

**Proposal for Foreign Collaboration by  
ITDC**

1438. SHRI G.M. BANATWALLA: Will the Minister of TOURISM be pleased to state:

(a) whether India Tourism Development Corporation (ITDC) has entered into any agreement for foreign collaboration;

(b) if so, the details thereof;

(c) the purposes and period of such agreements;

(d) the ITDC hotels which would be affected by these agreements;

(e) the terms of the agreement;

(f) the advantages that ITDC would derive from such agreements; and

(g) the procedure and the basis of choice of the foreign collaborations?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF TOURISM (SHRI SATYA PAL MALIK): (a) Yes, Sir.

(b) to (g) The requisite information is given in the statement below:

## STATEMENT

*Foreign Collaboration Agreements entered into by ITDC during 1990-91 (upto July 1990)*

Particulars	Name of the foreign collaborator
M/s GEHR Heinemann (GH) Hamburg, West Germany	M/s Radisson Hotel Corporation (RHC), Mineapolis, USA
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1. Purpose and coverage of the agreement	3
<p>To bring Duty Free Shops and Tax Free Shop to international standards to meet the demands of travelling people and to become more competitive and contemporary in future.</p> <p>The agreement covers ITDC's Duty Free Shops in the international Arrival and Departure Lounges at Delhi, Bombay, Calcutta, Madras &amp; Trivandrum Airports as also the Tax Free Shop at Ashok Hotel, New Delhi.</p>	<p>To secure marketing, Technical and Consultancy services from a reputed international chain for improving foreign occupancy and foreign exchange earnings, competing in the fiercely competitive market, updating technology in the areas of energy conservation, plant &amp; equipment, reservation systems etc.</p> <p>The agreement covers ITDC's following 4 hotels :</p> <p>(1) Ashok Hotel, New Delhi (2) Hotel Ashok, Bangalore (3) Lalitha Mahal Palace Hotel (4) Kovalam Ashok Beach Resort</p> <p>Ashok Hotel, New Delhi will be an affiliate hotel of Radisson Hotel Corporation, the hotels at Bangalore, Mysore and Kovalam will be designated at Ashok Radisson.</p>

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## 2. Date &amp; period of the agreement

26 May 90  
5 years

23 Jun 90  
10 years

## 3. Broad terms of the agreement

M/s GEBR Heinemann will provide :  
Feasibility study of the Indian Airport  
duty free market; shop designs, layout  
and drawings; consolidated shipment  
of duty free merchandise from Europe-  
Western Hemisphere at competitive  
prices, training to ITDC staff, arrang-  
ing advertising displays at retail  
counters etc.

Under the agreement, M/s RHC shall  
provide global marketing inputs, intensive  
training (free of cost) to ITDC executives  
and consultancy services on operating sys-  
tems, computer software, business meeting  
facilities and equipment procurement.  
ITDC shall establish an on-line hook up  
with Radisson's world-wide reservation  
system and both companies shall participate  
jointly in international sales Conventions.

ITDC will pay :

For the above services M/s GH will  
be paid a lumpsum of US \$ 1,50,000  
equally in a period of 5 years, payable  
in 4 quarterly instalments of US \$  
7,500/- every year.

(a) US \$ 1,00,000 in lumpsum for manage-  
ment development (training) on-going ex-  
penses and for technical and operational  
Consultancy services.

(b) 3% of net room revenues, as franchise  
fee, generated by the four hotels  
covered under the agreement.

(c) US \$ 6 per booking for every materia-  
lised reservation on reciprocal basis.

## 4. Likely benefits to ITDC

A sizeable and sustained growth in  
foreign exchange earnings is antici-  
pated as a result of this agreement.

The tie up with RHC would increase  
ITDC's foreign exchange earnings and  
improve its marketing and hotel operational  
skills, would help in attracting more foreign  
tourists.

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5. Procedure and basis of choice of foreign collaborator.

Four offers were considered; two were rejected as the firms were primarily interested in managing the Duty Free Shops. Between the remaining two, the terms offered by M/s GH were found more favourable besides their standing in the trade.

ITDC held preliminary negotiations with two other well known international hotel chains. While one party did not show interest, the other party's interest was linked with its hold on the management of ITDC hotels. This was not acceptable to ITDC as it was not in the interest of Government. However, the proposal received from M/s Radisson Hotel Corporation of USA was considered mutually beneficial.