the representatives to get first hand information. The Committee wish to express their thanks to the officers of the Ministry for placing before them the detailed written notes on the subject and for furnishing information desired in connection with the examination of the subject. The Committee also appreciate the frankness with which the officers shared their views, perceptions and constraints with the Committee.

3. The Committee would also like to express their gratitude to the Estimates Committee 1998-99, 1999-2000 and 2000-2001 for the able guidance and right direction provided by them in obtaining information for indepth and comprehensive study of the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 24<sup>th</sup> April, 2002.

5. The Report is divided into eight chapters. The Committee have inter-alia made the following important observations/ recommendations:

- i. Adequate awareness about economic and social benefits of tourism should be created amongst all sections of society and all sectors of Government and conducive environment be created for dynamic growth of the tourism sector.
- ii. State Governments should make sincere efforts to enact tourist legislation and introduce Tourist Police Force in order to prevent malpractices, cheating and harassment, etc. of tourists.
- iii. There is need to relax visa regulations and simplify the procedures for issuing visa to tourists.
- iv. Department of Tourism should come up and prepare schemes for HRD for tourism sector and seek funding out of the Plan allocation from the Planning Commission.
- v. Efforts need to be made to increase air seat capacity both in domestic and international sectors.
- vi. Road infrastructure and way side amenities should be improved in road segments connecting tourist spots.
- vii. Information technology should be effectively made use of to give information to tourists and facilities for on line reservation and touch screen kiosks should be set up at all important tourist spots so that tourists are not left at the mercy of touts.
- viii. All round efforts should be made to make available best of services to tourists at all important tourist locations.
- ix. Existing facilities at pilgrim centres should be improved, necessary additional infrastructural facilities developed and special efforts made to keep the pilgrim centres neat and clean.
- x. Efforts should be made by the Department of Tourism to release instalments in time so that projects are completed within the stipulated time thereby avoiding time and cost overrun of the projects and also ensuring effective utilisation of the meager resources allocated.
- xi. Evaluation and monitoring mechanism in the Department of Tourism should be strengthened for better evaluation and monitoring of tourism projects.
- xii. A coordination cell should be set up in the Department of Tourism to have proper coordination and liaison with other Ministries and to make coordinated efforts for tourism development.

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

*Ummareddy Venkateswarlu,*

Chairman, Committee on Estimates

NEW DELHI

April 24, 2002 / Vaisakha 4, 1924(S)

-  
-  
-  
-

## **CHAPTER-I**

### **TOURISM POTENTIAL AND POLICY**

#### ***Introductory***

India is a country of continental dimensions with a fascinating kaleidoscope of races, languages, religions, customs and traditions. The tourist attractions of India include historical monuments, places of religious importance, mountain and beach resorts, wild life and interesting ecosystems, places with facilities for adventure, water and winter sports, etc. India has immense potential to be a leading tourist destination. With a history and civilisation that hearkens from antiquity, with vast geographical and bio-diversity, with a kaleidoscope of colourful cultures, there is no reason why this potential should not fructify and flower in the 21<sup>st</sup> century. The diversity of India's natural and cultural riches provides the basis for a wide range of tourist products and experiences which embrace business, leisure, culture, adventure, spirituality, eco-tourism and many other pursuits.

#### ***Role and Importance of Tourism***

It is well known that tourism with about 4 million dollars output has become the largest industry of the 21<sup>st</sup> century. Role of tourism has been recognised as a lever for generating employment and foreign exchange earnings and as an instrument for effecting social change and promoting mutual understanding. In terms of foreign exchange earnings, it has become a major export industry next only to ready made garments, gems and jewellery. The fast growth of the industry in the 90s is likely to be maintained even at a faster rate in the coming years, growing at a rate higher than the average growth of the world's wealth. Tourist arrivals is projected to reach 1.6 billion and tourist earnings 2000 billion dollars by 2020.

The Director General, Tourism giving overall world scenario of tourism stated during evidence:

"In the overall scenario in the world, tourism has been recognised as the world's largest export industry. That shows the importance the world is giving to tourism today. 11.7 per cent of the GDP on an average is contributed by tourism in the world; 8.2 cent of employment all over the world is provided by tourism; 11.3 percent of the total capital investment is again by tourism, 3.4 per annum growth rate on an average is achieved in this sector and the world tourism arrivals is at a level of 650 million already. I am mentioning these figures to show where we stand vis-à-vis the world."

Commenting on tourism in India, Director General, Tourism further stated:

"We are no doubt the second largest net foreign exchange earner in the field of tourism. I use the word 'net' because there is very little import content here in earning and yet in the international arena we are juvenile. In our case only 1.2 per cent of the GDP is contributed by tourism and 2.4 percent of employment is in tourism. In terms of employment generation, it is estimated that direct employment due to tourism has reached 14.79 million in 1998-99 and foreign exchange earnings to US\$ 2917 million during 1999. The upward trend is expected to touch new heights in the coming years. In 1950 when we started we had only 17000 tourists and we earned Rs.1.5 crore. Today we have got 2.5 million tourists and we are earning about 3 billion dollars. We can do much better than that but because of the constraints we are not

able to do it. The biggest problem India is facing is the problem of employment of our very large number of people. We have more than one billion people. The problem is not for the IIT graduates; the problem is not for those who have got opportunities to go in for Information Technology. The problem is with people who are disadvantaged, who are in the rural areas, who are poor and who are in traditional vocations. Now, for them in my opinion, the tourism offers the best method of providing them employment on a sustainable basis. It does not require setting up of large industries. Simple things can help us achieve employment on a very large scale because, as I pointed out, all over the world, 8.2 percent employment is provided in this sector and you do not require hi tech graduates. People who have not read, they can also play some music for the foreigners and earn a lot of money, as has been shown in many parts. People who make some handicrafts can also earn from tourism. As you know, our assessment is that 175 million Indians are travelling all over this country. This is a large number and they too generate a lot of employment facilities for the people."

### ***Infrastructure Industry***

Giving views on the suggestion given by the CII and the Task Force to accord tourism 'Infrastructure Industry' status as this would give it access to low cost capital, technology and resources making it globally competitive,

the Department of Tourism in a reply furnished to the Committee stated:

"The Task Force on Infrastructure for Tourism set up by Industry with Shri Ravi Boothalingam, President of the Oberoi Group and Chairman, CII, National Committee on Tourism as Convenor in their report had suggested that tourism should be declared as an infrastructure industry as this would give it access to low cost capital, technology and resources making it globally competitive. The Department of Tourism supports this suggestion. The recommendation has been sent to the Ministry of Finance and Planning Commission for implementation."

In their Post Evidence Replies furnished to the Committee on 2.08.2001, the Department of Tourism furnishing views of the Planning Commission stated as under:

"The Department of Tourism has to initiate action for declaring tourism as an infrastructure industry. In a meeting, taken by the Principal Adviser (Transport & Tourism) with officers of the Department of Tourism, on the subject, on 1.6.1998, it was decided that the Department of Tourism would make out a proposal for according infrastructure status to tourism for consideration of Ministry of Finance with a copy to the Planning Commission. There has been no subsequent response from the Department of Tourism, on the subject."

### ***Export House Status***

The Government of India has accorded Export House status to Tourism. Hotels, Travel Agents, Tour Operators, Tourist Transport Operators etc. shall be entitled for recognition as Export House/Trading House/Star Trading House/Super Star Trading House *vide* Government of India, Ministry of Commerce Notification No. 33(RE-98)1997-2000 dated 26.11.1998 and are entitled to such benefits as specified in Chapter 12 of the Hand Book of Procedures (Volume I) issued by the Ministry of Commerce, Government of India. The grant of Export House Status to the Tourism Industry has been well received by the Tourism Industry.

### ***Trends in Tourist Traffic***

While the growth in tourism has been impressive, India's share in total global tourist arrivals and earnings is quite insignificant. Tourism in India has registered significant growth in recent years. In 1951, international tourists arrival stood at around 17 thousand only. It has grown to 2.48 million in 1999. However, the growth rate of tourist arrivals during the year 2000 is 6.4% over the previous year. In this context, the Director General, Tourism during evidence added:-

"India's total tourists' arrival right now is 2.48 million. We are 46<sup>th</sup> in the world in terms of tourism arrivals. We have only 0.37 per cent of the total world's arrivals. So, it only shows that we have still a long way to go. We need not be very happy about this growth rate because our base is small and, therefore, the growth rate appears to be higher as compared to the world. But we are also not satisfied. We would like to grow much faster and we can grow faster."

The Department of Tourism in a reply to the Committee furnished details of annual inflow of foreign and domestic tourists at different places in the country during 1997-2000 which is as under:-

The Department of Tourism giving clarification regarding decline of foreign and domestic tourists in certain States stated in their reply:-

"The decline in certain individual States may be influenced due to certain factors such as purpose of visit and preferences of tourists for one place over the other. It is for the State Government to make efforts to attract tourists to their respective States."

It has been the endeavour of the Department of Tourism to bring tourism in India on the world map.

### *Factors affecting tourist arrivals*

#### **(i) Safety and Security of Tourists**

During evidence, the Committee enquired whether some developed countries had declared India a Danger Zone especially J&K, North East region etc. and issued certain bindings against India which has resulted in tarnishing India's image alongwith a decline in foreign tourists. To this Secretary, Ministry of Tourism and Culture (Department of Tourism) replied during evidence as under:

"We still have the security constraint. We get information that some of the Embassies are issuing Advisory Notes saying that India is a difficult place and people should not go there. That sort of a thing had happened. Such a thing happened year before last when the Embassies of the United States and the United Kingdom had sent such an Advisory Note. Whenever we receive such a Note we take up the matter through the Ministry of External Affairs and inform them the correct position and request them to withdraw such Notes. This issue has been a major irritant for many developing countries.

Sir, we raised in the World Tourism Organisation and this Organisation has now come out with a Code of Ethics. This Code of Ethics, of course, cannot be enforced. But this Code of Ethics is something like an advice to the countries that includes a point that if a country has to issue any advice to the tourists about a particular country like India, then they should consult the Government of India. We do not know as to how far we could proceed on that. As far as the security of the tourists are concerned, I would like to submit that is something which we cannot isolate from the general law and order situation of a particular State. But we have requested every State to put in place, what is called, the Tourism Assistance Force and also for having a strict control on the touts who are harassing the tourists."

On being asked about the steps taken to remove the apprehensions abroad about safety of tourists, the witness clarified:-

"We have had discussion with the State Governments and asked for legislation to enforce tourist safety norms at different places. We have had several discussions with the State Governments on this issue. We have taken this up with the Ministry of Home Affairs also for special attention to the tourists".

In a written reply submitted to the Committee, the Department of Tourism stated:

"Recently, the Hon'ble Minister of Tourism has written to the Chief Ministers of States Governments and U.Ts advising/requesting them to have a legislation on Tourism to prevent mal-practices, cheating, harassment etc. of tourists. Some of the States who have come forward and have their tourist legislation/Tourist Police. States like Goa, J&K, Himachal Pradesh, Kerala, Rajasthan are a few of such States. Other States like Maharashtra, Karnataka and U.T. of Delhi are in the process of having the legislation enacted."

The Secretary, Ministry of Tourism and Culture (Department of Tourism) further stated during evidence:

"Sir, I may mention that our constant effort has proved some success. Some States have already set up Tourism Assistance Force and the State of Rajasthan has reported that they have had a good experience of it in Udaipur."

Giving details of efforts made for ensuring the safety and security of foreign tourists visiting India, the Department of Tourism in a reply stated:



"Central Ministry of Tourism in coordination with State Governments has been organising tourism awareness programmes at various levels to highlight the need of enhancing the sense of security and safety in the minds of tourists by friendly treatment extended to them at various points of contact on arrival. Accordingly training programmes are organised for immigration, customs officers, Tourist Police and taxi drivers etc. to make them more tourist friendly and create awareness of the importance of tourism."

The Secretary, Ministry of Tourism and Culture (Department of Tourism) in this connection added during evidence:

"We have also brought out publicity materials for information of tourists to be circulated through our overseas offices about what they should do and what they should avoid so that they do not get into difficulties of this sort."

The witness further stated :-

"We are also advising all the airlines that they should display for the benefit of tourists, information on what to do and what not to do in a particular place in their aircraft."

### *Issue of Visa to Tourists*

Asked about various problems connected with the issue of visa being faced by international tourists visiting India and efforts made to relax visa regulations for greater flow of foreign visitors to India to make the whole process easy for the convenience of tourists, the Department of Tourism in a written reply stated as follows:-

"There are a number of problems connected with the issue of visa like delay in issuance of visa, insistence on the personal appearance of the applicants for issue of the visa. It is an ongoing process to take up such issues with Ministry of External Affairs and get such impediments removed."

Enquired whether any proposal for an automatic entry facility for visitors to India e.g. visa on arrival was ever made to the Government of India and basic objections, if any, to this facility, the Department of Tourism stated that regarding Visa on Arrival, Ministry of Home Affairs did not find this proposal feasible because of security reasons.

In this connection, the Secretary, Ministry of Tourism and Culture (Department of Tourism) stated during evidence :

"We have requested the Ministry of Home Affairs that as a means of facilitating foreign tourists to come to India, as many countries have done, we should consider permit visas on arrival. This would facilitate the tourists. This was approved by the Committee of Secretaries and the Cabinet Secretary. But the Ministry of Home Affairs has not complied because of security considerations."

The Joint Secretary, Ministry of Home Affairs in this context stated during evidence as under:

"We have made some concession in this to the extent that this facility is now being allowed to tourists groups. These groups could consist of four persons or more. They should be sponsored by a recognised tourist agency of the country. They should have a pre-drawn programme so that they can avail of this facility of visa on arrival, when they come to India. This is valid for 60 days. We have not so far extended this facility to individual foreign tourists on security considerations. I think some decision is likely to be taken in the meeting of Committee of Secretaries which is scheduled to meet later this month. Perhaps some decision would be taken on this particular issue. But the reason why so far MHA has not extended the facility of visa on arrival is the security consideration. Second reason is that it would increase the workload on our immigration counters which are already under a lot of pressure and is under some criticism for not so efficient functioning."

Furnishing latest position, the Department of Tourism in their Post Evidence Replies stated:

"After initial reservation voiced by the Ministry of Home Affairs about visa on arrival the matter is now being reconsidered by the Department of Home Affairs in order to encourage the development of tourism. Especially as several of our competitors for the tourism market

share and neighbouring countries such as Pakistan, Thailand and recently Dubai have selectively introduced this facility."

Regarding immigration, Joint Secretary, Ministry of Home Affairs stated during evidence:

"Sir, as far as immigration part of MHA is concerned, the Ministry of Home Affairs has made a proposal for creating a separate Bureau of Immigration in which about 23 to 24 major immigration check posts in the country will be take up. The function of international check posts in regard to air, sea and land would be performed directly by the Bureau of Immigration rather than the State Government or the State police which is the case at present. The proposal is under examination in consultation with the Ministry of Finance. As soon as we get a nod from them, we shall be proceeding ahead on that."

### **(iii) Hike in Entry Fee at Tourist places**

Commenting upon enhancement of entrance fee at some places of interest for tourists which has resulted in decline in tourists, the Secretary,

Tourism during evidence stated:

"About entrance ticket, I would be very frank and give you our factual statements. The factual statement is that while this decision was taken recently and we were not aware of it. Earlier we had discussed this with the Ministry of Culture. Ministry of Culture and we had agreed on a few parameters of entrance fees. The first point we made was that there is a need for increasing the entrance fee for most of our monuments, etc. Secondly, we also agreed that there should be two different types of fees, one for domestic visitors and one for the foreigners. Thirdly, our view was that the fee should be raised at staggered levels and it should not jump from say, Rs. 1 to Rs. 1,000. Fourthly, our view was that if we charge a much higher fee for foreigners, we should also give them some facilities which are not generally available. For example, queuing should not be made necessary for them; they should be able to buy tickets either in the hotel or at the tour operator's place; or any other small token gesture for charging more.

There is a very important thing at which we always fail and we do not know how it can be done. The entrance fee increase does not help the monument, unless some amount of money can be utilised for the purpose for which it is very badly needed. Our suggestion was that we should try a system whereby we increase the fee and a portion of whatever money comes from that should be used for the maintenance of the monument and providing better facilities for tourism. There has been a tremendous rise in the complaints about the sudden increase without giving notice, whatever may be justification. It may be or may not be correct, but the fact is that in overseas offices there have been cancellations of bookings and our image has been adversely affected. But we have mentioned it to our Minister who also happens to be the Minister of Culture. The Minister has advised the Director-General of Tourism as well as the Director-General of Archaeological Survey of India to sit together and work out some modalities as to how to find out some solutions."

On the need to look into the present arrangement where even part of this enhanced entrance fee collected at tourist places was not being spent on the maintenance of the monument as the money goes to the Consolidated Fund of India, the Secretary, Ministry of Finance (Department of Expenditure) in this context stated:

"We will surely do it, Sir. This is a problem about which we also have been informed by the Ministries. There are a lot of tourism spots which are managed by autonomous bodies. But where they are directly maintained by Government, we will surely see to have an arrangement under which they are given funds at enhanced rate, if fees are enhanced."

### ***Domestic Tourism***

The potential of domestic tourism has grown substantially during the last few years due to increase in income levels and emergence of a dynamic urban middle class.

Director General, Tourism commenting on domestic tourism stated during evidence:

"How can anybody in the Ministry forget 175 million domestic tourists. Domestic tourism is extremely important."

Giving importance to domestic tourism, the Secretary, Ministry of Tourism and Culture (Department of Tourism) stated during evidence as follows:

"If anything is to happen in India, it is not only the foreign tourists but the domestic tourism that should be given importance. For that to happen, we have suggested to all the State Governments and we are also discussing constantly that there should be people's participation right from the lowest level up to the highest level. That means, consultative committees at the districts, commissioner and State levels should be set up. As you have mentioned, people's representatives should also be involved. Apart from that, those people who benefit from tourism should also be involved."

The Director General, Tourism dwelling upon the steps taken recently to boost tourism stated during evidence:

"We have taken a lot of steps recently. We have taken up the Sindhu Darshan programme in the remote area of Leh because Leh is one area which is beautiful and yet we were not able to fully exploit it. We are going to do another Darshan called Brahmaputra Darshan. You might be aware that both these rivers are not only called rivers, they are called Nads, unlike others which are called nadis. So, they are the original rivers which are mentioned in the Puranas."

### *Tourism in North East*

The seven sister States of North East-Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura – form part of the East Himalayan region which extends from Sikkim eastwards and embraces the Darjeeling Hills of West Bengal. The rich natural beauty, serenity and exotic flora and fauna of the area are invaluable resources for the development of eco-tourism. The region is endowed with diverse tourist attractions and each State has its own distinct features. The attractions are scattered over the entire region and are largely located in remote areas within highly fragile environments. These attractions and the people of the region constitute tourism resources at large. The facilities for stay, food, shopping and entertainment are either non-existent or mostly primitive in nature. Union Government attaches great importance to the development of tourist infrastructure in the North East region in view of immense tourist potential of the region. Despite abundance of natural beauty, snow peaked mountains and white water rivers, the flow of incoming tourists has been marginal for the reasons of lack of infrastructural and other related facilities in the various tourist spots, which have been included in the identified circuits. Accordingly, in the Ministry, thrust has been on development and upgradation of various tourist facilities namely Tourist Accommodation, Wayside Amenities, Budget Accommodation, Beautification and Refurbishment of Historical Monuments/Monasteries, etc.

With reference to steps taken by Department of Tourism in North East, the Director General, Tourism stated during evidence as follows:

"Your perception that people have all kinds of ideas about the North-East is very correct. There is a thing called the World Tourism Mart. We have given two stalls free of cost without charging a single pie to the North-East. Otherwise, every participant is paying 2,500 Pounds per stall. In WTM, buyers from all over the world assemble. Earlier, in Guwahati we had a Government of India's Regional Tourism Office which was manned by a Director-level officer. We have upgraded it to the rank of Deputy Director-General and the person posted is a man from the North-east itself so that he has affinity. He understands the area better than anybody else."

During the year 1999-2000, Ministry of Tourism sanctioned an amount of Rs. 19 crore for various development activities out of which Rs. 5.35 crore were released to North Eastern States and Sikkim.

Department of Tourism sanctioned 6 projects amounting to Rs. 82.43 lakhs for the development of Adventure Tourism in the North Eastern States including Sikkim during 2000-2001.

Under the scheme for grant of Central Financial Assistance to State Governments, 10% of budget allocation is earmarked for North East for development of tourism.

The Committee pointed out that the budget given to North Eastern States is meagre despite having much potential for tourism there. On this Director General, Tourism stated as under:



"A proposal has already been sent for consideration so that the video-conferencing is also included in North-East. It means, a person does not have to come all the way from North-East to Delhi. There will be a computer screen here and another in Guwahati and we can communicate with each other. That proposal will hopefully be accepted. I have approved it at my level. The problem is slightly different. Money is not much of the problem in North-East. If you can spare some time, I will lay bare my heart and tell you that completion certificates are giving us a lot of problem. We cannot release the second instalment unless the completion certificate for the first instalment is there.

Now, I understand that the problem of the State Government is certainly not that. You have to tell us how do we go about with the money which is available with us for being given to them. I can assure from the Department's side that there will be no shortage of money for North-East which has so much natural beauty. I am sorry to say that Delhi is so polluted that it will be a delight to be in the North-East rather than in Delhi. The problem is how do we complete those projects."

It was also pointed out that States especially in the North-East were facing difficulties in implementation of tourism related projects on account of the requirement of transfer of land to the Government of India. Asked if the requirement of transferring land to the Government of India was waived, what benefits would it accrue for infrastructural development and its repercussions on the existing set up, the Department of Tourism in their post evidence replies stated:

"By waiving off land transfer documents State Governments/UT Administrations will be in a position to complete the project without delays. Also the State Governments will be in a position to earn more revenue and create employment opportunities in their respective States/Union Territories."

Commenting on the main constraint of connectivity by air, road or rail, the Director General, Tourism stated:

".....As you have rightly said, there is a problem of connectivity. A person coming from America has to all the way come to Delhi and then to North-East. I fully appreciate your difficulty. Such difficulties will continue in those areas unless we open up that area in terms of transport. One more area in which again this hon. Committee can help us is in regard to many parts of North-East that are still barred not only to foreigners but also to Indians. It requires a very clear thinking. I have a friend abroad who asked me about the places worth visiting. I asked him, why do you not go to North-East? He told me that who will spend time and money to get special permission. So, the people are quite comfortable in visiting places like Delhi, Agra, Jaipur, etc. So, this is the problem. As you know, wrong impressions are more dangerous than realities. So, let us face the facts. There is a lot of misgivings about security in North-Eastern region. People do not know much about this region.

Director General, Tourism further stated:

"My suggestion is that this Committee might consider recommending that this area should not be barred, at least for Indians. Opening this area to foreigners may take some time. People who are doing illegal things, they know illegal ways. So, unless we open up this area we cannot erase the wrong impression that is there about this region.

Sir, I may tell you one more thing. The Ministry of External Affairs had raised the fee for permits for special areas. It was charging dollar 30. Our Ministry opposed it. We said that on the one side we want to open the area and on the other side we are charging extra for going into those areas."

In a reply submitted to the Committee in this regard, the Department of Tourism stated:

"Department of Tourism also had taken it up with Ministry of Home Affairs and External Affairs to get this fee waived off. In a meeting taken by Special Secretary, Ministry of Home Affairs it was decided to keep it in abeyance till Ministry of External Affairs takes it up internally and issues the order for its final withdrawal."

The witness further added:

" Fortunately that has been stayed. But I am sure it will soon be done.

We need the recommendation of this august body so that this extra processing fee is waived. It is a very negative way of promoting tourism in North-East."

A representation of the Ministry of Home Affairs commenting on security vis-à-vis tourism in North-East Region stated during evidence:

"Sir, a point has been raised about the restricted North-East region consisting of Assam, Meghalaya and Tripura. Sir, they were removed from the restricted area permit in 1995 itself. We have allowed relaxation in Manipur, Arunachal Pradesh and Nagaland also, though of course it requires permission. Earlier these States were totally closed not only for foreigners but also for Non-Resident Indians. In fact, in the case of Nagaland while we had opened four districts for the purpose of tourism, we have recently decided to open the remaining four districts also so that foreigners can visit the entire State of Nagaland.

On the issue of security of tourists- foreign as well as Indians- the MHA is definitely seized of the matter. Sir, the law and order is basically a matter that the State Governments handle. But we have been getting reports from the Ministry of Tourism and other sources on certain incidents of attacks on foreign tourists and so on. The matter has been taken up with the concerned State Governments so that at places of tourist interest in particular, special arrangements are made for posting police personnel for the security of the tourists both Indian as well as foreigners."

The Department of Tourism, in their post evidence replies in this regard stated as under:

"With changing international trends, India has been receiving an increasing number of individual tourists, besides groups. Being more vulnerable the onus of the safety and protection falls on the host country. Cases of cheating, fleecing, mis-information and mistreatment of tourists have been reported. Such incidents bring bad publicity and negate the promotional efforts made by Government of India Tourist Offices. The Government of India, Department of Tourism has been actively encouraging the State Governments to set up tourist police forces to provide environment of security and safety to tourists."

### ***Ways to develop tourism/attract tourists***

#### **Setting up Institutes of Yoga, Ayurveda and Meditation**

About setting up institutes on yoga, ayurveda and meditation in the country to develop international tourism, the Secretary, Ministry of Tourism and Culture (Department of Tourism) rector General stated during evidence as under:

"About yoga and meditation, this is one of the focus areas of our publicity. We have taken up a large amount of publicity. Some State like Kerala and U.P. have done extremely well and they are now booking for yoga, ayurveda and meditation centres. We are a little concerned to ensure that we do not allow mushroom growth of institutions which may not be really genuine. So, we have put in a little bit of cautious note there. We wanted to also encourage setting up of one or two institutions but we are not allowed to set up any more institutions in the Government sector now, not even for yoga or meditation. Pondicherry, I am told, has an annual festival on yoga. We are giving more and more emphasis on yoga, meditation, traditional medicines, etc. because we find that the tourists are mostly asking for new and new experiences and India can provide those type of experiences which no other country can do. But we take this point and we will keep this in our agenda and these areas need more attention than what they have got now."

#### ***Developing Surfing Tourism***

Surfing is a watersport which requires big rolling waves so that one can ride them using a surf board. Such locations are generally not suitable for any other watersport like sailing, windsurfing, etc. At present, surfing has not been introduced anywhere in India. Most of the west-coast beaches have smaller waves which may be suitable for surfing beginners but not for the real surf enthusiasts. East coast beaches are in general more rough and are likely to be suitable for surfing. Some beaches in Nicobar island have ideal surfing conditions for Surf tourism which can be exploited if foreign tourists are permitted to visit these restricted areas as members of adventure packages.

Surfing equipment is not made indigenously and would have to be imported to encourage Surf tourism.

The Committee asked the Department of Tourism to give their views on developing Surf tourism in the beaches of Nicobar Islands and the possibility of allowing foreign tourists visiting these restricted areas as members of adventure package, to which the Department of Tourism replied as under:

"Foreign tourists are permitted to visit designated tourist spots in Andaman & Nicobar. Recently in an effort to boost tourism, foreign charter flights have also been permitted to land at Port Blair airport. The Island of Nicobar is not opened to tourists due to security and defence consideration."

Asked whether the possibility of allowing foreign tourists visiting this area been taken up with the Ministry of Home Affairs and what was its outcome, the Department of Tourism did not furnish reply to the query of the Committee.

### **(iii) Developing Backwaters of Kerala**

Giving a note on the potential for developing river cruises and backwater sports in Kerala, the Ministry of Road Transport and Highways stated:

"Kerala is a multi dimensional tourist destination with beaches, backwaters, lakes, hill stations, wild life sanctuaries, and a congenial weather throughout the year. Located at the southern most tip of India it is a mere 120 km from the sea to the mountains and flushed with tropical forests. There is an intricate mass of backwater, still bays and 44 glimmering rivers in the state. Kollam, Karunagapally, Alappuzha, Kumarakom, Cochin, Kuttanad and Calicut could become some of the major tourist attractions in the backwaters. The facilities for developing river cruises and backwater sports in Kerala could be increased by operating more house boats, rice boats, cruises, speed boats, caravans."

About the proposals by the Department of Tourism for developing these areas in the backwaters of Kerala which have a lot of scope for becoming major tourist attraction, the Department of Tourism in their PER stated:

"Considering tourism potential of the backwaters, Government of Kerala has developed backwater tourism as an unique tourism product to attract international tourists. State Government of Kerala have come up with proposals for Central Financial Assistance for procurement/purchase of Rice Boats, House Boats, high value/innovative inflatable boats for watersports activities in backwaters. Department of Tourism sanctioned an amount of Rs. 223.00 lakhs during the 9<sup>th</sup> Plan period for development of Backwater Tourism in Kerala."

Chairman IWAI, during evidence further stated in this regard:

"We have a Central Sector Scheme of 50% loan assistance. We are willing to consider such schemes. Right now, we do not have any proposal from the Department of Tourism. There is of course, one proposal from the Government of Kerala which has been a leader in this. They have taken advantage of this Scheme. They have a proposal for development of a tourism canal from Kovalam. We have received that proposal and we have asked for certain clarifications and on the receipt of those clarifications we would finalise the proposal and lent them the support."

About the efforts made to give wide publicity to boat races and water sports facilities in order to attract tourists the Ministry of Road Transport and Highway stated in their reply:

"A special Kerala promotion campaign was undertaken in Gulf/Singapore Mart by Government of India Tourist Office Singapore/Dubai in association with the Kerala State Tourism Department. Kerala Tourism Mart was also organised at Cochin by State Government of Kerala which was given wide publicity in overseas markets."

### ***Sea Gardens***

With lengthy sea coast available in the country, the Committee asked the views of the Department of Tourism on developing under sea gardens in India as developed in Mauritius in order to attract tourists. The Department of Tourism in this respect in their written reply stated:-

"India has a very large coastal area which is ideal for development of Beach Tourism. Some of the beaches such as Marina Beach, Beaches of Goa, Kovalam Beach, Juhu Beach are



world famous which are attracting international beach lovers. The suggestion regarding developing under sea gardens in India as developed in Mauritius in order to attract tourists was taken up with Ministry of Environment and Forests. The views of the Ministry of Environment and Forests are that all developmental activities to be taken up should be as per the norms laid down in CRZ regulations and necessary environmental clearances are needed as the proposal involves tourism activities in coral reef areas."

### *Explore India Millennium Year*

Furnishing a note on "Explore India Millennium Year" giving its details and the packages brought out during the Millennium Year, the Department of Tourism in a written reply furnished to the Committee stated:

"Explore India Millennium Year (EIMY) was launched on 1.4.1999 initially ended on 31.3.2000. This was aimed at focussing attention of travellers towards India as their next destination with a view to accelerate tourist arrivals. After reviewing its performance, it was decided in the State Tourism Ministers' Conference held in New Delhi on 30.11.2000 to extend it up to 1.1.2001.

The following objectives were set forth for the EIMY:-

1. Creating public awareness about economic and social benefits of tourism amongst Administrators, Planners and Masses.
2. Identifying new market segment and adopting focussed marketing strategies based on intensive research in co-relation with the technologies like internet, CD-ROM, etc.
3. Improvement of the efficiency of tourist facilitation services by coordination with the concerned agencies for better facilitation and imparting of training to functionaries at the cutting eDirector Generale.
4. Encouraging the State Governments and Private sector to create infrastructure facilities by providing suitable incentives on a selective basis.
5. Strengthening the institutions set up for human resource development and improving the standards of training in private institutions through accreditation and quality control.
6. Development of various tourism products in India as environmental friendly and sustainable destinations.

The following events have been highlighted to create awareness for tourism during EIMY:-

- Khajuraho Millennium Celebration
- Tri-Century celebration of Khalsa Panth at Anandpur Saheb
- Sindhu Darshan
- Baudha Mahotsava
- Wizcraft, a private agency, held a Mega Millennium event – 2000 in Mumbai
- First Sunrise of the New Millennium celebrated at Katchal Island in the Andaman & Nicobar Islands
- Special Sports Events like Badminton, Golf, Polo.

As a result of Ministry's efforts, the following packages were announced to attract tourists to visit India during EIMY:-



1. Millennium packages 1999-2001 for NRIs and Youth by ITDC.
2. "Experience thousands delights" by ITDC.
3. Super Summer Saver Scheme announced by Air India.
4. Heritage Hotel Packages by Heritage Hotel Association of India.
5. Indian Airlines packages.

The Secretary, Ministry of Tourism and Culture (Department of Tourism) reflecting on "Year 2000 Destination India" stated during evidence:-

"As regards 'Destination India', actually we did start the concept about two years back. But, unfortunately, that year the political situation etc. becoming such that projecting that would not have been useful, we decided to do it in the millennium year. For this, we do not have any new buDirector Generalet, nor any additional buDirector Generalet. What we did was that we got in touch with private sector and we combined our resources with the private sector because we found that they were doing marketing best and the Government had some constraint. So, we did some marketing with the private sector. One 'Destination India Society' was formed. 0.5 per cent of the foreign exchange earnings of some of the private companies like Taj, Oberoi and others were contributed in this . It has shown results, in the sense that there is more flow into India this year. As I said, we are achieving about 7 per cent growth but that is not much bigger, primarily because there are not many seats available for people to go. About four million Indians are going abroad and that figure is going up at the rate of about ten percent. It is a good sign because Indians have more money and are going abroad. But it is not a fact that the figures of arrivals are coming down. The figure did remain almost stagnant year before last because of certain circumstances beyond our control. But it has picked up last year. This year there is about seven per cent growth. So, it has been growing. Domestic tourism has been growing at a phenomenal rate. The figures that we show here are only the figures primarily of people who are staying in paid accommodation like hotels. People who are staying with their relations or staying in dharamshalas etc., are not reflected in this."

Later in their post evidence replies furnished to the Committee, the Department of Tourism stated as under:

"To achieve the above objectives Central Department of Tourism synergised its efforts with tourism related organisations, State Governments, Other Central Ministries namely Civil Aviation, Home Affairs, External Affairs, Railways, ASI, etc. and other service providers in the private sector. As a result, the end of year 2000, saw a growth in the tourist arrival figures to India. Overall 26,41,157 tourists visited India during this year registering a growth of 8.93% over 1998. This growth is more significant as there was a decline of tourist arrivals in 1998. In terms of earnings, the growth in 2000 was 8.39% over 1998, i.e. Rs. 14473.43 crore."

The Department of Tourism gave certain suggestions to project the country as cost-effective to attract larger number of tourists which are as under:

"Air India and other foreign airlines are persuaded to offer Inclusive Tour Packages for India which includes air fares both international and domestic, hotel accommodation, sight-seeing etc. Hoteliers are also encouraged to offer incentives discounts and special rates for the group tourists etc. Travel agents/tour operators are motivated to undertake joint promotional efforts like production of tour brochures with tour packages, joint advertisement, seminars, India presentations, participation in travel exhibitions, window display. Thus their operational charges are shared by the India Tourist Offices. Promotion of special low prices tour packages during lean season i.e. from April to September."

### *Publicity*

Publicity and marketing of Indian tourism is being achieved through the 18 field offices of Ministry of Tourism located in major tourist generating countries. Their efforts are being coordinated and supplemented by the Marketing Division at the headquarters. Air-India and its sales offices abroad also

supplement efforts of the Ministry of Tourism by making financial contributions and organising joint promotional events. The publicity efforts of the overseas field offices are also supplemented and integrated with the efforts of Indian missions and other agencies abroad, travel trade and media agencies. The specific elements of promotional efforts abroad include the following :-

1. Advertising
2. Printing of brochures in local languages
3. Brochure support/joint advertising with travel agents/tour operators
4. Promotion of charters
5. Production of promotional advertisements
6. Multi-vision presentations
7. Organising print media and TV interviews
8. Production of films and audio visual in local languages
9. Production of lithographic/trade posters
10. Public Relations
11. Organising seminars, talks, India evenings, etc.
12. Direct mail and correspondence
13. Participation in tourism fairs and festivals
14. Market Research
15. Organising food and cultural festivals

***Publicity Budget (Overseas)***

The funds provided for overseas publicity during the last five years are as under :-

**Rs. in crore**

Year	Funds Released
1996-97	50.10
1997-98	57.00
1998-99	53.00
1999-2000	52.99
2000-2001(BE)	49.75

Regarding publicity, the Director General, Tourism regarding publicity stated during evidence as under:

"We have a Budget of only Rs.135 crore for 2000-2001. One of the questions, which has been asked and has been answered here, is the kind of requirements that we have and the kind of money, which was allocated to us. With only Rs. 135 crore, you can understand where we are..... Our expenditure on external publicity also is very low."

The witness further stated:

"We publicise to the foreigners through some Government of India offices that we have got and also through travel agents for which we get money, which is called 'money for external publicity'. In the year 1996-97, I had Rs. 50.10 crore which went up to Rs. 57 crore next year, and that was alright. But it came back to Rs. 52.99 crore in 1999-2000, and it has come down to Rs. 49.75 crore in the year 2000-2001. The story is very clear. It is the value of the rupee versus the dollar, and everybody knows the story. My problem is that in the foreign countries, you have to spend in dollars and not in rupees. So, the dollar value of Rs. 49.75 crore has actually come down and has not gone up. So, today, I am ashamed to admit that we are not able to advertise on the television in any of the countries to the extent desirable."

Asked about the possibilities of involving NRIs in the external publicity campaign like advertisements on television in foreign countries, the Department of Tourism in their reply stated:

"Advertisements on television are very expensive and these do not create impact if these are not given at prime times of TV channels. NRIs are also not in a position to share huge expenditure on TV ads. NRIs who are owning travel agencies and film production companies are given incentives, financial support for the promotional efforts."

The Director General, Tourism stated during evidence:

"In the modern world television is the most effective method by which you can publicize the beauty of the country. If it is written then it is not so beautiful. But if you see it on the screen it is more effective and beautiful as well. But the television slots abroad cost a lot. What I am trying to point out is that resources make a lot of difference. Australia has five times our Budget in this area. Malaysia has 1.5 times the Budget we have in this field. Beautiful advertisements of Malaysia appear in various newspapers in our country but, what are we able to do?

Sir, these are some of the issues that I would like the Committee to delve into. Of course, the Committee has been taking a view that external publicity should be given more emphasis. The Ministry of Information and Broadcasting can also help a lot in this matter.

When we were doing quite well in 1997-98-99, we were growing at the rate of eight per cent, but at one point of time some incidents which happened again came as bottlenecks. For example, whether we will like it or not, the Nuclear Explosion, etc. did create a serious situation and similarly, the Kargil War last year and year before. These have a very cascading effect on the foreign publicity."

The Director General, Tourism further added :

"Similarly, we are now allowing the State to independently use our offices to sell and market their tourism product. Kerala has done excellent work and I may openly admit here that we have permitted Kerala to market through our offices in Dubai and Singapore. Similar offer is open to all the States. But the issue is that the States must come up at least half way to provide a lot of material and support. We joined hands with them so that Kerala as a destination could be marketed and the benefits are there for everybody to see. Rajasthan and Kerala today, in my opinion are doing excellent work. Simply they have provided a lot of inputs and combined private sector initiatives in a way where benefit comes to everybody."

### *Human Resource Development*

Human Resource Development in Tourism Industry normally relates to training the Manpower in two main areas:

- i. Hospitality and Catering Sector.
- ii. Travel Trade and Tourism Sector.

It is estimated that the present requirement of trained personnel in the hotel and catering sector is about 20,000 p.a. but the total turnout annually is about 5000 to 6000 students.

The Secretary, Ministry of Tourism and Culture (Department of Tourism) in this connection stated during evidence:

"In human resource development, we have achieved excellent landmarks in the international standards because no other country has such institutions of Hotel Management, Foodcrafts Institute. We wanted to expand it. But the view of the Finance Ministry and Planning Commission is that since it is a private sector industry, the benefit goes to the private sector, the resource development should be taken up by the private sector. The private sector in tourism consists of large number of some small investors. No one unit is capable of investing for in human resources nor are they interested."

Regarding meeting the increasing demand of trained manpower in the catering sector, the Department of Tourism in reply stated:

"To meet the increasing demand of trained manpower in the catering sector, Department has set up 21 Institutes of Hotel Management and 9 Food Craft Institutes following National Councils' Course curriculum. The Institute of Hotel Management at Shillong is in the process of getting established and would become functional by the next academic year."

The Institute of Hotel Management conduct the following courses :

- 3 year Diploma in Hotel Management
- Post Graduate Diploma in Accommodation Operation & Management
- Post Graduate Diploma in Dietetics and Hospital Food Service
- Craft Courses in F & B Services
- Craft Courses in Food Production
- Certificate course in Hotel and Catering Management

The 3-year Diploma course in Hotel Management has been recognised by the All India Council for Technical Education (AICTE) and is recognised internationally and credits are offered by various universities abroad for higher education to diploma holders. The Ministry of Tourism have taken various steps for augmenting output of the existing Hotel Management Institutes by increasing intake in the Institutes, strengthening training infrastructure, introduction of craft courses and other short courses and faculty development programmes. In order to improve the quality of grass root level courses, the FCIs have been brought under the umbrella of NCHMCT. Nine FCIs have been granted affiliation on provision basis by NCHMCT. The syllabus of FCIs has also been upgraded and now they are offering 4-5 programmes of 1-1/2 years duration in various hotel operations. In order to meet the growing demand for trained manpower in the hotel industry, the training infrastructure in the institutes is being upgraded to attain the optimum intake level of 150 students. The IHMs provide 3-year Diploma in Hotel Management and PG Diploma in Accommodation and Dietetics. Institutes of Hotel Management are directly affiliated to National Council for Hotel Management and Catering Technology (NCHMCT) and conduct only Diploma Courses and students have to go abroad for degree courses.

Keeping this in view the Committee enquired about the possibilities of NCHMT acquiring the status of a University, to this Department of Tourism in a written reply submitted:

"The National Council for Hotel Management and Catering Technology (NCHMCT) was established in 1984 with the main objective to standardize course material and infrastructure, take entrance admission, conduct examination, give certification and accreditation and affiliation etc. The NCHMCT is exploring various alternatives to upgrade the 3-year Diploma Programme to a Degree level course. In this context active interactions are in progress with the Indira Gandhi National Open University/AICTE. The IGNOU have come forward to jointly award a degree for the programme with certain additional inputs infused into the course. For achieving the statutory status, the NCHMCT has prepared a Cabinet Note for making NCHMCT a central university which is required to offer degree courses. This has to be set up under an act of Parliament."

The Department of Tourism in association with the Indian Institute of Tourism and Travel Management (IITTM) and State Governments have been organising various training/ refresher courses for persons



connected with the tourism business. The training courses conducted by the IITTM include the following :

- i. Diploma in Tourism Management
- ii. Diploma in Destination Management
- iii. Tourism Orientation Programme
- iv. Refresher Courses for foresters and forest guides
- v. Workshop on Consumer Protection Laws
- vi. Orientation programme for officers of Central and State Governments, etc.

In addition to the above, guide training courses are being organised both by the Department of Tourism and State Governments. The Department of Tourism also organises orientation programmes for taxi drivers, customs and immigration officials, etc. from time to time.

In order to meet the growing demands of the Tourism Industry, efforts are being made to involve and encourage private sector participation for creating infrastructure and setting up of such Institutes."

The Secretary, Ministry of Finance (Deptt. of Expenditure) on HRD schemes to be put forward by Department of Tourism stated during evidence:

"If the Ministry of Tourism were to prepare some schemes for development of tourism infrastructure or other HRD for tourism sector, which you have mentioned and which are really very desirable activities, then they will have to prepare a scheme for that purpose and seek funding out of the Plan from the Planning Commission. Once some money is allocated to the Plan, then the scheme is approved by the Government and the Budgetary provision is made. They can start implementing that scheme. As far as we know, there are no schemes posed, at this stage, for HRD and tourism. Other than that, we have got a scheme for catering institutes and hotel management institutes for which funds are provided in the Plan of the Ministry of Tourism. But they were to come up with some other schemes. If they are considered to be viable schemes by the Planning Commission, then out of the overall Budgetary support for the Central Plan as a whole, they could discuss them with the Planning Commission and seek funds for that."

### *Tourism Policy*

In their Preliminary Material, the Department of Tourism informed that in a meeting of the State Tourism Minister's held on 27<sup>th</sup> June, 1997, the issue of National Tourism Policy was discussed. The new Tourism Policy had been submitted for the approval of the Cabinet.

Later, in their Official Evidence Replies furnished to the Committee during 1999, the Department of Tourism informed as follows:-

"The new National Tourism Policy is yet to be considered by the Cabinet for approval."

Asked about the factors responsible for the undue delay in approval of the National Tourism Policy which was formulated in 1997, the Department of Tourism replied in a written note as under:-

A draft of the National Tourism Policy was prepared and submitted to the Cabinet Secretariat in November, 1997. The draft was returned by the Cabinet Secretariat to the Ministry with the observations to modify the draft incorporating certain suggestions. There was also a direction from the Cabinet Secretariat to the effect that till a new Government was formed it would not be proper for decisions to be taken which set new policy etc. In view of these, the Cabinet Note on National Tourism Policy prepared in 1997 could not be considered by the Cabinet for approval. Thereafter, there were changes in the Government and the Ministers in-charge of the Ministry of Tourism. With each change, new ideas and policy directions were received and the draft had to be revised many times. Comments of Ministries concerned were also called for. Now an attempt has been made to revise the draft National Tourism Policy to make it in tune with the new economic policy specifying the role of private sector in development of tourism, greater foreign investment in tourism infrastructure, liberalisation in other tourism

related sectors and the development in the information technology. Our mission is to contribute to India's economic growth and promote our image abroad as a country with a glorious past, a vibrant present and a bright future by ensuring welcome (swagat), information (suchana), facilitation (suvidha) and safety (suraksha) of the tourists. A new draft Policy incorporating all these emerging issues has been drafted which is in the final stages of consideration."

The Secretary, Ministry of Tourism and Culture (Department of Tourism) further clarifying the delay in approval of Draft National Tourism Policy stated during evidence:-

"So far as the draft tourism policy is concerned, it was drafted and debated with all the agencies including the private sector, State Tourism Ministers Conference, and the industry associations. A rough draft was prepared for presentation to the Cabinet. Thereafter, because of change in Government at that time and subsequently the next elections, etc. we could not get it immediately approved. Thereafter also, whenever it has become ripe for going to the Cabinet for a decision, then some changes in the Ministers level, took place and because of that the new Minister wanted to have a new look and put his or her input into that. In this process, it has got delayed.... We are expecting some finalisation very soon because the Minister has taken note of the delay and is taking action on that..... But our present Minister has asked us to submit the final draft to the Minister, which we have drafted according to the inputs the present Minister has given. It is awaiting a final decision now. The Minister has already informed in various platforms that he would take a final decision very quickly."

Later in their post evidence replies furnished to the Committee the Department of Tourism stated as under:

"The draft has been put on the official portal of the Department of Tourism, Government of India ([www.tourismofindia.com](http://www.tourismofindia.com)) to elicit comments and views from the trade and industry associations of tourism, as also from general public who are interested in this subject. Views and comments received so far are under consideration."

## CHAPTER-II

### TOURIST SPOTS

2.1 The National Action Plan for Tourism have identified 21 travel circuits, 12 destinations and 33 pilgrim centres which inter alia include destinations/places of tourism potential in remote/hilly areas for intensive development through the joint efforts of Central and State Governments and the private sector in order to strengthen infrastructure facilities. These are:-

#### Travel Circuits

1. Kullu-Manali-Lahaul/Spiti-Leh (Monastic Circuit)
2. Gwalior-Shivpuri-Orchha-Khajuraho
3. Bagdogra-Sikkim-Darjeeling-Kalimpong
4. Bhubaneswar-Puri-Konark
5. Hyderabad-Nagarjunasagar-Tirupati
6. Chennai-Mamallapuram-Kanchipuram-Vellur-Thiruvannamalai-Ginjee-Pondicherry (Southern Heritage Circuit)
7. Rishikesh-Narendranagar-Gangotri-Badrinath
8. Bhopal-Sanchi-Indore-Ujjain-Maheshwar-Omkareshwar-Mandu (Bhopal and Sanchi)
9. Jaisalmer-Jodhpur-Bikaner-Barmer
10. Bangalore-Mysore-Hassan
11. Raigad Fort-Janjira Fort-Kuda Caves-Sirivardhan-Harihareshwar-Sindhudurg
12. Varanasi/Sarnath-Gorakhpur-Kushinagar-Sunali-Piprahwa(Kapilvastu)-Sankisa-Kausambi-Sravasti-Lucknow(Buddhist Circuit)
13. Patna-Bodhgaya-Nalanda-Rajgir-Vaishali (Buddhist Circuit)
14. Bhubaneswar – Lalitgiri – Ratnagiri – Udaygiri – Kendraparha-Chand Bali Bhadrak (Sun Temple)
15. Kochi-Thekkady-Madurai-Rameswaram
16. Harishankar – Narsinghanath – Hirakud – Sambalpur - Bed Vyas (Gandhamardhan Circuit)
17. Chandipur – Chandaneshwar - Panchelingeswar-Simlipal Sanctuary-Khiching (Swaranchuda Circuit)
18. Araku Valley-Nandapur-Gupteshwar-Rayagada (Panchabati Circuit)
19. Guwahati-Kaziranga-Shillong-Tawang
20. Ahmedabad-Rajkot-Dwarka-Purbandar-Somnath-Girnar-Palitana-Ahmedabad
21. Ahmedabad-Modhera-Patan-Ambaji-Mt.Abu

#### Destinations

1. Ajanta-Ellora (Aurangabad)

2. Andaman Islands
3. Bekal Beach
4. Diu (Damn & Diu)
5. Kangra (Pong Dam)
6. Lakshadweep Islands
7. Manali (Solang Nalah)
8. Muttukadu-Mamallapuram
9. Puri
10. Sindhudurg
11. Kutch District
12. Dangs-Saputara Hill Station

### Special Tourism Areas

The State Governments of (a) Kerala, (b) Tamil Nadu, (c) Orissa and (d) Maharashtra and Union Territory Administration of Daman and Diu have declared Bekal Beach (Kerala), Muttukadu-Mamallapuram (Tamil Nadu), Puri (Orissa), Sindhudurg (Maharashtra) and Diu as special tourism areas for integrated development.

The places identified have intrinsic tourist attractions and are therefore having potential for tourism development.

### Pilgrim Centres

Pilgrim flows account for a very large percentage of domestic tourism. In order to promote pilgrim tourism, 33 pilgrim centres in 16 States have been identified so far for development of infrastructure facilities.

These are :-

S. No.	State	Centre
1.	Andhra Pradesh - Tirupati	1
2.	Assam - Kamakhya	1
3.	Bihar - Bodhgaya and Patna Saheb	2
4.	Gujarat - Dwarka, Palitana and Odwada (near Vapi)	3
5.	Haryana - Kurukshetra	1
6.	Himachal Pradesh Paonta Saheb and Jwalaji	2
7.	Jammu & Kashmir - Mata Vaishno Devi/Katra	1
8.	Karnataka - Gulbarga and Sringeri	2
9.	Kerala - Guruvayur	1
10.	Madhya Pradesh - Ujjain	1



11. Maharashtra- Shirdi, Nanded and Jyotiba	3
12. Orissa - Jagannath Puri	1
13. Punjab - Amritsar/Anandpur Saheb	2
14. Rajasthan - Ajmer shareef	1
15. Tamil Nadu - Rameswaram	1
16. Uttar Pradesh - Badrinath and Haridwar; Barsana-Gokul,Nandgaon, Mathura Vridavan and Gowardhan; Sarnath-Kushinagar	10
	<b><u>Total 33</u></b>

2.2 On being asked whether there is any proposal to develop any new tourism circuit especially covering Northern Bengal the way to go to North East circuit which has enormous tourism potential and North Eastern States, the Department of Tourism in their reply stated:

"21 travel circuits, 12 destinations and 33 pilgrim centres have been identified in the country for development through joint efforts of Central and State Governments and private sector. The following 2 travel circuits would meet the needs for development of tourism in the North Eastern States and Northern Bengal:-

- i. Bagdogra-Sikkim-Darjeeling-Kalimpong;
- ii Guwahati-Kaziranga-Shillong-Tawang

There is no proposal at present to identify any additional travel circuit in this area. However, Department of Tourism is supporting

North-Eastern States and West Bengal in developing tourism infrastructure in the area in consultation with them."

### **System to identify new tourist spots**

2.3 Asked whether the Department of Tourism have its own system, to see which areas can be developed for tourism, the Department of Tourism stated:

"As you have mentioned, new product development is a major area. But we do it through the State Governments. We ourselves do not have any system of recce. However, we discuss with the State Governments as to what new areas can be developed. In the beginning of the Ninth Plan, we set up the proposal for a new scheme to develop a few areas, what is called 'Special Tourism Areas'.

In some foreign countries, like Mexico, they have become extremely popular. In all special tourism areas where we develop all the infrastructure, we control the constructions, we control the sewerage system, etc. We identified five such places in the country, mostly in the beach areas. Again, because the scheme was not approved, we could not make any progress. But smaller projects, like dams, have come up and water sports can be done there. So, these are the things we are looking for. We discuss with the State Government and we shall continue to ask the State Governments to go in for the development of new projects, apart from looking at all old ones."

2.4 When asked whether explored/identified destinations/centres/spots have been developed and the right infrastructure provided to realise the vast tourism potential in those areas, Department of Tourism stated:

"The identified centres/destinations have to be developed on a regulated manner with the combined efforts of the Central and State Governments and the private sector. The Department of Tourism has been therefore giving priority in the sanction of financial

assistance for infrastructural projects in the identified circuits in different States on the basis of proposals received from them. A higher rate of interest subsidy of 5% (instead of the normal rate of 3%) is also being given by the Central Governments for the hotel projects in the identified circuits/destinations. Special tourism areas are all inclusive resorts with identified boundaries. They need large investments and integrated planning. The development of Special Tourism Area at Bekal is now in the implementation stage and land acquisition proceedings have started. In the case of Sindhudurg, the State Government has prepared a basic plan. The Orissa Government has identified the land for Puri Special Tourism Area and the Central Government has agreed to fund the preparation of Master Plan. In the case of Mamallapuram also, the Department of Tourism has agreed to fund the preparation of Master Plan. A study for the development of Environmentally Sustainable Tourism in the Andamans has been completed with WTO/UNDP assistance."

2.5 The Department has constituted Task Forces/Committees for the preparation of special plans for the development of tourism in certain regions and areas. A report in this regard has been prepared for North Eastern region and similar reports are under preparation for Jammu and Kashmir and Himachal Pradesh. It may thus be noted that a lot of time and investment would be required to provide the right kind of infrastructure in the identified circuits/centres.

2.6 Furnishing a note on the present status of infrastructure, infrastructural facilities needed/required to be upgraded for tourism in these newly identified areas and future plans/ programmes for their development, the Department of Tourism stated as under:

"The status of infrastructural facilities needed/required to be upgraded for tourism in the newly identified areas have to be assessed in detail. Though some studies have been conducted in the past in respect of some of the circuits they need to be updated and in respect of other fresh studies have to be conducted. The Department has therefore, requested the State Governments to prepare detailed plans based on the assessment of existing infrastructure and the future requirements."

## **CHAPTER III**

### **Infrastructural Facilities**

#### **Development of Infrastructural Facilities**

Tourism is a multi-dimensional activity and as such the infrastructure for tourism includes both basic infrastructural components and super structures. In fact, an integrated system of physical infrastructure consisting of the following is required for the development of tourism.

- i. Airport
- ii. International and domestic airseat capacity
- iii. Rail, road and water transport systems
- iv. Basic amenities like water, sewerage, electricity, telecommunication, etc.
- v. Hotels and restaurants
- vi. Shopping and entertainment facilities
- vii. Conference and Convention facilities
- viii. Tourist reception and information centres, etc.

#### **Airports**

There are at present 120 airports maintained by the Airport Authority of India and 130 airports/airstrips maintained by the State Governments. However, there are only 61 airports serviced by any of the airlines. Mumbai and Delhi airports are fairly congested. At the same time most of the other airports are not capable of handling wide bodied aircrafts. Thus there is a need for massive expansion and modernisation of airports. Non-availability of air transport facilities to remote tourist centres with the help of small aircrafts is another serious constraint in the development of tourism. If some of these airports/airstrips are made operational and the operation of small aircrafts of 50 seats or below are introduced, several remote areas with tourism potential can be air linked.

#### **Domestic Airseat Capacity**

During oral evidence, the Joint Secretary, Ministry of Civil Aviation stated:

"As regards conditions in the skies, on the domestic front, we have a liberal policy of providing new entrants. At present, there are mainly three airlines which are active and we have found it reasonably market-driven."

The total air seat capacity available in the domestic sector today is about 17 million and the average level of passenger traffic is about 12 million. Thus the average capacity utilisation is 70%. According to forecasts, the domestic airtraffic is expected to grow at an average annual rate of 10.5% upto 1999-2000 and thereafter 8.5% upto 2004-05 to reach domestic passenger traffic level of 24.34 million. It implies that the domestic airseat capacity also need to be expanded to meet the tourist demand.

#### **International Airseat Capacity**

According to the figures available from the Ministry of Civil Aviation, the existing international air-capacity to India is about 7.85 million per year. As against this, the annual passenger traffic to India is 5.45 million including 2.3 million international tourists. The average capacity utilisation at present is thus 70 per cent. Considering the fact that there is a good deal of seasonality in air passenger traffic and a good percentage of airseat capacity is occupied by the transit passengers in addition to disembarking passengers, the existing international airline seat capacity is insufficient to achieve any significant growth in foreign tourist arrivals.

The Secretary, Ministry of Tourism and Culture (Department of Tourism) commenting on air seat capacity stated during evidence:-

"I would still like to say that air seating capacity is an important thing. I would like to mention the ground facts. The ground facts are, whatever may be the reasons, today it is extremely difficult to get a seat from major destinations to India or out of India. It is also to some extent because larger number of Indians are travelling abroad. So, we have been saying that we should have a policy, which should allow sufficient number of air seating capacity, whatever is considered to be sufficient from major destinations. When we go to France, Germany, Italy, etc., they all say that even if nothing else is done, if we can provide better capacity, there would be an assured five to ten percent growth of tourism from these places. A pragmatic decision is required on this point."

In this connection, the Joint Secretary of the Ministry of Civil Aviation stated during evidence as under:-

"On the international side, we have a large number of airlines coming into India, but these are controlled by bilateral arrangements, except in the U.S. where there is a separate system followed which allows a more liberal approach. In the last one year, we have increased the bilateral arrangements by about ten per cent. We hope that the congestion which has been there will be eased during this season. For the time being, we are trying not to have too many discussions because of the disinvestment."

Explaining the gap between country's total traffic projection and its present deployment, the Joint Secretary of the Ministry of Civil Aviation replied:-

"Sir, the total international passengers carried by foreign as well as Indian carriers in 1999 was 11.6 million. The average growth for 1990-1999 was six per cent per annum. The estimated passenger carriage is 12.3 million. The seats required are on a seat factor of 75 per cent that means 75 per cent on the average. In that way it will be 16.4 million seats. Now the 33.7 million seats that you are quoting is about the entitlement available to Indian and foreign carriers combined. These entitlements are not actual requirement. Large number of entitlements are not being used both by Indian as well as foreign carriers because we signed some agreements with some countries like South America and Africa where the traffic is not so much and the airlines have scheduled flights. People come via other carriers through other countries.

What I am trying to point out is the seats requirement is on the seat factor of 75 percent which is 16.4 million seats. The seats deployed in the year 2000 by Indian and foreign carriers is coming to around 16.9 million. So, basically, we are meeting the present requirement. We have increased it by about 10 percent over the last year's figure which is given here. The figure of 33.7 million seats is about the entitlement available. There are so many foreign airlines coming to India and they are most welcome to come in case they find it commercially viable."

The Committee enquired about the constraints which have been there to fill up this gap and desired to know about Ministry of Civil Aviation's projections, entitlements and the deployments of seats. To, this the Joint Secretary, Ministry of Civil Aviation replied:-

"Now, Sir, I would like to bring another fact to your notice that air travel is a seasonal factor. There may be a sudden peak at a particular period, and there may be a low period when seats go vacant. The commercial viability has to be over the whole year because scheduled flights normally do not vary; they vary only twice a year – one is summer schedule, another is winter schedule. This is how the airlines' business works. Within that, as and when there is congestion, there was congestion last year, we allow more flights to come into India by just telling the airlines to bring in more 'extra sections' as we call it. But at that stage, every airline is not in a position to deploy more aircraft because they are deployed elsewhere. However, some did, and we were able to clear the backlog. The issue of shortage of seats is something which we look into, we monitor all the time, and we keep having discussions with various countries. One of the factors which is coming in the way is that whatever we agree in bilateral discussions, we get a certain entitlement and the same entitlement goes to the other country. They give it to their airlines, we give it to our airlines."

The Deptt. of Tourism in their OE stated in this regard as under:



" It may also be mentioned that international operations are governed by the services agreements and the seat capacity deployed on these routes is restricted bilaterally. Indian Airlines at present is operating to many countries in the South East Asia and Gulf. The average seat factor on these routes is about 65% which indicates that sufficient capacity is available."

The Joint Secretary, Ministry of Civil Aviation further stated during evidence:

"Now, our airlines are in a financial state where they are not able to buy or deploy more aircraft. Both Air India and Indian Airlines, as I explained earlier, are not in a position to purchase brand new aircraft, but they have decided to do some dry leasing this year. The concept and the idea of disinvestment is that since funding is required in a large way, it is hoped that private management will be in a position to provide or obtain better funds from the international market and increase the fleet. Once that happens, as far as tourism is concerned, there will be a definite improvement not only in respect of tourism but also in terms of general traffic, business traffic and domestic traffic. This will also help the tourism traffic in India. So, what I was trying to say is that this figure of 33.7 million which we have stated here is not the relevant figure but it is the figure of 16.9 million which is relevant to us; and the figure of 16.4 refers to the seats required at a seat factor of 75 per cent."

Asked about efforts being made by the Ministry of Civil Aviation to augment the existing international and domestic airline seat capacity sufficient to achieve significant growth of foreign tourist arrivals and to meet tourist's demands, the Department in their official evidence replies stated that the frequencies/capacities provided under the different bilateral agreements between India and other countries are reviewed from time to time keeping market requirements in view. Actual deployment is however, left to the commercial judgement of the airlines.

Consideration of proposal for augmentation of capacity by domestic private operators is an on-going process. This is examined with reference to the traffic growth trend and at the same time ensuring that the existing operators do not become sick due to over capacity. Indian Airlines has regularly deployed its capacity to serve important tourist destinations in India and also deployed capacity on international sectors to facilitate arrivals of foreign tourists. Fleet projections for 9<sup>th</sup> Plan period, by Indian Airlines has been based on the 10% growth in domestic traffic and 15% growth in international traffic approximately. Aircraft evaluation studies are being undertaken for augmenting as well as for replacing the present fleet of the airline. However, actual deployment of capacity will depend upon the market conditions prevailing at the time of introduction."

The Joint Secretary, Ministry of Civil Aviation, during oral evidence further stated on the steps taken as under:-

"Sir, in the Ministry of Civil Aviation, there are a lot of steps being taken, which I would like to enumerate. At present, we are disinvesting in all the major activities of the Ministry including the Air India and the Indian Airlines. The process of disinvestment is on and global advisers have been appointed. The four major airports in the country are to be given out on long-term lease. Another adviser has been appointed for that and the process is again on. The Hotel Corporation of India, which is a subsidiary of Air India, has two airport hotels, one in Delhi and the other in Bombay, another two hotels, one in Bombay and the other in Srinagar, and two flights kitchens, one in Delhi and one in Bombay. All these are also being sold out. So, at present, in so far as the Ministry of Civil Aviation is concerned, the process of disinvestment in all its major activities is on. We hope that on completion of disinvestment, there will be a major change in the facilities which are being offered to tourists and other travellers. So that is the main activity going on."

On the benefits the disinvestment would bring, the witness further added:-

"I also wanted to say that how tourism is going to be benefited by disinvestment. We are planning to give on long-term lease four major airports in the country. There will be some minimum development plan. The quality of the services in the airport will go up. We want to build our airports to world class standards and, we hope, that the operators who will operate will be given the charge under certain conditions. Therefore, the quality of airports services will definitely improve.

Besides that, near Bangalore in Karnataka, there is a place called 'Devanahalli' which has been selected and approved by the Union Cabinet for development of a new Greenfield

airport, and the process of selection of a joint venture partner is on. For Goa and Hyderabad also, the Cabinet has cleared the proposals for having new airports in the private sector. With these, I think, the tourist-friendly concept of airports will also come up.

Pending disinvestment, both the Air India and the Indian Airlines are going in for more aircraft through our system of trials. In both, the negotiations are on and hopefully everything will be in place in the next couple of months."

On the Committee's observation that more number of airports be declared international airports, the Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) responded by stating as under:-

"Yes, Sir, Kerala Government had complained to us in this regard. At their initiative they had started an airport at Cochin with private participation. It is a very beautiful airport but it has already become red because sufficient number of international flights are not allowed there as yet. Civil Aviation Ministry has changed these things. But these are the issues which need constant attention.

The State of Kerala has three international standard airports, namely Trivandrum, Cochin and Calicut but there is still no direct flight from Europe or America to the State of Kerala."

Asked about the difficulties being experienced to start a direct flight service from Europe or America to Cochin, the Joint Secretary, Ministry of Civil Aviation during evidence replied:-

"Sir, let me first say that only the airport at Trivandrum has been declared an international airport. Recently, of course, Cochin has been added to the list. Most of the discussions that we have had with foreign countries on bilateral air services, we have found that the gulf countries only request for going to Trivandrum and Cochin. Of course, having regard to the importance of development of tourism in the State, we will keep this in mind for future. But basically the flights that have been operating into Kerala from abroad have largely been from the Gulf. That has been on request from both sides. Commercial viability rests in the flights between Gulf and the State of Kerala."

On air travel fares the Director General, Tourism during evidence commented as under:-

"What I am saying is again not only my personal opinion, not only the opinion of the Ministry, but it is based on the actual feed back from the tourists as well as from the travel trade whose bread and butter depends on this. They have perceptions. They are saying that the internal travel rates are high as compared to other countries. 'Yes', I agree. Many foreign countries, are very small, but India is a big country. If somebody wants to travel from here to Kochi or somebody wants to travel from here to Chennai, the cost is something, which should be reasonable."

The Ministry of Civil Aviation in their official evidence replies about the status report on formulation of policy on airports and civil aviation stated as under:-

"Policy on Airport Infrastructure is already in place. Policy on domestic air transport services sector is also existing. However, comprehensive policy document encompassing all the sectors of civil aviation i.e., the Civil Aviation Policy is still in the draft stage."

## **Railways**

About extension of railway network to all the important tourist centres, the Ministry of Railways in a reply stated:

"Railway plans extension of their network on the basis of operational requirements, traffic flows, national and strategic importance and social desirability. Linking of important tourist destinations is an important determinant while taking investment decisions for extension of Railway Network. Linking of tourist destinations to Railway Network is, thus, need based and ongoing exercise and a large number of important tourist centres have already been provided with Rail connection and more tourist centres will be added to the Railway system as and when considered necessary and feasible subject to availability of resources."

The Ministry of Railways have introduced several fast air conditioned trains connecting tourist centres. They have also introduced two Special Tourist Trains and steps are on for the introduction of six more

such trains with private sector participation.

On the need for introducing more trains like Shatabdi and Rajdhani with special focus on tourism, both for the foreign and domestic tourists between different destinations in the country, the Ministry of Railways stated:-

"With a view to meet with the requirements of passengers so as to provide them with the fastest mode of transport premium services like Rajdhani/Shatabdi Express trains have been introduced on Indian Railways. The Rajdhani trains are long distance premium trains providing catering and other onboard facilities to the passengers and connect State capitals with the national capital intended to provide an alternative to the airline services to the businessmen and other elite class. They connect the major business towns with the national/State capitals. These trains are extremely popular mode of travel among the domestic and foreign tourists as well. Shatabdi services started solely on Northern region but as it grew in popularity they were required to be uniformly disseminated to the other parts of the country. 15 pairs of Shatabdi Express trains are presently running on the Indian Railways. The percentage occupancy of Shatabdi and Rajdhani trains during the months varies depending on vacations, holidays, festivals etc. However, these trains consistently maintain more than 80% occupancy on 2AC and 3AC/CC. The Shatabdi trains are well patronized in the Northern and Western regions probably due to high per capita income and consequent purchasing power. Whereas overall long distance Rajdhani trains are popular throughout the country.

The premium trains both Shatabdi and Rajdhani trains are constantly being upgraded to meet the increasing demand. It is proposed to introduce trains with LHB coaches, which can carry more passengers, shortly in the Northern Region. This is expected to cater to the demands of both domestic and foreign tourists as well."

The Committee were informed that as many as 79 sites had also been identified for the construction of budget hotels at important railway nodes. Further steps required to be taken by the Railways for the development of tourism include the following:-

- Provide railway platform and linkages to all the international airports so that the tourists can board a train straight from the airport as in Chennai.
- Expand the railway network to connect important tourist centres like Khajuraho and Diu.
- Improve the hygienic conditions, environment and passenger facilities in and around the main railway stations near the identified tourist centres.
- Provide first class air conditioned coaches in the trains connecting important tourist centres.

Asked about the improvement of hygienic conditions, environment and passenger facilities in and around the main railway stations near the tourist centres, the Ministry of Railways in their OE replies stated as under:-

"Provision of passengers amenities for the convenience of travelling public particularly tourists is a continuous process and Railway take necessary steps by allocation of funds for Passenger Amenities separately every year. This year allocation for Passenger Amenities is Rs. 130 crore.

Arrangement of cleanliness in Railways premises in and around Railway Stations already exists. However, during the Explore India Millennium Year, 61 important stations have been selected for providing improvements in the passenger amenities. Regular drives are also launched for cleanliness."

The Committee enquired about the facilities created by Railways especially for foreign tourists. To this Executive Director, Ministry of Railways stated:

"For the foreign tourists we already have the facility of Indrail passes which are sold through our General Sales Agents abroad. We have joint ventures with Indian Airlines and Air India also. The Indrail pass is a facility for a foreign tourist for an unlimited travel for a specified period starting from half-a-day, one day, seven days, fifteen days upto ninety days. On this we

have provided for separate reservation facility also. There are no supplementary charges like the Superfast Surcharge, etc."

### **Indian Railways Catering and Tourism Corporation**

Furnishing a note on Catering and Tourism Corporation giving inter-alia its aims, objectives and its role and achievements in tourism industry/infrastructure, the Ministry of Railways submitted as under:-

"The Cabinet in its meeting held on 23<sup>rd</sup> March, 1999 had approved the setting up of Indian Railways Catering and Tourism Corporation (IRCTC) Ltd. under the Ministry of Railways. IRCTC has already been incorporated in September 1999 under the Companies Act 1956. The company has also obtained the Certificate for Commencement of Business from the Registrar of Companies. Ministry of Railways have already released the equity capital of Rs. 5 crore as Government contribution in the company for the current year. Part time Chairman has been appointed and PSEB has been approached for the appointments of Board level posts.

IRCTC will act as an extended arm of Indian Railways passenger and hospitality business to:-

- i. upgrade, run and manage catering and hospitality services at stations, on trains and on other establishments of IR, award franchise as a regulatory authority and work as a catalyst in stimulating technological upgradation in this area;
- ii. manage and undertake marketing of existing railway hotels, Rail Yatri Niwases, retiring rooms etc. as well as on board services including predeparture and post arrival services and facilities construction and management of new hotels on railway land on build, own, operate and transfer(BOOT) basis, and
- iii. To promote domestic and international tourism in general and rail based tourism in particular with emphasis on development of tourism infrastructure on a nation wide scale by stimulating investments.

IRCTC will strengthen IR's linkage with other modes of transport through upgradation of information including global distribution services, thereby offering integrated packaged tours, development, management and marketing of hill railways, other branches lines with tourism potential, preservation and conservation of Rail Heritage sites and museums and work as Special Purpose Vehicle (SPV) on behalf of Government and Railway Administration to identify new areas of economic investment and enhance value of land, assets, properties, rolling stock and equipment by suitable ventures and thereby generate surpluses by optimum use of non-performing assets.

IRCTC has already initiated the following projects:-

- i. Booking of railway tickets through Internet,
- ii. Setting up of Food Plazas at railway stations,
- iii. Development of comprehensive rail tourism packages in association with tour operators,
- iv. Provision of mobile catering and other services on trains and
- v. Introduction of an onboard magazine for Shatabdi and Rajdhani express trains."

The Executive Director, Ministry of Railways during oral evidence about tourism and catering services in Railway stated as under:-

"On the Indian Railways, both catering and tourism are the thrust areas. The Tourism and Catering Directorate in the Ministry of Railways is headed by an officer of the rank of Additional Secretary assisted by a Joint Secretary, a Director and a Joint Director."

Indian Railways Catering and Tourism Corporation has since been incorporated. This is a body which will take up both tourism and catering in a professional way, also inviting private investment. Today the status of this Corporation is that we are just awaiting the ACC approval for the Board level postings for which



selection will be done by PESB. Notwithstanding the full creation of the Board level postings, this Corporation has already undertaken a few activities on hand.

On 2<sup>nd</sup> November they have started a comprehensive package for tourists going to Vaishno Devi. This will be a very major thrust area for value addition to rail travel. The Vaishno Devi trip is a joint venture between Indian Railways Catering & Tourism Corporation and Thomas Cook in providing a comprehensive service to a traveller going from New Delhi to Vaishno Devi. He is provided with a confirmed reservation both ways in a three-tier AC compartment in an extra coach which leaves on Thursday night. At Jammu road transport facilities are available for taking the pilgrims to Katra. The entire lodging, boarding, sight-seeing and pilgrimage are covered in a package at a cost of Rs. 2,999/- per adult. This is an area where the Indian Railway infrastructure can be dedicated to the purpose of tourism by providing value addition to rail travel.

A similar package has already been developed with Himachal Tourism Development Corporation, HTDC, in which the tourists are given a hassle free journey to the beautiful destination Shimla and its surroundings. It gives a package for II AC confirmation both ways in Kalka Mail up to Shimla and from there the guests are taken to Narkanda and Chail Palace Hotel. Once they land at Shimla, they do not have to look for where to go, where to hire a taxi, how to find a tourist guide, where to have food, which hotel to lodge in, etc. It is all done by an organised sector as in a joint venture between Indian Railways and HTDC.

We are progressing in our dialogue with most of the State to provide such packages. We are already in dialogue with West Bengal. We had a series of meetings with Shri Pranab Ray, Principal Secretary, Tourism. About Kerala, I would like to tell this august House that Shri O. Rajgopal, the Minister of State for Railways, is attaching a very great importance to tourism. His initiative is not only for Kerala, but for the entire country. What we have crystallized is that apart from popular trains like Palace on Wheels, Royal Orient and Heritage Projects like Ferry Queen for foreign tourist, we can provide a big boost to tourism by giving value addition to rail travel through comprehensive tour packages.

For example, if we are thinking of Shatabdi Train going from Delhi to Agra, we can well imagine that at least 50 per cent or more are going to see the Taj Mahal. In the absence of a comprehensive package between rail and another service provider, a tourist is left high and dry. He has to look for various facilities including transportation, sightseeing, board and lodging and return journey. So, if we have a comprehensive package like the ones we have for Shimla and Vaishno Devi, we can provide some relief and comfort to the tourists.

The Catering Corporation, in addition to these comprehensive packages, which will be value addition to our railway travel, have already gone to the press for establishing food plazas at 25 major railway stations, where in addition to the facilities already available to the passengers, they will serve even the city dwellers.

In order to have better coordination between Department of Tourism and Railways, the Committee enquired about feasibility of supplying a booklet free of cost having lot of information about tourism, in rail journeys as is done in air flights. To this, Executive Director, Ministry of Railways, replied during evidence :

"We are already in an advanced stage of crystallizing this proposal. I am very glad that you have raised it. Though the Catering Corporation has not been fully established, it has struck a joint collaboration with a company called Crisil, which is a rating company for shares. Indian Railways made two-three attempts to find partners, but everybody was asking for money rather than giving the magazine free or sharing some money out of their advertisement revenue. We have now got a proposal from Crisil and they have come up with a good offer."

## **ROAD TRANSPORT SYSTEM**

Although about 80% of the foreign and domestic tourists make use of road transport system for visiting different destinations, the road segments connecting tourist centres require substantial improvement.

Giving a note on the conditions and maintenance of Roads-National Highways as well as State Highways and connecting important tourist spots and the policy of the Government for proper maintenance of Roads connecting important tourist places, the Department of Tourism informed as under:

"The National Highway network is spread all over the country and so are the tourist centers. Union Government (Ministry of Surface Transport) is responsible for maintenance of

National Highways and the State Highways connecting the tourist spots are being maintained by State Governments. The maintenance of National Highways in traffic worthy condition is being carried out by MOST through agencies of State PWDs, BRDB and NHAI. For this purpose, the Ministry has formulated norms of maintenance and subject to availability of funds, allocations are made to these agencies for upkeep of entire length of National Highway network vested with each of them. There is no separate policy or special provision of funds for maintenance of National Highways connecting tourist places. All development and maintenance works carried out can be considered to be related to improvement of road network connecting tourists centres."

The Director General, Tourism commenting on the condition of roads stated during evidence:

"It is a very large country. I tell the foreigners, look it is very easy to provide for roads in a small country, but India is so large that to provide roads everywhere would require an investment which may not come very soon.

But at the same time, the foreigners do say that if the roads were better, they could reach many beautiful areas which are hidden in far flung areas but which cannot be accessed and which cannot be enjoyed. So, this is another problem area."

Giving details of roads taken up for developmental work, the Ministry of Road Transport and Highways replied that as on 1.4.2000 1348 number of works costing about Rs. 2700 crore were in progress.

It was pointed out during the tour of EC that National Highway No.15 i.e.Agra-Jaipur road totally lacked the basic infrastructure and road side amenities were non-existent thereby discouraging the foreign and domestic tourists to travel from Agra and Delhi to Jaipur and other tourist destinations in Rajasthan. Asked about efforts the Central Government is making to provide road side amenities and basic infrastructure on this route and the role of Department of Tourism in this respect, the Department of Tourism stated:

"The National Highway No.15 between Agra and Jaipur is a vital road for tourist traffic in the golden triangle Agra-Delhi-Jaipur. Improvement of roads and provision of road side amenities being the subject matter of the Ministry of Surface Transport and the State Governments concerned, the Department has been pursuing the matter with them."

Department of Tourism was asked the state of amenities and facilities at places where buses bound for Khajuraho stops enroute were ever examined. Explaining the position in this regard, the Department of Tourism stated in their reply that examination of the state of amenities and facilities come under the purview of State Government/UT Administrations.

It has been observed that tourists travelling between Khajuraho and Varanasi use MP State Roadways buses. It is imperative that road and road transport facilities in this sector should be improved to facilitate more comfortable journey to tourists and pilgrims.

When asked whether this sector needs to be improved to facilitate comfortable journey to tourists and pilgrims travelling between Khajuraho and Varanasi through M.P. State Roadways buses, the Department of Tourism stated that the Madhya Pradesh Government has been advised to take suitable action in this regard.

## **Road Maps**

Giving details of the position regarding production of good quality road maps on tourist destinations, the Department of Tourism stated in their reply:

"The Ministry of Tourism brings out Tourist Maps on different tourist destinations based on the requirements of Government of India Tourist Offices in India and abroad. Till date the following maps have been printed:

City Map of Delhi, Bombay, Calcutta, Madras, Hyderabad, Thiruvanthapuram, Bangalore, Jaipur, Varanasi and State of Gujarat."

Asked whether the Department of Tourism felt that good quality road maps should be printed for all important tourist spots in the country for the convenience of foreign as well as domestic tourists visiting

various tourist spots and efforts being made to print such maps, the Department of Tourism submitted as under:

"Department of Tourism produces tourist publicity material including maps of important tourist destinations around the country, based on the requirement of the Government of India Tourist Offices which are driven by the market demands. The State Governments also produce tourist literature including maps on other tourist spots for their respective States supplementing the efforts of the Department of Tourism."

About printing a Tourist Atlas of India, the Department of Tourism stated:

"In so far as Tourist Atlas is concerned, the Department of Tourism undertakes production of an All India Tourist map which is tourist friendly highlighting information on various tourist destinations, air routes, rail routes, etc. This is under production at present."

### **Road Signages**

About putting up road signs along the tourist routes, the Department of Tourism informed that under the scheme of Central Financial Assistance, the Ministry of Tourism allocates funds to the State Governments for putting up signages/road signs to facilitate tourists on tourist routes and centres.

The details of amount sanctioned for road signages is given hereunder:

Name of State sanctioned	Year	Name of Project	Amount
1. Goa	1997-98	Signages for Walking Tour Goa	Rs.10.00 Lakh
2. Kerala	1997-98	Signages Kerala	Rs.10.00 Lakh
3. Kerala	1998-99	Backwater Signages	Rs. 20.00 Lakh
4. West Bengal	1998-99	Darjeeling Gorkha Hill Council	Rs. 5.00 Lakh

Asked whether keeping in view the importance of signages/road signs along the tourist routes for the guidance of foreign and domestic tourists to reach their destination, it is not essential that all important tourist spots should have road signs/signages upto a certain range, the Department of Tourism stated:

"Department of Tourism also feels that tourist destination should have proper road signs and signages. This issue is taken up with State Governments/UT Administrations from time to time."

Asked as to when was the issue last taken up with the State Government/UT Administrations, the Department of Tourism in their post evidence replies stated:

"During the prioritisation meeting held with the officials of the State Governments/UT Administration, emphasis has been given to prioritisation of proposals relating to signs and signages in respective States/UT Administrations."

The Department of Tourism in a note regarding availability of airconditioned coaches and cars for tourists stated as under:

"We do not have even many air conditioned coaches and cars for transporting the tourists from one place to another. Coach and car manufacturers in India also need to be encouraged to manufacture vehicles of international quality. This segment of the tourism industry requires substantial upgradation and the industry has to be encouraged to do so through suitable incentives like abolition of customs duty and other incentives."

### **Movement of vehicles from one State to another**

The Committee constituted for the rationalisation of tax structure in the tourism industry has submitted its Report regarding the requisite mechanism for ensuring free movement of tourist vehicles from one State to another in May, 1998. The important recommendations of the Committee are enumerated as under:-

- Introduction of a special tourism permit for at least 3 States in addition to the Home State for operation in a zone.
- In case the above system is not acceptable, the Committee recommended the introduction of permits for tourist operation on the lines of National Permit for goods carrier.

Furnishing latest position in this regard, the Department of Tourism informed as under:-

"Besides the inter-State Council, this issue has been taken up in the State Ministers of Tourism Conference, the State Secretaries of Tourism Conference as well as meetings of Transport Development Council of the Ministry of Surface Transport. The matter has also been taken up with the various State Governments. On 22<sup>nd</sup> September, 2000 a meeting of the Southern Secretaries of Tourism and Transport was held at Chennai as per the directive of the Standing Council of Southern Regional Council. The consensus of the State Transport Departments has been that by rationalization of taxes and special permits scheme the chances of its misuse are more. However, it has been suggested that some mechanism should be developed to check the misuse by the Tourist Transport Operators. The industry has also suggested that the Bank Guarantee could be obtained from the Tourist Transport Operator which would be forfeited if the Tourist Transport Operator is found misusing the permit. The State Governments have yet to take a final decision in this regard."

## **INLAND WATER TOURISM**

India has a vast coastline of about 5000 kms and several navigable inland water resources. These are not being exploited at present to any appreciable extent either as an alternate mode of transport or as a tourist attraction.

### **Potential for development of inland water tourism**

The Government of India has examined and conducted some preliminary studies to assess the potential for inland water tourism. Some of the States identified are-

Assam - for navigating the circuit Guwahati-Una Nada-Manikeshwar-Govil; Gobinda, Sualkuchi-Kaziranga which are places of tourist interest

West Bengal - the Sunderbans water stretch, the river Ganges, for creating potential for water transport tourism, luxury launches along the river and the floating boats, hover-craft transportation and cruising – Calcutta-Brahmpura-Murshidabad are all areas that can be exploited

Gujarat - the coastal area of Gujarat connected with places of tourist interest Inland water tourism offers potential and these are being connected through a cruise circuit

Similarly Bombay-Goa cruise as a tourist attraction offers potential. Goa is also being promoted for inland water tourism. In fact NIWS has been set up at Goa for promoting water sport activities.

The Chairman, Inland Waterway Authority of India (IWAI) in this Context stated during evidence:

"At present there are three national waterways that have been identified for development. One is the Ganga-Bhagirathi waterways, the second one is the Brahmaputra and the third is in the State of Kerala. We are in the process of developing these three national waterways which require considerable funds in the form of providing night navigation facilities, providing for terminals and for regular movement on these waterways.

Other waterways also have been identified which can be taken up for development. But since the resource available are limited, at the moment we are concentrating on these three national waterways. But other waterways have also been identified and techno-economic studies have also been completed for some of them. Our construction is on cargo movement. In addition to the national waterways, the State Governments also undertake development of waterways. The hon. Committee is aware that in places like Kerala and Goa there is also enough tourist and cargo movement."

Asked whether specific schemes or proposals have been submitted by the State Governments with a view to develop tourism, the Joint Secretary Ministry of Shipping stated during evidence:



"We have received proposals regarding development of navigation facilities. I have mentioned earlier that some schemes are under implementation for which certain assistance is made available from the Central Sector. This is what we are doing in the area of inland water transport."

The Chairman, Inland Waterways Authority of India (IWAI) further stated:

"Except this, of course, our involvement with promotion of tourism is peripheral. At this stage, however, we are open to any suggestion from the Department of Tourism. If they have any specific proposal for development of tourism that is water-borne, we are prepared to consider the proposal and lend our assistance."

Sir, as has been mentioned by the Joint Secretary we, at present, are involved in the development of three National Waterways but if any State is interested in any particular scheme in their sector, then that could be considered. We have a Central Sector Scheme of 50 per cent loan assistance. We are willing to consider such schemes. Right now we do not have any proposal from the Department of Tourism. There is of course, one proposal from the Government of Kerala. Kerala has been a leader in this. They have taken advantage of this scheme. They have a proposal for development of a tourism canal from Kovalam. We have received that proposal and we have asked for certain clarifications and on the receipt of those clarifications we would finalise the proposal and lend them the support."

Asked whether other States have also come forward with some proposals, the Director General Tourism replied during evidence:

"Sir there are some States who have expressed interest in this thing. But now that he has mentioned this particular point, I will check it up as to whether they have submitted any proposal on them or not."

Over the years the Central financial assistance was being provided for river-cruising, especially for wildlife viewing, inland waters and coastal areas, eg. Kerala. The scope of the scheme also includes river navigation connected with places of tourist interest.

Commenting on cruise tourism, the witness further stated:

"In the Action Plan also cruise tourism is mentioned as a very important aspect. The cruise on Danube in Austria is a very major tourist attraction. The cruise along the Rhine in Germany is very major tourist attraction. Once they allow people to use that kind of a thing and provide the necessary draft to the boats, I am sure this activity can earn a lot of revenue. The basic thing is that it will have to be in the private sector because the States do not have the resources to run such cruises on commercial lines. I will check up on the various States and tell you as to which of them have submitted proposals. In case our help is required we will be very happy to coordinate."

The present scheme of 50% loan given to the State Government for development of IWT system in the respective states under Centrally Sponsored Schemes has generated results in states like Kerala, Goa and West Bengal.

In a written reply furnished to the Committee, the Department of Tourism stated:

"The Department of Tourism provides Central financial assistance to State Governments/UT Administrations for tourism projects including cruise vessels prioritized in consultation with them. During 8<sup>th</sup> & 9<sup>th</sup> Plan (upto March, 2000) Rs.368.31 lakhs have been sanctioned for purchase of cruise boats, launches, catamarans and ferry boats in the country. Requirement of resources for inland water resources on cruising routes is to be assessed by the State Governments."

Committee enquired about the latest stage of the proposal to operate a cruise between Srikakulam and Nagarjuna Sagar in Andhra Pradesh. To this Director General, Tourism replied during evidence as under:

"Right up to the year 2000-01, this project has not been submitted by the Government of Andhra Pradesh for prioritisation. However, my suggestion is that it need not be in the public sector. The private sector will be very happy to run such a scheme. Ultimately it is for the benefit of tourism and the private sector can provide the facilities."

**Asked whether any proposal to develop cruise tourism in Sunderbans was under consideration of the Department of Tourism, the Director General, Tourism replied during evidence as under:-**

"In the State of West Bengal, the State Tourism Development Corporation is already running cruise on the river. In fact last year when we held the tourism mart they showcased that boat and talked about how it is being done. Let me be very frank in saying that this requires a lot of money. According to us, no specific proposal from the State saying that they want money to purchase the boat, etc. has been prioritised so far. Under prioritisation they bring every year a certain number of proposals and we arrange them in an order depending upon the money available. So far, West Bengal has not submitted any such proposal. In case they submit, we will have no problems considering it. We honour the priority of the States. My suggestion from the Department would be that cruises are something which are being handled in the private sector in other countries. If the West Bengal Government wants to do it, they should contact a lot of entrepreneurs, hold a meeting with them so that they come forward to handle this activity. We will be very happy to get in touch with the Ministry of Surface Transport on this."

About creating potential for water transport tourism in Sunderbans water stretch, the Director General, Tourism stated during evidence:

"I can clear the issue right now. The Government of West Bengal has already submitted its proposals for 2000-01 and they have already been approved. For 2001-02, if the Government of West Bengal through its Tourism Development Corporation submits a proposal for purchase of a boat or something for a cruise and brings it as a priority, we will be more than happy to approve it. The proposal has to come from the Government of West Bengal."

The Chairman, Inland Waterways Authority of India (IWAI) further added during evidence:

"Regarding Sunderbans, nobody has to seek our permission to run any cruise trips. So far as the question of declaration of national waterway in regard to Sunderbans is concerned, that is a formality. Once we are able to do that we will be able to give additional facilities like night navigation facility etc. But if anyone wants to start a cruise trip, even now it can be done. If at all any assistance would be required from us we will be very happy to provide it."

Asked whether any specific requests were received from the State Governments of Kerala, West Bengal and Assam for funds for providing infrastructure in the States for development of Adventure and Water/Inland Water Sports tourism and whether the special grant of Rs.9.00 crore for developing the Sunderbans area for inland water tourism been granted, the Department of Tourism stated as follows:-

"The Department of Tourism provides financial assistance for specific project prioritised in consultation with the State Government every year. During 2000-2001, nine proposals amounting to Rs.927.00 lakhs have been prioritised for central financial assistance for development of adventure and water inland watersports tourism in the state of Kerala, West Bengal and Assam."

The Ministry of Tourism has requested the Planning Commission to provide special grant of Rs.9 crores for developing the Sunderbans area for inland water tourism. This was based on the study and recommendations of Tata Consultancy Services. The project also includes the Sunderbans National Park which form the core of the area, of the vast Delta created by the Great Indian Rivers, Brahmaputra and Ganga and this offers a tiger reserve as a major tourist attraction. The swamp area consists of islands interwoven with network of small rivers and rivulets. Catamaran and speed-boats could be used for convenience of tourists for wildlife viewing and navigating the water stretch alongside mangrove area.

While State Government would be contributing their share in terms of land and development of basic facilities, the Central share will depend on inter-se-priority and subject to availability of funds.

### **Role of Private Sector**

The Cabinet Note on IWT Policy Framework and Strategy for Development including guidelines/incentives for private sector participation in development and operation of IWT related activities was considered by the Cabinet in its meeting held on 11.7.2000 and it was decided that the matter, in the first instance, be considered by a Group of Ministers and recommendations brought up

thereafter for its consideration. Accordingly, the Group of Ministers considered the note in its meeting held on 18.9.2000 and made their recommendations for consideration of the Cabinet. Based on the recommendations of the Group of Ministers, a cabinet note is being formulated along with the draft Bill to amend the IWAI Act, 1985. It will be placed before the cabinet for consideration/approval, shortly.

The private sector participation in operation of IWT related activities including tourism facilities and operation is open which is likely to get a boost once the IWT policy on private participation and fiscal concessions for the sector are approved by the Government.

### **Accommodation**

Accommodation is one of the critical segments of tourism infrastructure requiring substantial investment.

The estimates requirement of approved room accommodation (category-wise) in India by 2000AD is given as under:-

<b>STAR CATEGORY</b>	<b>2000 AD</b>
5 & 5-D	41400
4.	12400
3.	37300
2.	23100
1.	8600
Heritage	2200
	-----
	125000
	-----

The above estimates, however, were based on the projected arrival of 5 million tourists.

The Department of Tourism informed in a written reply as under:

"The Ministry of Tourism has accorded approval to various hotel projects under 1-5 star and Heritage category. As on August 2000 a total of 1020 hotel projects under all categories have been approved which on completion shall provide 56,732 rooms all over the country. A hotel project normally has a gestation period of around 3 to 5 years and it is hoped that by the year 2003, most of these hotel projects will become operational and the tourists visiting various parts of the country will be able to make use of this accommodation.

A detailed category and room wise break up of hotel projects approved by the Ministry of Tourism upto August, 2000 is given below:-

<b>STAR CATEGORY</b>	<b>NO.OF HOTELS</b>	
<b>NO.OF ROOMS</b>		
5-star	62	10631
4-star	45	3591
3-star		
521	29925	
2-star	252	9633
1-star	85	1732

In order to streamline the process of data collection and to have access to immediate status of a hotel project, the Department of Tourism is attempting to computerise the system of reporting and retrieval of data. Once the software is tested at the headquarter level, it will also be utilised in the Regional Offices. At present it is not possible to furnish locationwise status of each project, as desired."

Asked about the steps being taken to develop lodging facilities to meet the requirement of the middle class tourists in tourist areas, keeping in view their paying capacity, Department of Tourism explaining the position stated in a reply:-

"The Department of Tourism has adopted a deliberate policy of developing budget accommodation facilities for the benefit of domestic tourists. The specific elements of this policy are the following:-

i) The Central financial assistance to State/UT Governments is primarily oriented towards creating low period accommodation facilities like Yatrikas, Yatriniwases, Tourist lodges/complexes, etc.

ii) Financial assistance is also provided for the upgradation and renovation of State Tourism Development Corporation properties which serve the needs of domestic tourists.

iii) Religious Trusts/Boards are being given financial assistance through State Governments for the improvement of accommodation facilities at pilgrim centres and

iv) The incentive policy of the Government is mainly in favour of 3 star and below categories of hotels. Such hotels outside the metrocities are eligible for interest subsidy of 3% in the case of loans taken from TFCL, IFCL, SFCL and SIDCL."

Furnishing details of the latest position on proposal for the Railways for revival of their proposal for constructing 100 hotels of 100 rooms for budget tourists at railway stations serving specific tourist centres in the country, the Department of Tourism informed :

"100 stations of tourist interest on Indian Railways have been identified for the construction of Budget Hotels/Rail Yatri Niwas. Project of additional Yatri Niwas/Hotels will be taken up by Indian Railway Catering and Tourism Corporation through private participation."

Director General (Tourism) stated about hotel industry during evidence as follows:-

"Coming to the responsibility of this Department, we have responsibilities basically in respect of hotels where we do voluntary classifications. I would like to tell you very clearly that hotel industry is almost totally private sector driven and I am sure no growth is possible unless the private sector thrives. The Government's role we perceive as merely is that of a facilitator. We are not in the license permit raj. We are in an area where the Government should help the private sector, earn more foreign exchange for the country and also considering the size of India, make life of the tourists more comfortable and more pleasant. As you know, our assessment is that 175 million Indians are travelling all over the country. This is a large number and they too generate a lot of employment facilities for people. We have ensured public-private collaboration. Our hotel classification guidelines, I think, for the first time, are being drafted not by the clerical staff or by the usual Government system, but by a professional in the field from the private sector. Of course, the decision will be that of the Ministry. The idea is that there should be a total understanding in the private sector of what the Government is doing and vice versa."

Commenting on State Government Hotels which are in bad shape, the Secretary, Ministry of Finance (Deptt. of Expenditure) stated during evidence:

"The Government should do the work of infrastructure development. Where business is to be done or hotels are to be run, in that so much alertness cannot come from Government's side. This work can be done by private sector. Government should develop infrastructure from its



resources and business work be done through private sector. This type of overall direction is of Tourism Department. In this a better coordination can be established between the two."

Conceding that hotel accommodation is a major constraint in the expansion of tourist traffic and efforts are being made by the Department of Tourism to develop approved accommodation infrastructure for the tourists, the Department of Tourism in a written reply stated:-

"The Policy of the Government has been to encourage the private sector to construct the projected number of approved hotel rooms by providing the requisite facilities and incentives. The Ministry of Tourism has taken a policy decision to allow the setting up of Apartment Hotels/Hotels upto 3 Star category which are coming up adjoining the commercial complexes in the four metro cities. This new policy of the Government has been well received by the travel industry. However, not much response in the form of such hotel projects has come up in the last one year. It is hoped that this concept is likely to become popular as the availability of land in the metropolitan cities is scarce. Various incentives/duty concessions etc. are extended to the private entrepreneur for setting up of hotels viz. Interest Subsidy on Hotel Loans, Income Tax benefit under Section 80-HHD and 80-IA, exemption of Expenditure Tax in identified areas, imports under Incentive Quota, import of speciality food items, imports under EPCG Scheme, concessional Custom Duty and the grant of Export House Status to the Tourist Units."

A package of incentives were thus made available including interest subsidy for hotel projects outside the metro cities, income tax concessions, concessions in import duty etc. The Tourism establishments have also been made eligible for Export House status recently. The Ministry of Tourism has also taken up with the Ministry of Urban Affairs and State Governments to make available the required land for the hotel projects. Some of the State Governments like Uttar Pradesh and Maharashtra have come up with supportive land policies in this regard."

Director General, Tourism stated during evidence as follows:

"Taxation is one area because of which India already, unfortunately, is seen as a costly destination. Remember, when a foreigner comes, he has the choice of the world and he would like to go in an area where he gets value for money. It is not as if he is willing to spend any amount anywhere. So, he says why don't I go to Thailand where for a lesser amount, I enjoy the similar facilities. So, that is another issue."

Furnishing a note giving details of simplification of tax laws in the State, the Ministry of Tourism and Culture (Department of Tourism) stated as under:

"The Department of Tourism is aware of the multiplicity of taxes that prevail in the hotel industry. A Committee has been constituted to study the issue and make recommendations for the rationalisation of tax structure. The Central Department of Tourism is of the view that the licensing procedures should be transparent, rational and easy. As far as possible, there should be a single window clearance mechanism in each State. These issues were discussed in the Tourism Ministers' Conference held on 27.6.1997 and as a follow up, a Committee has been constituted to look into the tax structure on tourism industries prevailing in different States."

## **Restaurants**

Asked how do Department of Tourism propose to encourage independent restaurants at tourist centres by making necessary investments to conform to the quality standards expected by the international tourists and elite domestic tourists, the Department of Tourism in a written reply stated :

"The Ministry of Tourism encourages the promoters of independent restaurants at tourist centres to set up restaurants which will cater to the needs of foreign as well as domestic tourists. The Hotels and Restaurants Approvals and Classification Committee (HRACC) under the Department of Tourism approves restaurants independent of hotels in the country from the point of view of their suitability to the tourists. Restaurants are approved based on a guideline which considers that the requisite standards are maintained by the restaurants. The Department reapproves such restaurants after three years. This scheme of approving restaurants is a voluntary scheme and, therefore it is entirely upto a restaurant to seek the

approval of Department of Tourism. Approved restaurants are entitled to improve restricted items upto 10% of their foreign exchange earnings.

On being approved, the restaurants can also avail various fiscal and financial benefits for import of raw materials, the Ministry of Tourism recommends their cases for gas/telephone connections on priority basis, for obtaining steel, cement and other inputs for a hotel project, provides income tax benefits, issue of bar licences, custom duty certificates, income tax benefits, interest subsidy, capital subsidy, etc. Ministry is also trying to raise awareness about quality and standards by giving awards to various categories."

Further asked whether awards were given to various categories of restaurants, the Department of Tourism stated :

"The Department of Tourism in order to recognise the achievements and further encourage such restaurants has instituted the National Tourism Awards and Awards of Excellence to approved restaurants. One National Award and Three Regional Awards are presented to approved restaurants by the Department of Tourism every year."

### **Shopping Complexes**

Though India produces a variety of items like jewellery, handicrafts, metal works, dress materials, carpets, etc. which are popular with the foreign tourists, the shopping facilities available outside the metro cities and Bangalore are limited.

About the steps taken in coordination with concerned State Governments/local administration to ensure that each tourist centre (apart from metro cities and Bangalore) has at least a few standard shopping complexes so that the tourists can purchase genuine goods at reasonable prices, the Department of Tourism in their reply stated :

"Setting up of standard shopping complexes to enable tourists to purchase genuine goods at reasonable prices, fall within the purview of the State Governments and Municipal bodies/Panchayats, etc. who have their own policies governing setting up of shopping complexes. There is no uniform suitable legislation regulating shopping for tourists, in most States. The duty free shops, State Government Emporia, Khadi and Handloom outlets can be said to provide genuine goods at reasonable prices. Sale of remaining items are governed by the market. State Governments have been advised to enact the Tourist Trade Act, which will inter-alia, enable regulation of sale of goods and prevent cheating of tourists. Only Goa, Jammu and Kashmir and Kerala have so far promulgated legislation for this purpose."

Asked whether Department of Tourism had taken up with the remaining States to promulgate/enact the Tourist-Trade Act and as to what was the response of these States and to comment on the need for promulgation of such legislation, in the interest of domestic/religious tourists to enable regulation of sale of standard/quality goods and prevent cheating of tourist, the Department of Tourism in a written reply stated :

"At various fora Department of Tourism has suggested and encouraged the State Government to formulate tourism legislation in their respective States. The matter was also discussed during the recent State Tourism Secretaries Meeting. The State Governments of Kerala and Goa want to make relaxation in their existing Acts as too much legislation amounts to creating negative impact on the tourist arrivals. However, Department of Tourism has been encouraging State Governments to introduce tourist legislation and accordingly Hon'ble Minister of Tourism has written to the Chief Ministers of all the States/Union Territories requesting them to consider the enactment of tourism legislation in their states."

Asked whether any survey had been conducted or surprise checks made to ensure that promulgation of the legislation has improved the sale of quality goods, the Department of Tourism in a reply stated :

"Any enactment is a matter pertaining to the State. Its implementation and enforcement also rest with the State Governments. The enforcement of Tourist Trade Act is not being taken up by Department of Tourism, Government of India. However, in specific complaints, such matters can be referred to the State Governments for redressal."

### **Entertainment Facilities**

A major complaint of international tourists visiting India relates to the near absence of entertainment facilities, particularly during nights. Apart from some cinema halls screening local movies, there are no regular cultural shows, participative events or theaters.

Furnishing details of efforts being made in coordination with concerned State Governments/local administration to develop entertainment facilities in the major tourist centres to entertain the tourists and extend their duration of stay in India, the Department of Tourism stated in a written reply as under :

"Ministry of Tourism in consultation with States promotes projects and provides financial assistance for development of various entertainment facilities in major tourist centres, e.g. golf courses, aerobics facilities, Sound and Light programmes, revolving restaurants, etc. State Governments are also being funded for promoting dance and music performances and festivals at tourist centres for entertainment of the tourists. Cultural troupes and leading artists are engaged to perform at these venues. The Ministry of Tourism has also set up a National Institute of Water Sports at Goa to impart training to watersports enthusiasts and such water sport facilities are encouraged to be provided by hotels and resorts at beach tourist centres.

Financial assistance is provided for importing watersport equipments at concessional rates used at these centres. This is creating popular form of entertainment for tourists. As per the Government of India policy in this regard, such tourism related entertainment facilities for the convenience of tourists which are absolutely necessary, are considered on merits depending on the special requirements of a particular tourist place and their commercial viability. In case of tourist centres on Beach Resorts such entertainment facilities are allowed if found desirable in a particular resort area.

**Fitness and Yoga Centres and multi-purpose halls are also considered in the Ministry's guidelines as part of hotels and beach resorts for providing entertainment facilities."**

Commenting on the adequacy of entertainment facilities available at various tourist centres and scope for further improvement in this area, the Department of Tourism stated :

"Facilities for entertainment at various tourist centres are provided by the State Governments/UTs. However, Department of Tourism has given central financial assistance for specific projects like Sound and Light Shows, Fair and Festivals, Water sports, paragliding, river rafting, etc. The private sector participation is also being encouraged by the State Governments in providing entertainment facilities at various tourist centres."

### **Conference and Convention Facilities**

With the opening of India's economy and increase in the air seat capacity, convention tourism is likely to grow in the near future. The other prerequisites of a convention centre are the availability of international standards of accommodation of world-class hotels, resorts and convention facilities at various centres in the country. These facilities need to be continuously upgraded while at the same time maintaining high levels of professionalism through training programmes.

Essential components of a Convention City are as under:

- creative communication climate,
- Easy Global access,
- Adequate and state of the art convention facilities including integrated convention centre,
- Variety of restaurants and cuisine,
- Efficient public transportation-subway/bus/taxi,
- Sightseeing facilities,
- Museums,
- Cultural entertainment,

- Night entertainment/night clubs/jazz club/coctail bars etc.
- Theatres,
- Cinemas,
- Exciting shopping,
- Expanse of open space including gardens, parks etc.

Conference and convention facilities do exist in most of the major hotels in India. However, they are generally not fully equipped and are with limited capacity. There are convention cities in several cities of the world which attract a large number of conventions and conferences. It is important for India also to develop such facilities to take advantage of the growing market of conventions and conferences.

Asked whether there is any proposal to establish convention cities in India in view of the fact that convention tourism is likely to grow in the near future, the Department of Tourism stated :

"Conventions and conferences have today, been acknowledged as a significant segment of the tourism industry. India is emerging as a great potential destination for the venue of conventions and conferences through the promotional efforts of overseas tourism offices in the global market. India provides an impressive combination of accommodation and other support facilities in its business hotels, luxury hotels, resorts at various centres in the country, i.e. New Delhi, Bangalore, Mumbai, Calcutta, Chennai, Agra, Bhubaneswar, Goa, Hyderabad, Jaipur, Khajuraho, Kochi, Lucknow and Varanasi. Department of Tourism has introduced a scheme for approval of Convention Centres in the country. It would help in development of conference infrastructure at various centres in the country."

The Department of Tourism informed that attempts have to be made to establish at least one convention city in each of the four regions of the country. Asked as to who is to take initiative for establishment of at least one convention city in each of the four regions of the country and efforts and persuasive measures taken in this regard, the Department of Tourism in a written reply stated :

"The development of tourism infrastructure is primarily the responsibility of the State Governments. However, the Ministry of Tourism, Government of India has sponsored in April 1988, a non profit Organisation viz. India Convention Promotion Bureau (ICPB) in close coordination and consultation with the tourism and conference industry of India including the State Governments. The primary objectives of the Bureau are to promote India as an ideal destination for international conferences. Though the formation of India Convention Promotion Bureau is a step in the right direction, it does not mean much by itself. It is, therefore, necessary to provide attractive incentives to private sector to create facilities for conventions and conferences along with shopping arcades, hotels, theatres, etc. However, the Ministry of Tourism is in the process of framing guidelines for approval of Convention Centres at project/planning stage which will encourage private entrepreneurs for the establishment of convention centres in the country."

In a subsequent note, the Department of Tourism stated:

"The Ministry of Tourism has formulated guidelines for approval of Convention Centres at project and planning stage with a view to standardise the facilities and services available in such centres. Loan facility is available to approved convention centre projects from various financial institutions. The Ministry of Tourism has taken up the matter with the Ministry of Finance for the grant of other benefits such as income tax, etc."

The Director General, Tourism during evidence stated :

"I would like to submit that one area which has been untouched so far and which offers tremendous scope for growth is the area of conventions and incentive tourism. For hotels a subsidy called interest subsidy is given. There is no incentive for setting up convention halls. Kerala has recently set up one in Cochin. In my opinion it is absolutely necessary. If you can give it to hotels, then why not to this sector? In fact, hotels cost more than convention halls. We have guidelines so that convention halls are of the international standard."



## **Tourist Reception and Information Centre**

Though the monuments and other cultural tourist attractions constitute the main stay of Indian tourism, tourists are generally left to explore themselves the important historical aspects and features of tourist centres. As a result, the tourists are not able to fully appreciate the value of these attractions. It is, therefore, necessary to set up tourist reception and information centres in the major tourist centres like Agra, Ajanta-Ellora, Jaipur, etc. with all the necessary equipments and display facilities.

In their OE replies, the Department of Tourism stated that the Tourist Reception Centres and Tourist Information Centres with display facilities have been set up at all major tourist places including Agra, Ajanta, Ellora, Jaipur, etc.

To offer better services to overseas and domestic travellers and also to make India a user friendly destination at par with other countries, the Department of Tourism, Government of India, decided to strengthen the tourist information set up in the country, through effective use of Information Technology.

The Director General, Tourism stated during evidence:

"Today, if you go to any of the international airports, like Delhi, Mumbai, etc., you would find 'touch screens'. On the touch screens, you will be able to touch and you get all information that you want."

In their post evidence replies, the Department of Tourism stated:

"One of the IT pilot projects of the Department of Tourism was installation of Touch Screen Information Kiosks at important locations in the four metropolitan cities of Mumbai, Chennai, Kolkata and Delhi. This facility is being extended to other places of tourist importance and airports, in the country through grant of Central Financial Assistance to the State Governments as and when proposals are received from them."

The Director General, Tourism further stated:

"Now, in the Delhi Airport you would be able to get an on-line reservation in one of the hotels, which are listed there. We are going to launch within about a month and a half, a special portal. It is not a website. It is a portal. The difference is that it is interactive. You can ask questions and get answer. This portal is called Tourism of India. com. It is being made not by a Government agency, but by a professional agency from Bangalore called BPL."

## **Complaints by Tourists in respect of inadequacy of infrastructural facilities**

Asked about complaints/suggestions received from tourists visiting tourist places in the country during the last three years with reference to lack/inadequacy of infrastructure facilities and the nature of such complaints and remedial action taken thereon, the Department of Tourism stated :

"During the last three years, the Department of Tourism received 334 complaints at the headquarters from the tourists who visited India. Apart from this, the field offices of the Department of Tourism also received complaints which are addressed to them directly. These complaints were primarily regarding the inconveniences faced by them during travel within India by Rail, Road and Air. The main problems were delays and cancellations and frequent stoppages on State Borders, cheating by shopkeepers, delays in Customs and Immigration clearance, etc. Redressal of such complaints is an on-going process and the complaints received are acknowledged and inquiries into the same are undertaken directly or through the concerned Departments by a small cell which has been set up in the Department of Tourism to deal with such complaints."

## **Measures taken for improvement in infrastructural facilities**

On the Committee's query on providing tourist infrastructure to tourists who come all the way to see tourist spots in the country, and to make the products even better or making the atmosphere better, the Director General, Tourism during evidence stated:

"We have a scheme which is called the development of tourism infrastructure. It is also one of the scheme, in addition to other methods where we give assistance to States to improve

various monuments, various heritage sights, and various other facilities which they have got because it is partnership effort between the Government of India and the State. So much so that approximately 80 per cent of the project cost is borne by the Government of India. The State Governments, we recognise their difficulties in financial terms, have to provide 20 per cent because ultimately it is going to benefit them. They must show interest. Every year, we have an exercise; the exercise is called prioritisation exercise. The States come with their proposals. Since everything is important, we allow the State to say what is more important for them, and what is less important which can be taken care of next year. It is a joint consultation and once the priority list is finalised, we start to release the instalments as soon as project comes."

Furnishing a note giving details of measures taken from time to time in the recent past for improvement in the quality of infrastructural facilities at tourist places/centres/ destinations, the Department of Tourism stated in their reply as under:

"The tourism infrastructural facilities are mostly in the private sector. The Union Government and the State/Union Territory Governments make efforts to provide the necessary support facilities and incentives to the Private Sector and undertake creation and improvement of tourism infrastructural facilities to a limited extent. Since most of the infrastructural components and delivery system are within the purview of the State Governments, the Union Government generally provide financial assistance to State Governments for implementing selected tourism infrastructure development projects on the basis of proposals received from them. The Central Financial Assistance for tourism development has been instrumental for the creation of tourist facilities, particularly for the domestic and budget tourists and opening up remote areas with tourism potential. The assistance also had the effect of catalysing larger plan allocations by the State/UT Governments for tourism development. The infrastructural facilities created through Central assistance also had the demonstration effect of establishing commercial viability of such projects and thereby inducing the private sector to put up larger projects. In addition to the assistance provided by the Department of Tourism, each of the State Governments also have their own budget for the development of tourism infrastructure in their respective States. The various Ministries of the Union Government like the Ministry of Urban Affairs, Department of Rural Development, etc. also contribute towards developing various facilities in the tourist centres. However, the exact quantum of these efforts is not readily available."

## CHAPTER-IV

### INFRASTRUCTURAL FACILITIES AT PILGRIM CENTRES

#### Pilgrim Centres

Pilgrim flows account for a very large percentage of domestic tourism. In order to promote pilgrim tourism, 33 pilgrim centres in 16 States have been identified so far for development of infrastructure facilities. These are:-

S.No.	State	Centre	
1.	Andhra Pradesh	Tirupati	1
2.	Assam	Kamakhya	1
3.	Bihar	Bodhgaya and Patna Saheb	2
4. Vapi) 3	Gujarat	Dwarka, Palitana and Odwada (near	
5.	Haryana	Kurukshetra	1
6.	Himachal Pradesh	Paonta Saheb and Jwalaji	2
7.	Jammu & Kashmir	Mata Vaishno Devi/Katra	1
8.	Karnataka	Gulbarga and Sringeri	2
9.	Kerala	Guruvayur	1
10.	Madhya Pradesh	Ujjain	1
11.	Maharashtra	Shirdi, Nanded and Jyotiba	3
12.	Orissa	Jagannath Puri	1
13.	Punjab	Amritsar/Anandpur Saheb	2
14.	Rajasthan	Ajmer Shareef	1
15.	Tamil Nadu	Rameswaram	1
16.	Uttar Pradesh	Badrinath and Haridwar;	10
		Barsana-Gokul, Nandgaon, Mathura	
		Vrindavan and Gowardhan;	
		Sarnath-Kushinagar	

**Total 33**

The upkeep and maintenance of the pilgrim centre is mainly undertaken by the State Government/Union Territories concerned. In May, 1992 a Committee on the development of pilgrim tourism identified 19 centres and 2 circuits for tourism development in the first phase. Later a number of centres were added to the list in consultation with the State Governments.

In accordance with the resolution adopted in the State Tourism Minister's Conference held on 27<sup>th</sup> June, 1997, the Ministry of Tourism formulated a scheme for integrated infrastructure development of important

pilgrim/tourist centres in the country and requested the State Governments to send proposals for infrastructure components, land scaping and beautification of the areas.

During 8<sup>th</sup> and 9<sup>th</sup> Plan (in progress up to 1999-2000) 89 projects amounting to Rs. 2755.20 lakh have been sanctioned for development of infrastructure facilities at various pilgrim centres in the country.

Asked whether any guidelines have been formulated for the guidance of the State Government of India for provision/creation of infrastructural facilities of certain standard, keeping in view the prevalent international standards at the pilgrim centres for tourists, the Department of Tourism stated in their reply as under:

"Composite projects for identified Tourist Centre/Pilgrim Centres would be considered for Central Financial Assistance.

Funding for major projects costing more than one crore would be considered subject to there being a proper Master Plan. Funds would be provided for identified components such as:-

- i. Internal small link roads, Internal water supply, Internal drainage and waste disposal systems/signages.
- ii. Land scaping and development and development of parking areas.
- iii. Development, conservation and restoration of heritage properties.
- iv. Development of Ghats and Lakes.
- v. Development of Skis/Slopes
- vi. Construction of ropeways and ski-lifts
- vii. Development of tourist bus stands, tourist parking areas.
- viii. Development of Tourist Computer Centre
- ix. Construction of jetties.
- x. Restoration of old fountains
- xi. Development of picnic spots
- xii. Flood lighting of monuments
- xiii. Health Resorts
- xiv. Toilets
- xv. Budget accommodation/Tourist Bungalows/Tourist Reception Centres, etc.
- xvi. Cafeteria

The list is illustrative in nature and not exhaustive.

The maximum assistance would be provided upto Rs. 2 crore for each project and the release would be made in phased manner.

The Committee drew attention of the representatives regarding lack of facilities at Vaishno Devi shrine. In this context Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) stated:

"As regards two crore people visiting Vaishno Devi, all of them are not reflected in our figures. The figure is about 117 million, which is a growth of about 10 to 15 per cent every year. But having said that, we would entirely share your perception that much more can happen and that is what we are trying to do".



The Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) during evidence stated further:

"On the small things which can be done like way-side amenities, etc. We have made a request to the Ministry of Petroleum and also to the State Governments that any new petrol pump coming up on the national highways, must have a component of way-side facilities. It is because of our constant prodding, some States have done things like that and even New Delhi has come up with pay toilets, etc. Water is a major problem. Vaishno Devi and other places do suffer from them. So, we are also agreeable, in spite of our small budget, sometimes to help. But these are the areas where we are concentrating".

The Committee drew attention of the Department of Tourism towards the Indian culture being polluted by foreigners at places like Pushkar. In this connection, the Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) stated:

"You have mentioned about the adverse impact on tourism. We are, in fact very concerned and we have come out with the code of ethics, etc. We were told by the former Chief Minister of Rajasthan also that in some places, this adverse impact has been noticeable. We are also aware that in Goa, also, similar thing happened. The only way we can counter them is by people's participation and people awareness. That is what we are trying to do. There should be stricter implementation of existing rules and regulations by the concerned State Governments. For that reason also, we are a little careful in granting what is called guest house accommodation in outlying areas of tourist places. But I can only say that this is one of the major thrust areas of our tourism policy to ensure to the extent possible to minimise the adverse impact on tourism. That is why, we are very keen to see that we get tourists who are attracted by the culture, heritage and the attractions of this country and not necessarily coming here because it is very cheap."

The Joint Secretary, Department of Urban Development in connection with package prepared for development of Varanasi a place of religious and cultural importance, stated during evidence:

"Sir, I would just like to mention one thing in this context that my Minister has, in fact, taken initiative in working on a Centrally-sponsored Scheme for cities of cultural importance. In fact, starting with Varanasi, he has himself gone there for three or four times. This package is almost ready. He had discussions with the Deputy Chairman of the Planning Commission who has indicated the basic support of the Planning Commission. We are making the proposal now. I hope it will get the approval shortly".

In this context, the Director General, Tourism added:

"Minister of Urban Development Shri Jag Mohan has been looking at specific schemes for the pilgrim centres. Varanasi is one of them where a special package has been organised from the Urban Development Ministry. If that kind of an initiative is taken, it will really help us. But in many ways, we may not be able to do many things. However, he has taken that interest. We have also got involved. If that project is extended to some other towns also, it will be a very good thing. But we do greatly appreciate that initiative."

On extending support by the Department of Tourism to this package, the Director General, Tourism further stated:

"We will extend our full support, but I would like to say that in prioritisation of 2000-2001 no project of Varanasi has been submitted to us, if they do, we will gladly accept that".

The Committee asked whether there was any proposal to make Varanasi airport an international airport so that desired number of tourists can come, keeping in view the fact that the work of development, improvement and cleaning of Ganges ghats and various cultural programmes were now being undertaken there. In this connection Director General, Tourism stated:

"Ministry of Civil Aviation has made a draft Aviation Policy and it is in principle that many airports would be developed. Perhaps name of Varanasi is also there."

### **Buddhist Circuit**

A large number of Buddhist tourists from Nepal and other countries come to India. Asked about the efforts made to attract Buddhist tourists, the Director General, Tourism stated during evidence:

"First thing is that this is a very important issue for our Tourism Department. Every year UP and Bihar Governments prepare a programme and financial assistance is also extended to them. When we organise such a programme on a large scale, we do publicity of this programme through Indian Embassies in the countries where buddhists live whether in Japan, Nepal or anywhere else. We also write to Ambassadors of those countries. Even private operators organise special package tours of these programmes. But till roads are not improved till then it is difficult for tourists to come whether it is rail route, air route or roads."

The Committee drew attention towards the damaged Gorakhpur, Naugarh Fardia road in Buddhist circuit leading to Lumbini and Kapilvastu which during floods create a hindrance for Buddhist pilgrims visiting these places from Varanasi. To this Finance Advisor, Ministry of Road Transport and Highways stated:

"All States are allocated money for repair and maintenance of National Highways. We also give money for repairs due to floods."

**On the Committee's observation that traffic on the road, which were cut a few months back, has not so far been, the witness further informed:**

"Recently we have given Rs.7 crore to U.P. for repair of damages caused by floods. As per our information roads are repaired for traffic within a day or two".

Asked whether there was any proposal to upgrade Farida, Naugarh, Bardpur road as an alternate route for convenience of Buddhist tourists to visit Kapil Vastu especially when the main Gorakhpur, Farida, Naugarh road is blocked on account of floods, the Ministry of Surface Transport and Highways stated in their post evidence replies.

"There was no such proposal at present as far as this Ministry is concerned."

On developing the road connecting Kapilvastu and Lumbini in UP which is in dilapidated condition with the permission of Nepal Government so that Sarnath, Lumbini and Kapilvastu are brought closer within a range of about 10 kms for the convenience of Buddhist tourists, the Ministry of Road Transport and Highways stated in their reply as follows:

"From Sarnath (Varanasi) to Gorakhpur, it is National Highway No.29. Beyond Gorakhpur to Indo-Nepal border is a State road. As regards National Highway, its development and maintenance is a continuous process. During the current year, the improvement works amounting to about Rs. 15 crore are proposed to be taken up on this National Highway. Development and maintenance of the State road is the responsibility of the State Government".

However on the development of Buddhist circuit, the Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) stated:

"There are very few important suggestions about Buddha Circuit, which is one of the major tourist centres. At this moment, we are not doing anything about these issues which are raised by the Hon. Member. What I will do is, whenever we have an opportunity for further activities on Buddha Circuit, and when we discuss the UP Tourism Annual Plan next year, I would keep this in mind."

Expressing views on developing Sunouli road near Gorakhpur in terms of building good hotels and providing basic facilities at this route for Buddhist pilgrims coming to India from Nepal, the Ministry of Road Transport and Highways stated as under:-

"This is a State road and falls under the jurisdiction of the State Government. Moreover, building hotels along the roads does not come under the purview of the road sector. However, way side amenities which include parking lots, snack bar/restaurants/toilets/rest-rooms for short stay, telephone booth etc. are provided along the roads".

On opening Gorakhpur airstrip for tourists which had not been in use by pilgrims , the Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) further added:

"We are taking up the matters raised here, namely, Gorakhpur airport, with the concerned Ministry from time to time. We are in agreement with those issues."

## CHAPTER V

### Infrastructural Projects

Development and promotion of tourism is primarily undertaken by the State Government/UT Administration. However, Department of Tourism, Government of India extends central financial assistance for tourism projects prioritised every year in consultation with State Governments/UT Administration. Projects are prioritised depending upon their merit, interse priority and availability of funds.

The Ministry of Tourism undertake following schemes and play a Catalytic role for tourism development in the country:-

1. Tourist Complex/Tourist Bungalows/Motels/Beach Centres
2. Yatri Niwas/Yatrikas(for group tourist)
3. Tourist Reception Centre
4. Wayside Amenities
5. Upgradation-cum-Expansion of Existing Tourist Facilities.
6. Health Centres
7. Public Conveniences at Tourist Centres
8. Refurbishment of Monuments/Heritage buildings and improvement of their enviorns.
9. Development of Pilgrim/Tourist Centres and major Tourism projects
10. Equity Scheme
11. Adventure Sports
12. Sound And Light Show/Flood Lighting/High Mast Lighting/Musical Fountain with lights
13. Assistance for Promotion and Publicity.
14. Development of Pilgrim Centres
15. Upgradation and Development of Golf Courses.

The Projects under these schemes are implemented by the State Governments for whom funds are provided as Central financial assistance by the Department of Tourism. Number of projects prioritised and funds sanctioned thereof include the projects in the places coming under the identified travel circuits/destinations.

### **Statement indicating the projects sanctioned and released during 1997-98, 1998-99 and 1999-2000 (all projects including fairs and festivals)**

The Committee enquired as to why the amount released in many cases was not even 20% of the amount sanctioned. To this, Director General, Tourism stated during evidence :

"The question asked by the Hon. Member was very relevant. Why is it that the releases are, sometimes, not to the extent the money is available? First of all, I would like to place on record that the money is not sufficient. I am giving you the actual figures. In 1997-98, I am talking of Revised Estimates, the actual amount was Rs. 24.3 crore. In 1998-99, of course, the

figure went up to Rs.40 crore. In 1999-2000, it came back to Rs. 25.6 crore. Kindly remember that the value of the rupee has gone down. The purchasing power of the rupee has gone down. Therefore, in real terms, Rs. 25.6 crore is very, very low, and it has gone down from the previous year. If this happens to be the trend, how do we help the States? This is the first question. The second point is, the States have to implement projects, according to our guidelines, in 30 months. We have a problem. We have been holding meetings with the States and telling them to give us the utilisation certificates of the first instalment and take money immediately for the final instalment. We have some figures. But the fact of the matter is that the slow release in most cases is because of two reasons. One is the non-availability of the utilisation certificate of the money released, and second is the paucity of resources. Today, if I were to get Rs. 10 crore more, I can take care of a large number of proposals which are before me and for which I cannot give money."

The Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) further added:

**"What happens is that we get, in a year, about Rs. 30 crore for infrastructure assistance to the States for the entire country. That means, on an average I can give about one crore of rupees to each State. We decided on a policy that since by the time we give sanctions and by the time these things get properly utilised it takes a little time because it is constructions, if we roll the sanctions then we can give more money to the States. So, we release our total allocation in 2-3 years. Once we decided that the project cost is Rs. 1 crore, we release only 30 per cent in the first year and 50 per cent in the second year and then in the third year, subject to utilisation certificate, the balance 20 per cent is released. In that process we have been able to make Rs. 30 crore go to Rs.120 crore. There is a financially technical objection to that. But we are following that. This is why most of the releases are so less than what has been sanctioned. This briefly is the position."**

As per guidelines for sanction of Central Financial Assistance, the projects should be completed within 30 months of date of sanction. Most of the projects are not completed within the specified time limit of 30 months because of various factors like problems in availability of land, obtaining an NOC for the project from CPWD, release of funds from the State budgets etc. The problems are sorted out from time to time and are also taken up at the Annual Tourism Ministers/State Secretaries Conferences. Whenever there are genuine difficulties projects are dropped and the amount released adjusted against new projects.

In their Post Evidence Replies, the Department of Tourism stated:

"Department of Tourism, Government of India had advised all the State Government/UT Administrations to complete the projects within stipulated period of 30 months. State Governments are also advised to submit utilisation certificates for the released amount of 1<sup>st</sup> and 2<sup>nd</sup> instalment and also completion certificate.

In order to cut the delay in the implementation of projects, the Department of Tourism has taken a decision to release funds to the Tourism Development Corporations of the States and State Governments have been informed accordingly. The issue of delays in release of funds by the State Governments is taken up both at the time of the prioritisation of projects for central financial assistance and whenever the Tourism Directors/Managing Directors of the State Tourism Development Corporations request Department of Tourism, Government of India to take up the matter."

### **Monitoring Mechanism**

Furnishing a note regarding monitoring mechanism set up at the Centre/State level to monitor the development of infrastructure for growth of tourism, and to review the progress of the projects in identified circuits in the States, the Department of Tourism stated :

"The plan projects assisted by the Department of Tourism are presently being monitored through a series of interactions with the respective State Government officers, field inspection and Minister level meetings by Department of Tourism. The details of the mechanism are as given below:-

- (i) Central financial assistance to any project is approved after assessing its feasibility and desirability on the basis of the proposals received from the State Governments.



(ii) The details of each project approved for assistance including the dates of sanction, release already made, physical progress etc. are stored in the computer and they are reviewed in depth with each individual State every year at the time of discussions for the prioritisation of projects.

(iii) The release of each instalment of fund in respect of sanctioned projects is based on the actual utilisation of funds already released.

(iv) The progress of projects sanctioned by the Department of Tourism are also reviewed at the level of Minister/Secretary/Additional Secretary during their visits to respective States and at the time of Tourism Ministers Conferences and Zonal Meetings of State Ministers."

A Committee consisting of the officials of the Department of Tourism and State Governments has been constituted for the purpose. Moreover, senior officers of the Department on their tours to various States/Union Territories review the progress of these projects.

A major drawback in the system is that it has not been possible to make the inspections in the case of proposed projects before approval and to periodically assess the progress of the project till it is completed. It has also not been possible to make any cost-benefit analysis of the projects due to paucity of technical staff. Even the field inspections during the period of project implementation are far and wide and on a sample basis. However, there is no separate monitoring cell in this Department. In order to achieve a more meaningful and effective monitoring, it is proposed to establish a Monitoring and Evaluation Cell by creating a few additional posts.

Though, there is no separate monitoring cell in this Department the Market Research Division of the Department of Tourism collects, compiles and disseminates detailed statistical data on various aspects of Indian tourism including foreign tourist arrivals from different countries, domestic tourist visits, visitors to important monuments, approved hotels in different star categories with number of rooms, travel agents and tour operators etc. Further, there has not been any attempt to assess the impact of tourism development in terms of its contribution to the local economy and its acceptance by the community. Apart from monitoring the implementation of infrastructural projects, it is also necessary to co-ordinate and monitor the marketing plans of overseas offices. It is, therefore, absolutely essential to establish a Monitoring and Evaluation Unit in the Department of Tourism to perform the following specific activities:-

- i. Pre-Scrutiny of Projects
- ii. Follow up of Centrally sponsored and Centrally assisted schemes.
- iii. Site inspections of projects
- iv. Performance Evaluation of Schemes/Projects
- v. Documentation of Market Profiles.
- vi. Formulation, Coordination and Monitoring of Marketing Plans in tourism generating markets.
- vii. Evaluation and impact studies of results of completed projects.

## CHAPTER-VI

### Budgetary Allocation

The Department of Tourism in a written reply submitted to the Committee stated as follows:

"The Working Group on Tourism set up by the Planning Commission has assessed a requirement of Rs.6397 crore during the 9<sup>th</sup> Plan for development of tourism infrastructure in the country. However, after an analysis Department of Tourism proposed Rs.5370 crore for the 9<sup>th</sup> Plan allocation. The Planning Commission initially approved Rs.511.32 crore which was later reduced to Rs.485.75 crore."

Asked why the requirement of Rs.6,397 crore had been slashed down, the Secretary, Planning Commission during evidence replied as under:

"Working groups have been set up for all the Ministries and Parliament has accepted it. When we totalled up the whole thing, it came to much more than what could be provided by the Government. Therefore, in accordance with the funds that were indicated to us by the Ministry of Finance, we decided to relocate the priorities."

The details of funds allocated and expenditure incurred till March, 2000. (Year-wise) in the 9<sup>th</sup> Five year plan is given below:-

(Rs. In crore)

Year	B.E.	R.E.	Actual Expenditure
1997-98	110.35	100.00	98.14
1998-99	160.50	110.00	110.46
1999-2000	160.50	110.00	109.32
2000-2001	135.00	125.00	--

For 1997-98 Department of Tourism proposed an outlay of Rs. 1074.35 crore. Planning Commission approved an outlay of Rs.110.35 crore. For the year 1998-99, Planning Commission approved an outlay of Rs. 160.50 crore. However, it was reduced to Rs.110 crore at the revised estimate stage. For 1999-2000 an outlay of Rs. 250.25 crore was proposed by the Department and Planning Commission approved an outlay of Rs. 160.50 crore.

Budget allocated for the year 2000-2001 at RE level was Rs. 135 crore. At the time of revised estimates it was reduced to Rs. 125 crore but it is a fact that budget during 2000-2001 has been increased as compared to 1999-2000 at RE level which was Rs.110 crore.

Inspite of persistent efforts of the Department of Tourism, Government of India to restore the budget in RE which was fixed at BE level of the years 1997-98, 1998-99 and 1999-2000, the budget at the RE level during these years declined. But the actual expenditure was almost at the level of RE. There is no decline in actual expenditure.

On the adequacy of budgetary allocation the Department of Tourism stated in written reply as follows:

"The amount allocated for the development of tourism infrastructure under the Budget of Ministry of Tourism is not adequate. The assistance to the State Governments for the tourism infrastructure projects is decided based on the funds provided for the purpose."

**The Secretary, Ministry of Finance (Deptt. of Expenditure) expressing his views on budgetary allocations stated as under:**

"I would like to inform the august Committee that for funding of Plan schemes of various Ministries, the system from the Ministry of Finance is that we make a lump sum allocation to the Planning Commission. For example, during the current year, 2000-2001, we provided a

gross budgetary support of Rs.88,100 crore. So, the allocation of Rs.88,100 between different Ministries and within the Ministry for different schemes is a job, which the Planning Commission does after a very detailed interaction with the concerned Ministries. The Secretary Planning Commission can elaborate on this point. From the Ministry of Finance side, we do not give funds for individual schemes. We give a lump sum provision for the Central Plan to the Planning Commission who then distribute it among different Ministries and within Ministries for different schemes."

The Secretary, Planning Commission further elaborating on budgetary allocations during evidence stated:-

"The Planning Commission's role, as Secretary (Expenditure) has explained is to allocate Plan funds for various development schemes. There the procedure is that each Ministry prepares its five-year plans and there the money is indicated that, in case we are able to get the overall Plan funds from the Finance Ministry, then it is the likely allocation of that particular Ministry. The allocation for Ministry of Tourism for the Ninth Plan was Rs.793.75 crore. Out of this figure of Rs. 793 crore, the Ministry was to raise Rs.308 crore from its own sources through the profits of ITDC. Therefore, the budgetary support was supposed to be Rs.485 crore. Now this amount of Rs.485.75 crore was for five years and as we were also pointing out, every year we have been giving them Rs.100 crore or so.

Therefore, in five years, it would come to more than Rs.550 crore or so. It appears that as if whatever has been provided in the Ninth Plan, to that extent, they would be able to get the funds in the five years period. This is despite the fact that we have not been able to get the amount which was indicated in the Ninth Plan from the Finance Ministry. We calculated that in the first four years we should have got 80 per cent of the total amount indicated, that is, Rs.3,74,000 crore, but we have been able to get only 68 per cent in the first four years. It means that if we were to achieve our target by getting the entire amount which was approved for the Ninth Plan, we would have to get 32 per cent in the coming year itself, which is an impossibility. We will not know whether the Government would be able to get this kind of raise of 32 per cent.

Now, I quite appreciate that the Finance Ministry has also its problems because the total income of the Government of India is Rs.2,00,000 crore, but our non-plan expenditure itself is Rs.2,50,000 crore. Therefore, we are, in fact, borrowing from the bank. Any money that you and I put in a bank, half of that is going to meet the salaries and other expenditure of the Government of India. Therefore, any development which is taking place in India today is only at the cost of increasing deficit financing. Therefore, there is a limit to which you can keep on increasing. So, I appreciate the problems of the Finance Ministry in not being able to provide the full amount which is indicated in the Ninth Plan, and they have been able to give only 68 per cent in the first four years.

Therefore, Sir, as opposed to that, although we have not been able to get 80 per cent, we got only 68 per cent, but as regards tourism, whatever money was indicated in the Ninth Plan, I think, that amount would be given to them. We would not be able to increase it substantially in the coming year also because of a lot of pressure from the State Governments as well as from other Ministries. The State Governments have reached a position where they have no money even for disbursement of salaries. There are many States where the Treasury opens only for a few days in a month and they would disburse salaries and they close the shop. Therefore, the Governments are functioning in those States only for Government servants and people are getting no benefit out of the functioning of the Government because whatever money is given for Plan, that also in some form or the other, gets diverted for meeting the non-Plan expenditure. It also means that the State Governments and the Government of India are borrowing more and more with the result that the percentage of interest as a proportion of our revenue income is also going up. We will reach a situation where most of our revenue that we get would be used up only in debt servicing.

If you look at the pension burden, I will just give you one figure, in 1975-76, in 14 major States, the pension burden was Rs.100 crore. Now, in 1998-99, it jumped by 200 times; from Rs.100 crore, it became Rs.20,000 crore, and in the years to come, it will gallop. Therefore, most of the money would be used up only for giving pensions or staff salaries and for meeting non-plan expenditure. Very little money would be available for development expenditure. Therefore, the Planning Commission and the Finance Ministry also have to see these things in perspective.

It is not only a question of providing for tourism. We have to provide money for tourism; we have to provide money for development of infrastructure, railways, roads, communications, airports, civil aviation, and human resources development. All these sectors need to be looked after if we want to promote tourism. We may be providing Rs.100 crore or Rs.110 crore, but if you look at the budgets of other Ministries, there is a great deal of funds provided. As you know, we are constructing a North-South and East-West Quadrilateral. A National Highway Authority has been created, and highways are being constructed. Therefore, for civil aviation, roads, railways, a great deal of money is being provided which will, ultimately, help in the development of tourism.

But ultimately unless we either increase our revenue or reduce our non-Plan expenditure, there is no scope for giving substantial increase to this sector. We only hope to rely more and more on private sector because tourism can be made a commercial activity. If we can dovetail the funds and the commercial interests of the private sector, then perhaps we can develop tourism."

The Committee observed that during the first four years, the Tourism Ministry had spent a major portion of the Rs.40 crore that had been planned for them. They were now left with Rs. 30.75 crore for the fifth year. But their commitment seemed to be about Rs. 237 crore. In the scenario they had submitted a proposal. When the Committee asked about the status of the said proposal, the Secretary, Planning Commission explaining the position stated:

"Sir, this itself shows that we have been giving more money to the Tourism Ministry every year than it was envisaged in the Ninth Plan. We can certainly promise that whatever money they were getting last year, we would certainly provide that much of money. It would certainly not be Rs. 237.71 crore. But it would be close to Rs. 100 crore. It is because we have a lot of demand from a large number of Ministries. We have to see this aspect and the Deputy-Chairman in consultation with other Members and also with the Prime Minister would decide as to how much allocation would have to be made."

Keeping in view the fact that every year budget is getting reduced whereas tourism needs much higher support; the Committee asked for the comments so as to accord overall priority and preference to tourism development. The Secretary, Ministry of Finance (Deptt. of Expenditure) stated during evidence as follows:

"Surely there is no question that tourism is a very high priority area and the Finance Minister, in his Budget speech, does pick up whatever are the more important initiatives taken in that particular year. But these are continuing schemes and, as you know, the Plan expenditure for tourism has increased. Of course, in the last one or two years it has not increased significantly. But it has gone up from Rs. 89 crore in 1996-97 to Rs.110 crore now. But there are other areas in which the Ministry does need to save money for developmental work. There were some studies done by the Staff Inspection Unit and also within the Ministry. They have got a large number of foreign tourist offices and there are one-man offices in various countries. It needs to be considered whether it is worthwhile whether the expenditure they are incurring in that is a good idea or what that one person sitting in one country, say Argentina, going to promote tourism in that sense. We have to see whether they can do some rationalisation and save that money and use it for infrastructure development.

There are other suggestions made by the Staff Inspection Unit about over-staffing in the Ministry and all that. They can save a lot of money in that and use it for creating infrastructure. That is one suggestion I thought I would present before the Committee whether you would like to give any direction to the Ministry in this regard. As far as inviting private sector investment is concerned, certainly there are different State Governments which also have set up tourism corporations. For our own Tourism Financing Development Corporation the main objective is, I believe, really to provide financial assistance to private sector for tourism infrastructure development. There are other schemes also available with different Ministries whether it is our Ministry of Surface Transport or even Ministry of Power and also they can certainly coordinate with them and see that the expenditure in those areas is directed at areas where there is more tourism potential. It is more coordination with the other concerned Ministries to see that



the expenditure is incurred in those areas which will also have the effect of providing more facilities to the tourism industry and all that."

Secretary, Planning Commission expressing his views on according high priority further stated:

" Sir, I entirely agree with you that tourism must be given a very high national priority. In fact, we have just concluded writing mid-term appraisal of the Ninth Plan and its copies have been placed in the library of Parliament also wherein we have said that tourism needs to be given higher priority. It is a pity that we attract only about 0.38 percent of the total world tourist arrivals which needs to be increased. Therefore, whatever needs to be done whether it is encouraging the private sector to participate in developmental infrastructure or Human Resource Development or encouraging Tourism Financing Development Corporation to make efforts to get more private funds etc. – all that needs to be done."

## CHAPTER-VII

### INVESTMENT IN TOURISM SECTOR

The Government of India has identified tourism as a High Priority Industry for foreign and private investment.

On the investment in tourism sector, the Director General, Tourism stated during evidence:

"Globally Government's spending for tourism is 6.8 per cent on average whereas in India the spending is only one percent. Unless there is an investment we cannot hope for returns. Unlike other industries, with a longer gestation period, tourism is one area where you can get returns very fast and it has been shown in case of several States where investments have been made that tourism has transformed the life of people."

#### **i. Foreign Investment in Tourism Sector**

The tourism industry is undergoing advancements in all spheres due to technical improvements in the field of communication, transportation, information technology etc. As such, tourism units are vying with each other to offer better facilities/services to the modern day traveller. Due to the liberalisation policy introduced in the country, Foreign Direct Investment (FDI) has been permitted in the field of Hotel and Tourism Sector. Such foreign investment collaborations have brought both financial and newer technical inputs into the industry, thus resulting in provision of contemporary international advancement in services and facilities. Foreign hotel chains have also entered into collaboration with Indian hotels and other foreign tourism service providers are also entering the Indian tourism industry, thus resulting in upgradation of the Indian tourism product and therefore leading to higher standards by benefiting the user, service provider and the country.

Enquired how much foreign investment had been made in India in tourism sector, the Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) stated during evidence:

"Again I will qualify frankly that our figures only show what has been sanctioned. We do not have a detailed monitoring system, neither in our Department nor in the Ministry of Finance or Reserve Bank of India to know exactly how much has been invested. The total investment in tourism sector has been shown as 399 approvals given so far. The total amount is about Rs.4,000 crore. This is the total approval."

As per information supplied by Department of Tourism vide their letter dated 21.1.2001 the details of Foreign direct investment is as under:

1. No. of approval in hotels and tourism sectors - 429
2. Amount – Rs. 45, 720.93 million.

The Committee enquired whether foreign investors were coming forward to invest their money in this sector and the progress made in this regard, the Director General, Tourism replied during evidence as under:-

"Sir, you are absolutely right that there is no way the Government can, in the current context – looking into the vast requirement of funds for various projects – spend money to the extent possible for improving our tourism. Therefore, the Government has this liberalised system of investments....."

Sir, as you are also aware that Government has liberalised in that that upto 51 per cent foreign participation, automatic approval is provided."

In this connection, Deptt. of Tourism in a reply stated:

"In order to clear proposals for foreign investment expeditiously a Foreign Investment Promotion Board has been set up under the Ministry of Industries. Foreign investment proposals upto 51% are covered under the Automatic Approval Scheme of RBI."

The Director General, Tourism added during evidence as under:

" So far they were allowing 100 per cent foreign direct investment on case to case basis. We are proposing that for the tourism sector even 100 per cent should become automatic so that it becomes fast because the bureaucratic hassle is lesser. Secondly, we have planned that we have to focus more and more on NRIs and PIOs (Persons of Indian Origin) because these are the people who will have maximum sympathy for India's cause. The example of China is before us. Most of China's investment comes from its diaspora. When we had 2 billion dollars FDI, China received 30 billion dollars. Most of it had come from the Chinese who are settled outside. Unfortunately, NRIs have not invested so much in our country. The reasons are many. The Government of India has already set up a special officer called NRI Commissioner whose task is to get investments from the NRIs in all sectors, including tourism. We have provided information about the investment opportunities either in the field of convention centers or in the field of hotels because you will find that the most important infrastructure which is required, is hotels. We have got only 60,000 rooms whereas China has got 4 lakh rooms, but size-wise we are the same. Even Bangkok has got more rooms than India. Our Minister is very keen about attracting the NRIs and PIOs. There is going to be a very important mart called World Tourism Mart in 2000. Our Minister has organised a meeting with NRIs and PIOs in London, U.K. He will hold a one to one meeting with them. We have to create more convention facilities. There are many other areas which can attract tourists. Today India does not have a Disney Land Theme Park. That is again a major attraction. Japan has got Disney land. Paris has also got one. Hongkong is going to set up one. This is one area where investments can come. I am sure when the Government is very keen to woo the NRIs and with the liberalised atmosphere, more and more investments will come."

As a result of insufficient investment in the tourism industry, India's position as a tourist destination in 1997 has dropped to the Seventh place in Asia, as compared to the fourth position in 1985. The Committee asked for the suggestions to make the country become internationally competitive in the tourism sector with a view to make it one of the leading tourist destinations, the Department of Tourism stated in a reply as under:

"However, due to the overall global recession, the FDI investment has slowed down to some extent. Various efforts are being made to increase the inflow of FDI by tapping the NRI and PIO potential investors in various overseas markets. Further liberalisation of FDI is being proposed which include among others allowing 100% FDI through automatic route in the tourism sector. Efforts have been made to promote NRI and PIO investment in the country by arranging road shows and seminars in coordination with the Government of India Tourist Offices and the Indian Missions overseas."

Enquired whether the Department of Tourism had some sort of an organisation to have the surveys done or to look into the areas where investors can be invited/attracted to make investment in the tourism sector, the Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) in this context replied during evidence as under:

" We do not have an organisation in the Ministry as such for making any survey or preparing projects. But what we do is we assist the State Governments in preparing projects. We had requested and financed the State Governments to prepare a Master Plan for each State; some States prepared, some States did not. Now, we have made it compulsory that every State must have a perspective plan prepared by a professional agency for which the Government of India will provide funds. As the schemes are conceived by the Planning Commission, we are not having the equipment or the organisation for taking up, on our own, surveys and projects in the States; we depend on the State Government."

Asked whether the Department of Tourism had prepared schemes, project-wise to attract investment, if so the extent of work done in this regard, the Addl. Director General, Tourism stated :

"The Government of India provides the overall incentive structure to promote investment, particularly overseas investment. The main activity of providing projects, providing land etc., is with the State Governments and its organisations. So, we have been in touch with the State Governments. Some of them have already prepared projects of the type the Hon. Member has just mentioned. I know Rajasthan has prepared a brochure of all the projects which are both in the Government sector as well as in the private sector with locations. Other State Governments have also prepared. I know Uttar Pradesh has also prepared some projects."

Most of the State Governments are now, in one way or the other, thinking of privatising their State tourism properties."

## **(ii) Private Sector Participation**

On privatisation the Director General, Tourism stated during evidence as under:

"I would like to tell you very clearly that hotel industry is almost totally private sector driven and I am sure no growth is possible unless the private sector thrives. The Government's role we perceive as merely that of a facilitator. We are not in the licence permit raj. We are in an area where the Government should help the private sector, earn more foreign exchange for the country and also considering the size of India, make life of the tourists more comfortable and more pleasant.

The Government of India has identified tourism as a High Priority Industry for private investment. Infrastructure development is a long term process at the stage of development of our country. While some incentives have been provided for creating tourism infrastructure and benefited the industry, the Ministry of Tourism has from time to time received representations/demands from the private sector for more incentives. The Ministry of Tourism takes up these issues with the various Ministries/Departments to provide more incentives to the private sector. The suggestions and joint representations received from IATO, TAAI and FHRAI are taken up as and when received. The Department of Tourism has been able to obtain a number of incentives such as the grant of Export House Status to Travel and Tourism Industry and various fiscal benefits including income tax concessions in foreign exchange earnings and import of various essentials items/equipment under EPCG Scheme.

Department of Tourism supports the concept of encouraging private sector participation in the development of tourism in the country. Tax concessions and interest subsidies are also provided to encourage private investment in hotel industry."

The Committee asked as to why the Department of Tourism could not utilise the organisation for finding out projects that could be sold out to the private parties so that they invest here and tourism development takes place.

To this Secretary, Planning Commission stated during evidence as under:

"This is exactly the question that we also asked the Ministry of Tourism. We have told them that they should try to re-prioritise their work and prepare projects and infrastructure and get some work done on the ground rather than spending much on non-plan expenditure on offices abroad and here."

The Committee were informed that no details regarding investment by the private sector in tourism were available.

Asked to give views on the suggestion that cue from star performers, Kerala and Rajasthan should be taken that private enterprise and heritage marketing work like magic provided there is maximum local participation and minimal official interference, the Department of Tourism in their reply stated :

"Department of Tourism agrees with the suggestions that other States should take a cue from performance of Kerala and Rajasthan in involving private enterprises in marketing. The Department played the key role in facilitating the setting up of a private society "Experience India" which has Overseas Marketing of the Indian Tourism product as its main objective."

## **(iii) District Development Fund**

The Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) stated during evidence:

"We, of course, would like to place the efforts being taken both in the States and in the Government of India. In the Government sector we will have to play a major role till some time and in that process the finances available have been nominal. I must also say that the contributions of the State Governments have been extremely low. Some have put in only Rs.2

crore or Rs. 3 crore except Kerala and Rajasthan. The contribution of the other States total upto Rs. 150 or Rs. 200 crore only.

We have recommended that since every State has a District Development Fund they should take up tourism schemes under it. Since we have so many tourism packages, that should be encouraged through local tourism pockets."

Asked about the reaction of State Governments to the recommendation of the Department of Tourism for taking up tourism schemes as part of District Development Fund available with the States, the Department of Tourism in their Post Evidence Reply stated:

"Department of Tourism, Government of India has requested all State Governments to dovetail the tourism projects with projects/schemes approved for District Development Plan so that resources of all the Departments can be effectively pooled together for creation of infrastructure at places of tourist interest. We have not received any definite response."

#### iv. **Tourism Development Fund**

To meet the crucial gaps in infrastructure, the Department of Tourism had proposed to set up a Tourism Development Fund. This proposal was awaiting the approval of the Planning Commission.

Giving present status of Tourism Development Fund, the Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) stated during evidence:

"On the Tourism Development Fund, we have submitted a proposal.

Ultimately, as required, we have placed it before the Standing Finance Committee that is chaired by the Secretary, Tourism. The representatives of the Ministry of Finance and Planning Commission at that time raised certain objections. Initially, the Ministry of Finance turned down the Tourism Development Fund proposal because they thought it was not necessary to create too many specialised funds of this nature because if every Ministry is creating funds like that, it may interfere with the budgeting process. That was the view. At that time, we had requested for a corpus with a fund of Rs. 100 crore. After rejection, we discussed it again. Ultimately, we have now re-drafted the whole proposal making it a small contribution from the Government as a corpus and other fund to be coming in from the private sector, NGOs, etc. The present corpus proposes about Rs. 9 crore with a total ceiling of Rs. 45 crore. The ceiling is put by the Government. When we discussed this matter, the Ministry of Finance and the Planning Commission informed that since this is not one of the Ninth Plan items, this requires the approval of the Planning Commission."

The Secretary, Ministry of Finance (Deptt. of Expenditure) expressing his views on constituting a Tourism Development Fund stated during evidence:

"In so far as the Tourism Development Fund is concerned, here also we do not have any specific proposal from the Ministry at this stage. But I would just broadly mention the approach which is followed in considering proposals in this regard. It is not considered to be a very good budgetary practice. Earlier also, the Estimates Committee, the Public Accounts Committee and other Parliamentary bodies have been looking into this. Creating a Fund out of budgetary allocations is not considered to be a good idea because we just take out money from the Consolidated Fund and put it in another Fund outside the Consolidated Fund, it lies there and interest accrues on it before it is spent. So, firstly, the Parliamentary accountability is reduced to that extent because an expenditure out of that Fund is not scrutinised anywhere. Secondly, a lot of money in that process lies idle, whereas here we are running in deficit and there are other competing Demands from the Budget of the Central Government. From the Consolidated Fund, we are not able to fully meet the requirements of various Ministries and if we were to take out money from the Consolidated Fund and put it in another Fund apart from reducing the Parliamentary accountability for expenditure out of that Fund, it also means that we are not making optimum use of the scarce budgetary resources available with the Government. But if the objective of the Fund is to create some sort of a Trust and then have a little corpus and then use it for attracting funds from private sources, then they have to prepare a scheme for that. It will be examined by the Planning Commission and then by the Finance Ministry and then a view on that can be taken."



Asked whether there would be a possibility of attracting funds from the private agencies so that this fund can become a Captive Fund only for the purpose of developing the infrastructure, the witness stated during evidence:

"Sir, they will have to develop the concept a little bit because, after all, how much money will a private person normally put in a Fund which is managed by the Government? Private sector funding is something which will need to be examined and discussed with them. But, in any case, the normal pattern is that there are taxes and other receipts which are coming into the Government coffers from various types of taxes and other receipts, and then there are allocations out of those taxes and other receipts for various schemes. So, the Tourism Ministry are developing schemes in areas in which they want budgetary resources to flow, prepare a scheme for that, get Plan funds, and then implement that scheme. Otherwise, creating a Fund outside this and having a funding mechanism which dilutes the overall accountability and also checks and balances in the system, does have difficulties in the audit. So, it is generally not a very favoured approach to create a separate Fund for funding development expenditure. Development expenditure must be incurred, in a transparent manner. This reduces the transparency also – where the money will be sent, how it will be sent, who will be accountable, and all that. So, these are the aspects which will need to be looked into. But as I said, the concept has to be developed by the Tourism Ministry and then we will have to examine it in consultation with the Planning Commission, the Department of Economic Affairs and others, and see whether, overall, there is going to be any benefit from doing this type of a short-circuiting. It basically does amount to some short-circuiting."

Giving latest position in respect of Tourism Development Fund, the Department of Tourism stated in their Post Evidence Replies as follows:

"The proposal is to set up a Tourism Development Fund to provide more assistance for those projects which are required to bridge critical gaps in tourism development which cannot be funded through the limited Government Budgetary Grants. Development of critical infrastructure facilities like roads, water and electricity supply, transport and communication, drainage and water disposal system which are absolutely necessary for achieving critical infrastructure balance for the development of tourism in specifically identified areas. The assets of the fund shall include Rs.10 crore from the plan budget of the Department of Tourism, Government of India as initial corpus. The fund may also accept contributions from statutory bodies created under the Acts of Parliament or of the State Legislators, United Nations and their associated bodies, Private and Public Corporation sectors, Trusts, Societies.

The National Tourism Development Fund is yet to be approved."

**(v) Tourism Finance Corporation of India Limited(TFCI)**

The General Manager, Tourism Finance Corporation of India (TFCI) stated during evidence:

"The Tourism Finance Corporation is the nodal agency which is catering to the requirement of the tourism industry. We have done projects in the private sector only. 99 per cent of our funding is to the private sector."

**Managing Director, TFCI giving background of TFCI stated during evidence as under:**

"A Committee was set up by the Planning Commission in the year 1986 for developing tourism in this country. It was called the Younis Committee. One of the recommendations of that Committee was that we should have an organisation to fund tourism related projects. Already there were other financial institutions like IFCI, IDBI, and ICICI which were funding industrial projects. So, they thought that we should have a specialised organisation for funding various tourism related activities. The TFCI was set up in the year 1989 as a Company. It is a public limited company. Initial capital was subscribed by the all-India financial institution. IFCI being the Delhi based organisation, they took the initiative and subscribed the initial capital and IDBI, LIC, UTI and banks subscribed an initial equity of Rs.50 crore.

We are an independent Corporation, not under anybody because they are only the promoters. They are only having 18 per cent share holding. Otherwise, we are a Public Limited having about 26 per cent and other institutions are having about 65 per cent. So, only 18 is with IFCI. It is an independent financial corporation. It is only for tourism related activities."

The Committee enquired whether apart from hotel industry, TFCI invests in developing any other infrastructure. In reply, the General Manager, TFCI stated during evidence:

"Ninety-five per cent of our funding goes to the hotel sector. Rest is to the amusement parks, water park, taxi operations, etc. We are funding only for tourism-related projects. We are not funding for any other thing."

Managing Director, TFCI giving more details about TFCI stated during evidence:

"In the year 1994, it went for a public issue and that was over subscribed. We have about a lakh of shareholders with the Tourism Finance Corporation of India. That issue came with a Rs.10 share with a premium. It was well received. During this ten years' period, we have funded about 250 to 300 various projects. We fund hotel projects in all categories-Two Star, Three Star, Four Star and Five Star categories- amusement parks, water parks and rope ways. Even the multiplex projects have been funded by the Tourism Finance Corporation of India. The Palace on Wheels which is in operation in Jaipur was also funded by Tourism Finance Corporation of India. The total sanctions during this ten years' period are about Rs.1950 crore. And the present outstanding is about Rs.900 crore. It has created about 50,000 employment opportunities, directly and indirectly in the tourism sector and canalised about Rs.7000 crore investment in the tourism projects.

Of the total room accommodation of 66,000, 26,000 have come out of the financing availed from the Tourism Finance Corporation of India. We have been operating in Delhi and we have an office in Chennai also. The applications come directly from the promoters, private people and the entrepreneurs. They approach the Institution. We process their applications. They come and discuss with us or through our field officers about the various requirements to be met. Ours is an organisation with only 25 staff members altogether. It is a profit making organisation. We are paying dividend to our shareholders. The processing time is very fast. When the project is found viable prima facie, then we call for a meeting and call for the full details. Then, it is put before the Board for the sanction. The policies and norms for funding are laid down by the Board and we accordingly go ahead with funding the projects".

Asked about the role of Department of Tourism in this regard, the Managing Director, TFCI further stated during evidence:

"They give the policy guidelines and approvals for various schemes. We follow those guidelines given by the Ministry of Tourism."

Asked how closely TFCI interacted with the Department of Tourism, the Managing Director, TFCI replied by stating as under:

"We often meet whenever there is a meeting. The incentives which is passed on by the Ministry of Tourism through TFCI, which we pass on to our clients. They give three per cent interest subsidy up to three-star category projects and five – star for heritage and special designated tourism areas."

On the Committee's apprehension that there was a feeling among the Members of the Committee that there was not much cooperation from TFCI to expedite these projects, etc., the Managing Director (TFCI) gave the following clarification:

"Now we get that approval when the proposals come.

With regard to this coordination Ministry of Tourism, they give the policy to us, which are the projects that would be eligible for subsidy schemes. We are raising Rs.950 crore which is outstanding. But for the initial capital of Rs.50 crore which came from the institution, rest are all borrowed from the market. We have been borrowing depending on market rates. It was found in all the cases the interest was related to the borrowing. Ours is a small organisation with no support from the Government in any form at all. We have to go to the market and get the rating done by the rating agency depending upon 13 per cent or 14 per cent rate. We have got a Director from the Ministry of Tourism on our Board. We have also got a Director from the Ministry of Finance (Banking). Whatever actions we take, they guide us in the development of tourism. Projects up to three-star category get subsidy from the Ministry of Tourism. We collect money from the Ministry and pass it on to the clients. Some of the

heritage places in Rajasthan and some other places also get five per cent subsidy. This also they give to us and we pass it on. So, this in brief is the activity which we have been doing."

Asked about the time taken to process any unit, the Managing Director, TFCI stated during evidence:

"Ours is a special organisation. We deal in Hotels and deals in tourism related projects. There are various tiers in the bank. When you go to a Branch, there will be Manager, then there is Regional Office, Zonal Office, and the deciding authority is somebody else. So, it involves a lot of time. But in our case, the moment we receive the application, we have interaction with the borrowers because there is no tier. They can meet the Managing Director or the General Manager immediately. We check the list and process the required information within a month or 45 days from the date of receipt of application. After that, we give the sanction. That is why, we gave Rs.2000 crore in ten years period."

Asked as to what should be the minimum financial commitment and whether funds were provided to projects beyond a particular limit, the Managing Director, TFCI replied during evidence:

"We are taking up projects which are above Rs.3 crore because the State level institutions have the limit earlier when it was formed. They were taking up projects upto Rs.3 crore. Being an All India Financial Institution, it thought that it would be depriving the business of the State level institutions, the State Industrial Development Corporations and also banks which are taking up this work. We take projects generally upto Rs.50 lakhs and above. We are also funding them for the purpose of renovation, expansion and all those things."

Asked whether the limit was fixed by the Board of TFCI, the Managing Director TFCI replied in the affirmative.

Further enquired whether the Board could relax the norms, the Managing Director, TFCI replied as under:

"Suppose a viable project comes. We fund exclusively some of the projects. We join with the other institutions. We join with the banks. We do it in consortium. We generally take some projects with the State level institutions also because they give rupees two and a half crore depending upon the upper limit. The balance is funded by the Tourism Finance Corporation. We have done it with the Gujarat State Industrial Development Corporation, Maharashtra State Financial Corporation and U.P. Financial Corporation. So, like that, we have been funding it along with the others also. There is no bar. We go only by the viability of the project."

The General Manager, TFCI further added:

"If the Government feels that a project is a special tourism-related project, which needs to be supported, whose cost is less than even rupees one crore, we do take a view on the project. We do finance that kind of a project. For example, I would cite the case of the Airport Facilitation Centre in Bangalore which was to come up. It needed only about Rs.60 lakhs. Nobody was prepared to finance. I am talking of the entire banking system and the Financial Institutions. We were the pioneers to do that project. We did it in Bangalore. So, it depends on what kind of a project is coming up; what is the viability etc. If it can be made viable, then we definitely come into the picture and we finance it. There is another point. In case of small projects, we monitor from Delhi. It becomes difficult. The cost of delivery becomes more. It is not viable for the entrepreneurs to take loan from the TFCI."

Dwelling upon the limitation faced by TFCI, the General Manager, TFCI stated during evidence:

"We have one limitation only. What we follow has to be on the market-related rate. We are funding all the tourism infrastructure projects. Ninety per cent of our funding goes to hotel infrastructure projects. If hotel projects come up, it adds to the development of entire area. In some of the places, heritage centres have come up which has benefited the entire village. Roads have been constructed, milkman has got a point where he can sell his milk; vegetable vendors have got their selling point; household environment has gone up; handicrafts of that particular area has got an opportunity to sell their items to the foreigners. Everybody has got some way or the other associated with that development. Government has to provide infrastructure in terms of roads, power, electricity, telephone connections, and medical facilities in the area. Ninety-nine per cent of our funding is for infrastructure. But we have not been given the status of the infrastructure funding. As a result we are borrowing funds at a

higher cost from the market. If we get the status of infrastructure funding, we would be able to raise funds at two or three per cent less than the market rate. What we are looking for is the support from the Government in the sense that it can be made as funding by TFCI. If it is considered as funding by TFCI, automatically we would be raise funds from the market through a tax-free bonds, which would be available at 10.5 or 11 percent."

Asked whether in that case would TFCI take interest in investment in providing other things which can be treated as infrastructure, TFCI be declared an infrastructure industry the General Manager, TFCI stated:

"My charter only permits me to invest or give loan to tourism related viable projects. The project has to come from the private sector. It has to be approved by the Ministry of Tourism. They have to issue a certificate that it is approved. If any viable commercial project comes to me, duly approved by the Ministry of Tourism, then I can fund it. My charter does not permit me to take up developmental activities. I am raising funds from the market at commercial rate and adding on to that is the cost of administrating that fund. I am working on a spread of less than 2 per cent."

Asked whether TFCI get any income-tax rebate, etc., the General Manager, TFCI replied in negative saying:

"No, Sir. If that is given, perhaps we would be able to fund the projects at about 14 per cent which would indirectly help infrastructure creation."

## **CHAPTER - VIII**

### **MISCELLANEOUS**

#### **Coordination**

The Department of Tourism does not have control over any of the segments of the tourism industry including infrastructural components. Its role is primarily of coordination.

When asked for the suggestion to make the jurisdiction of the Department of Tourism more wide so as to exercise control over various segments of the tourism industry, the Department of Tourism stated that it would be difficult to have complete control of Ministry of Tourism over all the segments and delivery systems. It would, however, be useful to have combination of the Ministries of Civil Aviation and Tourism and Archaeological Survey of India. In respect of others, the attempt was to achieve control through co-ordination. For the purpose of co-ordination 'Board of Tourism Industry and Trade' had been constituted by Notification dated 29.10.1997.

The Department of Tourism further informed that a Group of Ministers under the Chairmanship of the Minister of Tourism and the Ministers of Civil Aviation, Railways and Surface Transport as members and a Committee of Secretaries under the Chairmanship of the Cabinet Secretary had been set up to achieve coordination and synergy in tourism development.

#### **Group of Ministers**

The Department of Tourism giving details of Group of Ministers stated in their reply as under:

"The Government constituted a Group of Ministers consisting of Minister of Parliamentary Affairs and Tourism, Minister of Civil Aviation, Minister of Law, Justice and Company Affairs, Minister of Surface Transport, Minister of Railways and Dy. Chairman of Planning Commission on 1.6.1998 to examine the issues and make recommendations for sorting out coordination problems and generating consensus among the different agencies involved in promotion of tourism. An informal preliminary meeting of the Group of Ministers was held on 12.6.1998 to discuss issues relating to development of infrastructure, upgradation of existing facilities for tourists both domestic and foreign tourists and streamlining of immigration of custom clearance procedures at the airports to make them tourist friendly. It was proposed that another meeting should be held in the middle of July 1998 and different Ministries were requested to furnish Agenda Notes for the meeting but the meeting could not be held due to unavoidable circumstances.

The recommendations made in the meeting of the Group of Ministers held on 12.6.1998 were being taken up by the Department of Tourism with the concerned Departments/Ministries.

The Group of Ministers was reconstituted on 27<sup>th</sup> October, 1999 consisting of Minister of Urban Development, Minister of Culture, Youth Affairs and Sports, Minister of Railways, Minister of Civil Aviation, Minister of State of the Ministry of Information and Broadcasting and Minister of State of Ministry of Tourism. No meeting of the Group of Ministers could be held in view of the change in the constitution of the Committee from time to time.

The new group of Minister on Tourism, Industry and Trade was constituted on 16.10.2000 consisting of Minister of Urban Development and Poverty Alleviation, Minister of Tourism and Culture, Minister of Railways, Minister of Civil Aviation, Minister of Information & Broadcasting. A meeting of this Group of Ministers was fixed on 5.2.2001 but due to pre-occupation of Minister of Urban Development & Poverty Alleviation, the meeting could not take place."

The Committee sought clarification as to what exactly was going on right from the original constitution of Group of Ministers to the recent past. To this Secretary, Ministry of Tourism and Culture (Department of Tourism) replied during evidence by saying as under :-

"The Group of Ministers also did meet. The original Group of Ministers in 1998 did meet once or twice. I do not have the details. I can furnish. They met only once. Apart from that, there were more meetings but not very formal meetings. The then Ministers, particularly, Shri Khurana took a little bit of unconventional step that wherever something was required, he



would call his colleagues, go over and meet in the Transport Bhavan and some of the decisions were taken. They were not formal Group of Ministers meetings. But such meetings had taken place. We had to wait for the constitution of the Group of Ministers, which had been done in last October. Thereafter, we have placed some agenda items for approval of our Minister. After Parliament session is over, we are told that the Minister will consider having further discussions."

In their post evidence replies the Department of Tourism stated:

"A new Group of Ministers has been constituted on 10.04.2001. The Composition of the Group of Ministers is as under:-

1. Shri Jagmohan, Minister of Urban Development and Poverty Alleviation.
2. Shri Ananth Kumar, Minister of Tourism and Culture.
3. Shri Nitish Kumar, Minister of Agriculture and Minister of Railways.
4. Smt. Sushma Swaraj, Minister of Information and Broadcasting.
5. Shri Sharad Yadav, Minister of Civil Aviation.

### **COMMITTEE OF SECRETARIES**

A Committee of Secretaries consisting of the Secretary(Tourism), Secretary(Commerce) and Secretary(Revenue) was constituted on 16.9.98 to look into the various issues relating to the various demands of tourism sector industries. The Committee discussed various issues relating to issue of Visa on arrival, Carrying capacity, training of immigration Staff, Development of Tourist Places and infrastructure facilities at places of tourist interest on 23<sup>rd</sup> of September and 13<sup>th</sup> of October, 1998. The Committee suggested that some of the major issues like Visa on Arrival, carrying capacity, Training of Immigration Staff, Development of tourist places and infrastructural facilities may be taken up immediately. Several meetings of Committee of Secretaries have been held to discuss important issues such as Millennium Celebrations at Katchal Island in Nicobar, Draft Tourism Policy, facilitation of tourists at the Airport/Railway Stations, harassment of tourists at various tourist centres etc.

The matters regarding issue of Visa on arrival have been taken up with the Ministry of Home Affairs and Ministry of Civil Aviation respectively. The Regional Directors in Tourist Offices in India conduct courses for immigration staff, taxi drivers etc. and also participate in the facilitation committee meetings at the airports to sort out various problems faced by tourists. A Rapid Action Cell has also been formed in the Department of Tourism to look into the complaints of tourists.

### **TOURISM COORDINATION COMMITTEE**

To coordinate various activities of tourism, Director General, Tourism giving details of Tourism Coordination Committee, stated during evidence.

"Today we are totally customer driven. For the Department of Tourism, the customer is the tourist, the customer is the travel trade, and we are trying to do things in full consultation. We have now got a system of Tourism Co-ordination Committee. Every month I personally Chair meetings in which the representatives of hotels, tour transporters and tour operators sit and we take decisions which are then implemented by the Government. The idea, once again, is to develop a spirit of understanding and helping the private sector earn enough for the country through tourism. But as I said, it is a joint exercise of the various Departments and we would have to join hands with them to see that tourism achieves its rightful place and we are able to provide more employment, which tourism is capable of providing. I am sure that with the co-operation of my colleagues here, we will be able to do a lot in this field."

### **Importance of Coordination among various segments for tourism development**

Regarding coordination among various segments for development of infrastructure for tourism, the Secretary, Ministry of Tourism and Culture (Deptt. of Tourism) stated during evidence as follows:

"What has happened is that in 1950 when we started we had only 17,000 tourists and we earned Rs. 1.5 crore. Today, we have got 2.5 million tourists and we are earning about 3 billion dollars. We can do much better than that but because of the constraints, we are not able to do it. But we are not happy about that. That is why, we constantly talk about it. That is why, the main point of coordination has been raised.

Others have done much better in Singapore, Malaysia, etc. They have done in infrastructure development inside the country and also the civil aviation infrastructure on civil aviation side.....

Why it has happened is that at the same time, the South-East Asia became extremely cheaper, air fares to these places are cheaper, hotels are cheaper, etc. All factors combined for the last two years, our growth has gone down. But our growth has been much better this year. We will perhaps achieve 7 per cent to 8 per cent growth over the last year. But I hope that if we achieve some coordination in our facilitation, particularly in the civil aviation sector next year 10 per cent to 15 per cent growth is absolutely possible even if we have all those problems".

Director General, Tourism further stated :

"..... The simple issue is, our role is indeed primarily of coordination because so many players are involved. But coordination has a certain ceiling. When we say something and if some other Ministry does not agree with it – I do not say that their reasons are not genuine – at that point of time things get stuck."

Whenever somebody at the highest level makes a statement, whenever a policy is formed by any Department, tourism should be kept at the back of the mind. Tourism has to be kept at the back of the mind while constructing a road, while constructing a port, or while creating some other facility. That will make a lot of difference. About the Ministry of Information Technology, fortunately, we have been very comfortable with them. We have no major pending issues with them. In fact, they are very happy with us for pushing their agenda. So, we have no major problem with them.

About the coordination between the Railways and Tourism, the Executive Director, Ministry of Railways stated during oral evidence:

"The coordination between the Ministry of Railways and the Ministry of Tourism has been total and we are opening up our dialogue with State Governments for creating comprehensive packages as the Indian Railways can offer its infrastructure."

The Department of Tourism in their post evidence replies stated as under:

"Although there are no difficulties in coordinating with the Civil Aviation and Railways, the budgets of the Department of Tourism, Civil Aviation are totally inadequate for the development of infrastructure facilities. It is, therefore, suggested that budget of these Ministries may be enhanced for strengthening the infrastructure facilities. However, from time to time, meetings are held with the officials of the Ministry of Railways and Ministry of Civil Aviation to sort out various issues."

### **Implementation of Recommendations of Task Force**

In reply to unstarred Lok Sabha question No. + 2114 answered on 4.8.2000, the Minister of Tourism and Culture stated that the Department of Tourism constituted four Task Forces on

- i. Infrastructure for Tourism
- ii. Product Development and Environment
- iii. Human Resource Development and
- iv. Promotion, Marketing and Technology

The Members of the Task Forces were representatives of various sectors of tourism industry who were requested to examine the key requirements of the tourism sector and suggest short term and long term action plans.

To provide impetus for the growth and development of tourism in the country, the Ministry of Tourism constituted a Core Group under the Chairmanship of Minister of Civil Aviation and Tourism.

In order to implement the decision taken by the Core Group, four Task Forces were constituted to suggest Short-term and Long-term Action Plans to be achieved within a period of one year and five years respectively. The Report of the Core Group was submitted to the Government in 2000 and circulated to concerned Central Ministries on 10<sup>th</sup> May 2000 and to the State Governments/U.T. Administrations on 31<sup>st</sup> May 2000 for implementation of the Action Plan and to initiate action within the stipulated time frame as most of the delivery systems were outside the preview of Department of Tourism. The Central Ministries were reminded on 10<sup>th</sup> November 2000, 15<sup>th</sup> December 2000 and 14<sup>th</sup> February 2001. State Governments/U.T. Administrations were reminded on 10<sup>th</sup> November, 8<sup>th</sup> December, 2000 and 14<sup>th</sup> February, 2001. 25 State Governments and 3 Union Territory Administrations have declared tourism as an Industry and declared various incentives for promotion and development of tourism. The comments/views were received on 35 recommendations out of 68 recommendations achievable within one year and 14 recommendations out of 42 recommendations achievable within 5 years from Central Ministries of Home Affairs, External Affairs, Finance, Civil Aviation, Surface Transport, Road Transport and Highway, Urban Development and Poverty Alleviation, Planning Commission and Reserve Bank of India and State Governments of Kerala, Himachal Pradesh and New Delhi Municipal Council.

The Director General, Tourism during evidence stated:

" This present report- Action Plan – provides us a beautiful blue print for us to work so that higher levels can be achieved. A lot of good things have been done a lot of good things would have to be done to implement this Action Plan which provides the blueprint."

The Committee enquired as to why recommendations of Task Force, were not submitted to Ministry of Finance to enable them to examine the recommendations from the financial angle, the Secretary, Ministry of Tourism and Culture (Department of Tourism) during evidence stated:

"About the Task Force report and the formal proposals being submitted, I would like to clarify about the Task Force report. What happens was that we have been having a large number of representations from the tourism industry about various things to be done. We thought that we would ask them to find out what exactly is required to be done in the different sectors and we constituted Task Forces entirely of the private sector.

The report was, in fact, voluntary contribution from them and it was not obligatory for any department to implement them. Thereafter, we formed a core group under the Minister of Tourism and we invited all the concerned Ministries so that they could also look at the recommendations and if necessary take action on them. After two three discussions, we tabulated all of them. We also identified who are the nodal agencies in the Government, the private sector, NGOs etc. Thereafter, we sent it to different departments of the Government requesting that if they agree with these recommendations, they could initiate action from their side in respect of their department to take action for implementation.

In that process, we had marked some of the recommendations to the Ministry of Finance also. So far as the other Ministries are concerned, no separate proposals are to be submitted by us. But so far as the Ministry of Finance is concerned, they have said, to some extent rightly, that if any specific action is required, the Ministry of Finance being in a special position, we have to give a special recommendation for that. What we had done was that at the time of Budget discussion, we had formulated the industries' view and had included our suggestions and recommendations for inclusion in the Budget every year. Now, since the Ministry of Finance has now told us that we have to give a proposal on each one of them, we are now submitting a separate proposal on each one of them, if necessary. Earlier, we were under the impression that our general proposal for the Budget would be considered by them."

## **Pollution**

During evidence, Director, Ministry of Environment and Forest on pollution in Delhi stated :

"The pollution problem of Delhi is mainly with the Government of the National Capital Territory of Delhi. However, being a national capital, the Government of India is also looking into it. It has constituted a special committee for the national capital territory. These are also being monitored regularly by the Supreme Court. As a first step, the sulphur content of the

fuel being supplied for all the vehicles has been stipulated and there is a progressive reduction. As regards the water pollution draining into the River Yamuna, a number of sewerage plants have been designed and this Committee is monitoring their execution. Nevertheless, the basic problem is with regard to the flow in the River Yamuna itself because it is mainly controlled by what is available to the Delhi Government. Unless there are alternative arrangements and unless the flow of the River Yamuna is increased the problem of pollution in Yamuna would be difficult to control. This is because the water is required for diluting some of the pollutants."

When the Committee drew attention of the Department of Tourism towards the pollution in whole Delhi, due to which tourists were not coming to Delhi, the Director General, Tourism stated during evidence:

"Our Ministry agrees with this that foreign tourists who come here during vacation definitely complain about this that they get polluted environment here and are not able to enjoy. That is the reason most of the tourists have started going to Kerala etc. in the South or go to hills of Uttar Pradesh where they get pollution free environment."

Asked whether there was any proposal to develop green belt along the banks of the river Yamuna in coordination with the Ministry of Environment in view of the fact that some of the tourist spots are situated on the banks of the river and this will serve the dual purpose of encouraging tourism by improving the banks and lessening the pollution, Ministry of Tourism and Culture (Department of Tourism) stated :

"Though there is no proposal to develop a green belt along the banks of the river Yamuna, the Department of Tourism supports the concept."

### **BHARAT PARYATAN BHAWAN**

The Department of Tourism in a note on the 'Paryatan Bhavan' to be set up in Delhi to house the Department of Tourism and the information offices of State/UT Governments, stated :

"The Government proposes to construct "Bharat Paryatan Bhawan" in Delhi for which 10870 Sq. mtr. of land has been allotted by the Ministry of Urban Development in Fire Brigade Lane, Connaught Place, New Delhi. The proposed Bhawan will house the tourist information and booking offices of all the State Governments, Airlines, Railways, Travel Agents, Tour Operators, Foreign Exchange Dealers, Banks, Post Office and Restaurant etc. It will act as a single window for tourists besides facilitating tourists. Such a facility will also be useful for business promotion as prospective investors and businessmen visiting the country can obtain all the details at a single place. Ministry of Tourism would only be required to pay the cost of land (Rs. 22.44 crore) to the Ministry of Urban Development as per their demand letter. Remaining part of the project would be set up on self financing basis.

The proposal required approval of Expenditure Finance Committee, who asked this department to obtain approval of Planning Commission and they in turn asked us get 'financial modeling exercise' done. Consequently, bids were invited through open tender and after evaluation of technical and financial bids, Colliers Jardine India Property Services was awarded above mandate.

The above agency has assessed needs of various stake holders in tourism sector foreign and domestic tourists, tour operators, tourism department of Government of India and State Governments, airlines, railways etc. which will be addressed by proposed Bharat Paryatan Bhawan. Financial modeling on self-financing basis will be done by Colliers Jardine which will cover capital cost of project as well as future recurring costs.

A theme will also be prepared around which concept design will revolve. Concept design shall conform to development controls and related legal aspects and exclusive usage of IT/software keeping in view location of building and its surroundings. Based on above concept design, a conceptual drawing and 3-D block model shall be prepared by consultants. Consultants have intimated us that project is proceeding as per schedule. It is expected that in another 1 ½ -2 months financial modeling exercise shall be completed."



## **OBSERVATIONS/RECOMMENDATIONS**

**9.1** Tourism with about 4 million dollars output has become the largest industry of the 21<sup>st</sup> century. The role of tourism has been recognised as a lever for generating employment and foreign exchange earnings and as an instrument for effecting social change and promoting mutual understanding. In an overall scenario in the world, tourism has been recognised as the world's largest export industry. The Committee note with concern that while the growth in tourism globally has been impressive, India's share in total global tourist arrivals and earnings is quite insignificant despite having immense potential to be a leading tourist destination. The Committee view tourism as a very important industry of this century as it earns foreign exchange for the country and provides massive employment on a sustainable basis. The Committee are of the considered view that tourism is an area which has assumed much importance in the recent times and tourism should be encouraged to flourish for economic development of the country keeping in view the country's immense tourism potential. They, therefore, desire that adequate awareness about economic and social benefits of tourism should be created amongst all sections of society and all sectors of Government and conducive environment should be created for dynamic growth of the tourism sector.

**9.2** The Committee note that Government of India has accorded Export House Status to tourism as a boost to the industry to raise foreign exchange earnings, employment and income generation through tourism. This has been well received by the tourism industry and they trust that the industry will fully utilise the benefits which accrue from export house status to tourism. The Committee note that Confederation of Indian Industry(CII) and the Task Force on Infrastructure for Tourism had in their Report suggested that tourism should be declared as an infrastructure industry. The recommendation carries much weight. The Committee have convincing reasons to believe that by according of 'Infrastructure Industry' status to tourism would give it access to low cost capital, technology and resources making tourism industry nationally and globally competitive. The Committee, therefore, desire the Department of Tourism should draw up a proposal for according infrastructure Industry status to tourism and send it to the Ministry of Finance with copy to the Planning Commission without any further delay.

**9.3** The Committee however note with concern that India is 46<sup>th</sup> in the world in terms of tourist arrivals and accounts for only 0.37% of the worlds' total tourist arrivals. During 1999, 176082442 domestic and 5819947 foreign tourists visited India, as compared to 168196000 domestic and 5539704 foreign tourists who visited in 1998 and 1598770080 domestic and 5500419 foreign tourists in 1997. The Committee have been informed that Market Research Division of the Department of Tourism collects, compiles and disseminates detailed statistics on various aspects of Indian tourism including foreign tourist arrivals from different countries, domestic tourists, etc. However, it is surprising to note that data of tourist arrivals both domestic and foreign in respect of many of the States like Assam, Goa, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Nagaland, Andaman and Nicobar, Daman and Diu and Lakshwadeep for the year 2000 are stated to be not available. The Committee, therefore, recommend that the Department of Tourism should compile and maintain upto date statistics with regard to tourism including data regarding tourist arrivals through proper coordination with these State Governments/Union Territories.

**9.4** The Committee note that various efforts are being made for ensuring safety and security of foreign tourists. Tourism awareness programmes are being organised by Department of Tourism in coordination with State Governments. Training programmes are also being organised for immigration and custom officers, tourist police, taxi drivers, etc. to make them more tourist friendly and create awareness about the importance of tourism. The Department of Tourism has also brought out publicity material for information of tourists to be circulated through overseas offices about do's and don'ts .

**9.5** The Committee note that various factors such as safety and security of tourists, delayed issue of visa and hike in entry fee at various monuments have a negative impact on tourism. One of the reasons for decline in foreign tourists as well as foreign currency earnings is the poor image of India being projected abroad.

The Committee note that security is being viewed as a major concern by foreign tourists. In this context, they note that question of security and safety of tourists cannot be isolated from the general law and order situation of a particular State. The Department of Tourism has requested State Governments to put in place Tourism Assistance Force. State Governments of Goa, Kerala, Himachal Pradesh, Rajasthan and Jammu and Kashmir have introduced Tourist Police Force at



the behest of the Department of Tourism. The Committee note that these States have also introduced tourist legislation in order to prevent malpractices, cheating, harassment, etc. of tourists. During the discussions with the Secretary, Department of Tourism, Government of Rajasthan during study tour to Udaipur, the advantages of tourist legislation and Tourist Police Force in Rajasthan were elaborated before the Committee. The Committee recommend that State Governments should make sincere efforts to enact tourist legislation and introduce Tourist Police Force and other legislation in order to prevent malpractices, cheating and harassment, etc. of tourists.

9.6 The Committee further note that problems connected with issue of visa are being faced by international tourists. Regarding visa on arrival scheme, the Committee are informed that this facility has not so far been extended to individual foreign tourists on security considerations. However, this facility is applicable to tourist groups consisting of four or more persons and sponsored by a recognised tourist agency having pre-drawn programme. The Department of Tourism had requested the Ministry of Home Affairs to consider visa on arrival which was approved by the Committee of Secretaries and the Cabinet Secretary. After initial reservations voiced by the Ministry of Home Affairs about the proposal, the matter is reportedly being reconsidered with a view to encouraging tourism. Keeping in view the fact that neighbouring countries like Pakistan, Thailand and recently Dubai, Ceylon have selectively introduced this facility, the Committee feel that this is an area which needs serious attention of the Government. As stringent restrictions and delays in issuing visas go as barriers to tourist traffic, there is need to relax visa regulations and simplify the procedures for issuing visa. The Committee, therefore, desire that these issues should be considered at the highest level so that restrictions and delays in issuing of visa are minimised with a view to encouraging foreign tourists. The Committee should be apprised of the steps taken by the Department of Tourism and other concerned Ministries in this regard.

9.7 The Committee are further informed that there is a proposal pending with the Ministry of Home Affairs for creating a Separate Bureau of Immigration which is under examination in consultation with the Ministry of Finance. Under this proposal about 24 major immigration checkpoints in the country will be taken over by the Ministry of Home Affairs and their functioning in regard to air, sea and land would be monitored directly instead of the State Government or State Police as at present. The Committee would like to be apprised of the status of the proposal.

9.8 The Committee note with concern that at some places of tourist interest, entrance fee has been hiked disproportionately which has resulted in lot of resentment and cancellation of bookings in overseas offices. This in turn has adversely affected India's image. The Committee feel that by increasing entrance fee at monuments like Taj Mahal, it has become difficult for a common man to visit such monuments. Even in case of foreign tourists the entrance fee is US\$ 25 to 50 which is an increase of about 1000% and has resulted in decline of tourists visiting Taj Mahal. In this context, the Committee are informed that the Union Minister of Tourism had advised the Director General of Tourism as well as the Director General of Archaeological Survey of India to sit together and work out some modalities to find a solution to the problem.

It will be ironical that enhancement of entrance fee may discourage the domestic tourists, which include newly weds and mostly students studying in schools and colleges/other professional institutions who cannot afford such high entrance fee, to have a glimpse of a historical monument like Tajmahal in their own country which is one of the seven Wonders of the World. The Committee desire that this entrance fee be considerably reduced so as to bring it within the afford of the commonman. The Committee also desire that a survey may be conducted on the impact of enhancement of entrance fee on the flow of foreign tourists visiting Agra/Tajmahal. In view of its deterrent impact, a review may be undertaken and suggestions invited from tourist operators for reasonable entrance fee for foreign tourists and bring at par with entrance fee for other Wonders.

The Committee find that maintenance of some of the tourist spots is very poor despite charging hefty entrance fee. Since entrance fee collected goes to the Consolidated Fund of India and cannot be spent on the maintenance of monuments, they suggest that the possibility of an arrangement should be worked out by which a fixed percentage of money so collected, say 25% is utilised for the upkeep and maintenance of the monument.

9.9. The North Eastern part of the country is endowed with diverse tourist attractions. The rich natural beauty, serenity and exotic flora and fauna of the area are invaluable resources for the development of eco-tourism. Despite abundance of natural beauty, snow peaked mountains and white water rivers, the flow of tourists to North Eastern Region has been marginal. Reportedly the Department of Tourism has given thrust on development and upgradation of various tourist

facilities like tourist accommodation, wayside amenities, budget accommodation, beautification and refurbishment of historical monuments/monastries, etc. Under the scheme for grant of Central Financial Assistance to State Governments, 10% of budget allocation is earmarked for North East for development of tourism. It has not been possible to harness tourism potential in the North East mainly on account of lack of infrastructural and other related facilities. The Department of Tourism has sanctioned 6 projects amounting to Rs. 82.43 lakh for the development of adventure tourism in the North Eastern States during 2000-2001 of which only an amount of Rs. 36.40 lakh has been released. The reason given for not releasing the remaining amount is non-production of completion certificate for the first instalment without which second instalment cannot be released. Another difficulty being faced by the North-Eastern States is the requirement of transfer of land to Government of India for implementing tourism related projects.

9.10 Restricted Area Permit (RAP) imposed by the Government of India has been a main hindrance for foreign tourists to visit North Eastern region. Earlier these States were totally closed, not only for foreigners but also for NRIs. Subsequently Assam, Meghalaya and Tripura were removed from RAP in 1995 and relaxation has been allowed for visit to Manipur, Arunachal Pradesh and Nagaland, though permission is to be taken for visit. Four districts of Nagaland were earlier opened for tourism and recently it has been decided by the Ministry of Home Affairs to open the remaining four districts also to enable tourists to visit the entire State of Nagaland. The Committee further note that process fee for issue of Restricted Area/Protected Area permit was raised to US\$30. On a representation from the Department of Tourism it has been decided to keep charging of the processing fee in abeyance. Another major constraint for tourism is misgivings about the security of foreign and domestic tourists travelling to North East. The Committee are convinced about the tremendous tourism potential in North-East. Major constraints like transport facilities, infrastructure, administrative hurdles and delays, etc. need to be addressed with required determination on the part of Government. The Committee do not find any convincing reason as to why all parts of North East should not be made open to domestic tourists and also to foreign tourists in a phased manner. Charging of hefty fees for processing of Protected Area Permit is irrational and should be dispensed with. The Committee strongly recommend that all round concerted efforts should be made to tap the unlimited tourism potential in the North East.

9.11 In order to attract international tourists, facilities like yoga, ayurveda and meditation institutes need to be encouraged as in Kerala and UP, as India has a very good heritage in traditional methods like meditation and yoga. The Committee suggest that making use of our rich heritage, more centres for yoga, ayurveda and meditation should be allowed to come up especially with the help of the private sector. The Committee further note that surfing has not been introduced anywhere in India though some beaches in Nicobar Islands have ideal surfing conditions for surf tourism. However, Island of Nicobar is not open to foreign tourists on account of security and defence considerations. The Committee desire that the possibility of allowing foreign tourists visiting Nicobar as members of adventure package should be taken up with the Ministry of Home Affairs. At the same time potential for surf tourism in the country should be fully exploited to promote tourism as also to attract foreign tourists. The Committee note with satisfaction that Government of Kerala has developed backwater tourism as a unique feature to attract international tourists. The Department of Tourism has sanctioned Rs.223 lakh during 9<sup>th</sup> Plan for development of backwater tourism in Kerala. The Committee desire that efforts should be made to develop Kollam, Karunagapally, Alappuzha, Kumarakom, Cochin, Kuttanad and Calicut as major tourist attractions for watersports.

9.12 The Committee are informed that their suggestion regarding developing under sea gardens in India similar to that in Mauritius to attract tourists was taken up with the Ministry of Environment and Forests. The Ministry of Environment and Forests was of the view that as the proposal involves tourism activities in coral reef areas all such developmental activities to be taken up should be as per norms laid down in CRZ regulations for which necessary environmental clearances are needed. The Committee would like to be apprised of the latest position with regard to the suggestion for developing under sea gardens.

9.13 With a view to accelerate tourist arrivals, Explore India Millennium Year (EIMY) was launched on 1.4.1999 which ended on 1.1.2001 and was aimed at focussing attention of travellers towards India as their next destination. As a result, a total of 2641157 tourists visited India during 2000 registering 8.93% growth over 1998. In terms of earnings, the growth in 2000 was 8.39% as compared to 1998. The Committee, while appreciating the efforts made, desire that such packages should be frequently launched to promote tourism and increase foreign exchange earnings.

9.14 The Committee note that funds released for external publicity have been decreasing since 1997-98. From Rs.57 crore in 1997-98 the allocation has come down to Rs.49.75 crore in 2000-2001(BE). The Department of Tourism are unable to advertise about tourism in the media and especially on the television in any of the countries due to resource crunch. The Department of Tourism has allowed States like Kerala and Rajasthan to market through their office in Dubai and Singapore. Similar offer is open to all States so that States as a tourist destination could be marketed and benefits could be derived. While stressing the need to target tourists from abroad, the Committee desire that external publicity should be given more emphasis in order to project a good image of India. For this funds for external publicity need to be enhanced and the help of Ministry of Information and Broadcasting should be taken by the Department of Tourism for projecting India as a tourist friendly country in the media abroad, especially on television at prime time.

9.15 As far as international tourists are concerned, the courtesies offered by the country matter a lot. Trained persons will be better disposed to entertain tourists instead of untrained people. The Committee note that there is a tremendous shortage of trained manpower in tourism sector in the country. There are few institutions which are training people in various aspects of tourism development. The present requirement of trained personnel in hotel and catering sector alone is about 20,000 personnel per annum but the total turnout annually is about 5000 to 6000 students. The Committee note that there are 21 Institutes of Hotel Management and 9 Food Craft Institutes directly affiliated to the National Council for Hotel Management and Catering Technology (NCHMCT). These institutions provide only Diploma courses and students have to go abroad to procure degrees. In this connection the Committee have been informed that with a view to upgrading 3 year diploma programme to a degree level course, interactions are in progress with IGNOU/AICTE. However, IGNOU have come forward to jointly award a degree for the programme with certain additional inputs infused into the course. The Committee are further informed that for achieving the statutory status, NCHMCT has prepared a Cabinet note for making it a central university for offering degree courses. The Committee are of the view that human resource development in tourism sector is an emergent need. The existing facilities for providing diploma and degree courses in various disciplines connected with tourism development should be reviewed with a view to making available required infrastructure for training manpower in all the disciplines. The Committee expect to be apprised of the findings and the follow-up action taken in this regard. They would also like to be apprised of the outcome of the proposals put forward by IGNOU/NCHMCT.

9.16 The Committee note that apart from these measures, Department of Tourism, in association with Indian Institute of Tourism and Travel Management (IITTM) and State Governments, has been organising training/refresher courses for people connected with tourism business. Guide training courses are organised both by the Department of Tourism and State Governments. The Committee are of the view that human resource development attains great significance and there is need for paying greater attention to it. The Committee also desire that as stated by Secretary, Ministry of Finance (Department of Expenditure), the Department of Tourism should come up and prepare schemes for HRD for tourism sector and seek funding out of the Plan allocation from the Planning Commission.

9.17 The National Tourism Policy was discussed in the meeting of the State Tourism Ministers held on 27<sup>th</sup> June, 1997 and draft of the National Tourism Policy was prepared and submitted to Cabinet Secretariat way back in November, 1997. The draft had to be revised many times with changes in Government as well as Ministers in charge. The new draft of National Tourism Policy drafted in tune with the new economic policy specifying the role of private sector in development of tourism, greater foreign investment in tourism infrastructure, liberalisation in other tourism related sectors and development in information technology was put on official portal for eliciting comments and views. According to the latest information furnished to the Committee the views and comments received on the policy so far are under consideration of the Government. The Committee feel that there has been considerable delay in finalisation of the new National Tourism Policy which has been pending for more than four years. The Committee, therefore, desire that the National Tourism Policy should be finalised without further delay in order to give a new direction to tourism industry in the changing economic scenario.

9.18 The Committee note that 21 travel circuits, 12 destinations and 33 pilgrim centres have been identified for development through joint efforts of Central and State Governments and private sector which have intrinsic tourist attractions and have potential for tourism development. State Governments of Kerala, Tamil Nadu, Orissa, Maharashtra and Union Territory of Daman and Diu have declared Bekal Beach (Kerala), Muttu kadu-Mamallapuram (Tamil Nadu), Puri (Orissa), Sindhudurg(Maharashtra) and Diu as special tourism areas for integrated development. However,

the Committee are informed that a lot of time and investment would be required to provide the right kind of infrastructure in the newly identified circuits/centres and status of infrastructural facilities required to be upgraded have to be assessed in detail. The studies conducted in the past in respect of some of the circuits need to be updated and in respect of others fresh studies have to be conducted. The Committee are informed that the Department of Tourism have requested the State Governments to prepare detailed plans based on the assessment of existing infrastructure and the future requirements. The Committee desire that the Department of Tourism should get the process of getting detailed plans based on the assessment of existing infrastructure and the future requirements expedited which would enable the identified tourists spots to be developed and to have the right kind of infrastructure provided so as to exploit the vast tourism potential in the identified tourist spots.

9.19 The Committee note that an integrated system of physical infrastructure consisting of airports, international and domestic airseat capacity, rail, road and water transport systems, basic amenities like water, sewerage, electricity, telecommunication, hotels, restaurants, shopping and entertainment facilities, conference and convention facilities and tourist reception and information centres, etc. are required for the development of tourism. Civil Aviation plays an important role in promotion of tourism. At present there are 120 airports maintained by Airport Authority of India and 139 airports/airstrips maintained by State Governments in the country of which 61 airports are serviced by any of the airlines. Keeping in view the congestion at most of the airports, the Committee feel that there is need for massive expansion and modernisation of airports. They are of the view that air transport facilities to remote tourist centres with the help of small aircrafts will facilitate development of tourism. The Committee, therefore, suggest that small aircrafts of 50 seats or below should be introduced so that several remote areas with tourism potential could be airlinked.

9.20 The Committee note that total domestic airseat capacity is about 17 million and average level of passenger traffic is about 12 million. International air capacity to India is about 7.85 million per year as against passenger traffic of 5.45 million including 2.3 million international tourists. Hence average capacity utilisation is 70%. The domestic passenger traffic is expected to reach at the level of 24.34 million in 2004-2005. Since it is extremely difficult to get seat from major destinations to India and back, the existing international seat capacity is insufficient to achieve any significant growth in foreign tourist arrivals. Keeping in view the possible increase in the number of domestic and foreign tourists in future on account of various initiatives for promotion of tourism, the Committee desire concerted efforts need to be made to increase seat capacity both in domestic and international sectors.

9.21 The Committee are informed that keeping in view large amount of funds required to buy/ deploy more aircrafts, airlines in India have not been able to do so. Therefore, Air India and Indian Airlines have decided to do dry leasing which are currently in progress. The Committee further note that at Devanahalli, a new greenfield airport is coming up as a joint venture. The Cabinet has cleared proposals for new airports in the private sector in Goa and Hyderabad. The Committee also desire that in order to promote tourism, more airports should be declared as international airports. To boost domestic tourism air fares should be brought down at par with other countries. Since the draft Civil Aviation Policy is still in the draft stage, the Committee desire that tourism should be given sufficient thrust in the new Civil Aviation Policy.

9.22 The Committee are informed that linking of tourist destinations to railway network is a need based and ongoing exercise. A large number of tourist centres have already been provided with rail connections and more tourist centres will be connected to the rail network as and when considered necessary and feasible subject to availability of resources. Various steps are stated to be taken by Railways to promote tourism, viz. introducing several fast air conditioned trains and special trains connecting tourist centres, launching of six more such trains with private sector participation, continuously upgrading Shatabdi and Rajdhani trains and introducing shortly trains with LHB coaches which can carry more passengers, are expected to cater to the demands of both domestic and foreign tourists. As many as 79 sites have been identified for construction of budget hotels at important railway nodes. However, with a view to providing better facilities to tourists, the Committee desire that Railways should take necessary steps to provide railway platforms and linkages to all international airports to enable tourists to board train straight from the airport as in Chennai, expand railway network to connect important tourist centres, improve hygienic conditions, environment and passenger facilities and cleanliness in and around main railway stations near identified tourist centres and provide first class air conditioned coaches in the trains connecting important tourist centres.



**9.23 Indian Railways Catering and Tourism Corporation(IRCTC) will act as an extended arm of Indian Railways passenger and hospitality business to promote domestic and international tourism in general, and rail based tourism in particular, with emphasis on development of tourism infrastructure on a nation wide scale by stimulating investments. The Committee have been informed that IRCTC has started comprehensive package tour for tourists going to Vaishno Devi and to Shimla(developed with HTDC). Railways are in progress with their dialogue with most of the States to provide such tour packages. The Committee are in agreement that a big boost to tourism can be provided by giving value addition to rail travel through these comprehensive tour packages. They trust that by initiating these kind of comprehensive tour packages, rail tourism will get a big boost in the near future.**

**9.24 The Committee also note that at 25 major railway stations, food plazas are being established. The Committee desire that these food plazas should be cost effective and should be within the reach of average passenger. The Committee have been informed that Railways have got a proposal from Crisil for providing a booklet free of cost to tourists providing information depicting tourist spots, train timings and other facilities available to them. The Committee therefore desire that the proposal should be expedited and implemented at the earliest.**

**9.25 The Committee note with concern that although about 80% of foreign and domestic tourists make use of road transport system for visiting different destinations, the road transport system in India is very unsatisfactory. It has been stated that there is no separate policy or special provision of funds for maintenance of National Highways connecting tourist places. The Committee, therefore, desire that the Department of Tourism should coordinate with Ministry of Road Transport and Highways and the State Departments to substantially improve the condition of road segments connecting tourist centres. They further note that Agra-Jaipur road and road between Varanasi and Khajuraho lack basic infrastructure and way side amenities and facilities. Department of Tourism is said to be pursuing the matter with the State Governments concerned for suitable action in this regard. They recommend that road infrastructure and way side amenities should be improved in road segments connecting tourist spots in other States also.**

**9.26 Regarding putting up road signages along the tourist routes, the Committee are informed that the matter is taken up under Central Financial Assistance Scheme. Even during prioritisation meeting held with State Governments/UT Administration officers, emphasis has been given to prioritisation of proposals relating to signs and signages by the respective State/Union Territory Administration. Keeping in view the importance of signages along the tourist routes for the guidance of foreign and domestic tourists to reach their destination, the Committee desire that roads leading to tourist centres should have proper signages. The matter of putting up signages should be vigorously pursued with the State Governments.**

**9.27 The Committee note that so far city maps of Delhi, Mumbai, Kolkata, Bangalore, Jaipur, Varanasi and Gujarat have been brought out by the Department of Tourism. State Governments also produce tourist literature including maps of tourist spots of respective States supplementing efforts of the Department of Tourism. The Committee have been informed that an All India Tourist Map highlighting information on various tourist destinations, air routes, rail routes, etc. is under preparation. The Committee therefore desire that maps of all tourist destinations should be published to provide information about location, road, rail, air routes, etc. to tourists.**

**9.28 The Committee have been apprised of the problems being faced in free movement of tourist vehicles from one State to another. In this connection, the Committee for rationalisation of tax structure in tourism industry submitted its report in May, 1998. The issue was discussed at various forums and taken up with the State Governments which have yet to take a final decision in the matter. The Committee would, therefore, like to have the process expedited so as to facilitate free movement of tourist vehicles from one State to another.**

**9.29 India has a vast coastline of about 5000 kms and several navigable inland water resources which are not being exploited to any appreciable extent as a tourist attraction. The Committee are informed that the involvement of Ministry of Shipping in promotion of tourism is peripheral, but they are open to any suggestion from the Department of Tourism and to any specific proposal for development of tourism that is water borne. However due to availability of limited resources, three national waterways-Ganga-Bhagirathi, Brahmaputra and Kerala-have been taken up for development. Kerala is the only State which has submitted a proposal for Central financial assistance. The Committee desire that Government should take initiatives for developing the three national waterways within the shortest possible time.**



9.30 Cruise tourism is a major tourist attraction. During 8<sup>th</sup> and 9<sup>th</sup> Plan (upto March, 2001) an amount of Rs. 368.31 lakh was sanctioned for purchase of cruise boats, launches, catamarans and ferry boats by the Department of Tourism. Nine proposals amounting to Rs. 927.00 lakh have been prioritised for central financial assistance for development of adventure and watersports tourism in Kerala, West Bengal and Assam. Department of Tourism have requested the Planning Commission to provide special grant of Rs. 9 crore for developing Sunderbans area for inland water tourism based on the study and recommendations of the Tata Consultancy Services. The project includes Sunderbans National Park which offers tiger reserve as a major tourist attraction. Catamarans and speed boats are to be used for tourists for wildlife viewing, navigating water stretch alongside mangrove area. The State Government would contribute their share and the Central share will depend on inter-se priority and subject to availability of funds. Keeping in view the resource constraint, the Committee suggest that private sector should be involved for developing some of the facilities like water transport systems like cruises, catamarans, etc. It has been stated that a Cabinet note is under preparation with draft bill to amend IWAI Act, 1985 which contains guidelines/incentives for private sector participation in development and operation of IWT related activities. The matter should be expedited and the Committee should be apprised of the progress made in this regard.

9.31 Accommodation is another critical segment of tourism infrastructure requiring substantial investment. Estimated requirement of approved room accommodation by the year 2000 was 125000 on projected arrival of 5 million tourists. As on August 2000, 1020 hotel projects under all categories had been approved which on completion would provide 56732 rooms all over the country. With a gestation period of around 3 to 5 years it is hoped that by 2003 most of these hotel projects would become operational. The Committee are of the view that development of accommodation infrastructure in the country is falling much short of the requirements thereby causing severe constraints in expansion of tourist traffic. They, therefore, desire that hotel projects should be completed within the targets fixed for completion and efforts should be made to build more hotel accommodation to cope up with the projected requirements.

9.32 The Department of Tourism has taken a policy decision to allow setting up of Apartment Hotels/Hotels upto 3 Star category which are coming up adjoining commercial complexes in the four metro cities, which has been well received by the travel industry. The Committee note that the Department of Tourism has adopted a deliberate policy for developing budget accommodation facilities for the benefit of domestic tourists. The Railways have identified 100 stations of tourist interest for construction of Budget Hotels/Rail Yatri Niwas. Projects for additional Yatri Niwas/Hotels will be taken up by IRCTC through private participation. The Committee stress that concerted steps should be made to develop budget hotels to meet the requirement of the middle class tourists keeping in view their paying capacity.

9.33 The hotel industry is almost totally private sector driven and Government policy is to encourage the private sector to construct the projected number of approved hotel rooms by providing better facilitation services and incentives. However, it is seen that the hotel industry is subjected to multiplicity of taxes due to which India is seen as a costly destination as compared to other Asian countries like Thailand where similar facilities can be availed at a lesser cost. In this connection, Committee have been informed that a committee has been constituted to study the issue and give recommendations for rationalisation of tax structure. The Committee would like to be apprised of the recommendations made by the Committee and the status of their implementation.

9.34 As regards shopping, the Committee note that there is no suitable legislation regulating shopping for tourists in most States. Only Goa, Jammu & Kashmir and Kerala have so far promulgated legislation for this purpose. The Department of Tourism is encouraging all State Governments and Union Territories to consider enactment of legislation relating to shopping in their States/Union Territories. The Committee desire that efforts be made so that all States/Union Territories implement and strictly enforce the legislation regarding shopping to regulate sale of standard and quality goods and to safeguard the interests of domestic, religious and foreign tourists.

9.35 The Committee note with concern that one of the main complaints of international tourists visiting India relates to near absence of entertainment facilities particularly during night. Apart from cinema halls screening local movies, there are no regular cultural shows, participative events or theaters. In this context, Committee are informed that though State Governments provide these facilities, financial assistance is provided for specific projects like sound and light shows, fair and festivals, water sports, golf courses, aerobic facilities, revolving restaurants, fitness and yoga centres, paragliding, river rafting and for promoting dance and music performances and cultural troupes by the Department of Tourism. Private sector is also being encouraged by State

Governments for providing entertainment facilities. The Committee, therefore, desire that entertainment facilities at the major tourist centres should be developed by providing financial assistance and incentives and by involving the private sector.

9.36 Convention and conference facilities have today been acknowledged as a significant segment of the tourism industry. Though these facilities do exist in major hotels in the country, they are generally not fully equipped or have limited capacity. The Committee suggest that for taking advantage of growing market for conventions and conferences, it is significant to develop such facilities. Keeping in view the fact that no incentives are provided at present for setting up convention halls, the Committee desire that the Department of Tourism should come forward to provide incentives for setting up convention and conference halls as they have tremendous scope for growth of tourism.

9.37 To offer better services to overseas and domestic travellers and to make India a user friendly destination at par with other countries, the Department of Tourism has decided to strengthen the tourist information set up through effective use of information technology, viz. giving online reservation facility at Delhi Airport, launching a portal on tourism related information and setting up touch screen Information Kiosks at important locations in the four metropolitan cities. The Committee desire that information technology should be effectively made use of to give information to tourists and facilities for on line reservation and touch screen kiosks should be set up at all important tourist spots so that tourists are not left at the mercy of touts.

9.38 The Committee note with concern that the Department of Tourism has received 334 complaints from tourists who visited India. Complaints project a bad image of the country, which tourists carry with them. Therefore, all-round efforts should be made to make available best of services to tourists at all important tourist locations.

9.39 For pilgrimage tourism, 33 pilgrim centres in 16 States have been identified so far for development of infrastructure facilities. During 8<sup>th</sup> and 9<sup>th</sup> Plan (in progress upto 1999-2000) 89 projects amounting to Rs. 2755.20 lakh were sanctioned for development of infrastructure facilities at various pilgrim centres in the country.

9.40 The Committee surveyed the infrastructure facilities at Vaishno Devi, Char Dhams, Pushkar, Varanasi and the Buddhist circuit during their study tour to these places. It was pointed out that about 117 million people visit Vaishno Devi annually. The Committee regret to note that Vaishno Devi and other pilgrim centres like Char Dhams which are visited mostly by domestic tourists lack even basic infrastructure facilities like wayside amenities, drinking water, clean toilets, transport and accommodation. The Committee stress that existing facilities should be improved and necessary additional infrastructural facilities should be developed at the pilgrim centres and special efforts need to be made to keep the pilgrim centres neat and clean.

9.41 The Committee are perturbed to note that, Pushkar which is a prominent pilgrim centre in the country, is being culturally polluted by foreigners engaged in taking drugs and other unethical activities there which is having an adverse impact on tourism. This problem could be checked by people's participation and awareness. The Committee, therefore, desire that Department of Tourism should seriously note of this and take up the matter with State Government for stricter implementation of existing laws to check such practices by tourists which has an adverse impact on tourism.

9.42 The Committee note that the Ministry of Urban Development has taken the initiative for working on a Centrally Sponsored Scheme for cities of cultural importance. They have been told that a special package has been prepared for Varanasi which would be approved shortly. The Committee would like to be apprised of the progress of the scheme for Varanasi and its latest stage of implementation. They suggest that if the project is found successful, it should be extended to other cities of pilgrim importance.

9.43 The Committee are of the view that every year a large number of tourists from Japan, Korea, Sri Lanka, Cambodia, Thailand, Laos and other East Asian and South-East Asian countries visit India for pilgrimage to Buddhist centres. It has been brought to the notice of the Committee that road conditions in the Buddhist circuit are unsatisfactory. Floods create hindrance for pilgrims visiting Gorakhpur, Naugarh, Farida Road in Buddhist circuit leading to Lumbini and Kapilvastu. In view of this, the Committee are of the considered view that Farida, Naugarh and Bardpur Road should be considered as an alternate route for the convenience of Buddhist tourists visiting Kapilvastu, especially when the main Gorakhpur, Farida, Naugarh road is blocked on account of floods. Though at present there is no such proposal with the

Government, the Committee recommend that the Ministry of Road Transport and Highways should consider taking up this project. They also desire that the question of improving the road condition need be taken up with the Ministry and emergent steps taken to repair the roads damaged by floods to obviate difficulties of pilgrims.

**9.44** The question of developing road connecting Kapilvastu and Lumbini with the permission of Nepal Government was raised during evidence in order that Sarnath, Lumbini and Kapilvastu are brought closer within a range of about 10 kms for the convenience of Buddhist tourists. The Secretary, Ministry of Tourism and Culture (Department of Tourism) had informed the Committee that the matter was included in the discussion of UP tourism annual plan. The Committee would like to know the follow-up action taken in this regard. The Committee further note that Buddhist pilgrims visiting Lumbini enter from Nepal and there are three ways to enter India from Nepal i.e., UP Saunoli Road near Gorakhpur, Raksoul in Bihar and on Assam Border. They desire that proper facilities and infrastructure should be provided at the entry points so that tourists get attracted. They also suggest that by developing Saunoli Road by providing infrastructural facilities, it would attract not only Buddhist pilgrims, but other tourists as well.

**9.45** The Committee find that pilgrims have not been able to use airstrip at Gorakhpur for the last ten years. They are informed that the matter regarding opening of airstrip is being taken up from time to time. On the other hand Bhairwa Airport in Nepal is being made an International Airport from where Lumbini is just 11 kms. If Bhairwa Airport becomes an International Airport and Gorakhpur airstrip is not opened for pilgrims, a large number of Buddhist pilgrims will be deprived of visiting other Buddhist pilgrim centres in India. The Committee, therefore, recommend that Gorakhpur airstrip should be opened for pilgrims or alternatively an airstrip should be constructed at Kushinagar from the tourism point of view.

**9.46** In terms of infrastructure development, development and promotion of tourism is primarily undertaken by State Governments and Union Territory Administrations. The Department of Tourism extends central financial assistance for tourism projects which are prioritised depending upon their merit, inter se priority and availability of funds. In a year the Department of Tourism gives about Rs. 30 crore for infrastructure assistance for the entire country which is very low. A disturbing trend noticed is that the amount released for infrastructural projects is not even 20% of the sanctioned amount. The reasons stated for slow release in most cases is due to non availability of utilisation certificate and paucity of resources. The allocation for a project is released in 2-3 years time, 30% of allocation in the first year, 50% in the second year and the balance 20% is released in the third year subject to production of utilisation certificate. On account of delay in release of funds for implementation of projects, benefits to tourism sector cannot be achieved. The Committee, therefore, desire that efforts should be made by the Department of Tourism to release instalments in time so that projects are completed within the stipulated time thereby avoiding time and cost overruns of the projects and also ensuring effective utilisation of the meager resources allocated.

**9.47** The Committee are apprised that the infrastructural projects assisted by the Department of Tourism are being monitored through a series of interactions with respective State Government Officers, through field inspections by the committee consisting of officials of Department of Tourism and State Governments constituted for the purpose, review at the level of Minister/Secretary/Addl. Secretary during visits to respective States, Tourism Minister's Conferences and zonal meetings of State Ministers. The Committee note that there are certain drawbacks in the present system. To mention a few, there is no arrangement for inspection of proposed projects before approval and to periodically assess the progress of projects. Moreover, there is no arrangement for cost benefit analysis of the projects due to paucity of technical staff. Even the field inspections during the period of project implementation are only on a sample basis. The Committee suggest that evaluation and monitoring mechanism in the Department of Tourism should be strengthened for better evaluation and monitoring of tourism projects.

**9.48** The Working Group on Tourism set up by the Planning Commission assessed requirement of Rs.6397 crore for the Ninth Five Year Plan for development of tourism infrastructure in the country. After analysis, the Department of Tourism proposed Rs.5370 crore for Plan allocation. Although the Planning Commission initially approved Rs.511.32 crore, it was reduced to Rs.485.75 crore. According to the revised estimates, the allocation was Rs.100 crore, Rs.110 crore, Rs.110 crore and Rs.125 crore in the years from 1997-98 to 2000-2001 and actual expenditure was Rs.98.14 crore, Rs.110.46 crore and Rs.109.32 crore from 1997-98 to 1999-2000. According to the Secretary, Planning Commission allocations for development of railways, roads, communication, civil aviation, etc. also contributed to development of infrastructure for growth of tourism. Without either increasing the revenue or reducing non-plan expenditure, there is no scope for increasing the

allocation to tourism sector. The Secretary, Planning Commission suggested that there are other areas where the Department of Tourism should save money and utilise it for developmental work. It was suggested that the Department should review the utility of foreign tourist offices functioning in various countries. Another area of concern was over staffing in the Department, reducing of which could spare funds for creating infrastructure.

9.49 The Committee are deeply concerned about low allocation being made for tourism on account of which the tourism potential available in the country is not being fully tapped. The budget allocations are abysmally low. In view of the limited resources available, the Department of Tourism should work out other alternatives for attracting more investment in tourism sector. There is also need for better coordination with other Departments of the Government of India and the State Governments so that expenditure incurred by those Departments could also contribute to providing more facilities in the tourism industry. The Committee recommend that functioning of overseas establishment of the Department of Tourism should be reviewed and non-productive units/establishments should be wound up so that available resources could be utilised more fruitfully. They suggest that the problem of over-staffing in the Department also should be looked into especially in the light of austerity measures and manpower reduction initiated by the Government.

9.50 It has been pointed out that Government has identified tourism as a high priority area for foreign and private investment. According to the Department of Tourism Foreign Direct Investment in tourism sector so far has been Rs. 45720.93 million. It is surprising to note that there is no detailed monitoring system either in the Department of Tourism or in the Ministry of Finance or RBI to know exactly how much has been the foreign investment made in tourism sector. The Committee further note that there is no system by which Government is able to ascertain the vast requirement of funds for various projects and attract investment to the extent possible for improving tourism infrastructure. The Department of Tourism does not have any arrangement for taking up surveys to identify projects and areas for which investors could be invited. As compared to other countries the investments by NRIs in tourism sector is also quite low. On account of this, India's position as a tourist destination dropped from fourth position in 1985 to seventh in 1997. Reportedly efforts are being made to increase the inflow of FDI by tapping NRI and PIO potential investors in various overseas markets. An NRI Commissioner has been appointed whose task is to get investments from NRIs in all sectors including tourism. Further liberalisation of FDI is being proposed which include among other things allowing 100% FDI through automatic route in tourism sector.

9.51 The committee desire that Government should make all out efforts to attract more foreign investment in tourism sector. Specific areas and projects with potential for foreign investment should be identified and projected so that more investors come forward to invest in tourism projects. Government has identified tourism as a high priority industry for private investment. There were representations from the private sector for more incentives for tourism sector. A number of incentives like grant of Export House status to travel and tourism industry, income tax concessions in foreign exchange earnings and import of various essential items under EPCG Scheme have been granted. It has been stated that other States should follow the model of Kerala and Rajasthan in getting the involvement of private sector for tourism development and marketing. In this context the Committee desire that with a view to encouraging private sector participation in development of tourism, a comprehensive policy for private sector participation in tourism sector should be formulated as early as possible.

9.52 The Department of Tourism has recommended that State Governments should take up tourism schemes under District Development Fund in local tourism pockets. But they have not received any definite response from the States. The Committee, therefore, suggest that State Governments should be encouraged to dovetail tourism projects with projects/scheme approved for District Development Plan so that resources under various heads can be effectively pooled together for creation of infrastructure at places of tourist interest. They would like to be apprised of the action taken in this regard.

9.53 Keeping in view the financial constraints being faced for development of tourism, the Department of Tourism has mooted a proposal for constituting a Tourism Development Fund (TDF). But the Ministry of Finance do not consider it a very good budgetary practice to create a separate fund for funding development expenditure, because money taken out of Consolidated Fund is put in another fund where interest accrues before it is spent and Parliamentary accountability and transparency gets reduced apart from having difficulties in audit. Ministry of Finance however suggested that if the objective is to create a sort of trust and have a little corpus and use it for attracting funds from private sector, then the Department of Tourism would have to



prepare a scheme which would be examined by the Planning Commission and then by the Ministry of Finance. According to the Department of Tourism the assets of the TDF shall include Rs. 10 crore from the plan budget of the Department of Tourism as initial corpus and it could accept contributions from statutory bodies created under the Acts of Parliament or of the State Legislatures, UN and their associated bodies, etc. The Committee are of the view that TDF could become advantageous to tourism sector if it could attract more investments and could be channelised judiciously. They would like to be apprised of the progress made in setting up the TDF and its functioning.

9.54 In order to cater to the requirement of tourism industry in private sector Tourism Finance Corporation of India, an independent financial corporation, was set up in 1989 as a nodal agency only for tourism related activities and hotels. The Corporation has funded 250 to 300 projects of hotels of all categories, amusement parks, water parks, ropeways, multiplex projects and palace on wheels. Within a span of ten years period, the Corporation has sanctioned about Rs.1950 crore, created 50000 employment opportunities and canalised about 700 crore investment in tourism projects. Out of the available 66,000 room accommodation, 26,000 have come out of the financing availed from TFCI.

9.55 The Committee note that despite 90% of funding for infrastructure projects, TFCI has not been given the status of infrastructure funding agency. On account of this the Corporation is borrowing funds at a higher cost from the market. The Committee further note that TFCI does not get any tax rebate. The Committee, therefore, recommend that the possibility of granting TFCI the status of an infrastructure funding agency should be considered with a view to enabling them to raise funds at lower rate and through tax free bonds. They also desire that the question of giving income tax rebate to TFCI should also be examined which would indirectly help tourism infrastructure development.

9.56 The Committee note that the role of the Department of Tourism is primarily of coordination. Different bodies like Group of Ministers, Board of Tourism Industry and Trade, Committee of Secretaries, and Tourism Coordination Committee have been constituted for coordination among various Departments and organisations. For better coordination and synergy in tourism development, a Group of Ministers was set up on 1.6.1998. Although the Group of Ministers was reconstituted a number of times, the Committee note with concern that apart from one meeting held on 12.6.1998, no meeting was ever held, which undermines the very purpose of setting up of Group of Ministers. The Committee desire that to sort out various inter ministerial issues pertaining to tourism development, periodic meetings of the Group of Ministers should be held and all important matters pertaining to inter-ministerial coordination should be sorted out.

9.57 A Committee of Secretaries consisting of Secretary (Tourism), Secretary (Commerce) and Secretary (Revenue) was constituted on 16.9.1998 to look into the various issues relating to various demands of tourism sector industry. There is a Tourism Coordination Committee chaired by DG (Tourism) which has representatives of hotels, tour transporters and tour operators which meets every month. There is a need for greater coordination with other Ministries and State Governments by the Department of Tourism for further giving greater impetus to tourism development. For achieving this the Committee suggest that a coordination cell should be set up in the Department of Tourism to have proper coordination and liaison with other Ministries and to make coordinated efforts for tourism development.

9.58 The Report on Action Plan for Development of Tourism containing Short Term and Long Term Action Plans achievable within one year and five years duration as recommended by the Task Forces set up by Department of Tourism was circulated to the concerned Ministries on 10<sup>th</sup> May, 2000 and to State Governments/Union Territories Administrations on 31<sup>st</sup> May, 2000. Reminders were issued to the Ministries on 10<sup>th</sup> November, 15<sup>th</sup> December, 2000 and 14<sup>th</sup> February, 2001. However, the Committee note that Department of Tourism has furnished details of action taken on 35 out of 68 recommendations achievable within one year and 14 out of 42 recommendations achievable within five years. The Committee expect the Department of Tourism to pursue the matter and apprise them about the action taken by the concerned Departments on all the recommendations.

9.59 The Committee note that increasing pollution is also having a negative impact on tourism especially in national capital of Delhi. While taking note of the efforts being made to reduce pollution in Delhi, they suggest that green belt be developed along the banks of river Yamuna in



coordination with the Ministry of Environment and Forests which will serve the dual purpose of lessening pollution and encouraging tourism.

9.60 The Committee are happy to note that there is a proposal awaiting the approval of Expenditure Finance Committee to construct 'Bharat Paryatan Bhawan' in Delhi in a plot of 10870 sq.mt. in Fire Brigade Lane, Connaught Place which will house tourist information and booking offices of all State Governments, airlines, railways, travel agents, tour operators, foreign exchange dealers, banks, post office, restaurants, etc. The Committee are hopeful that Bharat Paryatan Bhawan will facilitate as a single window for tourists and will go a long way in promoting tourism in the country. The Committee would like to be apprised of the progress made in the approval and implementation of the project.

*Ummareddy Venkateswarlu,*

Chairman, Committee on Estimates

NEW DELHI

April 24, 2002 / Vaisakha 4, 1924(S)