CHAPTER V

THE INDIAN TOURISM INDUSTRY:
ORGANISATIONAL, FUNCTIONAL & FIELD SET-UP
Introduction

The basic determinants of success in the field of tourism can be three folds:— (i) Attractions, as climate, scenery, historical and cultural features, (ii) Accessibility, as, distance of destination, their location and transport facilities, (iii) Amenities, as, accommodation, catering and entertainment facilities. An appropriate mix of all the above three components is necessary for the success of tourism, and it is the task of the organisation to achieve this success. The organisation of tourism may fall into two parts. First, there are sectors of tourism, i.e., the various providers of tourist services— the hotel and catering services, the transport services and the entertainment services. Secondly, there are the levels of tourist organisation— national, regional and local.

Today almost all the countries have a tourist organisation. Rapidly growing awareness of the economic, financial and social advantages of tourism development, together with the recognition that such advantages can best be achieved through systematic efforts to expand tourism, has led many states especially after the second world war to extend and enlarge their direct interest in tourism.

Factors influencing type of an organisation

The type of a tourist organisation in a particular country is influenced by a number of factors in the country.
(i) The political, economic and social system in a particular country will have an important bearing upon its tourist organisation.

(ii) The importance of tourism to a national economy is another factor which influences the character of an organisation in a particular country.

(iii) The stage of tourism development is another important factor likely to have a considerable influence on the organisation. In the countries for instance, where tourism is not yet fully developed or is beginning to develop as is the case in many developing countries including India, better results can be achieved if the industry is centralised and under direct government control. As these countries would require huge sums of money for the development of infrastructure, these would come from the state as the private enterprise may not be in a position to invest because of lack of resources at their disposal.

Tourist organisation in India

Tourism as a separate organisation was set up rather late in India. Prior to the formation of a separate organisation, tourism was a part of the Transport Ministry.

The first step towards the development of the tourist industry in India was initiated in the year 1945 when the 'Sargent Committee' was appointed. The main recommendation of the committee was that a separate tourist organisation should be set up at the
centre with regional offices in metropolitan cities of Bombay, Delhi, Calcutta and Madras.

It was in the year 1948 that the independent Government of India took the first step towards promotion of tourism in India. A separate Tourist Traffic Branch was set up in the Ministry of Transport in the year 1949 with the main objective of development of tourist traffic in India. The subsequent years witnessed an expansion of Tourist Traffic Branch and its activities in various directions. With the increase in its activities the Tourist Traffic division expanded considerably and during the year 1955-56 the headquarters establishment was increased from one branch to four branches, each having wide ranging duties. The four sections looking after various subjects were (i) Tourist Traffic Section, (ii) Tourist Administration Section, (iii) Tourist Publicity Section and (iv) Distribution Section.

Another important step during this period was the opening of a chain of tourist offices both in India and abroad. Steps were taken to establish regional offices at important ports of entry. Tourist offices were opened in Delhi, Calcutta, Bombay and Madras. By the year 1955 almost nine such offices were opened.

Tourist offices overseas

With a view to attracting foreign tourists to India, the Central Govt. decided to open a chain of tourist offices overseas.
The first step in this direction was the establishment of Govt. of India Tourist Office in New York in the United States of America in December, 1952. Nearer home, special staff was also provided in the offices of the High Commissioners for India in Sri Lanka and in Australia for tourist promotion work in these countries. The first office in Europe was opened in London in July, 1955. Two more offices were opened one in Paris in 1956 and the other in Frankfurt in September same year.

**Setting up of Dept. of Tourism**

It was on 1st March, 1958 that a separate Tourism Dept. was created in the Ministry of transport to deal with all matters concerning tourism. The new Dept. was put under the charge of the Direct General who had under him one Deputy Director General and four Director each in charge of administration, publicity, travel relations and planning and development.

By the Presidential Order dated 14th March, 1967, the Dept. of Aviation and Tourism which was under the Ministry of Transport and Civil Aviation was formed into a seperate Ministry designated as the Ministry of Tourism and Civil Aviation, with two constituent departments:-(i) Dept. of Tourism and (ii) Dept. of Civil Aviation. With the formation of the new Ministry of Tourism and Civil Aviation, tourism got the importance due to it and thereby achieved all-round expansion in its activities.

The Dept. of Tourism now became an attached non participating office of the Ministry of Tourism and Civil Aviation.
headed by the Director-General of tourism.

The function of the Department of Tourism are both promotional and organisational which are conducted by the following Divisions.

(i) Planning and Programming,
(ii) Publicity and Conferences,
(iii) Travel Trade and Hospitality,
(iv) Accommodation,
(v) Supplementary Accommodation and Wildlife,
(vi) Market Research and
(vii) Administration.

THE PRESENT SETUP OF THE DEPARTMENT OF TOURISM

The Department of Tourism was one of the two Departments in the Ministry of Tourism and Civil Aviation under the charge of the Prime Minister, assisted by a Minister of State in the Ministry of Tourism and Civil Aviation for part of the year 1985-86. As a result of the re-organisation of Ministries w.e.f. 25th September, 1985 the Department of Tourism became a part of the Ministry of Parliamentary affairs and Tourism. The Department of Tourism is responsible for the promotion of India as a Tourist destination, and development of tourism infrastructure and facilities in the country. The activities of the Department of Tourism include:

Promotional
Development
Regulatory.
A MODEL OF TOURISM INDUSTRY

DEMAND

TIME

MONEY

Recreational facilities

Accommodation

TOURIST
(a) as a body
(b) behavioural attitudes

Climate, scenery

Food

Advertising & promotion

Transport

Tour operators

National organisation and planning

Legal aspects

Communications

Venue or destination

Finance

Organisation of rec. facilities

Organisation accommodates

Management and labour

SUPPLY
ROLE OF THE GOVT. IN TOURISM PROMOTION

Minister of Tourism

Chairman
Tourist Board,
Director General Tourism

Permanent
Secretary,
Department of
Tourism

Education and training

Marketing

Development

Planning

Inter-government coordination

Tourist services
(Tourist offices within the country)

Overseas promotion
(Overseas tourist offices)

Research and statistics

Standards

Financial help

Incentives
The major activities of the Department can be listed under the following broad heads:

(i) Promotional and Publicity at home and abroad with the object of promoting travel to and within India.

(ii) Compilation, collection, and dissemination of tourist information in India and abroad and attending to enquiries form international tourist and travel agents, airlines, steamship companies, tour operators and hotels.

(iii) Cooperation with international travel and tourist organisations at Government and non-Government levels.

(iv) Facilitation work such as simplification of frontier formalities in respect of international tourists.

(v) Development of tourist facilities and infrastructure at places of interest to international and domestic tourists.

(vi) Regulation of activities of the various segments of the travel trade, such as hotels, travel agents, tour operators, wild life outfitters, guides tourist car operators and shopkeepers catering to tourists needs.

(vii) Compilation of statistics, conducting and commissioning market research and surveys.

Regional offices within India

Within India the Tourist Offices in India supply information regarding tourist centres and facilities available at
these places. These offices maintain liaison with State Governments and also help the Department in Exercising control over different segments of the travel trade to ensure that services to tourists are maintained efficiently and are available at reasonable rates. There are four Regional Offices located in Delhi, Bombay, Calcutta and Madras. These offices supervise the working of other Tourist offices at Goa, Khajuraho, Lucknow, Jaipur, Varanasi, Agra, Patna, Bhubaneshwar, Bangalore, Hyderabad, Cochin and Port Blair. There is also a sub-regional Tourist Office in the North Eastern Region at Guwahati which supervises the working of Tourist Offices at Shillong, Imphal and Itanagar. There is also a Gulmarg Winter Sports Project Office in Srinagar, and the Indian Institute of Skiing and Mountaineering in Gulmarg.

OVERSEAS OFFICES

A highly competitive market situation continues to prevail amongst the countries of the world who wish to attract affluent tourists from the developed regions. In this situation the existence of the overseas Tourist offices of the Department of Tourism has acquired considerable importance. These offices are the Department's outposts in the traffic generating markets of the world, and their chief function is to create an awareness of India as an attractive holiday destination. In this process they handle tourist enquiries, disseminate tourist information, undertake promotion by means of advertising and publicity, maintain liaison with the travel trade and press. The feed-
back from them to the department in respect of the current trends in tourism in their respective areas is of vital importance to the Headquarters for determining the overseas marketing policy of the Department of Tourism.

AGENCIES ENGAGED IN THE DEVELOPMENT OF TOURISM IN INDIA

The main objective of developing countries in promoting their tourism industries has been the earning of foreign exchange. Employment generation as a result of tourism comes next. The performance of individual countries tourism industry in terms of earning foreign exchange, balance of payment and employment effects can be judged effectively only in relation to that of other sectors of the same economy. While the importance of tourism receipts to developing countries as a whole has increased very rapidly in recent years, the growth and significance of such receipts differ very widely from one country to another.

INDIA TOURISM DEVELOPMENT CORPORATION

A necessary tourism infrastructure is a must in order to cater to the needs of the tourist. An effective tourism sector is obliged to provide infrastructure services that are fairly efficient. Facilities to enable the tourists to come to our shores, mountain-resorts, game sanctuaries and cultural monuments are to be created. A tourist needs a comfortable hotel to stay, nice and clean food that he is used to, an evening of entertainment and an efficient and comfortable transport to take him
around. He also needs souveniers to take back home as a momento of his visit. This is the product which is to be created in order to attract a tourist.

What has India done to strengthen the tourist product?

Various countries have developed different techniques for planning and marketing of this product. Many developing countries are resorting to the creation of Govt. sponsored autonomous corporations which are being made responsible for the creation of the tourist infrastructure, while the policy making is controlled by the Govt. itself.

In India planning and marketing of tourist product is handled at three different levels. The highest level is the Central Dept. of Tourism. The Central Dept. of Tourism gets assistance from the Tourist Development Council which is the principal advisory body at the national level.

The next level is that of India Tourism Development Corporation - an autonomous body, whose sphere of activity is somewhat limited, if not subsidiary to the role of Central Dept. of Tourism. Its functions relate more to commercial part of promoting tourism in the country.

The third level is that of the states. Here the concentration is largely on the home tourist relating to construction of low income rest houses, development of tourist centres and publicity. Besides, these three levels, there are a number of other govt. and non-govt. agencies, though not directly responsible for development of tourism in the country, yet having
a very significant role in promoting the tourism industry. These include Deptt. of Archaeology, International Airport authority, Customs, Airlines, Railways, Transport undertakings, Forest Depts., Handloom and Handicraft Boards, Travel Agents, Public as well as Private Sector Hotels and Travel Trade Press. It will be difficult to describe in detail the role of all these agencies.

ITDC:

Following the report of the ad-hoc Committee on Tourism also known as the Jha Committee (1963), which recommended that the public sector should assume a more active and positive role in promoting tourism, the Govt. of India set up in 1965 in the Dept. of Tourism, three separate Corporations, viz., Hotel Corporation of India Ltd., India Tourism Corporation Ltd. and India Tourism Transport Undertaking Ltd. These corporations were set up under the provision of the Companies Act, 1956. The main function of these corporations was to construct and manage hotels in public sector, produce material for tourist publicity and to provide transport facilities to tourists.

The government later decided to merge these undertakings into one composite undertaking for the purpose of securing coordination in the policy and efficient and economic working of the three corporations. Accordingly, the Govt. set up in October, 1966 a public sector undertaking, namely The India Tourism Development Corporation Ltd. in Delhi under the Dept. of Tourism by amalgamating the erstwhile three separate corporations. The unified corporation started functioning with
effect from October 01, 1966.

The amalgmated company known as Indian Tourism Development Corporation (ITDC) came into being with effect from March 28, 1970.

Objectives of ITDC

Broadly, the objectives and functions of the Unified Corporation fall under the following categories:

1. Construction and management of hotels, motels, restaurants, tourist bungalows, guest houses and beach resorts at various places for accommodating tourists.

2. Provision of transport facilities to tourists.

3. Provision of entertainment facilities to tourists by way of organising cultural shows, music concerts, sound and light shows etc.

4. Provision of shopping facilities to tourists.

5. Provision of publicity, services to assist India's promotion overseas as a tourist destination and projecting the national importance of tourism at home.

With these objectives, ITDC has provided a wide range of services essential for promotion of tourism. Working in close cooperation with the Deptt. of Tourism in the Central Ministry of Tourism and Civil Aviation, it is primarily concerned with the establishment of solid infrastructure for the tourist industry and the provision of commercial services essential for the growth of tourist traffic.
ITDC services include accommodation and restaurants, duty free shops at international airports, sound and light shows and the production of quality publicity material. The ITDC has established a marketing division at its Headquarters in New Delhi to assist the travel industry through the coordinated sales promotion of its range of tourist services. The India Tourism Development Corporation is headed by a Chairman-cum-Managing Director.

**PATTERN OF GROWTH (PHYSICAL AND FINANCIAL)**

From its inception in 1966 the India Tourism Development Corporation Limited has been the prime mover in the progressive development and expansion of India's tourism infrastructure. Today, ITDC's is the single largest tourism organisation offering wide net work of tourism services. The Pattern of Growth of ITDC is as detailed below:

<table>
<thead>
<tr>
<th>Plan Period</th>
<th>Money Approved</th>
<th>Money spent</th>
<th>% increase compared to the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Plan (1964-69)</td>
<td>Only 133 rooms were added up during this plan by transfer of travellers lodges from dept. of tourism.</td>
<td>12.77 approve 12.26 utilised</td>
<td></td>
</tr>
<tr>
<td>Fourth Plan (1969-74)</td>
<td>12.79 approve 11.57 utilised</td>
<td>12.77 approve 12.26 utilised</td>
<td></td>
</tr>
<tr>
<td>Fifth Plan (1974-78)</td>
<td>5.72 approve 4.38 spent</td>
<td>12.79 approve 11.57 utilised</td>
<td></td>
</tr>
<tr>
<td>Annual Plan (1978-79)</td>
<td>9.72 approve 8.40 spent</td>
<td>5.72 approve 4.38 spent</td>
<td></td>
</tr>
<tr>
<td>Sixth Plan (1980-85)</td>
<td>63.17 approve 47.88 spent</td>
<td>9.72 approve 8.40 spent</td>
<td></td>
</tr>
<tr>
<td>Seventh Plan (1985-90)</td>
<td>150 crores approved.</td>
<td>63.17 approve 47.88 spent</td>
<td></td>
</tr>
<tr>
<td>Particulars</td>
<td>1975-76 (Rs in lakhs)</td>
<td>1976-77 (Rs in lakhs)</td>
<td>1977-78 (Rs in lakhs)</td>
</tr>
<tr>
<td>-----------------------------</td>
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<td>-----------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Equity capital (including share application money)</td>
<td>1,331.84</td>
<td>1,381.84</td>
<td>1,476.84</td>
</tr>
<tr>
<td>Reserve and surplus</td>
<td>263.583</td>
<td>303.04</td>
<td>367.99</td>
</tr>
<tr>
<td>Net worth</td>
<td>1,592.01</td>
<td>1,681.52</td>
<td>1,844.03</td>
</tr>
<tr>
<td>Loans From Government</td>
<td>686.43</td>
<td>630.09</td>
<td>615.38</td>
</tr>
<tr>
<td></td>
<td>From Financial Institutions</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gross Nock</td>
<td>2,360.98</td>
<td>2,680.78</td>
<td>2,972.12</td>
</tr>
<tr>
<td>Depreciation (cumulative)</td>
<td>781.00</td>
<td>931.75</td>
<td>1,102.48</td>
</tr>
<tr>
<td>Net Nock</td>
<td>1,579.98</td>
<td>1,749.33</td>
<td>1,869.64</td>
</tr>
<tr>
<td>Current assets, loans and advances</td>
<td>839.05</td>
<td>937.29</td>
<td>1,129.72</td>
</tr>
<tr>
<td>Current liabilities and provisions</td>
<td>354.63</td>
<td>463.84</td>
<td>636.26</td>
</tr>
<tr>
<td>Working capital</td>
<td>2,064.40</td>
<td>2,222.48</td>
<td>2,363.10</td>
</tr>
<tr>
<td>Capital employed</td>
<td>1,503.47</td>
<td>1,854.96</td>
<td>2,165.31</td>
</tr>
<tr>
<td>Turnover</td>
<td>1,597.98</td>
<td>1,749.33</td>
<td>1,869.64</td>
</tr>
<tr>
<td>Debt equity ratio</td>
<td>0.52</td>
<td>0.46</td>
<td>0.42</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>59.97</td>
<td>132.52</td>
<td>192.39</td>
</tr>
<tr>
<td>Tax liability</td>
<td>58.50</td>
<td>92.81</td>
<td>92.81</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>59.97</td>
<td>74.02</td>
<td>90.53</td>
</tr>
<tr>
<td>Internal resources</td>
<td>219.58</td>
<td>207.71</td>
<td>352.19</td>
</tr>
<tr>
<td>Estimated foreign exchange earnings</td>
<td>700.00</td>
<td>800.00</td>
<td>920.00</td>
</tr>
<tr>
<td>Dividend</td>
<td>31.55</td>
<td>34.55</td>
<td>42.36</td>
</tr>
<tr>
<td>Percentage of profit before tax —</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>(a) Turnover</td>
<td>3.99</td>
<td>7.14</td>
<td>8.76</td>
</tr>
<tr>
<td>(b) Capital employed</td>
<td>2.90</td>
<td>5.66</td>
<td>8.14</td>
</tr>
<tr>
<td>(c) Net worth</td>
<td>3.77</td>
<td>7.88</td>
<td>10.43</td>
</tr>
<tr>
<td>(d) Equity capital</td>
<td>4.50</td>
<td>9.59</td>
<td>13.03</td>
</tr>
<tr>
<td>Percentage of profit after tax —</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>(a) Turnover</td>
<td>3.99</td>
<td>3.99</td>
<td>4.53</td>
</tr>
<tr>
<td>(b) Capital employed</td>
<td>2.90</td>
<td>3.33</td>
<td>4.21</td>
</tr>
<tr>
<td>(c) Net worth</td>
<td>3.77</td>
<td>4.40</td>
<td>5.40</td>
</tr>
</tbody>
</table>
OBJECTIVES OF ITDC FOR THE SEVENTH FIVE YEAR PLAN

The following broad objectives and strategies are suggested to enable ITDC to attain self-sustaining growth for the 7th Five Year Plan:

(i) To create, expand, improve and develop the essential tourism infrastructure particularly accommodation and transport with accent on high quality to meet the needs of high spending category of tourists in selected important tourist places of India subject to constraints of budgetary allocation so as to facilitate packaging of tours for ensuring maximum utilisation of existing and newly created facilities.

(ii) To create, develop and manage accommodation facilities preferably in 3-star category of hotels jointly with State Governments to cater to the middle class category of tourists, both foreigners and Indians.

(iii) To render consultancy services to promote growth of hotel accommodation conforming to approved standards and also to undertake management of hotels in the private sector with a view to improving the qualitative functioning of such units, if necessary, by financial participation.

(iv) To export technical know-how in hotel planning and designing by undertaking consultancy assignments abroad to augment earnings.

(v) To undertake management assignment with investment-equity and loan for hotels abroad.
The Role of hotel industry in tourism

Although the earliest hotels date to the eighteenth century, their growth on any scale occurred only in the following century when the railways created sufficiently large markets to help make large hotels possible. During this period a large number of hotels grew up at important destinations. The hotels were developed along the main railways and highway routes in major towns. Substantial development of the hotels thus awaited the volume and the type of traffic only the railways could bring. With the development of railways systems in many other countries within and outside Europe, the number of hotels also increased. These hotles catered to the increasing volume of traffic.

The demand for accommodation of tourists was thus met by a variety of facilities ranging from inns, taverns, private houses and hotels. The main changes in the demand for tourist accommodation have come about from changes in tourist transportation and in the popularity of different forms of holidays. After the introduction of the motorcar and the aircraft, a large number of hotels sprang up at various tourist areas and destinations. The growth of hotels continued until the 1950s. Hotels as a unit of accommodation dominated the scene all over the world.

Hotels provide accommodation, meals and refreshments for irregular periods of time for those who may reserve their accommodation either in advance or on the premises. In broad terms hotels provide facilities to meet the needs of the modern traveller.
There are four main ways in which international hotel chains operate, sole or majority ownership, management contract, lease, and franchise. The last three methods apply when the chain has a minority holding or no financial interest in the hotels. Though, some of the groups have a direct investment in a number of hotels they operate, yet, the method they prefer is the management contract, which offers a protected return irrespective of the performance of the hotel.

**The origin and state of hotels in India**

The hotel is a western concept planted in India. Hotels were introduced by the British mainly for their own use, or for the use of visiting foreigners. Almost sixty years ago, except for the Taj Mahal Hotel, almost all hotels in India were owned and operated by British or Swiss families. In the early fifties, the Govt. of India realised the economic importance of tourism and decided to encourage its development. It was then seen that there existed an acute shortage of hotels accommodation and that there was a need to build more hotels to accommodate tourists in the country. A decision was taken to build hotels in the public sector, where necessary. The first result of this decision was the construction of Ashok Hotel in 1956, to accommodate delegates to UNESCO conference in New Delhi. The hotel was constructed in a record time of less than one year.

In 1956, the govt. set up a Hotel Standards and Rate Structure Committee. The committee set before itself the following objectives :-
(a) to lay down criteria for the purpose of classification of hotels in India, keeping in view the international standards that apply to similar establishments elsewhere,

(b) to suggest ways and means for promoting tourist traffic to and in India,

(c) to suggest arrangements or improvements on existing arrangements desirable for promoting international and external tourism,

(d) whether legislation, and if so of what type and/or assistance and if so what type are necessary for the purposes of the hotel industry generally, and

(e) keeping in view of the price level prevailing in India, to suggest a suitable rate structure for the hotel industry.

The most important finding of the committee was that in order to improve standards of the hotels, a universally accepted system of classification based on star rating may be adopted. The top classification would be a five-star hotel with deluxe amenities followed by other star gradings with lesser facilities.

Beginning of Star classification

The recommendations of the 1956 committee were accepted by the Govt. of India and a Hotel Classification Committee was set up by the Govt. in 1962 to classify hotels according to designed standards. The committee was disappointed that only thirty four hotels in India had money changing facilities.
The second Hotel Review and Survey Committee was set up in 1967. Regional representatives of the Travel Agents Association of India and the State Govts. were also included when the committee visited different regions. It interviewed several travel agents, govt. representatives and a few members of the public who, it thought, could make useful contribution towards its deliberations particularly in the field of hotel rate structure and in surveying the hotel bed-capacity required during the next seven or eight years.

The committee's report divided into three parts dealt with:

- classification of hotels.
- projections of hotel capacity needed until 1974 and beyond, and
- the standardisation of hotel rates.

The committee was of the view that hotel rates should not be allowed to rise unchecked and to accomplish this, the hotel industry should be required to introduce internal discipline to keep prices at reasonable level. They were of the opinion that the Department of Tourism should continue applying the modified Hubbart formula for supervising hotel rates.

An important recommendation of the committee was that a permanent central committee be set up by the dept. of Tourism to encourage hotel establishments aspiring for a higher category, to effect improvements without delay, and to enable new establishments to qualify for tax and fiscal benefits available only to establishments in the approved category.
Perks given to hotel industry

A major step taken by the Govt. of India to encourage hotel industry was the establishment of Hotel Loans Development Fund in 1968 to give low interest loans to the private sector for undertaking new hotel projects. Originally, the Department of Tourism distributed loans directly to hoteliers. However, after some time the Govt. came to the conclusion that it would be better to entrust this job to Industrial Finance Corporation of India (IFCI) which had necessary expertise to disburse and collect loans. IFCI now disburses loans for projects costing more than one crore, while State Financing Corporations take care of requirements of hotel loans for less than one crore rupees. Besides hotel loans, other facilities given to the hotel industry are as such,

(i) Priority treatment for the requests from approved hotels like other priority industries.

(ii) Tax holiday for five years under certain terms and conditions.

(iii) Hotels built in backward areas are entitled to a deduction in the computation of taxable income of twentyfive percent of profits and gains for a period of ten years. There is also a central investment subsidy for hotels built in backward areas.

(iv) Additional depreciation is allowed in the case of hotels—especially in respect of furniture and fittings.
INDIAN HOTELS IN FOREIGN COLLABORATION

The Govt. allows Indian hotels a limited collaboration, only with renowned foreign chains in respect of sales, marketing, publicity etc. for five star hotels or hotels in resort category. Foreign investment, if required, is allowed up to thirty percent of the total equity capital of the company. When an Indian party desires to avail of loan assistance, it is allowed up to fifty percent of the cost of the project on terms approved by the Govt. For rendering pre- or post-opening technical services, agreed fee can be remitted to foreign collaborators.

INDIAN HOTEL CHAINS

The Ashok chain is the largest hotel chain in India. It is run by India Tourism Development Corporation - a public sector undertaking. Originally, ITDC was set up to provide hotel accommodation at places where private sector was shy of investing in hotel industry. ITDC runs hotels all over India and is now constructing several more jointly with State Govts. and also on their own.

FEDERATION OF HOTEL AND RESTAURANT ASSOCIATIONS OF INDIA (FHRAI)

The Federation is the national association of leading hotels and restaurants of India and serves as the watch dog of the organised sector of the hotel and restaurant business. The idea of such an association orginated in 1950 when four regional associations were set up at Delhi, Calcutta, Bombay and Madras.
In 1954, the four associations federated into a national body called Federation of Hotel and Restaurant Associations of India. The Federation, over the years, has made valuable contributions to the development of the hotel industry. Its persistent efforts with the govt. led to the introduction of the hotel development loan fund, tax reliefs, etc. Apart from liaising with the govt. in getting relief to the industry in day-to-day matters, the Federation undertakes surveys and studies on various aspects of hotel development. Its headquarters are in New Delhi.

RECENT CONCESSIONS MADE TO HOTEL INDUSTRY AND FUTURE PLANS

During the seventh five year plan it has been decided that ITDC will no longer build any five star hotel except one in Bombay. The Ministry of Finance exempted 75 items of equipment needed by hotels from additional customs duty. This is part of the Govt.'s effort to help hoteliering which has been accepted as an industry by the National Development Council. Allocation for publicity overseas has been increased to Rs.15 crore, a 100 percent increase over 1985. Improvement of the existing infrastructure of middle level and low budget accommodation is needed not only in terms of domestic tourism, but equally to meet the growing influx of foreign visitors to India. The affluent American visitor may not desired a hotel of lesser than five star category but there is a large percentage of traffic from the US, Britain, the European countries, Japan, which does use hotels of lesser category, provided hygiene, service and room comfort is guaranteed.
**Future plans:** It has been estimated that 28000 additional hotel rooms will be required between now and 1990 to cater to the needs of 2.5 million foreign tourists. The bulk of the new accommodation will be in the 3 or 4 star category.

Since the present ratio in which international tourists patronise accommodation in the approved and non-approved sectors is 40%-60% respectively, roughly 42,000 additional rooms at an average cost of Rs. 80,000 per room adding up to Rs. 336 crores will be required in the non-approved sector. Assuming the State Financial Institutions finance 50% of this, and the ITDC meets 20% through its schemes the balance of 30% or about 100 crores will have to be borne out of plan funds. It will be seen that provisions under supplementary accommodation in the various schemes (youth hostels, forest lodges, yatrikas, yatri niwases, tourist bungalows at cultural tourism centres, beach accommodation etc.) add up to roughly half of this amount. It is expected that the other half will find a place in the state plans.

Secondly, the scheme to pay a commission to the IFCI with which an agency agreement was signed in 1974 when the IFCI took over outstanding loans that had been made by the erstwhile Hotel Development Loan Board, will require funds to the extent of Rs. 10 lakhs during the Seventh Plan. The IFCI is paid a commission of 0.5% on outstanding balances in respect of each of the loans that had been made by the HDBL.

**SEVENTH FIVE YEAR PLAN**

Proposed allocation would be as follows:
<table>
<thead>
<tr>
<th>Year</th>
<th>Proposed allocation for seventh plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86</td>
<td>Rs. 10 crores</td>
</tr>
<tr>
<td>1986-87</td>
<td>Rs. 11 crores</td>
</tr>
<tr>
<td>1987-88</td>
<td>Rs. 12 crores</td>
</tr>
<tr>
<td>1988-89</td>
<td>Rs. 13 crores</td>
</tr>
<tr>
<td>1989-90</td>
<td>Rs. 14 crores</td>
</tr>
<tr>
<td>Total</td>
<td>Rs. 60 crores</td>
</tr>
</tbody>
</table>

It is proposed to set up an overseas Tourism Market Development Fund with contribution from both the Government and private sector.

THE BREAK-UP of the Proposed Allocation is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Hospitality to media and trade (Rs. in lakhs)</th>
<th>Production of publicity literature and other material films, and audio-visuals (Rs.)</th>
<th>Overseas marketing (Rs.)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86</td>
<td>Rs. 10</td>
<td>Rs. 120</td>
<td>Rs. 867</td>
<td>1006</td>
</tr>
<tr>
<td>1986-87</td>
<td>Rs. 12</td>
<td>Rs. 140</td>
<td>Rs. 950</td>
<td>1102</td>
</tr>
<tr>
<td>1987-88</td>
<td>Rs. 14</td>
<td>Rs. 160</td>
<td>Rs. 1020</td>
<td>1194</td>
</tr>
<tr>
<td>1988-89</td>
<td>Rs. 18</td>
<td>Rs. 180</td>
<td>Rs. 1100</td>
<td>1298</td>
</tr>
<tr>
<td>1989-90</td>
<td>Rs. 20</td>
<td>Rs. 200</td>
<td>Rs. 1180</td>
<td>1400</td>
</tr>
<tr>
<td>Total</td>
<td>Rs. 74</td>
<td>Rs. 800</td>
<td>Rs. 5117</td>
<td>Rs. 6000</td>
</tr>
</tbody>
</table>
Capital goods import norms for hotels

The govt. has amended the procedure for the import of capital goods by approved hotels. The relevant para (186) in the handbook of import-export procedures 1985-88 reads as "approved hotels" i.e. those which are recognised for this purpose by the Dept. of Tourism, may submit their applications for specialised catering to foreign tourists to the chief controller of imports and exports, New Delhi, through the Dept. of Tourism, New Delhi. That dept. before recommending the application, should take necessary clearance from Director General Tourism Dept. in respect of the items to be licenced. Licences may be issued for the amount recommended by the Dept. of Tourism, in consultation with the dept. of economic affairs.

Concerning reduction in income tax rates for hotels and extension of tax holidays to five years, to attract investment to the hotel industry, a scheme has been formulated by the dept. of tourism for the grants of interest subsidy on a graduated scale ranging from 2% for four and five star hotels to 5% for one star hotels, on loans granted by the central and state financial institutions to build hotels.

In a major bid to attract foreign tourists, the govt. has decided to allow payment of hotel bills by foreigners in Indian currency. The vital step was taken following the representation by hoteliers and tour operators. The concession is made available initially in certain selected cases.
As is being estimated that in order to meet the target of 2.5 million tourists arrivals per year by 1990, India would need an additional 30,000 hotel rooms. At the present rate of construction which takes in to account the present rates of import duty the overall cost of a three star hotel is Rs. 3.5 lakhs and of five star hotel more than 6 lakhs. Obviously if the capital cost is of there order the room charges will be quite high. Therefore the govt. as well as the Ministry of Tourism should concentrate on providing more and more accommodation in the approved sector but at a tariff which will not exceed Rs. 150 to Rs. 300 per day.

According to the Federation of Hotel and Restaurant Association of India, the import duty plays an important role in deciding the rent rate of the hotel. So the govt. must allow import of all those items which are required for plant and machinery by hotels at rates which are applicable to all other export-oriented industries which is around 45%.

The private sector should also be encouraged to invest in other facilities and services needed by a tourist for his holiday in India, like mountaineering, trekking, water sports etc. As most of the items related to these facilities are not available in India. Currently import licences are granted to travel agents to import such equipment but the rate of duty applicable is normal customs duty depending upon the classification of the item imported. The applicable rates of duty being high, the landed cost of the equipment is exorbitant and
as a result of this most of the licences are remaining unutilised, affecting the growth of the industry adversely.

The import of air conditioners fall in a class by itself. Although the units are available in India they are not considered satisfactory. The lack of this facility adds to the image of India as a hot, dusty and humid country. For the rapid growth of tourism industry rates of custom duty on plant and machinery imported by the industry should be reduced.

Now to meet the requirement of 2.5 million expected tourists inflow by 1990, the private sector would have to come in a bigway. The centre has already decided that it would not invest public money in five star hotels except the one under construction in Bombay. The accent would be on budget hotels, the present plan was to construct Yatri Niwases to cater to the youth and middle class tourists. In the first phase, at least one Yatri Niwas was proposed to be constructed in every State/union territory. The State Govt. would provide developed land and other ancillary facilities, the construction cost being met by the central tourism dept.

The central govt. shares the cost of the economy class hotels put up by the State Govts. through their Tourism Corporation on a 50:50 basis. This is a step worth appreciation as it will result in the putting up of much needed economy class accommodation for domestic tourists. It is recommended that this should be made applicable to the private sector also. The private sector will surely come forward to build such accommodation at a very reasonable cost or nominal ground rent.
In the case of hotels for domestic tourists, all the State govs. should give special incentives, as the promotion of domestic tourism is a social obligation. In particular, they should provide electricity and water to such hotels at a subsidised rates.

Unlike other countries, the holiday travellers in our country are extremely few mainly because of economic limitations. It is, therefore, important that the employers should be encouraged to provide holidays, with expenses paid by them, in respect of industrial workers etc. These expenses should be permissible as an item of expense for tax purposes. Incentive trips offered by employers for good work should also be tax free. Similarly, all expenditure on travel by an individual should be exempted from income tax upto Rs. 50,000/- a year, or 10% of the annual taxable income, whichever is less, with a view to encourage domestic travel and building up the required infrastructure for the promotion of domestic tourism.

We are competing in the international market for tourism and also with our neighbouring countries, but our prices are going up. Unfortunately, the govt. and the people tend to think of hotels as a luxury industry, whereas the hotels are first and foremost foreign exchange earner.

ROLE OF TRAVEL AGENCY IN TOURISM

The role of private sector in the organisation of tourism is very crucial. The private sector's plays a very important role. It is the travel agent who packages and
processes all the various attractions of the country and presents them to the tourists.

Profile of Modern Travel Agency

The scope of the functions of a modern travel agency has widened greatly over the years and especially after the introduction of the jet air travel. There are about 44000 travel agency locations throughout the world. The fact is that fifty percent of the travel agencies are in the US is not surprising when we realise the US airlines earn about forty percent of the world's airline passenger revenue.

While the years 1979, 1980 and 1981 have been periods of tremendous losses to most airlines in the world, travel agency business boomed. Airlines paid US travel agents commission amounting to 2.4 billion dollars in 1983. How did this happen when most airlines of the world were having record losses? There was also rampant inflation, multitudes of new promotional fares and shortage of trained personnel. The travel agents, it appears, have prospered through airlines problems. To boost their business, the airlines were offering higher commissions to the travel agents. The plethora of large number of new and confusing fares brought the customer to the door of the travel agents to get the best instead of approaching the airline direct for purchase of tickets.

The agent, like any other professional, follows a code of ethics which at times may not favour him economically. Most of the Travel agents in India are members of the Travel Agents
Association of India (TAAI). Several of them are also on the approved list of the Department of Tourism, Govt. of India for handling inbound business. There is no legislation in India to regulate the business of travel agents.

The exigencies of the present age have given a new direction to business and leisure travel as it is rapidly surmounting international constraints and giving a positive impetus to the airlines. In this changing milieu, the travel agent has started making a crucial contribution to the growing forces of tourism by easing and promoting travel.

A travel agency can be a hub of frenetic activity, particularly in the tourist season. Traditional travel agency functions have given way to a wider ambit of making complete surface arrangements for the client, inclusive of shopping, meals and hotel accommodation. The recent development in outbound and domestic package tours call for greater organisational skills and effective marketing. The emphasis now is on specialisation and a number of agencies have adopted their own in house training systems while fresh recruiting is done only on the basis of better qualifications and aptitude of the applicants.

Travel agency in India

Travel Agency business in India is relatively new. At the time of independence, there was hardly any travel agency worth the name in the present day context. Organised travel agency business really started after independence and by 1949
six travel agents in India have set up an apex body called the Travel Agents Association of India with headquarters at Bombay. In the recognised sector are included active TAAI members who are also recognised by International Airport Transport Association (IATA) and the Department of Tourism, Govt. of India.

TRAVEL AGENTS ASSOCIATION OF INDIA (TAAI)

The Travel Agents Association of India (TAAI) was formed towards the end of 1951 to regulate the travel industry in India on organised lines and in accordance with sound business principles. The objectives of the association are to provide assistance to its members in professionalism of the business and safeguard the travelling public from exploitation by unscrupulous and unreliable operators.

It coordinates their activities, provide professional assistance and guidance to its members. Its a non-political, non-commercial and non-profit making body.

The membership of TAAI includes IATA travel agents and their branches, tour operators, airline, hotels, transport, operators, leading banks, central and state dept. of tourism and public sector tourism undertakings. The current membership of TAAI is 500. A large number of agents from Nepal, Pakistan, Srilanka, Malaysia, Singapore and Thailand are also members of TAAI. TAAI promotes tourist traffic in the country to earn valuable foreign exchange through the activities of its members.
TAAI offers training to the executives of travel agencies and tour operators with a view to import professionalism, thereby helping them to run their units more efficiently. The (FHRAI) Federation of Hotel and Restaurant Associations of India and TAAI entered into an agreement some years back which forms the guidelines for their members in transacting business with each other. Recognising the useful role played by the association, the dept. of tourism, govt. of India has recognised it as the national association of the travel industry and consults it on various matters pertaining to the industry.

TAAI's representative are often invited to join delegations to foreign countries, to explore market potentialities of different countries. TAAI is a fine example of unity in diversity, while its members are competitors they unite together to promote their cause and share the benefits.

Travel agents association has already held 35 meetings/conventions so far at various places in the Asian countries. The last conference was held at New Delhi from 23rd to 27th March in Ashoka Hotel. The various points raised during this convention were as such:--

The theme of the 35th TAAI convention was Domestic Tourism as the Base of Pyramid. It brought out, that under the new regulations, an allowance of US dollar (500) which will be available to Indian citizens for travel overseas only once in three years is not adequate. The TAAI's commended the efforts of the Dept. of Tourism in providing aid and assistance to the travel industry for their promotional efforts. Under,
this scheme, 25 percent subsidy will be available to travel
industry for promotional programmes like production of
literature, presentations overseas, films, etc.

The TAAI's highlighted two problems, the first relates
to the virtual stagnation in the growth of international
tourism in India and the second to the automation of travel
agencies throughout the country. Regarding the first area, it
conveyed that, in the first half of the 80's our growth has
been negligible. 1980 started with 8 lakh arrivals and we are
still covering around 8.4 lakhs in 1985. However, there is a
silver lining and arrivals in 1986 are better and we anticipate
at least 10 percent growth this year. TAAI has also offered
the govt. support in utilising the five crore market develop-
ment fund agreed to by the planning commission in the seventh
five year plan.

Regarding the second area, the automation of travel agencies
is a natural corollary to the automaton in airline systems.
TAAI has expressed its view in favour of a multi-access system
which should link agency offices directly not only with Indian
Airlines and Air India but also with foreign carriers. They
hoped that the national carriers would work with TAAI towards
achieving this, adding that, travel agents are willing to bear
the necessary costs.

TAAI desired that the state govts. should realise that they
have a very important role to play in the fields of accommo-
dation, transport, waterways, roadways etc. None of this can be
developed without their association and initiative. They will
have to play their part if we want to make our place as one of the world's great tourist destinations seriously. The case of automation was taken up with Air India, and they have now agreed that they will give out its hardware to the agents on payment of a fee. Dissemination of information will have to be automated and made available everywhere at bus stations, railway stations. Automation of information can not be limited. The immediate concern before the TAAI is, that they are breaking ground into newer regions of tourism. They have given the 1986-87 plan to the tourism office for joint marketing with the industry.

The TAAI recommends that to achieve the target of 2.5 million tourists by 1990, they need the aid of the ministeries of home, information and broadcasting, works and housing, external affairs, railways, civil aviation, etc. An integrated plan of action should be prepared. They proposed to the Reserve Bank of India that the foreign exchange allowance be raised to 1000 dollars, the obvious reason being that the rupee has lost value. They asked Reserve Bank of India to look at the foreign exchange policy, vis-a-vis travel, a new, for facilities of group travel etc., in making it more broad based.

They have also laid an emphasis on developing and educating a trade cadre of personnel for running various segments of the industry. Properly related training should be afforded to trainees/students, and public and private sector institutions formed.
The TAAI requested the minister of State for Civil aviation, to look into the question of an adequate remuneration of at least 5 percent to travel agents which has currently been reduced to 4.2 per cent as the commission allowed on fuel surcharge.

Secondly, they mentioned, that representatives from travel agencies who meet and assist foreign tourists at airport have to pay a high fee of Rs. 540 per quarter per staff. They pleaded that the govt. treat such travel agency personnel like other airport staff, allowing free entry to enable them to service foreign tourists better.

It is felt that, the tourist guides who are supposed to create a good impression into the minds of the tourists need specific training in these days of specialisation. It is not enough, for instance, for a guide to tell mechanically the same set of facts, figures, jokes, stories, every time when he takes out a party of sight seers on a conducted tour more especially if the travellers are from abroad. The focus of interest could change from traveller to traveller. Some may be interested in the romantic aspect of the past, some temple, church or palace, others could be less sentimental, more down to earth and may desire to know about climate, geology, geography, various aspects of nature, facts about art and architecture that makes the glorious vistas and quaint old monuments what they are.

The agent has to be a friend, philosoper and guide. With the growing complexities of travel, the reservations to be made,
the forms to be filled up, permissions to be obtained, it is essential to have a travel agent who can not only guide on the most convenient routes, the best fares and take over all the headaches and uncertainties of travel. A travel agent is not merely providing services of making reservations and issuing tickets but is in fact selling convenience to a traveller. An efficient travel agent, therefore, should be able to assist the traveller in preparing his travel itinerary making necessary booking whether by air, rail, hotel or car hire, organise visas and take care of other permissions for international travel and provide last minute briefing on the do's and dont's.

The accent today is greater professionalism at all levels in the travel agency industry. All this required a great deal of knowledge, skill and tact. It is felt that the Tourism industry needs more institutions who are selective and who impart the right type of training and create the correct aptitude for the young boys and girls who wish to make travel their agency career. Training is required on now to sell effectively, be innovative, look after the travellers requirements. Training is needed in financial management and human resource development. Now the pripriity should be given to computerisation. Now the travel agency offices should be connected to the computer terminals of Indian Airlines and Air India. In fact now we have reached at the stage what could be termed as optimum use of man power. Further improvement in efficiency depends on computerisation.

It is proposed that the payments for services rendered by
travel agencies should be scaled up to near international standards. The effective rate of commission paid by Indian airlines is, for instance, (4.1%) and 3% by vayudoot and, the railways pay nothing at all. The Indian travel agencies have to do everything from arranging passports, visas to ticketing, etc. whereas in the USA, travel agents get a higher rate of commission of between 11% and 13% and the quantum of work is less than what Indian travel agents have to do.

It is being conveyed by the travel agencies that they do not get any fiscal or financial support from the govt. They cannot plough back their profits to build up their reserves.

AVIATION IN INDIA

In July, 1946, Tata Airlines were converted into a public limited company under the name of Air India. Having made its domestic operations a success, Tata's floated Air India International on 8th March, 1948. Govt. agreed to limit their capital participation to forty nine percent, subject to an option to acquire at any time two per cent from Air India who were appointed technical managers on a ten year contract.

An enquiry was ordered, and in 1952 however, the govt. came to the conclusion that the only solution to the Chaos that existed in the airline industry was complete nationalisation. Initially, the govt. favoured a single corporation, both the domestic and for the international services. It was agreed to have two corporations.
In March 1953, the parliament of India passed the Air Corporations Act according to which "there shall be two corporations to be known as Indian Airlines and Air India International." Indian Airlines - the undertaking of all existing air companies (other than Air India International) and Air Indian International - the undertaking of Air India International Limited. The Act provided for ten percent payment of the acquisition price in cash and the balance in five percent five year bonds of the corporation which were duly redeemed in 1958. Since then the govt. has provided the capital requirements of the two corporations. Six domestic airlines were merged with Air India to form the Indian air lines corporation. Air India International Limited was taken over by Air India International Corporation. The word 'International' was later dropped by an amendement to the Air Corporation Act in June 1962.

AIR INDIA

Air India has a regular tourism division which was created in 1955 to meet the complete needs of the tourists. The concept evolved and revolved around not only providing the tourist with transportation but also looking after his stay, food, recreation, sightseeing and quest for cultural and artistic knowledge. Air India works in close relationship with the Dept. of Tourism, in promoting tourist traffic to India. The airline has also entered into liaison with the various govt. of India Tourist offices abroad. There are four sections to cover the entire spectrum of tourism activities - General Tourism, Himalayan Tourism, congresses and conventions and
special projects. Though, each section concentrates on specific areas, yet the overall objective remains the same to promote tourism to India and thus generate traditional travel on the airline.

In fact, the role of airlines has changed along with their growth and development. Transportation is not only the function, but transportation along with a host of related facilities. All this has necessitated added inputs for the airlines and this means further growth and expansion of infrastructures. The economic revival in the West has had a positive effect on airlines functioning and unless there is another fuel hike of sizeable proportions the situation can be expected to improve steadily, since the basic demand for both the passenger and cargo segments is increasing all over the world.

According to airline analyses, the main factor which can determine the success or failure of the particular carrier, and indeed of the industry itself, is the degree of confidence people have in their safety.

More aircrafts for Air India

Air India will receive six Airbus Industries A310-300 long range twin jets during 1986, three in the first quarter and the balance in the third quarter. These will initially replace our five remaining Boeing 707s on routes to Africa and Gulf. The last B707 will be phased out by October 1986.

A tenth Boeing 747 will soon be acquired to replace Kanishka.
Financially, Air India could hardly do better. "The airline currently achieves among the highest returns on investment of any airline in the world". It was 12.3 percent in 1984-85 and should be higher in coming years.

Air India has done well on most routes, with a remarkable increase of 35 percent in traffic between India and Singapore, and 15 percent between India and Europe. Only the African routes except Nigeria have been disappointing.

Over the last five years, Air India has had an average growth rate of 8.6 percent per year. The Air India's future plans include the search for new routes and the replacement of its present fleet. In view of the slowdown in growth rates of its present markets, Air India faces the challenge of entering entirely new markets. Secondly, the Air line hopes to replace its entire current Boeing 747 fleet in the next fifteen years. With these strategies in mind, Air India forecasts an overall average annual growth of 7.1% in its passenger traffic upto the end of the decade.

The new routes to be operational includes, (By 1990) Scandinavia, Philippines and Indonesia. In the next phase of 1990 to 1995, they envisage operations to China, on route to Japan, and the extension of their Japan services across the Pacific to the West cost of USA.

INDIAN AIRLINES

In August, 1953, India Airlines took over the operations of
eight privately operated domestic airlines, which had different standards of organisation, operations and maintenance. While Air India was to project the image of the country abroad, Indian Airlines was assigned the difficult task of catering to the diverse and ever-changing the needs of the country.

Indian Airline's contribution to the national economy in terms of financial performance is an excellent one. The foreign exchange earnings of Indian Airlines are a measure of its contribution towards promotion of tourism. The Indian Airlines recorded a growth of 11.6% in 1985. It is making optimum utilisation of its resources. The Indian Airlines is the second largest network of IATA airlines and outside the US it is number three in terms of passenger's revenue per kilometer. It has 54 Aircraft which take daily off 300 times a day and fly 28,000 passengers daily.

Domestic Tourism in India today is very much on the move. But for domestic tourism to flourish, it is necessary that adequate infrastructure be built up within the country in the shape of good hotels, jungle lodges, beach resorts, good surface transportation and adequate aviation. The airlines in general, and Indian Airlines in particular have very important role to play to promote domestic tourism. It has also recognised the importance of conferences, tours and its hotel corporation of India.

In recent times, Indian Airlines has introduced a number of concessional fares partly to promote more traffic and partly on humanitarian grounds.
Indian Airlines have earned its highest ever net profit of Rs. 52.84 crore in 1984-85 according to its annual report placed in the Parliament. The airline also carried a record number of 8.50 million passengers registering a growth rate of 11 percent over the previous year. Of the 8.5 million passenger the airline carried, 10.99 lakh were foreign passengers and 6.926 foreign tourists groups comprising 1.49 lakh passengers travelled on the airline's flights. In order to facilitate these groups, the airline arranged 65 additional flights and 62 diversions. The airline carried 1,09,462 tonnes of freight in 1984-85 registering an increase of 16.3% over the previous year.

The Indian Airlines at present have a fleet of 10 airbus 25, B-737 and 19, Turbo prop aircraft. In a few months, 2 additional Airbus and 3 additional B-737 will join the fleet. Between now and 1988-89, Indian Airlines plan to induct upto 3 A-300 and 12 B-737. Depending upon the progressive growth of traffic in 1989-90 with 19 A-320 aircraft joining their fleet, Indian Airlines will have a total of 54 Jet Aircrafts.

COUNTRY'S THIRD AIRLINE VAYUDOOT

The country's third airline, vayudoot was launched in 1981, making its maiden flight between Gauhati and Barapain on 26th January, 1981.

Its financial performance at the end of 16 months (1981-82) was pathetic and the airline suffered a loss of Rs. 66.60 lakhs.
Two years later it was 109.27 lakhs. The separate airline has been created with a thought that this would be more suitable in the long run and easier to manage as it deals with a different segment of people. And this way the overheads could also be kept low.

The Vayudoot had a greater percentage of self-payers as compared to Indian Airlines Passengers who tend to be company guests. The Vayudoot is the only service which has fares in some sectors that are cheaper than the railways. The Vayudoot has carried about 1,02,963 passengers in 1985, while the projected figure for 1985-86 was 2,50,000 and they hope that by 1990 it will have about 12 more aircrafts and about 130 stations in all.

The Vayudoot is planning scientifically now all the circuits, and it appears to be their endeavour that all the state circuits are added and the tourist should be able to see the whole of India without any hazards of making reservations and ground arrangements. The Vayudoot has reason to be confident in expecting a total passenger turnover of 10 lakh by April 1988.
### World's top twenty airlines*—1982 (Scheduled passenger kilometers)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Airline</th>
<th>Millions</th>
<th>Rank</th>
<th>Airline</th>
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<td>Lufthansa</td>
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