CHAPTER - IV

INDIA'S POSITION IN THE WORLD MARKET

SELLING POINTS IN INDIA'S MARKETING OF TOURISM

Tourism is an economic necessity for India - as one tourist visiting India from an affluent country creates one more job for Indians. India, in fact was the first Asian country to promote tourism in the professional manner in the early fifties. Other nations entered the field much later that they have fast overtaken India which received only 0.4% of the world tourist traffic of 415 million. India's foreign exchange earnings form only 0.6% of the $230 billion international spending.* To make the matter worst the political and commercial and ecological situations hit the tourist arrivals adversely in 1990 (0.7% slump as compared with that in the previous year. The increase in the rupee earnings from ₹2,500 crores (1989) to ₹2,800 crores (1990) should be attributed to devaluation of Rupee rather than to any other constructive step to develop tourism in the long run. Every year 4 million people including foreign visitors travel through out the country. With the inclusion of domestic travellers the number of tourists may exceed 10 million a year.

However, the picture of development of tourism in India is dismal. The factors acting as stumbling blocks in the way of development of tourism are -
i) Lack of facilities upto the international standard.

ii) Imbalances in the development of tourism infrastructure.

iii) Dearth of medium priced budget hotels.

iv) The high cost of travel in terms of distance from principal markets and

v) High cost of accommodation.

As a result the foreign visitors on a limited budget are discouraged. However, for the purpose of marketing of tourism there is no such distinction as between facilities for domestic travellers and those for foreign travellers when facilities for domestic travellers are provided in adequate quantities and upto the international standard they are later on patronised by the international tourists. In India facilities are drastically lacking even for domestic tourists.

The average stay of a foreign tourist in India is higher - 27 nights - one of the highest in the world and the average stay of tourists coming on package tours is 14 days. The multiple tourist attractions in India and spending longer time in the home country by N.R.I.S, holding foreign passports are the chief contributing factors to this favourable situation leading to a high potential demand for tourist facilities.
Moreover, India's dollar earnings from tourism have not grown proportionately to growth in tourist arrivals because of inflation and fall in the value of rupee. Government of India tourism offices, ITDC provided a boost to tourism development by setting up catering, transport, publicity services, duty free shops, inhouse travel agency, entertainment, conferences,management and consultancy network in India and overseas, the largest hotel chain, motels and tourist bungalows (resorts). This performance was remarkable against the reluctance of the private sector to join the 'lowly' hotel and restaurant business.

In respect of organisational developments like establishment of an Autonomous Authority for Tourism Development (like the Railway Board) at the centre and State Tourism Development Corporation (STDCs) at the State Level, Tourism has been ignored in the budget allocations for investment in the Five Year Development Plans. After no allocation for Tourism in the First Plan there was only allocation of a meagre amount of Rs. 33 crores in the Second Plan, and only Rs. 168 crores in the Seventh Plan - though separate allocations were made for the I.T.D.C. and the State Tourism sectors.
The meagre investment in Tourism is amply reflected in the following ways:

a) Lack of infrastructure - e.g. the number of classified rooms in hotels increased from 8,000 to 40,000 in a long period of 30 years from late sixties to late eighties.

b) Late announcement by Government in 1988 of several concessions for investment in tourism industry and tourism related projects and soft term loans to Hotels - 51% of foreign equity, repatriation of profits after paying local taxes, liberal grants to foreign collaboration with renowned overseas hotel chains.

c) Inability of Government to make land available at reasonable prices.

d) Short sighted and impragmatic policies of both the Central Government and State Governments - working at gross purposes when it comes to taxation of tourism. Fiscal incentives for the growth of hotels were matched by imposition by Union Government of expenditure tax @ 15% on Hotels with Tariffs exceeding Rs. 400 per room + additional tax @ 15% on telephone calls, newspaper purchased, or a meal ordered. These policies have certainly a discouraging effect on investments in Tourism industry.
Tourism has substantial revenue potential without calling for massive investment. It is labour intensive as has a potential for generating foreign exchange and employment. (1 foreign tourist = one job for an Indian and on an average a foreign tourist spends Rs. 18000 during his stay in the country. India today is a destination in itself and over 75% of the visitors come to the country for a destination holiday and not just a stopover. India's 10 top tourist markets are U.K., US, FRG, France, Japan, Srilanka, Italy, Canada, USSR and Malaysia in order of importance. The overseas market for Indian Tourism is going to expand in view of India's strategic position in the international political and economic relations.

However, India spends only 7 cents for earning one dollar from tourism - compared with 70 cents for gems and jewellery and 40 cents for engineering goods. Tourism has, therefore, come of age when the national policy began laying stress on the Tourism sector in the Third Plan. However, if Tourism is to achieve its full forex earning potential a drastic rethink in called for in the immediate future. If an immediate action plan is not drawn up the vision of tourism becoming the largest net foreign exchange earner is bound to remain a mere pipe dream.
Before Independence Tourism was not given the status of an 'Industry'. Now in the changing world situation tourism has emerged as a big foreign exchange earning industry. India has vast geographical, historical, cultural social, heritage. India is a country arousing curiosity among the foreigners because of so many obscurities. It is a country with heterogeneity and variety - with paradoxes like - integrity (unity) in the midst of diversity, poverty in the midst of rich heritage, simplicity in affluence, simple living and high thinking. India is full of religions and festivals - religion is a part and parcel of the Indian personality. All these point out a concerted effort on the part of both the State Government and Central Government to undertake heavy investment programme in tourism development.
CHARACTERISTICS OF TOURISM DEVELOPMENT IN INDIA AFTER INDEPENDENCE

After Independence, a small tourist traffic branch was set up in the Ministry of Transport and Communication. In 1958 a full fledged Department of Tourism was created in the same Ministry with a Director-General heading it. Much later in 1965 the Department was transformed into a separate Ministry. In 1965 tourism was accorded the status of a separate Ministry. The awareness was created in the country about the importance of this 'Smokeless' industry - reflected in the establishment of the Department of Tourism with 20 Government of India offices within the country and setting up of Indian Tourism Development Corporation (ITDC) which has grown into a massive, successful and profitable organisation.

The Tourism industry as a potential foreign exchange earner was given the status of an industry eligible for fiscal incentives and tax concessions in mid 80s. The National Committee on Tourism (1987) suggested that the Department of Tourism be transformed into an autonomous Tourism Authority mere on the levies of Railway Board with its own cadre of professional officers. The Central Government has persuaded the State Governments to set up Directorates of Tourism, establishment of public sector companies - State Tourism Development Corporation (STDCs).
However, owing to political interference these concepts become ineffective.

The Wealth of Potential in Tourism remains sadly unrealised in India after emergence of Tourism from shadows. It have remained a relatively neglected sector to a fast growing industry. Towards the end of the last decade (1980-90) tourism has emerged as the largest net earner of foreign exchange - a great contributor towards economic growth, income and resource mobilisation. The intangible bonus tourism gives is that of developed bridge of international understanding and goodwill.

However, the official Tourism Policy which was presented to the Parliament for the first time in 1983 was merely a statement of purpose than a concrete plan which was operationalised. The investment outlay for Tourism increased as shown below -

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The Sixth Plan admitted that India's share in international Tourism continued to be low. However, optimism was expressed that India has a rich cultural heritage. The 6th and 7th Plans outlined the following objectives of
Government Policy for Development of Tourism -

1) Optimisation of the use of existing infrastructure.
2) Substantial increase in tourist accommodation in public and private sector.
3) Development of a mixed tourism package.
4) Regionalisation of tourist traffic.
5) Targets of 1.5 million tourist arrivals in India by 1990 and 3 million by the turn of the century.
6) Granting tourism a status of industry.
7) Clear demarcation of the roles of public and private sectors.
8) Encouragement of investment in Tourism in the public sector.
9) Exploiting tourism to support local arts and handicrafts.
10) Promotion of national integration.
11) Construction of new hotels and improvement of the old ones.
12) Financial assistance to private operators in accommodation and transport sector (purchase of vehicles and to boost private sector investment in Tourism development).

However, it was far from being a comprehensive policy or a concrete action plan for promotion and development of Tourism in India.
There was realisation about the pivotal role the private sector can play. However, the incentives offered to private sector investment in Tourism have been grossly inadequate. The public investment in basic infrastructure, seating capacity, information technology accommodation has been meagre. Inter-regional travel has not been adequately encouraged to promote domestic tourism. There has been lack of tailoring development of specific tourist projects or schemes in the lower and middle income groups. The creation of infrastructure for developing domestic tourism has been left to the State Sector without adequate incentive from the Centre. The objective of promoting social and cultural cohesion has not been achieved. Similar in the story of national integration and employment generation objectives. Greater role is called of the Central Department of Tourism.

A coordinated effort is necessary on the part of the Central Government, the State Government and the local developments in launching and financing of local tourist development projects like hotels, motels, road linkages, village developments, water-management, forest management, hill stations, holiday camps. Participation by the local people is a must. It is a welcome development that recently the Centre has provided funds for such local tourist development projects in Maharashtra. However, the financial constraints are many and development inadequate. The conservation aspect should also not be neglected.

*In this respect the example of Goa is worth mentioning.*
MAHARASHTRA TOURISM DEVELOPMENT CORPORATION (MTDC) has to adopt an 'environment friendly' policy in view of the possible resistance of the local people in case tourism development measures lead to encroachment on the culture and assets (properties) of the local people. This is because in marketing of tourism what is marketed is the great history, the grandeure of historical, great cultural heritage. This problem of marketing of tourism in Maharashtra, has become the issue of Government policy, in view of its potential for employment and foreign exchange generation.

Foreign tourist have been feeling complacent when they have visited Kashmir, Taj, Rajasthan (Delhi Agri Kashmir - triangle). No attempts were made to create other tourist attraction. As a result when there is no tourism in Kashmir - no foreign tourists to India can be expected - during the last two years there has not been any increase in the number of foreign tourists. Out of 1000 foreign tourists hardly 4 come to India. Whereas the neighbouring countries have increased their income from Tourism development twice or thrice. Singapore, Spain, Italy have overtaken India which earn more that 50% of their national income from Tourism. India used to get about $ 150 crores but its value has declined as a result of devaluation.
Consequently new places like South India, Darjeeling, Gujarat, Maharashtra get a place of prominence in the Map of Tourism for India.

The policy of Maharashtra State Government has granted the status of an 'industry' to Tourism. The provision for investment in Tourism has increased from Rs. 9 crores in 7th Plan to Rs. 60 Crores in 8th Plan the increase by six times. This will provide impetus to investment in Tourism by the private sector. MTDC will play the advisory role and the Maharashtra Government will create the necessary infrastructure. Profitable hotels, holiday homes and rest houses will be run by private organisation. MTDC is to play role of organising tours and running hotels. Considering the demands of 'quality' service in Tourism it is doubtful, how far Government can maintain the reasonable standard and MTDC would remain just a 'Watchdog' and the Maharashtra State Government would be just a 'Guide' or a 'programmer'.

The competition strain has been growing since the emergence and fast growth of tourism in the four Southern States like Kerala (where the Taj chain of Hotels has decided to invest Rs. 100 crores and 'welcome' group of hotels envisages an investment of Rs. 83 crores). Tourist accommodation is the most important requirement - but other matters like expansion and modernisation of airports, forestation should also be looked after. When Government
is unable to look after the basic problems of water management it is doubtful whether the Maharashtra State Government can undertake the responsibility of heavy investment (e.g. during the next 7-8 years the Maharashtra State Government and Central Government have envisaged an investment of ₹ 200 crores in the development of Ajantha and Erola Complex).

Thus Maharashtra State has to market its Tourism in the domestic as well as international market. Its competitive strength is meagre in relation to the Tourist development activities undertaken by other States (e.g. in M.P. the advertising budget alone for Tourism runs in ₹ 3 crores per year. Maharashtra is comparatively better placed in respect of tourism Development. Bombay - the biggest cosmopolitan attraction - as a gateway. (7.5 lakhs tourists out of total 15 lakh tourists who came to India in 1990-91 stayed at Bombay but did not 'travel' Maharashtra. Whereas the number of tourists travelling South increased by 30% inspite of difficulty of direct landing at Madras, Bangalore, Trivendrum and Hyderabad. As a result the Central Government has been giving wide publicity to tourism and hotel development in South.
This implies that Maharashtra must have a time-bound Tourism development programme especially development of Ajanta, Erola and Gharapuri - the world reputed caves the world heritage. Tata Consultancy has prepared a plan of Rs. 196 crores for the development of the World heritage. It will lead to an integrated development of the tourist area of Aurangabad with modern airport, road development, electronic communication, forestation, gardens, anti-pollution plans with the participation of the local people.

Surprisingly the assurance about financial help of Rs. 7 Crores for the above plan was not fulfilled by the Maharashtra State Government. Mr. Ramrao Adit, the present Finance Minister has assured fulfilment of the promise made by Maharashtra State Government connecting the tourist centres by establishing road and rail linkages cannot be overemphasized. Apart from the distance coverage the quality of services rendered must be looked after meticulously, e.g. Manmad - Aurangabad railway has been broad-gauged but it is doubtful whether the quality of services will be liked by the foreign tourist. Starting of a De Luxe Train is necessary. 32 Tourist Centres along the 700 Km. Sea Coast can be developed on lines on which the seabeach centres are developed in Kerala and Goa. Konkan railway project, port development (Alibag, Ratnagiri) will lead to
increase tourist attraction – conversion of Konkan into California of the West should not remain only a dream.

Thus strategy for marketing Tourism in Maharashtra is not a strategy for marketing of grapes, oranges or onions, five star hotels, but of competitive marketing of Maharashtrian cultural heritage. It is not only a question of running tourist vehicles and hotels. Marketing of Tourism in Maharashtra is to be done in the light of many developments.

a) In absence any foresight, planning, sense of beauty standards MTDC has suffered a loss of ₹ 6.5 Crores from 1975 in running holiday resorts and Tourist traffic.

b) Adhoc policy decisions are taken in respect of investment in construction of guest houses at the places of temporary festivals and pilgrimages – causing a financial burden of recurring expenditure of salaries and administrative staff on the vacant days.

c) There is dearth of water, electricity, hygiene at the guest house handed over to MTDC by the P.W.D.

d) MTDC wants to do everything without consulting the expertise - e.g. in the area of publicity - MTDC has acted as a catalytic agent running only hotels and
buses, by totally ignoring the infrastructure whose development would encourage private investment in Tourism.

e) MTDC runs like a Government Department giving publicity to 'MTDC' and not to 'what is Maharashtra'. As a request 50% of the foreign tourist landing at Bombay go to Goa skipping over other important regions - the whole western sea coast remains neglected.

f) MTDC has to act as a demonstrating agency - indicating to the private sector how water sports, hiking, trekking, jungle safari, tents can be run like a viable propositions and then sell Tourism projects like KIHIM to private industry at a profit. This policy is necessary to make MTDC a self-sufficient organisation, not depending on governments' financial help.

g) MTDC has to sponsor tourism projects then demonstration that they are commercially profitable (viable) propositions - like e.g. Kihim Tent Project on a barren land developed by the Maharashtra State Government at a cost of Rs. 15 lakhs fetching an income of Rs. 20 lakhs, then sold to private operators at Rs. 4 crores. Thus when there is privatisation of management of such tourist resorts at Aurangabad - the previous loss of Rs. 4 lakhs was recovered in addition to earning Rs. 50 lakhs. Thus major activity of the MTDC is
sponsoring and selling of projects. Local population is given the opportunity to involve themselves in project development, modernise their occupations, crafts and skills - e.g. 'Water Sports' started by Government are run by local fishermen and boatmen and local catering is also encouraged. The Ajantha, Elora Project which is the 'World heritage site' will be completed by 1997 - It is divided into stages -

I - Infrastructure development - power, water, road, airport, telephones.

II - Development of Tourist facilities.

h) Lake development projects - big, and medium sized. (About 74)

i) Fort development (about 34) with emphasis - not an 5 star hotel facility but - toilet, water supply, parking, temporary resort for trekking, bunker beds, low cost meals etc.

j) Motel development - at an average distance of 75 Kms. - with petrol pump, vehicle repair shops, coffee shops (DHABA) Camera roll shops, selling daily necessities like soap, toothpaste, napkins - with increasing participation by the local people.

k) Development of the new, 'neglected' centres for tourist development e.g. Lonar, Chikhaldara, Ramtek.
1) Night walking tours in the vicinity of 'Gateway of India'. Tourist Plaza Festival.

All these schemes though belated are an important part of strategies for marketing of tourism in Maharashtra. It is important in view of the fact that every year Bombay is visited by 6 lakhs tourists out of which only 10% go to only Ajanta Elora which is regarded as 'The World Heritage Site'. Private investment in Tourist development centres must be attracted by large-scale publicity Free Competition among Indians and NRIs should be encouraged. Low budget schemes providing Tents, sleeping bags, Haver Sack, should be encouraged. However, such a development should not be dominated by Big Hotel Chain (Rachels) investments by the local people (Hotels and bars) (Village Panchayats) should be encouraged. Guide-services should also be provided by the local people staying at the feet of the Mountain forts. Training facilities are necessary for tourist guides and caterers - to educate the servicing people with manners, healthy habits, hotel management. 'Professional' approach is necessary. It should be pointed out that a provision of Rs.60 crores in the 8th Plan is too inadequate for developing tourist centres other than Ajantha Elora (which is going to eat up Rs. 43 crores - also 70%).
Development of Tourism, under the circumstances has to be brought about by encouraging private investment by due publicity through brochures, magazines, newspapers. Ultimately the standard of tourist service would determine whether foreign - tourists, after visiting Bombay would visit in large numbers - places other than Ajantha & Elora.
I. 1987 - THE YEAR THAT WAS AND THE GOVERNMENT POLICY.

1987 has indeed been an eventful year for Indian tourism. Some major projects have been taken up, a very definite dialogue initiated with other ministers of the central government to give importance to tourism and a series of measures undertaken to help create a more favourable environment for the operation of hotels, travel agencies and other allied activities associated with the promotion of tourism to India.

In the field of hotels, the Ministry of Urban Development appointed a committee to help identify hotel sites in the cities of Delhi and Bombay. The committee will also look into the possibility of converting land use, a step which could significantly add to more hotels in the two cities. An interest rebate for hotels earning foreign exchange was announced whereby units in 4 to 5 star range would get 20 per cent rebate on foreign exchange earnings if they exceed 50 per cent of total turnover; for other hotels 20 per cent rebate would be allowed if they exceeded 25 per cent of the turnover in foreign exchange. This welcome step will help place hotels on par with other export oriented industries. An interest subsidy was also announced for budget hotels ranging from 1 per cent to 2 per cent in the case of 1 and 2 star category hotels.
3 star hotels would continue to get one per cent subsidy. Paying guest schemes have already been approved in Delhi and Goa and also in Calcutta. 40 per cent investment has been allowed for foreign chains when investing in India. The Department of Tourism will review the classification of 3 to 5 star hotels once in every three years. It is hoped that this new system of evaluation would ensure the desired standards of service.

In the field of travel agency business, a three per cent interest subsidy on loans for tourist vehicles has been announced. A higher rate of depreciation from the previous 40 percent to 50 per cent has already been approved by the union government on tourist vehicles. Rent-a-car schemes have been cleared with regard to Hertz, Budget and Eurocar. In the area of allocation of imported cars by STC, the cost of vehicles under the quota has been raised to Rs. 2 lakh against the earlier Rs. 65,000.

In Indian Institute of Tourism and Travel Management continued its pioneering work in the field of training and tourism management. The first ever tourism legislation workshop was held whereby the twin needs of consumer protection and a self regulatory code of conduct for the industry was discussed with leaders from the industry as well as government.
The Department of Tourism undertook a vigorous programme of monitoring plan schemes of various state governments and to which the central Ministry of Tourism provides financial assistance. The ministry held regular review meetings with senior state government officials. It has been felt that implementation of plan schemes can be hampered because of lack of co-ordination with other ministries and regular meetings have been held on an inter-departmental level to remove bottlenecks to ensure expeditious implementation of various projects. The regional offices located at Delhi, Bombay, Calcutta and Madras have been asked to inspect the projects every three months and report on the progress on a quarterly basis. Similarly, officers at headquarters were also assigned the task of periodical inspection. The most important factor is that the ministry has taken an expeditious action to examine and process the proposals received from various state governments and during the first six months of the current financial year, an amount of Rs. 4.10 crores was released to various governments for capital works.

In the area of publicity, tourist offices overseas were given a major say in organising their own programmes effectively. To ensure an inter-action with the industry at home, a series of meetings were arranged whereby the
travel industry leaders could give their opinions on some of the advertising and promotional programmes being launched in various parts of the world. A major accent has been taking the message of India as a major tourist destination directly to the consumer and the electronic media, both radio and television, have been taken up for advertising. Thematic advertising aimed at specific markets has been taken up and India as a holiday destination, which also offers a few thousand years of history, is being developed.

Appropriately a Tourism Financial Corporation has been agreed upon in principle with a capital of ₹100 crore. Tourist arrivals, excluding those from Bangladesh and Pakistan, have already crossed the 1 million mark by November, showing a growth of about 9 per cent. At the end of the year, 1.5 million tourists, including those from Pakistan and Bangladesh, would have visited India. With the government's decision to combine the Ministries of tourism and civil aviation under one ministry, better co-ordination has been achieved, a step welcomed by the travel industry. With appropriate planning, adequate incentives and a more befitting recognition of tourism's role as an economic activity, the future is indeed very bright for Indian tourism.
II. THE ROLE OF TOURISM FINANCE CORPORATION OF INDIA LIMITED (TFCI)

The Tourism Finance Corporation of India Ltd. (TFCI) was incorporated on January 27, 1989 and commenced business in February 1989. The TFIC has been operating as a specialised development financial institution for providing assistance to tourism projects and tourism related activities, facilities and services. At present TFCI's activities relate to sanctioning of rupee loans and direct subscription to equity. The Corporation has provisions of providing financial assistance in the form of rupee loans, foreign currency loans, underwriting or/direct subscription of share capital and debentures, deferred payment / foreign loan guarantees, assistance under supplier's credit scheme and equipment leasing. TFCI is also expected to provide merchant banking and advisory services. Further, TFCI would be co-ordinating and formulating guidelines and policies relating to the financing of tourism projects and would play a developmental role within the overall policies of Government.

TFCI commenced business from February 1, 1989 and during the fourteen months period till the end of March 1990, TFCI sanctioned assistance for Rs. 52.8 crore (Rs. 51.5 crore as rupee loans and Rs. 1.3 crore as direct subscription to
equity) for 39 projects and had disbursed Rs. 12.8 crore for 19 projects during this period. Of the total assistance sanctioned, 15 projects were promoted by new entrepreneurs entering the field of tourism for the first time and assistance sanctioned aggregated Rs. 19.1 crore. The Corporation has sanctioned assistance of Rs. 11.4 crore to 8 projects set up in backward areas.

III. PLANNING OF TOURISM IN THE STATES

The Archaeological Survey of India (ASI) is among the chief agencies associated with tourism, and plays a very crucial and important role in the preservation of India's rich and varied past. As a result, both ASI and the Ministry of Tourism find themselves working hand in hand over their common goals; the maintenance of old monuments as well as their exposure to the motivating forces of tourism.

At a joint meeting held recently between the two, in which members of the state government too attended, the ministry reviewed major issues related to projects being handled by ASI, and target dates for completion of these were set. Among these are such basic and important facilities at 25 centres as the provision of toilets and drinking water.
Other decisions taken at the meeting included ASI’s permission to state governments and tourism development corporations for a period of one year for photography/filming for purposes of publicity and advertisement materials. Specific proposals can be sent to ASI for clearance.

The ministry and ASI will jointly print brochures in regional languages. The ministry will ascertain from the state governments the names of archaeological centres/monuments on which they would like publicity materials.

**Wayside Passenger Amenities**

In the nine states where passenger wayside amenities are being developed - Madhya Pradesh, Goa, Gujarat, Tripura, Bihar, Orissa, Tamil Nadu, Andhra Pradesh, Maharashtra - a progress review was held by the Ministry of Tourism, jointly implemented with the Ministry of Surface Transport (Roads Wing), who will fund land acquisition, multidisciplinary teams from the two ministries as well as chief engineers of highways and officials of the state departments of tourism have identified locations for the placement of these amenities. Progress has been fast and in some cases land acquisition estimates have already been sanctioned.
Three other states being included for the development of highway passenger amenities include Manipur, Assam and Karnataka.

**Masterplan for Buddhist Area.**

A masterplan's been drawn up for the development of three principally Buddhist sites - Lalitgiri, Udaigiri and Ratnagiri. The task had been assigned to the Town and Country Planning Organisation of the Ministry of Urban Development.

At a recent meeting held under the aegis of the Ministry of Tourism, representatives from the state governments, ASI, the Department of Environment and Forests, and others, a time-bound frame of five years was set for the development implementations of the masterplan. Meanwhile, an on-site joint study has been scheduled for January 1988, shortly before work on the scheme gets underway.

**Plan Schemes**

At a recent review meeting, the Ministry of Tourism has emphasised that state governments complete all ongoing tourism projects at an early date. It suggested that a progress report be furnished along with utilisation and completion certificates so funds could be released from the centre at the soonest possible.
IV. THE ROLE OF INDIA TOURISM DEVELOPMENT CORPORATION
PLAYING A PIONEERING ROLE

In its twenty-third year, India Tourism Development Corporation (ITDC) has matured into a front rank leader in the country's travel industry. Unique in its concept, it has more than met the demands of a catalyst in tourism development while achieving and maintaining profitability. The Corporation's major contributions have been in the field of infrastructure and promotion. ITDC has set trends in hotel architecture, interior decor, cuisine, in providing the visitor a truly Indian experience, helping in the process the revival of Indian arts and crafts and reviving faith in things Indian.

While the commissioning of the Ashok in Bangalore gave South India its first modern luxury hotel, the Akbar in New Delhi blazed a new trail in Indian hand-crafted interiors of beads, bangles, leather and rosewood. The flagship Ashok was the first to popularise Indian food in many of its regional varieties. Again, the Ashok Theatre was the first effort to present Indian culture in its authenticity both in concerts and as entertainment in restaurants.

ITDC could rightly claim credit for opening several new destinations in the country or in closing gaps in many travel circuits. Khajuraho, Jammu, Mysore, Hassan, Udaipur,
Varanasi, Patna, Bodhgaya, Sanchi, Guwahati and Shillong tell only part of the story. The first beach resort was developed by ITDC in Kovalam near Trivandrum. So were wildlife sanctuaries like Sasan Gir in Gujarat and Kaziranga in Assam. Lalitha Mahal Palace added to the lure of palace hotels.

ITDC is the only chain in India which offers a range of accommodation facilities from five star deluxe to budget hostels. The Ashok Yatri Niwas in New Delhi is the common man's hotel with more than 500 rooms. The success of this experiment has spurred state governments into building similar properties in their areas. Low priced packages for senior citizens, students and budget travellers, reflect the corporation's sense of special obligation.

A new thrust in ITDC's accommodation bid is joint ventures with state governments, some of which have already been commissioned.

After accommodation, ITDC's major contribution has been in offering a national network of tourist transport services, cars, limousines and coaches with attractive packages thrown in. These services now work in tandem with ITDC's own travel agency, Ashok Travels and Tours (ATI) whose
latest feather has been its status as official travel agency for the India Festival in the USSR, and the Soviet Festival in India.

Duty Free Shops is a major activity in ITDC. From the original four shops at the main airports at Delhi, Bombay, Calcutta and Madras, this facility is also available at Trivandrum. Besides, there are duty free shops in the arrival lounges of the airports too. Proposals to set up such shops in Goa, Hyderabad and Varanasi are under consideration.

In its role as a catalyst, ITDC picked up wide ranging expertise in technical and management consultancy. A full fledged division offers consultancy services which include feasibility studies and project reports; advisory services for conceptual, architectural and interior designs, technical services during construction, management and marketing services. What is significant is that the private sector too has been drawing on ITDC's experience. Overseas too, ITDC's successes have included consultancy services to hotel projects including two in Iraq. Moscow's first Indian restaurant is a joint project with ITDC.

Tourism promotion has been ITDC's forte from its inception. Its Corporate Communications division has been responsible for producing international class tourist
publicity material from brochures, folders, guide books to
diaries, graphics, audio-visuals, films, exhibitions and
advertising. Several state governments have entrusted their
tourism promotion to ITDC's corporate communications
division which has also been assisting with publicity work
for the 40th anniversary of the country's independence.
ITDC has picked up over a hundred national and international
awards for graphic designs and printing.

The corporation's promotion of Indian culture is not
confined to arranging concerts of maestros or providing
light entertainment in restaurants. It covers the entire
field of talent-hunting and encouragement of young artists.
For instance, quite a few leading dancers are ITDC 'finds'.
The cultural wing also arranges food, dance and music
festivals in the capital and other major centres as well as
overseas as part of tourism promotion.

Sound and light shows (son set lumieres) are another
speciality. The one at the Red Fort in Delhi traces the
country's history leading up to independence. The show at
Shalimar Bagh in Srinagar recalls the romance of the Mughal
emperors, and that at Sabarmati Ashram near Ahmedabad
tells the story of Mahatma Gandhi.
ITDC can also claim to have laid the foundations of the multi-million dollar convention tourism business. Ashok Hotel's convention hall (seating capacity 2,400) is still the largest of its kind in any hotel in India and has been the venue of innumerable international gatherings like UNESCO, UNIDO, PATA as well as of state banquets hosted by kings, presidents and prime ministers. During the 1982 Asian Games ITDC created a record of sorts by serving under one roof 5,000 meals three times a day to the participating athletes housed at the Games Village. ITDC's conventions cell can provide a complete package of back up services to conference organisers from welcoming elephants to theme banquets; and from press facilities to secretarial services.

ITDC's other services include flight catering and airport restaurants.

With a staff of some 9,000, the corporation has a fairly good record of labour relations and its training programmes, in-house and in specialised institutions, help considerably in developing the industry's human resources and making available to the country a major reservoir of professionals.
From a humble beginning of just 129 rooms and nothing else ITDC has come a long way to be India's largest hotel chain of 4,000 rooms with a unique range of back up services of transport, travel agency, duty free shops, sound and light shows, consultancy and communications (publicity) services. This year the corporation hopes to cross the Rs. 100 crore turnover mark. It is poised to play a greater role in fulfilling the national targets set for tourism.

The diagram on the next page indicate how occupancy, turnover, foreign exchange earnings and arrivals of foreign tourists in ITDC hotels have shown improvement during 1984-1987. (See next page).
FOREIGN EXCHANGE EARNINGS

1986 (Apr-Oct)  
Rs 355.03 Lakhs

1987 (Apr-Oct)  
Rs 386.56 Lakhs

ITDC = India Tourism Development Corporation (ITDC)

Source: DESTINATION, December 1987, No. 134
FOREIGN TOURIST ARRIVALS
IN ITDC HOTELS

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>1,49,735</td>
</tr>
<tr>
<td>1985-86</td>
<td>1,63,252</td>
</tr>
<tr>
<td>1986-87</td>
<td>2,11,656</td>
</tr>
</tbody>
</table>

FOREIGN TOURIST ARRIVALS in India Tourism Development Corporation hotels.

Source: DESTINATION, December 1987. No. 134
I. The performance of the tourism industry was particularly dismal during 1990-91. Tourist arrivals during each of the months between June 1990 and March 1991 were lower than the arrivals during the corresponding period of the previous year. The year as a whole witnessed a 9% decline in tourist arrivals. The decline was particularly sharp during the first three months of 1991. The arrivals during January to March 1991 were 23.4% lower than the arrivals during the corresponding period of the previous year. This declining trend continued into 1991-92 as well. In April 1991, tourist arrivals at 78,957 were 14% lower than the 91,708 arrivals during April 1990. According to estimates made by CMIE, tourism earnings during 1990-91 were about Rs. 2,400 crore, these may decline to around Rs. 2,000 crore in 1991-92.

II. TOURIST FLOW: Tourist traffic to India from abroad registered a 21 per cent upward swing in the second half of 1991 after a negative growth from January to June, Mr. Scindia said.

*Source: Investment Week - Vol No. 1 - 32
TOURIST ARRIVALS

He said Indian had left Singapore, Thailand and Malaysia far behind in terms of duration of stay of the tourists.

The average stay in India came to 31 nights as compared to three in Singapore, eight in Bangkok and five in Kuala Lumpur.

However, the largest number of tourists flocked to Singapore and spent as much as $2.9 billion there as compared to $1.4 billion in India per annum.

III. HOTEL INDUSTRY: The tourism industry has almost become synonymous with that of hotel industry. But the truth is that hoteliering is only a major part of the tourism industry. There are quite a few other aspects of the industry, like transportation, which also play a major part in its overall development.

Nearly 85 per cent of the foreign tourists coming to the country travel by different international air service. They undoubtedly would prefer to travel within the country also by air. But then, there are many places in the country with sufficient traffic potential and tourist attraction, not connected by air services. Hence foreign tourists are forced to skip such places. This situation has to be remedied at the earliest.
Further, the government's policy of favouring or pampering foreigners at the cost of domestic tourists also requires careful examination. Although the former category of tourists bring in very valuable foreign exchange, this alone should not be a factor for discrimination. Domestic tourists, not being that affluent, cannot patronise the big, five star luxury hotels. At best, they can go in for the two or three star hotels.

Therefore, the need is for more of such hotels in both the bigger metropolitan cities as well as the urban towns and other tourist attraction places. Of late, the government has recognised this fact and this explains the coming up of many 'Yatri Nivas' type of hotels in different places.

There is a crying need for more fiscal incentives for investment in the hotel industry. To cite just an instance, in neighbouring Sri Lanka, new hotels are totally exempted from tax for 5 years. And for the next 15 years, they are just charged at half the normal rates applicable to other sectors. On the contrary, in India, only 20 per cent deduction of profits for 10 years is allowed on new hotels.
Inside the Palace on Wheels: Limited attractions to boast of

Source: Times of India, Tuesday, 5 March 1991.

Comment: The quality of hotel service provided in Indian Tourism are not up to the international standards.
IV. SIMPLIFICATION, LIBERALISATION AND INCENTIVES: An important recommendation for development of tourism has been liberalisation and simplification of existing policies - e.g. visa, importing of equipment for trekking, mountaineering and camping all of which should be charged with a low rate of duty. The Ministry of Finance should consider deduction of 50% in the income tax as profits derived from the export of goods and merchandize in respect of hotels, travel agents and tour operators.

*Tourism as an industry mooted -

The ceiling for imposition of luxury tax should be raised to at least Rs. 1,200 room rent from the existing level which is different in different states.

Further, the tax should be charged on actual billing and not on published room tariff.

The conference further recommended that the ceiling for levy of expenditure tax for tourism should be raised from the existing Rs. 400 to Rs. 1,200 room rent. Similarly, the expenditure tax leviable on restaurants should be abolished.

*Source: Time of India, 11th Dec.
It also said the exim scrip should be provided to hotel and tourism industry, and section 80-I(A) of the income tax benefit should be provided to heritage hotels.

It said the registration plate of national/regional permit holders should not be stopped at any interstate check-posts.

V. **RAILWAY ACCOMMODATION AND PUBLICITY DRIVE**: Railways should confirm the availability of special trains six months in advance with computerisation. This would promote students and youth travel of which India gets only a very little share. This problem was considered right from 1986 at the Conference of the Indian Association of Tour Operators at Delhi on Monday 15th Sept, 1986. Maintenance of quality of service is also an equally important task. Adequate publicity should also be given to the efforts made by government to develop domestic and foreign tourism.

VI. **PUBLICITY DRIVE**: The Ministry of Tourism has to launch a major publicity drive abroad to project India as a major tourist destination. It is necessary to organise festivals, exhibitions, seminars and conferences.
The Ministry of tourism would soon be launching a major publicity drive abroad to project India as a major tourist destination, the Minister for Tourism, Mr. Mufti Mohammed Sayeed, said while inaugurating the third convention of the Indian Association of Tour Operators here on Monday.

The Minister wanted the tour operators to cooperate with the Government in the publicity drive and allay fears and doubts of the tourists about the conditions in the sub-continent. Referring to the recent hijacking incident, he said that fortunately it had not led to any major group cancellation.

According to Mr. Mufti Sayeed, this year the country is on the brink of a tourist boom. Arrivals in August have registered a growth of 20 per cent over last year's figures and the arrivals in the first eight months of the current year have been the highest ever as compared to any preceding year.

He said that following the success of the palace on wheels, his Ministry was considering the re-introduction of the train "Greater Indian Rover" with some route modifications so that it would link important places and cities of Buddhist interests.
As regards road transportation, the Minister said that his Ministry has already approached the Ministry of Finance to permit import of airconditioning units as a one-time exercise against a lower import duty rate.

Mr. Mufti said that a number of issues regarding liberalisation of existing policies and procedures have been taken up with the Ministry of Finance relating to imports for the tourism industry, such as equipment for trekking, mountaineering and camping, all of which should be charged a lower rate of duty.

He said that he has also asked the Ministry of Finance to consider a deduction of 50 per cent in the income-tax on the profits derived from the export of goods and merchandise in respect of hotels travel agents and tour operators.

Regarding rail transportation, he said if the Railways would confirm the availability of special trains six months in advance, this would help in promoting students and youth travel which was an important segment of tourism of which India gets only a very little share. The four-day conference is being attended by over 300 delegates, including 50 leaders of the incentive travel industry abroad.
VII. **ROAD TRANSPORT**: As regards road transportation the permit of import of air-conditioning units be granted—as a one-time exercise against lower import duty rate. The restricted area permit system prevents foreign nationals from visiting the region. North Eastern States have taken up such schemes to relax the permit system to attract foreigners to the State endowed with several places of historical importance and scenic beauty. It is also necessary to modify routes for linking important places and cities of Tourist interest—also by developing telecommunications, roads, air-services and railways. Construction of guest houses along the travel-routes is also necessary.

VIII. **SECURITY AND SAFETY**: Safety and security from diseases, accidents, theft, misguidance, robbery etc. is wanted by all the domestic and foreign tourists. Doubts and fears are created in the minds of the tourists because of such incidents as highjacking, activities of the terrorists (fanatics) causing bombarding and railway accidents.
IX. CONSERVATION PROJECT FOR WILD LIFE, FORESTS AND HILL AREAS: The necessity of projects like soil conservation, conservation of wild life, hills and forests is being emphasized at the Governmental Level (Planning Commission). There is the need for a hierarchical structure at the Central, State, District, Taluka, Block Development and village development level. There is the need to regenerate hilly areas and develop hill stations.

The Planning Minister, Mr. Madhavsinh Solanki, today stressed the need for ensuring balanced development of hill areas, reports UNI.

He was presiding over as meeting of the people's representatives and experts from hill areas of Uttar Pradesh convened by the Planning Commission to suggest long-term measures for ecological development of the Himalayan region, an official release said.

Mr. Solanki, who is also Planning Commission Deputy Chairman, said the planning process should not restrict itself to a five-year time-frame a long-term perspective extending over a 15-20 years period should be drawn up, he added.
Mr. Solanki said the development of hill areas was primarily a people's programme and could succeed only with the active involvement of the local inhabitants and their representatives.

The meeting discussed in detail the report on the ecological development of Himalayas, with particular reference to central and western Himalayas, prepared by Mr. B.N. Dhoundiyal, Secretary, Ministry of Parliamentary Affairs and former adviser, Planning Commission.

Mr. Dhoundiyal has, in his report, stressed the "need for a central organisation to ensure that the regeneration of Himalayas takes place in a systematic and time bound manner."

The meeting was attended, among others, by Minister of State for Planning Mr. B.S. Engti, Dr. M.G.K. Menon and Mr. Hiten Bhaya, Members, Planning Commission, Uttar Pradesh Minister of Rural Development Baldev Singh Arya, MPs and MLAs and Chairmen, district boards of the hill areas of UP, Mr. Sunder Lal Bahuguna and other ecological experts, and senior officials of the Planning Commission.
PROJECT WILDLIFE: India possesses a rich, abundant and colourful wild life. According to experts, there are more than 350 species of mammals, about 1,200 species of birds and more than 20,000 species of insects. Besides, there are a large number of reptiles and crocodiles found all over the country. The Royal Bengal Tiger, the Great Indian Elephant, the Asiatic Lion, the Indian Bustard, and the Siberian Crane are some of the most well-known specimens of wild life in the country. While all these species face in some degree the danger of extinction, it is the cheetah (the fastest animal in the world) that has become extinct due to indiscriminate killing by poachers.

The enormous destruction of wild life has been hastened by population explosion, large-scale industrialisation and urbanisation. There has been deforestation on a massive scale, leading to soil erosion, floods and ecological imbalance. The increased pressure on land for food and raw materials has led to indiscriminate deforestation and felling to trees.

Among the noteworthy projects of WWF India during the last 10 years, mention could be made of the following:
A) *For protection of endangered species:* Asiatic Lion; Asiatic Elephant; Black-necked Crane; crocodiles; Great Indian One-horned Rhino; Lion-tailed Macaque; Nilgiri Tahr; Siberian Crane; and Wild Dog.

B) *For protection of habitat:* Bandipur Ecological Survey; Dalmia Hill Sanctuary; Jawahar National Park; Nanda Devi; Pirotan Island; Silent Valley; Western Ghats.

C) *For conservation, education and awareness:* Nature clubs of India; photographic exhibitions; slide presentation and film shows; and snake shows.

D) *WWF International Projects:* Project Tiger; Hangul or Kashmir stag; and Himalayan Musk Deer.

The achievements in the conservation of wild life in India have been considerable, but there is no room for complacency. The cheetah has already become extinct and there are creatures like the Great Indian Bustard, the Siberian Crane and Lion-tailed Macaque which are on the verge of extinction. We are still far from the goal of 33% forest cover in the country. The need of the hour is to involve the youth of the country in the movement for the conservation of environment and the protection of wild life in the country.

* The World Wild Life Fund (WWF)
XI. The Ecological Imperatives - Environment Protection:

It is necessary to create away the Indian people - awareness to protect the environment. The comet be done simply by organising festivals, seminars, conferences or by observing 'World Earth Day' as a formality. It is necessary to create a structured mechanism at the village and block levels to promote and ensure sustainable management, maintenance and development of local natural resources. The Village Panchayats should be held responsible for preservation, of forests, animals, birds, (wild life) lakes, water resources, lakes, bridges, culvert, greeneries, water falls, mountains, etc. Members of the Village Panchayats should be trained in developmental ecology for preservation and appropriate and equitable use of environmental assets. In order to avoid such destructive malpractices like indiscriminate tree-cutting, storage of dirt and garbage, unwise killing of animals, theft of national assets like historical monuments and the damaging practices - at the block level a Land-Use Council should be created with local representatives from farm families, landless labourers, technical experts, various occupationists, forest officers and other representatives of government departments.

Comment: Self destructive environmental degradation should be avoided.
Concluding Remarks:

However, the year 1991 was a mixed year for Indian Tourism. The States have realised the potential of tourism as an industry but one cannot be very optimistic. The short-sighted policy of the Government must be given up and following measures should be taken to bring about both qualitative and quantitative developments of tourism. Measures to be taken for wider and realistic publicity for image-building for India in the international scene because the international media have always been propogating how dangerous visiting India is it. The governments assistance and investment is very meagre compared to the vast potential for development of tourism e.g. the Centre has sanctioned only ₹ 40 crores as against ₹ 53.76 in the 7th Plan.

"THE Foreign exchange earned This Year is ₹ 3,000 crores as against ₹ 2,400 crores in This season last year. This year's season is still going strong and we are very optimistic in spite of these quantitative achievement the year 1991 was a mixed year for Indian Tourism."

*Source: Times of India
Saturday, Dec. 28, 1991.*