

**REPORT**  
**OF THE**  
**AD HOC COMMITTEE ON TOURISM**  
**1963**



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# REPORT OF THE AD HOC COMMITTEE ON TOURISM

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## I. INTRODUCTION

Tourist traffic to India, which had been increasing fairly rapidly until 1959, began slowing down in 1960 and 1961. During 1962, the figures of tourist arrivals for the first time showed a decline of 3.9 per cent, the actual numbers being 1,39,804 in 1961 and 1,34,360 in 1962. The decline in the months of November and December, 1962 compared to the corresponding period in the previous year was 7.1 per cent and in actual numbers 2,000. Thus, out of a decrease of 5,444 in 1962, a decrease of 3,444 during the first ten months had already taken place. The Emergency only accentuated the decline which was already in evidence from the beginning of 1962.

2. Because of this noticeable decline in the rate of growth of tourist traffic to India, the Minister of Transport and Communications in consultation with the Minister of Finance appointed an *Ad Hoc* Committee to enquire into the causes of the decline and to suggest ways and means of expanding tourist traffic. The Committee was set up with the following terms of reference:—

- (i) Examine, generally, the conditions prevailing in the country from the point of view of promoting tourist traffic and to suggest ways and means of improving those conditions with a view to achieving an expansion in that traffic by at least 20 per cent a year in the next three years, and thereafter at a progressive rate of increase.
- (ii) In particular—
  - (a) assess the requirements of tourism in respect of hotel accommodation and transport arrangements and suggest necessary measures for the speedy provision and improvement of these facilities;
  - (b) examine the present rules and procedures regarding visas, customs, and other formalities with a view to facilitating entry and exist of tourists; and
  - (c) recommend necessary reorganisation of publicity programmes and other steps required to bring about the desired expansion of traffic.
- (iii) Suggest measures necessary to ensure that the foreign exchange earned from tourism and resulting from its expansion is protected against leakage.

3. The Committee consisted of the following:—

- Shri L. K. Jha, Secretary, Department of Economic Affairs—*Chairman*.  
 Shri Y. T. Shah, Joint Secretary, Department of Economic Affairs.  
 Shri S. Mullick, General Manager, Indian Airlines Corporation.  
 Shri Fateh Singh, Joint Secretary, Ministry of Home Affairs (F.B.).  
 Shri M. G. Abrol, Officer on Special Duty, Central Board of Revenue.  
 Shri S. N. Chib, Director General & ex officio Joint Secretary,  
 Department of Tourism—*Member-Secretary*.

The Committee was set up on 1st March, 1963 but was able to hold its first meeting only on the 13th March, 1963 and subsequently met eighteen times between the 28th March and 12th August, 1963.

4. The Committee held informal discussions with Gen. K. S. Thimayya; Shri Ram Pershad, President of the Federation of Hotel & Restaurant Associations of India; Shri G. K. Khanna, Managing Director, Mercury Travels, and past President, Travel Agents Association of India; Shri S. S. Poddar, Managing Director, Orient Express; Mr. Robert Rieffel, General Manager for South Asia, Air France; and Mr. Jean Bernard, Commercial Counsellor, French Embassy. In addition, the following persons, at the Committee's request, sent memoranda expressing their views on the promotion of tourism in India:—

- Shri J. R. D. Tata, Chairman, Air India.  
 Shri Bharat Ram, President, Federation of the Indian Chambers of Commerce & Industry.  
 Gen. K. S. Thimayya, D.S.O. (Retd.).  
 Col. G. V. Raja, Member, Hotel Classification Committee.  
 H.E. Dr. J. Giusti del Giardino, Italian Ambassador in India.  
 Shri V. C. Shukla, M.P., President, Indian Shikar Outfitters Association.  
 Shri F. C. Badhwar, Retired Chairman, Railway Board.  
 Mr. H. Hermann, Commercial Counsellor, Embassy of the Federal Republic of Germany, New Delhi.  
 Mr. W. H. Weathersby, Country Public Affairs Officer, United States Information Service, New Delhi.  
 Mr. Edward Dow, Jr., U. S. Embassy, New Delhi.  
 Mr. P. S. Preston, U.K. Trade Commissioner, New Delhi.

Mr. Thomas F. Brady, *New York Times* Foreign Correspondent,  
New Delhi

Shri Narendra Luther, Director of Information & Public Relations,  
Government of Andhra Pradesh, Hyderabad.

5. We are grateful to all these persons for the valuable contribution made by them and in particular wish to express our appreciation of the very thoughtful memoranda sent by Shri J. R. D. Tata, Shri Bharat Ram and His Excellency the Italian Ambassador in India whose suggestions on various matters were of the greatest value to the Committee.



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## II. THE VALUE OF TOURISM

The main reason why so many countries in the world today are trying to attract tourists is that tourists bring in foreign exchange. Recent experience of some countries has shown that the amount of foreign exchange earned through tourists can rise to such high figures as to make a radical improvement in a country's balance of payments. In India, with the continued seriousness of the foreign exchange position, we have been trying to develop our exports, and tourism, as an item of invisible export with a great growth potential, deserves close attention. Already it is making a significant contribution to our foreign exchange earnings. In 1961, earnings from tourism amounted to about 3 per cent of our total exports, a performance which was bettered by only five other items on our export list.

2. To assess the potentialities of tourism in augmenting our foreign exchange resources, it is worth looking at some international statistics. In 1962, more than 120 million passengers\* were carried by airlines belonging to the International Air Transport Association (IATA). According to the data released by the U.S. Department of Commerce in 1962, international travel expenditure exceeded \$7.5 billion or roughly Rs. 3,700 crores. This figure should be compared with the total estimated foreign exchange gap of Rs. 2,600 crores for the Third Five Year Plan as a whole, for which we are seeking external aid. American tourists alone spent \$2.5 billion or approximately Rs. 1,205 crores in 1962.† German tourists spent about Rs. 430 crores in 1961.‡ Among the countries which had large foreign exchange incomes from visiting tourists, special mention should be made of Italy and Austria which have been able to wipe out their trade deficits and build up large reserves of foreign exchange mainly through measures to attract tourists.

3. In assessing the economic significance of tourism one should not merely look at it as an invisible export and a source of foreign exchange, but also give some consideration to its impact on the domestic economy. The tourist industry is particularly labour-intensive with a very much higher employment potential, direct or indirect, than most other indus-

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\*Source : IATA bulletin.

†Source : Paper entitled "International Tourism" submitted to the U.S. Travel Service by the Travel Advisory Committee in April, 1963.

‡Source : IUOTO Travel Statistics.

tries. This is because what the tourist needs most is personal service provided by hotels, restaurants and transport operators. In addition, the things which the tourist buys are mostly handicraft products. Embroideries and brocades, pottery and brassware, ornaments and artistic things in general, have a much greater appeal to the tourist than mechanised mass-produced merchandise, of which he has plenty at home.

4. It has been estimated that of the total amount of money which a tourist spends in India, about 20 per cent is spent on shopping.\* There is evidence to show that tourists have given a shot in the arm to some of the handicraft industries of India, and many of the artisans and artists, who might have gone out of business, have continued to thrive in their traditional crafts, thanks to the patronage of the tourists.

5. A research team commissioned by the U.S. Government to study the effect of tourist expenditure in the Pacific area have made a survey of seventeen countries of East Asia and the Pacific. According to this survey, the initial spending<sup>1</sup> by tourists, taking into account the re-spending by those who receive the money, generates and sustains economic activity which is 3.2 to 4.4 times higher. The lower 'multiplier' is valid for countries where there is a relatively high percentage of leakage of foreign exchange, and the higher figure applies to countries like Japan, Australia and New Zealand, where there is little or no leakage.

6. No similar study has been made in India. Purely from the point of view of economic theory, it is open to doubt whether the multiplier concept has the same kind of validity in a developing economy as it has in industrialised countries where the concept was first evolved. Nevertheless, it seems fairly clear that the process of catering to the tourist and his multifarious requirements involves not only those who come into direct contact with tourists, but also a large number of artisans, craftsmen and others who never see the tourist but who nevertheless work for him. There is also the consideration that what the tourist spends is foreign exchange which is particularly scarce. As a result, the indirect benefits to the levels of employment and economic activity in general are particularly high. The same report argues that about 10 per cent of the total turnover generated by tourist expenditure accrues to the State in the shape of taxes of various kinds. In India, where the incidence of taxation on many of the goods and services consumed by the tourist is higher than in most of the countries covered by the study, we would hazard the figure of 15 per cent as being nearer the mark. In other words, the revenues of the Central and State Governments as well as of the Municipal authorities are augmented by a good proportion of what the tourist spends.

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\*According to an economic survey recently conducted by the Indian Institute of Public Opinion, tourists from American countries spend about 21.7 per cent, while those from Western European countries spend about 16 per cent of their total expenditure on shopping.

7. One of the reasons why we have felt it necessary to emphasise the value of tourism to the domestic economy of the country is that all too often, local authorities are inclined to think that since tourists only contribute foreign exchange to the economy, the promotion of tourism is a matter, primarily if not exclusively, of concern to the Central Government. There are of course exceptions. The State of Jammu & Kashmir has always been conscious of the amount of employment and economic activity generated in the valley by the influx of tourists (not necessarily foreigners). Similarly, in certain cities whose prosperity has depended upon the large number of visitors coming to them from outside — such as Banaras which attracts pilgrims as well as tourists, and Agra which sustains a lot of economic activity based on visitors to the Taj — facilities to accommodate, transport and entertain these visitors have grown up over the years. For the success of our efforts to encourage foreign tourists to come to India, it is essential that the State Governments and Municipal authorities should offer their fullest cooperation in the matter, and in doing so they should realise that they are not only helping the country's export drive but are adding to the volume of employment within their territories as well as to their own resources.

8. As against these obvious advantages, one must also pause and consider whether there are not some disadvantages. Some economists have expressed the view that the promotion of tourism may create undue stresses and strains in a developing economy. The tourist, according to them, expects high standards, the provision of which may upset domestic priorities in a developing economy, create jealousies and discontent and add to the demand for imports which the country would be well advised to restrain.

9. While we would not for a moment assert that such a view-point has no validity, we do feel that the image of the tourist on which it is based is somewhat out-moded. It is true that the initial cost of coming to India from the U.S.A., Europe, Australia etc. being still comparatively very high, the majority of tourists who come to India belong to the higher income groups. However, statistics show a steady growth in the number of tourists belonging to modest income groups, people who have worked hard all their lives and are seeking a well-earned holiday, students and scholars and others who have a very different outlook from the kind of people who go on a round-the-world cruise or a holiday on the Riviera. With the introduction of cheaper group and excursion air fares from Europe to Tokyo and a \$ 950 round-the-world ticket this year, this trend will become more prominent in the next few years. Secondly, we consider it a mistaken notion that a rich tourist necessarily wants to live in a luxury hotel. He appreciates cleanliness, courtesy, and efficiency more than mere luxury. Also, as a matter of national policy, we as a compara-



tively less developed and poorer country, need not be extravagant in providing for tourists. We shall later in this report have occasion to discuss the need for more accommodation and transport for the tourist traffic, and to urge that a good deal of these facilities should be inexpensive rather than luxurious. Higher standards of cleanliness and decor, of sanitation and hygiene, of courtesy and efficiency, which the tourist demands, should and could be beneficial to a developing country rather than a strain on its resources. Last but not least, is the reception they get from the people at large which makes foreign visitors feel that they are really welcome and that their journey to far-away places has been really worthwhile.

10. Any assessment of the value of tourism to a country must take into account not merely the economic factors but also some deeper and more fundamental aspects of international human relationship. On this, we can do no better than quote a message of our Prime Minister on the subject:

"We must welcome these friendly visitors from abroad not only for economic reasons, for tourism brings foreign exchange, but even more so because this leads to greater understanding and mutual appreciation. There is nothing that the world needs today more than this mutual understanding.

"Our people are by tradition and habit kind and courteous to foreign visitors. They will continue to welcome them. But I would particularly like to impress upon officials and others connected with the departments of government in the States and at the Centre to give unfailing courtesy and consideration to visitors."

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### III. THE POTENTIAL AND THE PERFORMANCE

Few countries in the world can offer such a wide range of attractions to the tourist as India can. He can find places of extraordinary natural beauty. He can carry a camera or a gun to the jungles if he is interested in wild life. He can visit ancient monuments in stone and marble — Ajanta, Mahabalipuram and the Taj — as well as the monuments of modern India — dams, factories and the cities planned by Lutyens and Corbusier. The serious-minded traveller can find a great deal to interest him in this, the world's largest democracy, and in our efforts to develop our economy. All these attractions for the tourist are there without any effort on our part to create them. A conscious effort would greatly augment the potential. Mountaineering and winter sports, cultural activities and many other attractions could be developed both for the benefit of our own nationals and of our visitors from abroad. On top of all this, India has the advantage of being at the cross-roads of some of the most important air-routes and sea-routes of the world.

2. With all these advantages, the progress made by India in attracting tourists is, on the whole, poor. While there has been a steady increase in the number of tourists coming to India, the figure increasing from about 16,800 in 1951 to 139,804 in 1961, when we compare the figure with that of other countries, the picture does not appear to be at all bright. Italy got 18.9 million tourists in 1961 and earned \$755 million or Rs. 359 crores.\* Britain earned \$576 million or about Rs. 274 crores from tourists in 1961.\* Yugoslavia and Greece have performed what is regarded as a miracle in tourist circles, having increased their earnings by about 900 per cent. between 1952 and 1962. No doubt these countries have one major advantage over us, in that quite a large number of tourists come to them from neighbouring countries who have to spend relatively little on actual transportation costs and who do not have any foreign exchange restrictions on their travel. Countries in Asia are not equally well placed in this respect. But our performance, even in comparison with certain countries in Asia, which have taken special steps to encourage tourists, is by no means satis-

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\*Source : IUOTO International Travel Statistics.

factory, as the following table\* would show:—

	1957	1958	1959	1960	1961	1962	Average percent- age increase
India	80,544	92,202	109,464	123,095	139,804	134,360	14.8†
Japan	84,211	103,837	127,829	159,416	193,952	215,282	20.6
Hong Kong	59,370	103,058	138,561	163,661	220,884	253,016	33.6
Thailand	44,375	55,210	61,571	81,340	107,754	130,809	24.1
U.A.R.	234,565	316,504	417,801	495,028	554,322	554,581	19.8

3. A significant point to notice in the table above is that India is the only country which attracted fewer tourists in 1962 than in 1961. One could attribute the decline to the Chinese aggression and the declaration of Emergency which necessarily slowed down the inflow of tourists. As pointed out in the opening paragraph of this report, however, the number of tourists coming to India had begun to decline even in the earlier months of 1962 when conditions were completely normal.

4. Tourist traffic in the world as a whole has been increasing at an annual rate of 13 per cent\* and there are no signs of abatement. Forecasts on the development of tourist traffic in the Pacific area made by expert bodies indicate that the Pacific is going to attract tourists in growing numbers. With the possibility that Japan will shortly lift foreign exchange restrictions on travel, a very large outflow of tourists would now originate in the Pacific itself—quite a high proportion of whom would be tempted to visit India—some on their way to Europe, some as pilgrims to the Buddhist shrines in India and yet others because they would like to know their own continent better.

5. Against this background, the decline in the number of tourists coming to India is indeed a matter of major concern — a concern which led to the appointment of this committee. In all the memoranda we have received and all the personal testimony which we have heard, one factor has stood out as a common feature. India, we have been told, is not doing enough to attract the tourist. On the contrary, many things which we do discourage the tourist from coming to India. Reference has been made particularly to the number of time-consuming formalities which a tourist is subjected to and the lack of accommodation and transport facilities without which no growth of tourism is possible. Quite apart from any specific measures that may be taken to remove the difficulties, it has been impressed upon us that there must

\*Source : IUOTO International Travel Statistics, and information supplied by respective Governments concerned.

†Upto 1961 only.

be a nation-wide recognition of the value of tourism and a concerted effort to promote it if the target of achieving a steady growth in tourism is to be fulfilled.

6. The first task to which urgent attention has to be bestowed in our view is that of ensuring that every tourist who comes to India, goes away satisfied and happy with his stay. This requires a speedy improvement of the facilities at our airports which are, as a rule, both the first and the last points of contact between the tourist and the country, a simplification of the formalities which a tourist has to comply with when coming and leaving, as well as during his sojourn in the country, and better facilities for accommodation, transportation and shopping. Each satisfied tourist, who goes out of India, will do far more to bring more tourists to India than any amount of publicity that we can undertake. Secondly, we must enlarge our capacity to receive more tourists. This means primarily more hotel accommodation without which we cannot possibly augment the inflow of tourists. Some other ancillary investment, particularly in transport, has also to be undertaken if we are to cope with more tourists and induce them to spend longer periods here. Finally, we have to consider ways in which our efforts can be sustained over a long period. We believe that the number of tourists coming to India can gather a momentum which will necessitate the setting up of an appropriate organisation to be constantly planning for the future and undertaking new developments. In the rest of the report, we propose to deal with these subjects, more or less in the order indicated.



#### IV. FORMALITIES

Most of the witnesses who have appeared before us as well as the memoranda we have received have emphasised the importance of simplifying the formalities which a tourist has to comply with and the large number of forms he is called upon to fill up. The subject, we understand, has been raised before and has received the attention of Government on more than one occasion.

2. An inter-departmental Committee was set up as far back as 1956 by the Home Minister as a result of certain complaints having reached the Prime Minister. This Committee consisted of representatives of the Ministries of Home Affairs (Aliens and Security Branches), Finance (CBR), Communications (Civil Aviation), Transport (Tourism), and Health (DGHS). This Committee visited all the important ports of entry and made certain recommendations in October, 1956. The Committee also recommended that a review of rules and procedures should take place every two years. The Committee consequently submitted further reports in 1957 and 1960. In addition there is an annual meeting of the National Facilitation Committee under the auspices of the Director General, Civil Aviation, where formalities concerning air passengers are discussed between representatives of all the international airlines operating through India and the representatives of the Departments concerned. Facilitation Committees of this type have been set up in many countries in pursuance of a recommendation made by the International Civil Aviation Organisation. The prime object of these Committees is to introduce uniformity in the regulations and procedures of different countries so that the tourist, who frequently travels through a number of countries, does not have a bewildering variety of regulations to cope with. Without belittling or trying to cut across the work which is otherwise being done, we set out below certain observations and recommendations for the consideration of Government.

##### *Visas:*

3. Visa regulations in all countries including India have been designed firstly, to keep undesirable aliens out of the country, and, secondly, to limit and regulate the entry and residence of foreigners seeking employment or otherwise trying to make money for themselves. Inevitably, the tourist in all countries has to comply with the visa regulations even though he goes to spend rather than earn money and has no intention

of taking part in any activities which may be considered to be undesirable from the point of view of the host country. Accordingly, various countries have from time to time been devising special procedures and granting exemptions from visa regulations to tourists, for it is quite obvious that the slightest difficulty in securing permission to visit a country is apt to increase the impression on the minds of the intending visitor that he is not really welcome, and he might well change his itinerary or destination rather than comply with formalities and regulations which he regards to be irksome or unnecessary.

4. A practical problem which arises in the matter of giving special facilities to a tourist is that of defining a tourist. The definition adopted by the U.N. Convention on Customs of 1954, which has been signed and ratified by India, states: "a temporary visitor staying up to 6 months and not seeking gainful employment as a tourist". While this definition is good enough to ensure that no one who claims tourist treatment as a tourist can start working or earning in the country which he visits, it does not altogether satisfy the other factors which governments take into account in granting visas. A visa may be refused to a particular person because he is an undesirable character or because he may be coming from a country with whom we do not have friendly relations. Considerations of this kind are not taken care of by the wide definition of a tourist which even the Statistical Commission of the United Nations has been obliged to use for lack of a better one, and for which, therefore, it has preferred to use the more neutral expression "temporary visitor" in preference to the word "tourist".

5. As a Committee, we recognise that the visa policy of the Government of India as of other governments must be influenced by considerations of foreign policy on the one hand, and internal security, law and order on the other. While we feel very strongly that a more liberal policy in the granting of visas to tourists is an essential pre-requisite of the kind of growth in the inflow of tourists which has been envisaged in our terms of reference, we are fully aware of the fact that in coming to final decisions, Government will have to take due note of the two considerations to which we have just referred and which are not within our purview.

6. Before setting out our recommendations we should like to recapitulate the present regulations as we understand them. Their main features are the following:—

- (a) Visas are not required by people coming from Commonwealth countries (with a few exceptions).
- (b) Instructions have already been issued with a view to promoting tourism, to Indian Missions abroad to be liberal in the grant of tourist visas and to make them valid for a minimum

period of three months and for three entries into the country so as to give the tourist a chance to go from India to, say, Ceylon or Nepal and back again. Applicants are required to produce either a bank guarantee or a return ticket to ensure that the tourist will return home without becoming a financial liability.

- (c) If a passenger arrives in India without a visa because he was not aware of the regulations or has missed a connecting flight or the connecting flight is delayed to the following day, the police authorities at the airport can give him a landing permit which is valid for 72 hours provided he deposits his passport with them and provided he does not go outside the town where he has landed.
- (d) As soon as a foreigner arrives and registers in a hotel, the hotel furnishes certain prescribed particulars to the Police. In addition, the foreigner has to make a personal registration with the Police after 30 days' stay if he has a visa valid for 90 days while he has to do so within 7 days of arrival if his visa is valid for any period between 3 to 6 months.

7. The suggestions which we would commend to the Government for their consideration are the following:—

- (i) In case of tourists who for any reason arrive without a visa, landing permits valid for 72 hours should be issued liberally by the immigration staff stationed at the port itself without requiring the tourist to prove that the non-possession of a visa before arrival was due to a mistake or to delayed air connections necessitating an unforeseen halt etc. Such a landing permit should also enable the holder to do local sight-seeing and in case he desires to visit nearby places such as Agra and Jaipur (from Delhi), Ajanta and Ellora (from Bombay) or Mahabalipuram (from Madras), he should be able to get the necessary permission speedily on application.
- (ii) In the case of passengers arriving for a stay of seventy-two hours or less by chartered aircraft, special arrangements should be made for issue of a collective visa to all the passengers so as to avoid the necessity of obtaining separate visas for each.
- (iii) Applicants for tourist visas are now required to produce either a bank guarantee or a return/onward ticket as evidence of the status of the applicants. This leaves an element of uncertainty and visa-issuing officials are apt to insist on either the stricter of the two alternatives, viz., the

bank guarantee or to demand both, viz., the bank guarantee as well a return/onward ticket. It should be sufficient that applicants for tourist visas are required to produce only a return/onward ticket and not a bank guarantee at all.

- (iv) In the case of applications for short-term visas for businessmen, the present instructions are that these visas, which are valid for a stay in India for 3 months, should be issued only on production of either a sponsorship letter from the applicant's firm or evidence of the applicant's financial status. Since such temporary visitors generally do some sight-seeing along with business, the Committee would recommend that the formalities may be made easier by accepting the alternative of a return/onward ticket as evidence of the applicant's financial status.
- (v) Certain countries have been able to abolish visa regulations on a reciprocal basis and this has greatly facilitated the flow of tourist traffic between those countries. To what extent such an approach would be possible for us may be considered by Government.

#### Customs:

8. The customs official in India has one of the most unenviable jobs. There are such a large number of things whose import is prohibited, not only gold and diamonds, but also watches, cameras, razor blades and perfumes, that there is hardly any tourist who does not have a few items in his possession which would also interest the smuggler. The Customs official is, however, expected, on the one hand, to check the smuggler and, on the other, to show a good deal of latitude to the tourist.

9. To make this possible, instructions have been given to the customs staff to allow the tourist to bring in a large number of things normally carried by a tourist on the understanding that they would be taken out by him when he leaves the country. With this fundamental approach, we are in entire agreement.

10. We however consider that some simplification of procedure is necessary. The tourist is not, by temperament, inclined to smuggle. Countries which give a great deal of latitude to tourists find that though the tourist comes loaded with articles for his own use, he does not go about selling them in the country visited. Moreover, to restrict such sales, most countries rely more on imposing restrictions on shops where such goods could be sold, than on being strict with the tourist. Thus, at one time, it used to be quite worthwhile smuggling German cameras into Great Britain and even today, smugglers try to get Swiss watches



into Britain without paying the import duty. Nevertheless temporary visitors to Britain have not had any difficulties in going in and out with cameras and watches and, as a rule, their verbal assurance that they would take them away with them, has been accepted. The British customs, however, keep a fairly tight control over shops dealing in cameras and watches to ensure that they do not take into stock articles sold by tourists.

11. The Government of India have recently tightened up the internal discipline on shop-keepers, and goods which are not allowed to be imported and which have obviously been smuggled, are no longer being openly sold at respectable shops across the counter. This, in our view, is the right approach. With these measures having been taken, we feel that a great deal of relaxation of the regulations affecting tourist traffic can now be taken in hand.

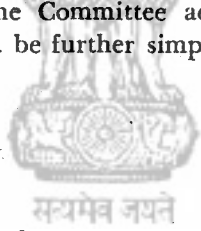
12. Firstly, the list of things which a tourist may bring has to be kept under constant review. Within the last decade, there has been a considerable change in tourist habits. Even a casual tourist no longer goes about with just a box camera but uses expensive models with a variety of accessories and gadgets to go with each. He also brings a lot of films, flash bulbs and other articles needed for photography. Then again, he carries things like transistor radios and tape-recorders some of which he may have acquired in the course of the journey itself. Customs officials necessarily apply the rules as they exist. It is evident to us that these rules need to be liberalised.

13. We accordingly suggest that the form required to be filled in by tourists as a guarantee for re-export of articles of high value may be simplified so that the number of declarable articles is reduced. At present, a tourist carrying one watch is not required to enter it in the re-export form. Since a majority of tourists also carry cameras, we recommend that one still camera may be passed without the tourist being required to enter it in the re-export form. Similarly, a reasonable amount of jewellery of the type usually worn by tourists may be cleared without the procedural formality of a re-export form. It is not likely that a large number of tourists would be easily tempted to part with such articles by selling them in this country. Hence, if articles such as these could be exempted from having to be included in the form, it is possible that a large number of tourists would not have to fill in the form at all if they do not carry any other high value articles.

14. The second and probably the more annoying feature is the fact that the tourist has to establish the identity of each item of equipment in fairly precise terms so as to enable the Customs authorities to identify the article as actually re-exported at the time of his departure. This means that not only the make but also the manufacturer's serial num-

ber of things like transistor radios and type-writers have to be recorded. Few people can put down from memory the number affixed by the manufacturer to the tape-recorder or the radio that they carry. It takes them time to find where the number is, to decipher the fine print or engraving and then to reproduce it on the form. All this is trying and time-consuming. A similar check has to be made at the point of departure. We understand that instructions have been given to the Customs staff that information regarding the number should not be insisted upon but this fact is not known to the traveller. The Committee, therefore, suggest that it should be deleted altogether from the form.

15. As regards the value column in the re-export form, most tourists would find it difficult to assess the present value of a used article, and any estimate they may make is bound to lead to an argument with the Customs staff. Since in any case the value as given by the tourist is not always accepted and it is open to customs officials to charge duty (in the event of non-export) based on an assessment of the value of the article in India, the Committee suggest that as an aid to assessment of value for purposes of levying duty in the event of non-export, the form could, instead of having a column entitled 'value' have two other columns to indicate the price paid and the number of years the article has been used. This could be filled in by the tourist more easily and without having to enter into any argument. The Committee accordingly recommend that the revised T.B.R. form should be further simplified so as to contain the following columns only:—

- 
- (i) Articles.
  - (ii) Make or Brand.
  - (iii) Price paid.
  - (iv) Number of years used.

The columns "possession of" and "total number" should be deleted as they do not appear to serve any useful purpose and tend to confuse the tourist.

16. The simplifications which we have suggested above will not only save time at the point of entry, but also at the point of departure. It will also make the task of the customs official easier. The customs official should, of course, continue to have the discretion to impose a stricter discipline in all cases which he considers to be *prima facie* suspicious.

17. The Committee would also like to refer to a restriction covering import trade control requirements. If a tourist brings more than fifty rolls of films, he is required to get an import licence. Tourists particularly keen on photography may possibly carry with them more than fifty rolls on account of doubts regarding their availability in the countries to be visited by them. To facilitate their clearance, the Committee sug-

gest that films in excess of fifty rolls may be passed without an import licence. If necessary, they may be entered on the re-export form.

*Export|Import of Souvenirs:*

18. When a tourist comes into the country, he brings with him not only the things which he would need on his journey, but also quite often things which he has acquired as souvenirs while travelling through other countries. It is but natural that he should expect to be able to bring such things into the country and take them home with him without having to pay any import duty. We understand that the Customs normally allow tourists to bring into the country souvenirs worth Rs. 250|-. We feel that a monetary ceiling of this type is not necessary. The utmost that need be done is that in case any of the souvenirs are of high value, they may be entered on the re-export form, while the rest may be allowed in without any formalities.

19. One of the objectives of promoting tourism is to encourage the sale of Indian products to tourists. *Prima facie*, therefore, it would seem that there need be no value limits on the amount of goods that a tourist can buy in the country and take out with him. There is, however, another side to the picture. What the tourist buys should naturally be paid for in foreign exchange. In order to eliminate any possibility of leakage of foreign exchange, there has been in operation an upper limit of Rs. 500|- on the value of souvenirs which a tourist can take out of India. This limitation sometimes inhibits the tourist when shopping in this country for souvenirs. In other words, a restriction which was intended to prevent possible leakage of foreign exchange, has the effect of resulting in a loss of foreign exchange. Now that Government have introduced a booklet which contains a declaration of the travellers' cheques and currency which a tourist brings into the country and cashes here, we recommend that there should be no limit on the amount of Indian goods which a tourist can take out with him. In case of doubt, it should be possible for the Customs to check if the booklet which he carries indicates that the goods could have been purchased with the foreign exchange which he has utilised in the country.

20. One of the complaints most often mentioned by tourists travelling round the world is that their baggage had to be opened and inspected by the customs authorities. However politely and courteously this operation is handled by the customs staff, there is undoubtedly an implied suspicion and the tourist is sensitive enough to mind it even if he realises that the suspicion is not directed particularly at him but that the checking of baggage is only a customary precaution against would-be smugglers. The practice in India has been that only a percentage of the passengers coming by air are required to open their baggage for a

test check. We understand that field officers have been given the discretion to reduce the percentage of test check in the case of tourists. However, in order to ensure that the discretion given is exercised liberally, the Committee would like to suggest that the baggage of tourists coming by air should ordinarily not be checked, unless there are grounds for doing so.

21. It is obviously desirable that the clearance of passengers through health, immigration, and customs should be accomplished quickly and smoothly. This, to a large extent, would depend on the staff handling these formalities at important airports. It is necessary to have sufficient staff, experienced and specially orientated in handling sophisticated foreign passengers. Frequent changes of personnel should be avoided. The staff on duty has also to be of sufficiently high calibre and status to exercise discretion in marginal cases which are bound to be quite numerous. This aspect has been discussed in greater detail in the chapter on facilities at airports.

*Prohibition:*

22. We should like to state at the outset that as a Committee we are not called upon to offer any comments on the basic policy regarding prohibition, which the country has adopted. This policy, as we understand it, does not include the enforcement of prohibition on foreigners, particularly those who are temporary visitors. Accordingly various regulations have been framed and certain facilities given to the tourist. What we as a Committee have studied is the possible ways of simplifying the procedural and other requirements, which apply to the tourist, in order that he may be able to obtain liquor for his personal consumption, carry it with him when travelling from place to place and consume it according to his convenience.

23. As prohibition is a State subject, the rules vary from State to State. Where there is total prohibition, it has so far been necessary for a tourist to apply for permits in each State, which he visits. This, in our view, is unnecessarily irksome. It should be possible for a tourist to get a single permit with all-India validity. We understand that a scheme of this nature has already been evolved under which liquor permits will be issued to intending visitors along with their visas. Since many visitors would be coming from Commonwealth countries and therefore might not need visas, the regional Tourist Offices at the four main ports of entry have also, we understand, been empowered to issue all-India liquor permits. These arrangements are in our view extremely satisfactory. The only additional recommendation which we make is that the Tourist Offices should be in a position to issue permits even after office hours and on holidays.

24. Having got the permit, the tourist has to go to a shop from which he can obtain supplies. In some States where there is partial prohibition, certain days are 'dry' on which no liquor is permitted to be sold. It may well happen that the tourist arrives on such a day or happens to spend only one day in the State and that day is a dry day. We recommend that arrangements should be made for sale of liquor to tourists even on dry days at approved establishments.

25. Most tourists like to have a drink in company or with their meals. In some States where there is total prohibition, a system of permit rules is in force where only permit-holders are admitted and where they can have drinks and food. In Delhi, however, where drinking in public places is prohibited, while the local resident can have drinks with friends both at home and in clubs, the tourist is perforce compelled to have a drink only in the privacy of his hotel bed-room. This is something which he resents and we would recommend that serious consideration should be given to the possibility of adopting some solution. A possible course may be to set apart a room in each hotel where both drinks and food are served but admission to which is restricted to tourists, foreigners and residents only.



## V. FACILITIES AT AIRPORTS

The first and the last, and possibly the most lasting, impression on a tourist's mind is that of the treatment which he receives at the time of his arrival and departure, usually at one of the four principal airports of India. The highest percentage of complaints received from tourists relates to incidents at airports, usually petty things, which are irritating and annoying in the extreme. Among the suggestions and comments which we have received, a good deal of emphasis has been laid on the simplification of customs and other formalities.

2. Quite apart from procedural and other changes which we discuss elsewhere in the report, we consider it necessary to emphasize a few fundamental factors. As a rule, the tourist is a man in a hurry. He pays large sums to travel by the fastest plane. He has a tight schedule and only a limited number of hours to spend in the country. Quite often, he stays for anything between 24 to 48 hours only. For him every minute spent at the airport is so much precious time lost, time which he would have rather spent at the Taj, or some other more rewarding venue.

3. Moreover, every minute the tourist spends at the airport seems like an hour to him because of the trying conditions in which he has to move from counter to counter, usually in hot rooms, after he is already exhausted by a long flight. He inevitably compares his experience at a particular airport with his experience at other airports of the world, not only in the highly prosperous and industrialised countries of the West, but also in developing countries — in Cairo, Bangkok and Kuala Lumpur and begins to wonder whether he has, in fact, been wise in stopping here at all.

4. Much of the criticism and resentment against regulations stems from the fact that the atmosphere at some of the airports is so uncongenial and squalid compared with other airports in the world. The atmosphere tells also on the officials who are trying to do their duty, working long hours at airports without adequate facilities for having a wash, or a rest, or a change. Often, they are in as bad a shape to be courteous and gentle as the tourist himself is to fill forms and answer questions. An improvement of airport standards is one of the most important factors for the growth of tourism.

5. The kind of improvement in airport standards which we have in view can be broken down into three separate categories. Firstly, there is

the air terminal building and its lay-out. Secondly, there are facilities of different kinds available at the airport. Last but not least, is the question of the personnel operating at the airport who provide the human touch to it all.

6. At present, there are three main international airports in India—Santa Cruz, Palam and Dum Dum—while Madras is also expected to become a full-fledged international airport now that large jet aircrafts can land there. The relative importance of each of the four airports may be gauged from the following table showing the number of foreign short-term visitors who disembarked at these airports in the last four years:—

		1959	1960	1961	1962
Delhi	..	18,000	21,946	29,943	31,650
Bombay	..	17,200	20,384	24,271	25,519
Calcutta	..	20,700	22,570	24,426	23,725
Madras	..	7,843	8,057	8,355	7,603

Although our airport terminal buildings are not small, their design and lay-out is functionally inadequate and makes a poor comparison with other international airports in the world, including those in developing countries. Construction of a new air terminal is necessarily an expensive job. We cannot change all our airports at once. But sooner or later, more construction will have to be undertaken and when we do so, we should seek in the matter of general lay-out, the advice of competent firms abroad who have actual experience in this field. The question whether some of the international airlines operating in India (including, of course, Air India) can finance the building of an air terminal exclusively for international passengers in lieu of future payments of rents and halting charges should also be considered. This would have the added advantage of the possibility of foreign exchange becoming available through the contributions of foreign airlines for meeting expenditure on imported items of equipment such as air-conditioning plants etc. Special attention has to be paid to air-conditioning of areas where tourists may have to spend some time so as to alleviate part of the discomfort and annoyance experienced in filling forms and complying with other procedural requirements. The airport building should also be planned in such a manner as to provide adequate rest room facilities and residential accommodation for the customs, police and health staff who have to be on duty at odd hours. It is especially necessary that the senior-most officials in charge of customs and of immigration formalities who are required to be available at all hours at airports should be given residential quarters at the airport itself out of the existing accommodation.

7. In the facilities to be provided, the following deserve special attention:—

- (a) Postal, banking and exchange facilities should be available at every port round the clock. Notice boards indicating the official rates of exchange should be prominently displayed at the currency counters.
- (b) Hotel and transport reservations: As a number of tourists travel on their own without making advance bookings of hotel accommodation etc. through travel agents, arrangements should exist in the terminal building whereby tourists may be assisted to make hotel and transport reservations in the city. It would also be useful if a few well-furnished and comfortable retiring rooms with attached baths could be provided in the terminal building to accommodate overnight transit passengers or other tourists who may have to catch a plane leaving at odd hours.
- (c) Catering facilities should be improved at airports so that they conform to international standards. Airport restaurants should be so managed as to be able to cater simultaneously to a large number of persons who may have all arrived by a single aircraft.
- (d) Shopping on the spot: Shopping facilities at airports should be considerably improved so as to give an opportunity even to transit passengers to purchase Indian souvenirs of a type which can be easily carried by air, or which can be despatched separately to the address of the purchaser by a postal parcel. It is also necessary to provide at important international airports a duty-free shop from which the tourist may be able to purchase articles of day-to-day use needed by tourists such as photographic material, alcoholic beverages, tobacco products and toilet requisites.

8. Other facilities that should be available in the terminal building would include public telephone booths, toilet room facilities, hair dressing saloon, book-stall etc. It is also important that the furniture and furnishings of the lounges, retiring rooms, restaurant as well as the toilet room fittings should maintain a standard similar to that of a first-class hotel.

9. The most important factor, however, is the human element. We have had occasion to review the various regulations relating to customs, police etc. We have proposed a few changes. They are relatively



minor. We are satisfied that, on the whole our regulations are not unduly stringent. The real problem is that their enforcement is being carried on by people who, by training and outlook, have to take a strict, rather than a lenient, view of things. The need for re-orientation is urgent. This can be achieved only by giving special training to the personnel dealing with tourists. This presupposes that the personnel receiving such training should have a reasonably long tenure of service in assignments where this training would be of special advantage.

10. The Committee are glad to note that a decision has already been taken to set up a centrally administered air customs pool for manning check posts at the main ports. We feel that a similar policy should be adopted in respect of the immigration staff also. One of the weakness regarding the police administration at airports is that they are a part of the local police force, liable to change and withdrawal, depending upon the demands arising locally on the police force. Considering that the police staff at airports is not dealing with crime and with criminals but basically with security and with foreigners, it would be desirable to consider arrangements which would enable the control over the immigration staff at airports to be directly under the centre, possibly under the Intelligence Bureau. Whether this can be achieved by getting a number of officers on long-term deputation from the States for this purpose, or by increasing the central cadre, are matters which must be considered by Government from various points of view.

11. An important test to be applied in posting people to airports should be that they must possess a reasonable fluency in the English language so as to be able to avoid misunderstandings which are quite often created because some of the staff dealing with tourists do not have an adequate proficiency in the language. Indeed, a smattering of other languages would also be an advantage.

12. The aerodrome officer should be made fully responsible for the management and upkeep of the terminal building and its maintenance. He may also be given some financial powers to incur reasonable expenditure on maintenance (e.g., minor repairs of the building, repairs of installations like air-conditioning, plumbing etc., replacement of furniture and carpets, curtains etc.), and not leave them to some other Department to handle. The Committee are of the view that one method of ensuring a readily available source of finance for upkeep and maintenance of airport terminal buildings would be to levy a nominal cess of say Rs. 3 per passenger at the time of leaving the country (payable through the airline company). This practice is followed in many other countries.

13. To ensure proper management and coordination, it is important that the aerodrome officer in over-all charge should be sufficiently senior to be in a position to obtain the cooperation of all the staff of various Departments on duty at airports. He should hold periodical inter-departmental meetings of airport staff and others concerned. His main object should be to coordinate the activities of various Departments represented by their own personnel at airports, to make them work as a team and to exercise tact and discretion if, at any time, there are incidents which might create unpleasantness of any kind.



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## VI. TRANSPORT FACILITIES

Every tourist who comes to India wants to travel to see some of the places of interest, quite apart from the place where he lands. He is also, as a rule, anxious to see the maximum number of places in the shortest possible time. Adequate internal transport facilities of the right kind are, therefore, of the greatest value in promoting internal travel by tourists.

2. The form of transport which appeals most to the tourist is air transport, because it is the quickest. The bulk of tourists come to India by air. In 1962, 67 per cent of the tourists came to India by air, 28 per cent by sea and 5 per cent by land. Earlier surveys undertaken by the Department of Tourism show that 75 per cent of American tourists and 60 per cent of European tourists chose air transport for most of their journeys within the country. Transport by road and rail are important, however, and we discuss below what could and should be done in respect of air, road and rail transport from the point of view of tourism.

### *Domestic Air Transport*

3. The Indian Airlines Corporation have a distinguished and enviable record of safety in their services. They have been giving special attention to tourist traffic, particularly as they realise that to maintain and expand their services, they have to spend large amounts of foreign exchange and it is essential that they should do their utmost to earn as much of it as possible. Nevertheless, from the point of view of the foreign tourist, there are certain difficulties and drawbacks to which we must draw attention, particularly as we feel that they can be remedied relatively easily.

4. The IAC, we feel, should get itself better known abroad, both through Travel Agents and through our own Tourist Offices. It should not only advertise its flight schedules, but ensure that changes in timings are notified sufficiently in advance in the areas from which we attract tourists. Though I.A.C. give adequate notice when introducing their Summer and Winter schedules, new flight timings were introduced by I.A.C. recently at relatively short notice due to the delivery of Friendship aircraft in stages. Since changes in timings at short notice cause major upsets in the programme of foreign tourists, they should be avoided and every effort should be made to notify new schedules something like three months in advance.

5. Speedy confirmation of bookings made by tourists is another essential in this field. The Committee were given to understand that with the introduction of the Central Reservations Agency, a considerable improvement has taken place. The aim should be to make it possible for tourists to get confirmed bookings at fifteen days' notice.

6. Provision has also to be made for tourists who have not planned their journeys with precision well in advance or who, having made such arrangements, feel that they would like to make changes and possibly to prolong their stay in India. A certain number of seats, say 10 per cent, on all the routes on which tourists normally travel, should be kept in reserve for them until one week before each flight, and 2 to 3 seats may be kept in reserve for tourists three days before departure. This would enable tourists to make changes in their itineraries at reasonably short notice.

7. One of the difficulties experienced by tourists at present is that confirmation of bookings from intermediate stations cannot be obtained or confirmed at short notice. Thus, if a tourist decides at the last moment to break journey in Banaras, or to prolong his stay there by an extra day, he cannot be readily assured of an onward seat on the next flight from Banaras to Calcutta or Delhi, as the case may be. This is not necessarily because no seats available. It may well happen that there is an empty seat, but because immediate information on this point cannot be readily obtained or furnished, the tourist is unable to spend as much time in Banaras, or any other intermediate station, as he would like to. The main reason for this is the absence of speedy communication between the intermediate stations and the main offices concerned. We understand that the I.A.C. has been anxious to link all its stations by teleprinter. We feel that this would be a great help. Pending such arrangements, the I.A.C. should have arrangements to put through extra telephone calls, without necessarily charging the tourist for the purpose, in order to ascertain the position and give a definite reply. The extra cost of such calls would, in our view, be justified having regard to the better utilisation of available capacity which they would result in, as well as on the wider considerations of tourist promotion.

8. Tourist traffic is necessarily seasonal. When it is at its peak, the IAC has to disappoint some potential passengers. While domestic passengers are, as a rule, ready to wait or even avail themselves of alternative modes of travel, the tourist has little choice but to cancel the proposed trip altogether. The position would improve materially with the addition of the Caravelles which are now on order. We feel that it would be an advantage to keep some of the Dakotas which will be shortly surplus to the requirements of the scheduled flights of the IAC, for the purpose of introducing additional flights during the peak season. Such Dakotas

can also be chartered when a group of tourists want to visit a place for which no regular air service is available.

9. Quite apart from the service which it offers, the IAC personnel have an important role to play in terms of public relations with the tourists. They can help and guide tourists in many ways. We feel that special attention towards tourists by the IAC would be worthwhile even in its own interests, because the foreign exchange which the IAC must need from time to time to maintain and augment its fleet of aircraft, has got to be earned by it from tourists. The Department of Tourism estimates that roughly 29 per cent of the passenger revenue earned by IAC from its domestic services comes from tourists. This would mean an earning of roughly 2.75 crores per annum in foreign exchange. It would be in the interests of the IAC as well as of the country, to aim at a steady growth in this figure which, in turn, should enable the IAC to justify its requests for the release of foreign exchange for its expansion. Thus, the IAC may well run some services which, purely in rupee terms, may not seem so attractive, if thereby it is able to carry a large volume of tourist traffic. The special flights which the IAC has been running in the winter months every Sunday from Delhi to Khajuraho are an example of the kind of service we have in mind. It seems to us that a Dakota flight between Agra and Jaipur may also be worthwhile from this point of view, because so many tourists coming to Delhi want to see both Agra and Jaipur and at present, they have to do two separate return trips, while what would be most convenient to them is a triangular flight, Delhi-Agra-Jaipur-Delhi.

#### *Road Transport*

10. There are two types of motor vehicles required for tourists: buses for group travel ranging from say, about 8 to 30 persons, and cars for tourists who wish to travel in greater comfort and privacy by themselves or with their companions.

11. Tourist coaches—large buses or mini-buses—are mainly used for sightseeing purposes, while the cars are required by the foreign tourists who may be doing both business and sightseeing. It is obvious that all these vehicles have to be of a good standard. Hence, some special steps have to be taken to provide motor vehicles of a much higher standard for tourists. Special motor coaches equipped with large glass panes, trained guides, public address system and other amenities should be constructed for sightseeing in large cities like Delhi, Bombay, Calcutta and Madras; secondly, well-maintained and spacious cars, without taxi meters and yellow tops, may be allowed to be run as contract carriages on hire for tourists in all important tourist centres.

12. In the last 3 or 4 years, tourist buses for sightseeing have been introduced in a few cities like Delhi, Calcutta, Ahmedabad and

Hyderabad. They do not seem to be particularly popular with tourists, the reason, we understand, being that these services do not yet come up to the required standards. We feel that special attention should be given to the improvement of this service by providing the right type of guides, public address system and other similar facilities in consultation with the Department of Tourism. Indeed, it might be an advantage to give the operational charge of these buses to the Department of Tourism, at least for a limited period. Further, the expansion of this facility which *prima facie* seems worthwhile and desirable, must be dependent upon the success of the particular services which are in operation. We understand that these services which are being run by the same authorities as are responsible for the normal bus transport in the city or the state are apt to be somewhat neglected because of the other preoccupations of the transport authorities concerned. In many countries, such as Great Britain, where the normal bus services are run by nationalised undertakings, permission is freely given to other agencies, including private agencies, to run tourist buses of this type which are, after all, not quite the same type of public utility as the road transport system of the city as a whole.

13. The provision of good cars for tourists who want to do sight-seeing with their families or in privacy and who want to go from one city to another by road, presents certain problems and difficulties. Cars of this type are not produced in the country and have, therefore, to be imported. Although the foreign exchange spent on them could be easily recovered through the money which the tourists spend, there is an inevitable tendency for such vehicles to be hired by Indian nationals who are often prepared to pay a higher rental than the tourist can. There is also the consideration that quite often, even when the cars are used for tourists, the country does not necessarily gain in foreign exchange on account of leakages which we discuss elsewhere.

14. We have considered whether the cars of diplomats and other foreigners which are re-sold by the STC can serve as a source of supply for this purpose. There are two major difficulties in the way. Firstly, most of these cars have been used for a number of years somewhat mercilessly and would not be sufficiently reliable to be made to ply over long distances, such as between Delhi and Agra. Secondly, there is a large number of makes and types of cars which are being sold by the STC and no operator can keep himself stocked with spares for cars of different makes—and in the case of 3 to 5 year old cars, without spares, a service cannot be maintained.

15. It seems clear to us, therefore, that the maintenance of the right kind of service for this purpose would need expenditure of foreign exchange. In order that this expenditure is quickly re-couped, the

system under which they operate, requires re-examination. One possible way of dealing with the question would be for a governmental agency to be owning and operating such vehicles. What the agency should be is a matter we discuss elsewhere. This agency would necessarily give preference to tourists and indeed, may ply exclusively for them. It would also make sure that the payment is either in Travellers' Cheques, or foreign currency, or out of travellers' cheques and foreign currency which the tourist has converted on arrival in India and not by an Indian host who expects to be compensated when he goes abroad.

16. We do not, however, wish to debar private operators from this field, but they should be under stricter control to see that—

- (a) they do give preference to tourists;
- (b) they charge the tourist no more than the rates which are officially approved; and
- (c) that the earnings of foreign exchange, direct or indirect, are properly accounted for.

17. Having regard to these considerations, we would suggest that any release of foreign exchange to private operators in the future should be linked to their earnings in the past and compliance with the kind of discipline proposed in the preceding paragraph.

### *Railways*

18. At one time, tourist publicity abroad was undertaken mainly by the Indian Railways. This was in recognition of the fact that all tourists who came to India in the old days necessarily travelled by rail and accounted for a fair amount of revenue to the railway system. As we have stated earlier, railways are not now as popular with the tourists as they used to be. The tourist has, however, to use railway facilities whenever he goes to places not linked by air, or whenever he feels a more economical and leisurely mode of travel would suit him better. The only recommendations regarding railway facilities which we would make are the following:—

- (a) Bed rolls should be available for tourists at short notice even at smaller stations of tourist interest.
- (b) The tourist should be able to obtain Western style food from restaurant cars as well as at important railway stations. The catering of the Indian Railways is necessarily orientated to meet the requirements of the bulk of the passengers who are Indians. When their catering staff

tries to produce a Western style meal, it usually sets out a five-course dinner consisting of Western dishes, but poorly cooked. If the provision of Western style meals of a good quality is likely to mean more expense, there should be no objection to supplying them on demand at higher prices which the tourist would be willing to pay.

- (c) Since tourists, as a rule, use the railways for going to lesser known places of interest, facilities should be made available to them to make return or onward reservations from intermediate stations.





## VII. HOTELS

Hotels are the most essential destination facility that a country must provide if it wishes to build up tourism. It is not enough to have adequate hotel accommodation; it is equally necessary to have hotels at various levels: low-priced, moderately-priced, high-priced, and lastly a few real luxury hotels with interesting features. The tourist will then be tempted to stay longer in the country.

2. In India today, we understand, there are about 11,000 beds in roughly 125 hotel establishments which have been approved by the Department of Tourism as suitable for foreign tourists. It is likely that when the Committee which was appointed for classifying hotels submits its report, the number of approved establishments will somewhat increase. But there is sufficient evidence to show that hotel accommodation, particularly in large cities like Delhi, Bombay, and Calcutta and also in some of the key centres, is not enough. During the winter of 1961-62, many tourist groups were not able to come to India because they could not get confirmed hotel bookings in the Delhi, Bombay and Calcutta. Although the situation in the winter of 1962-63 was seemingly better, it was because a number of international conferences scheduled to take place in Delhi were cancelled, and also because of the decline in the number of tourist arrivals in the months of December and January due to the Emergency.

3. A particularly unhealthy aspect of the present situation is the absence of moderately priced hotels in the large cities. As observed by Mr. Jean Bernard, Economic Counsellor of the local French Embassy, the bulk of tourists today are coming from richer classes in the U.S.A. and Europe. But as air travel becomes cheaper, with the introduction of a round-the-world air ticket for about \$950/- (instead of \$1,322/-) and excursion fares for group travel, tourists from middle-income groups will start coming to India. Indeed the number of students and persons belonging to academic professions has already been on the increase in the last three years. Below are given figures of such tourists from the U.S.A. and Western Europe:

1960	....	15,471
1961	....	16,768
1962	....	16,811

4. The growth of the hotel industry has been very slow compared with the rapid increase in the number of tourists. The number of hotel beds has increased by 11 per cent. in the last seven years while the number of tourists has increased by 300 per cent. For many years, capital has not been flowing into the hotel industry. This is not a unique feature pertaining to India. Many countries have had a similar experience. The investor is shy of putting his money into the hotel industry for several reasons: firstly, there are many factors beyond the control of the hotelier which may affect the flow of tourists into the country; secondly, the success of a hotel depends a good deal on personalised service, suitable location and several other intangible factors. The investor is not as sure of handsome returns as he can be in several other industries.

5. At present, the following incentives have been given to the hotel industry in India:

- (a) Release of foreign exchange for the import of some of the essential equipment, such as lifts, air-conditioning plant, kitchen equipment, and in small measures of some provisions, such as whisky, wines, stores etc. On this matter, incidentally, we feel that hotels should not depend too much on imported provisions but should make efforts to popularise Indian dishes served in a manner which would be acceptable to tourists. Not all tourists expect to be served with caviare or pate de foie gras every day.
- (b) Eligibility for loans from the Industrial Finance Corporation and State Finance Corporations.
- (c) Income tax exemption for new hotels for the first five years under Section 84 of the Income Tax Act.

6. These incentives have had a good effect and many entrepreneurs outside the hotel industry are desirous of making investments in hotel projects. But very few hotel projects have gone beyond the preliminary discussion stage or got off the drawing boards in the last four years. Five hotels of good standards have actually been built, two are under construction and two more are expected to start construction in Calcutta. The number of rooms in the five new hotels mentioned above is 341 and the rooms in the four hotels which have yet to be completed will be 831. This is rather poor showing when compared with the number of new hotels that have come up in areas in which tourist traffic is growing apace: Hawaii, Tokyo, Hong Kong, Bangkok, Cairo, Beirut.

7. It has been represented to us that the existing facilities are proving inadequate for the following reasons:

- (i) The I.F.C. generally gives loans upto 50 per cent of the fixed assets. In a first class hotel, the equipment, furnishings, and decorations may cost as much as 25 to 30 per cent. of the total investment. Hence, the I.F.C. loan would generally not cover more than 35 to 40 per cent. of the total capital expenditure, exclusive of working capital.
- (ii) The S.F.Cs. more or less follow the same formula. Also so far they have not been very active in extending loans to hotels.
- (iii) Most of the hotels are in buildings not owned by the hoteliers. The renovation of existing hotels is as necessary as the building of new hotels and modernisation of the hotel plant involves substantial expenditure. The Finance Corporations naturally give loans against security. The security is generally in the form of mortgage of the building. But the hotelier cannot mortgage a building which does not belong to him with the result that he cannot carry out renovation and modernisation of the plant.
- (iv) The biggest hurdle we were told is the almost complete non-availability of suitable sites at prices which will make new hotels reasonably priced and reasonably profitable. Except a few luxury resort hotels, most hotels have to be in the heart of the town in an expensive area.

8. Taking into account the anticipated increase in tourists and local demands, the Department of Tourism has suggested that India needs about 8,500 to 9,000 additional beds in the next 5 years, i.e., by the end of 1968. Assuming that approximately one-third rooms should be single in new hotels it would mean that 9,000 additional beds will be distributed over roughly 5,500 rooms. Considering the present high costs of land and construction and taking into account the relative costs of different categories of hotels, the Tourist Department's estimate of the total investment required in five years would be about Rs. 20 crores. A statement (Appendix III) indicating the requirements of additional hotel accommodation in different towns in India, prepared by the Tourist Department, is attached. The foreign exchange component of this investment would work out to about Rs. 2.50 crores.

9. Even if the above estimate turns out to be liberal rather than conservative—much would depend on the actual rate at which tourism grows—it seems to us extremely doubtful whether private enterprise will, on its own, be able to find the necessary capital for building an adequate number of hotels. Quite apart from the obstacles of the type described above, it has to be remembered that we want not only more hotels, but also hotels of the right type. There are apparently more profits in large

and high-priced hotels and private enterprise would not be tempted to build smaller and modestly-priced hotels that are urgently required not only in the three major cities, but in several other places to cater to the new type of traffic of the future.

10. It seems to us quite clear, therefore, that if adequate hotel accommodation of the right type for the kind of growth of tourism, which has been set out in our terms of reference, is to be provided, the public sector will have to play a major role in this field. The possibilities which exist are the following:

- (a) Construction of hotels directly or wholly financed by Government,
- (b) Construction of hotels financed wholly or mainly by public sector financial institutions, and
- (c) Construction of hotels by private enterprise with financial assistance from Government or public sector financial institutions.

11. There are already in existence in the country a number of State-owned hotels. We feel there is need for many more State-owned hotels. We discuss the specific question of the manner in which the building of such hotels should be financed in Chapter XIII where we discuss some organisational matters. The only point which we would emphasise here is that in recommending that the State should build more hotels we are not necessarily implying that the State should also undertake the management and running of all the hotels that it builds. The service which a hotel provides is essentially personal in nature. It also needs a fair amount of expertise. Even with the best of service there will be dissatisfied customers. When a hotel is run by the State itself, there is a tendency on the part of disgruntled guests to blame the Government or the public sector for any inconvenience which they may have suffered or feel that they have suffered. Letters of complaint are addressed to Ministers and also to newspapers abroad. On the whole, therefore, while we see no objection in principle to the public sector not only building hotels but also running them, as indeed it is doing in some instances, we feel it would be more advantageous all round for Government to give the running and management of the hotel, once it has been built, on a suitable contract to people who are professionally competent in the field.

12. Among the financial institutions in the public sector capable both of owning and building hotels as well as of financing them, mention must be made of the Life Insurance Corporation. The Corporation does invest in buildings which are then let out on rent. However, most of these buildings are of a type for which a large number of tenants are available, e.g., blocks of offices, flats etc. A hotel building has, however, to be specially designed to be run as a hotel. This necessarily restricts the

choice of tenants. Obviously we cannot expect the Life Insurance Corporation who have to safeguard the interests of their policy-holders to invest in hotel buildings if they are going to be less remunerative or if there is risk of going without a tenant. However, we feel that if hotels are put up in large cities or other places which are highly popular with tourists, and where acute scarcity of hotel accommodation is being experienced, a hotel building is likely to be as remunerative in the foreseeable future as any other buildings and there are likely to be many hotel operators willing to compete for renting such buildings. Further discussion between the Department of Tourism and the Life Insurance Corporation seems to us to be desirable.

13. If hotels are to be built in the public sector, the financial participation of State Governments may also be secured. As already mentioned, one of the major obstacles is the non-availability of suitable sites for hotels. The State Governments may not be in a position to contribute substantial funds for investment in hotels but they are often in possession of land at ideal locations in important towns. They could invest in kind by making available suitable locations whose value could be counted towards their share of equity capital. We would also add that by suggesting the construction of hotels in the public sector we are not ruling out the possibility of getting, where possible, some private investment in them.

14. In this context, we would also point out that many countries have built State hotels and entrusted their management to well known foreign hoteliers, who run chains of hotels all over the world. Such an arrangement offers a number of advantages. Firstly, the foreign collaborator may meet a part of the foreign exchange costs of the hotel; secondly, if the hotel belongs to a large group, the hotel in India would receive the benefit of publicity and promotion done by the foreign company which means indirect publicity for Indian tourism, and thirdly, these hotels can become pace-setters in new techniques and methods of hotel management. The possibility of similar collaboration of course exists between Indian investors or entrepreneurs and foreign hotel operators. It goes without saying that the terms of collaboration will need to be studied with care and it may be an advantage to study the pattern followed in other countries in settling these terms.

15. Over and above what the public sector might do there would be clearly need for giving every encouragement to private enterprise. On the basis of incentives already given, private enterprise must continue to expand and its efforts in building more hotels should be encouraged. The President of the Federation of Hotel Associations has urged that more incentives should be given to the hotel industry. It has been suggested that a Hotel Finance Corporation should be set up for the

specific purpose of promoting the hotel industry. The argument advanced is that the existing Finance Corporations do not have the promotion of tourism as an objective and, therefore, take a conservative attitude in granting loans to hotels. It has also been urged that a revolving fund of Rs. 10 crores should be created on the lines of the Shipping Development Loan Fund so that loans could be granted on low rates of interest, 3 to 4 per cent, and the quantum of loan should be as high as 90 per cent of the solid assets. Important though the hotel industry is for the promotion of tourism and thereby earning more foreign exchange, it would be difficult to accept the argument that the hotel industry should be given such concessions as are not available to other industries of national importance. It would also be difficult to advance subsidised loans on 3 per cent when the Government itself borrows money on  $4\frac{1}{2}$  per cent.

16. From the data given in appendix IV it would appear that even in highly developed countries it has been found necessary to give substantial concessions to promote the construction of hotels and the modernisation of the existing hotel plant. In some countries this has been done through existing banks or financing agencies and in others, agencies specifically for financing the hotel industry seem to have been set up. While there need be no objection, in principle, to the creation of a separate agency or making special arrangements for this purpose, since the demands of the hotel industry are still comparatively small, it would be more practical to explore the possibility of meeting the legitimate demands of the industry through the existing finance corporations. Towards this end we would recommend for consideration firstly that the present definition of fixed assets may be enlarged to incorporate all installations of a permanent nature: equipment for air-conditioning, laundry, boilers, sanitary wares, bakery, refrigeration etc., and, secondly, that those who do not own hotel buildings but have to incur heavy expenditure on furnishings a new hotel or renovating an existing one should also be eligible for loans, provided other adequate securities are furnished to the financing agency.

17. Apart from rupee finance, new hotels also require certain amounts of foreign currency. At present their foreign exchange requirements have to be met from free resources, which are extremely tight. It would be a tremendous help if institutions and countries which are giving us credits for our economic development could be persuaded to make their loans usable for this foreign exchange earning industry. In addition, possibilities of private foreign investment should be actively explored. This could come not only from groups interested in the management and running of hotels but also from financial agencies abroad as well as Indians living overseas.

18. Representatives of hoteliers have urged that the exemption from income tax should apply not only to hotels run on premises owned by the hotel, but also to those new hotels whose premises are not owned by the hotelier. At present, tax rebates are granted provided the party which has constructed the building and the party operating it are one and the same. The Committee feel that consistently with the pattern of financing and development of hotels envisaged in this report, rebate should be admissible even if the two parties are different, e.g., when the building may have been put up say, by L.I.C.

19. While conditions favourable for the construction of cheaper hotels must be created, it would still be necessary to encourage the construction of extremely modestly-priced accommodation by organisations which are essentially non-profit making. It is well known that youth hostels, holidays camps and a variety of other establishments of this type are run in most of the European countries by respectable voluntary organisations. In many cases they receive subsidies from the State in one form or another. Such subsidised accommodation is utilised not only by the local community but also by a very large number of foreign visitors. As the figures given on an earlier page show, many foreign students are now coming to India as tourists. The Committee understand that the Department of Tourism has given financial assistance to two or three ventures of this type. The Committee would like to support this policy in general terms.

20. In relation to tourist promotion it is necessary to consider the hotel prices obtaining in India today. Tourism is a merchandise we sell in highly competitive foreign markets. It is important that all possible efforts should be made to hold the price line, not only of hotels, but also of other services offered to tourists by travel agencies and transport operators, etc. We are given to understand that the Tourist Department has been able to come to an arrangement with the Federation of Hotel Associations that hotel prices operating in October 1961 would not be increased by more than 10 per cent. until April 1964. Care should be taken to ensure that prices are not increased without adequate justification even after April 1964 and that hoteliers are not allowed to take advantage of the present scarcity of accommodation or of imported provisions like whisky to sell them at exorbitant prices. The long-term solution, of course, lies in removing the scarcity of hotel accommodation.

21. An important step to this end would be to earmark a number of suitable sites in important cities for hotel construction. The Committee would in particular recommend such measures in the case of Bombay and Calcutta. In the case of New Delhi, the Government in theory is the landlord of all built-up areas and no hotel can be built without paying a premium to the Government. It is understood that the present rates of premia are as high as about Rs. 11 lakhs an acre for certain commer-

cial areas and about Rs. 3-4 lakhs in residential areas. The Committee would like to suggest that the rates of premia, particularly in residential areas, where only partial utilization of land is allowed, should be re-examined having regard to the fact that Delhi must necessarily provide accommodation to a large number of temporary visitors and more hotels are a civic necessity which should be encouraged by the authorities.

22. In this context, the Committee feel that for better utilisation of such highly expensive land, the new hotels should be allowed to design a majority of rooms as double rooms. The present rules governing eligibility for income tax exemption which, had, we understand, been evolved in consultation with the Department of Tourism, prescribe that 50 per cent of the rooms should be single-bed rooms. In order to increase the bed capacity per acre of land and to make the same hotel suitable for high-season and off-season traffic, we feel that this restriction should be lifted or the prescribed minimum for income tax exemption may be reduced from 50 per cent to 25 per cent.





## VIII. PUBLICITY AND PROMOTION

We have already drawn attention to the fact that tourism features prominently as a major item in the statistics of international trade and payments. Large sums are being spent by different countries to attract more and more tourists. A good proportion of this expenditure is on publicity abroad in areas from which there is the maximum possibility of attracting tourists. If we are to succeed in our efforts to attract more tourists, we have necessarily to undertake overseas publicity of the right kind.

2. A fair amount of external publicity is already being undertaken by the Department of Tourism. It is concentrated mainly in the United States and Canada, Western Europe, Australia, and New Zealand. The other areas in which publicity has been initiated in a slightly greater measure than before are Japan and a few countries of Latin America, in particular Mexico. The Tourist Offices opened by the Department of Tourism are generally responsible for the dissemination of information of interest to the tourist, answering his queries and the distribution of tourist literature produced in India. Tourist Offices also establish contacts with the travel trade and with publicity media, such as newspapers, magazines, television, radio etc. In addition, press advertising has been used as the main instrument of publicity, while film shows, window displays etc. are also arranged within the availability of funds.

3. The most important aspect of publicity for the promotion of tourism is the creation of an interest in the country and its people. It is only when a desire to know India has been awakened that people start enquiring into the possibilities of stay, travel and other similar details. The interest which India has aroused as the world's largest democracy, as a country engaged in the biggest experiment in planned development, is undoubtedly an asset in attracting serious-minded visitors, political thinkers, economists and scholars. We have, however, to recognise that the bulk of the tourist traffic consists of people who are in search of relaxation, who want to see places and meet more people, who are seeking something different from their own daily environment and yet want to be among people who are interesting, friendly and communicative. It is, therefore, desirable for tourist publicity—and indeed from many other points of view—that the image of India and the Indian people should be projected abroad in a way that it reaches not merely the elite and the erudite, but also the average man.

4. We feel that, on the whole, not enough use has been made in the past of the publicity media of the right type. Articles about India and the Indian people are much more valuable, both from a tourist point of view and from general considerations, than advertisements. In America, where specialised agencies develop to undertake almost any kind of a job, there are public relations agencies which undertake publicity through editorials, newspaper and magazine articles, television and radio. Such publicity is more convincing and more effective than publicity through press advertising, or through tourist publications. We understand that recently, it has been decided to appoint a public relations agency in the U.S.A. In other countries too, it would be worth emphasising the public relations approach. Visits of journalists, particularly those who write in illustrated magazines and travel journals, should be encouraged and their expenses, which would be mainly in rupees rather than in foreign exchange, met. Photographers and television producers should also be encouraged to visit India and special facilities given to them to bring in and take out their professional equipment. Most important, we should encourage the shooting of cinematographic films in Indian settings. It is a well-known fact that one of the most significant factors in giving a boost to tourism in Italy has been the large number of films which have been produced with an Italian background and setting. Some of the people who visit India are likely to take up a critical, rather than a friendly attitude. Some of the films produced may not be to our liking. This risk we should take. After all, as we know only too well, there is plenty of adverse publicity about India anyhow, just as there is a great deal of favourable and friendly comment also. Since we believe in the freedom of the press, and foreign journalists are completely free to comment on what we do according to their own judgment, it does seem to us that a liberal policy in permitting the shooting of films in India and other similar things is likely to do us more good than harm.

5. Publicity of this kind will not, of course, eliminate the need for the kind of publicity which is already being undertaken through the Tourist Offices. Such publicity necessarily entails expenditure in foreign exchange and has to be carefully scrutinised by Government. Since tourism contributes to the earning of foreign exchange, it can clearly not be Government's policy to stint on expenditure of foreign exchange for tourist promotion so long as it is clear that the additional earnings arising from the expenditure are well in excess of the expenditure. We have tried to examine to what extent the opening of Tourist Offices abroad has, in fact, led to an increase in the number of tourists coming from the areas where the offices were opened. The Tourist Department have made available to us the following table which shows the number of tourists coming from each country from year to year—the underlined figures indicating the

year in which Tourist Offices were opened in that particular country:—

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
Canada	250	331	423	1,139	1,053	1,320	1,437	<u>1,504</u>	1,923	1,883
U. K.	7,845	8,330	<u>8,651</u>	13,332	14,359	14,311	16,75	18,745	22,191	21,457
France	793	1,199	882	<u>1,673</u>	1,995	2,046	2,153	2,561	3,033	3,261
Germany	533	826	920	2,141	<u>2,607</u>	2,967	3,568	4,103	4,835	5,376
Australia.	240	605	340	<u>666</u>	950	1,192	1,424	1,895	2,302	2,625

6. These figures do not, we feel, give us any conclusive evidence on the subject. There has been an upward trend in the number of tourists from all countries. The figures do, in general, show that the improvement, after the opening of an office, has been more pronounced. But we cannot definitely assert that the increase is larger than what we could have expected if the Tourist Office had not been opened. Even though the statistical evidence may thus appear to be somewhat inconclusive, we do feel, as we pointed out at the beginning of this chapter, that when all the countries who are competing for the tourist trade are spending money on external publicity, India cannot retain its place, much less improve it, without continuing to spend abroad on such publicity.

7. The real point at issue, in our view, is not whether publicity is worthwhile or necessary, but what type of publicity is most productive of results and what criteria should be followed in choosing the areas where publicity should be undertaken. We have already emphasized the importance of public relations programmes. We now turn to publicity in the somewhat narrower sense.

8. We feel that in the matter of opening Tourist Offices abroad, we have necessarily to be very selective. A judgment must necessarily be formed on this from time to time after taking into account all relevant factors. At the present moment, we feel that the opening of an office in Japan would be most worthwhile. This is because Japan is now about to relax restrictions on travel abroad for pleasure. A large number of people from Japan would inevitably be going to Europe and India can very conveniently be on their way. There are many reasons why people from Japan would be attracted to come to India—as an Asian country of special importance, no less than as the home of Buddhism which is the religion of a large proportion of the people of Japan. We also feel that in a vast country like the U.S.A., which is the biggest source of tourists, the existence of only two offices, one on the east coast and one on the west coast, may not be adequate.

9. Quite apart from opening permanent offices, it might be worthwhile sending small teams to particular areas who would, for a short period, carry on an intensive campaign. This would not entail a perma-

nent commitment to keep an office going. It would be something in the nature of a task force operation to make an initial impact in that area. A small team which can deliver lectures, show films, appear on television, contribute articles and brief travel agents can be an effective instrument of publicity in areas where it is not worth opening offices. Once, as a result, more tourists come to India from that area and go back happy and satisfied, we may well establish a permanent flow.

10. A certain amount of tourist publicity can also be undertaken through agencies not directly concerned with tourism, but who have, nevertheless, to deal with tourists. Our Embassies and Consulates themselves, where all potential tourists come for visas and other formalities, should be equipped with a fair amount of detailed information of interest to the tourist. Indian banks overseas can also, in our view, make a significant contribution and incidentally add to their own business. Indians resident abroad have, in some places, organisations of their own which should, in our view, be quite happy to handle a certain amount of publicity material which will be useful to their own members who visit India periodically, as well as to their non-Indian friends.

11. Another point which we would emphasize is that the publicity material which we send out should be of top quality. The best artists, designers and writers, the best printers, photographers and film producers, must be engaged in order to ensure that our publicity material does not suffer in comparison with what is put out by other countries. We would not favour the spending of foreign exchange in getting such work done outside India even if it is somewhat cheaper or better. But we do feel that the best that the country can produce in this line should be made use of. In a separate chapter, we are recommending the setting up of a Corporation to take on some of the tasks in connection with the promotion of tourism. We feel such a Corporation could well be entrusted with the task of overseas publicity in all forms. It will, of course, be necessary for Government to make suitable grants to that Corporation to finance the campaign. We see, however, distinct advantages in letting the details of the publicity work, e.g. how much should be spent on advertising and other media, how much on public relations, what areas deserve special attention at what times, and other matters, being entrusted to a Corporation, rather than being directly administered by Government. We have, in this context, to point out that the very successful and internationally-famous publicity campaign for which Air India is famous the world over, could not really be undertaken by a Government Department. It would, in our view be more productive of results to entrust the task of external publicity primarily to a Corporation which would, by its very nature, be less inhibited in its working than a Government Department would be.

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## IX. DEVELOPMENT OF TOURIST CENTRES

The Department of Tourism has listed approximately one hundred and fifty places of tourist interest on the map of India. These are places of modern interest, such as the Bhakra dam and Maithon, hill resorts like Darjeeling and Ootacamund, and places of scenic beauty such Courtallam and Jog Falls. There are places of pilgrimage like Hardwar, Banaras and Rameshwaram and wild life sanctuaries like Kaziranga, Lake Periyar and Mudumalai. Last but not least are places of historic interest like Agra, Khajuraho and Ellora-Ajanta known the world over for their magnificent masterpieces of architecture and art.

2. The elementary requirements for any place of potential interest to become an important tourist centre are accessibility and accommodation. In addition, it is necessary that other civic amenities such as water supply, sanitation, roads, parks, eating houses, shopping and entertainment facilities are also provided. A tourist will not stay long if the place is infested with flies and mosquitoes or does not appear to be clean and healthy, even if there is a good hotel or tourist bungalow to stay in. To develop and maintain a tourist centre is not an inexpensive proposition. We cannot afford to develop all these hundred and fifty odd places, and many more, that may be regarded as attractive to the tourist as full-fledged tourist centres. It is better to provide all the facilities of the standard required by foreign tourists at a limited number of tourist centres than to dissipate efforts and resources over too wide a field. The foreign tourist, in any case, stays in the country too short a time, between ten and twenty days, to be able to visit more than about half a dozen centres including the main ports of entry and exit—Delhi, Bombay, Calcutta and Madras.

3. It is important that only those places should be selected for immediate development which have features likely to attract foreign tourists, and which are easily accessible. Keeping in mind the tourist's preference for travel by air or on short sectors by road, it would be necessary to give a higher priority to places which are already connected by air services or which are fairly close to air terminals. The flow of tourist traffic seems to have followed this pattern in the last ten years.

4. The development of all the basic civic amenities in addition to merely providing the means of board and lodging we have outlined in paragraph 2 would require a good deal of expenditure on the part of both the Central and State Governments concerned. However, in order to elicit the full cooperation of State Governments, both for financial

participation as well as for administrative arrangements, it would be advisable to include among the selected list at least one or two tourist centres in each State. This will also have the advantage of automatically providing a wide geographical choice to tourists and a wide dispersal of tourist traffic.

5. For purposes of development it would seem more practical to divide the selected tourist areas/centres into two groups: those where basic facilities of transport, accommodation and other amenities already exist, either because they happen to be sizable towns or because they are already popular resorts, and those which have to be developed almost from scratch.

6. In the first category we would include first of all Bombay, Calcutta, Delhi and Madras as being the major ports of entry and exit, where almost all the tourists coming to India must necessarily stop. Unless these places are attractive and comfortable, the tourist may well change his mind and go somewhere else. Moreover, these cities have the advantage of having many things of tourist interest to offer including excursions to nearby places of tourist appeal. In addition, we think the following cities should be in category one for development as tourist centres:—

Agra  
Jaipur  
Banaras  
Srinagar  
Madurai  
Hyderabad  
Mysore  
Chandigarh  
Ahmedabad  
Darjeeling  
Cochin  
Bhubaneswar



7. In these places a great deal of further development in terms of more hotels and better local transport and civil amenities, is required. One other aspect which needs attention is the exploitation of local festivals and cultural events and pageantry for tourist purposes. Many of these cities are rich in festivals and folklore as part of the community life. A great many tourists are interested in seeing festivals and various forms of local entertainment and would gradually start timing their visits to

these cities if the festivals are somewhat reorientated and better publicised.

8. The following places are suggested for inclusion in the second category:—

Kaziranga  
 Jim Corbett Park  
 Fatehpur Sikri  
 Bodh Kaya  
 Nalanda  
 Rajgir  
 Puri-Konarak  
 Pahalgam  
 Gulmarg  
 Bhakra  
 Manali  
 Udaipur  
 Sanchi  
 Mandu  
 Khajuraho  
 Ellora-Ajanta  
 Goa (Calangute Beach)  
 Halebid-Belur  
 Mahabalipuram  
 Kovalam Beach  
 Lake Periyar



9. Many of the centres listed above can be covered by day trips from Category I centres. Whenever this is possible, economies in providing accommodation can be achieved by good roads and suitable transport facilities. The Committee are given to understand that the Tourist Department have appointed a Working Group consisting of an architect, town planner, economist and other officials concerned to prepare master plans for the development of some of the centres mentioned in category II above. It is hoped that in consultation with the Planning Commission and the State Governments, the master plans would be implemented expeditiously.



10. The State-wise distribution of tourist centres of categories I and II is given below:—

*Jammu & Kashmir*—Srinagar, Pahalgam, Gulmarg.

*Punjab*—Chandigarh, Bhakra, Manali.

*Rajasthan*—Jaipur, Udaipur.

*Uttar Pradesh*—Agra, Banaras, Jim Corbett Park, Fatehpur Sikri.

*Bihar*—Bodh Gaya, Nalanda, Rajgir.

*West Bengal*—Calcutta, Darjeeling.

*Assam*—Kaziranga.

*Orissa*—Puri, Bhubaneswar, Konarak.

*Madhya Pradesh*—Sanchi, Mandu, Khajuraho.

*Gujarat*—Ahmedabad.

*Maharashtra*—Bombay, Ellora-Ajanta.

*Goa*—Goa (Calangute Beach).

*Mysore*—Mysore, Halebid-Belur.

*Andhra Pradesh*—Hyderabad.

*Madras*—Madras, Mahabalipuram, Madurai.

*Kerala*—Kovalam Beach, Lake Periyar, Cochin.

*Delhi*—Delhi.

11. The Committee are aware that there are many other centres which could prove attractive for tourists, e.g., Hampi, Bijapur, Jog Falls, Lothal, Tanjore, to name a few. The State Governments should continue to provide basic tourist amenities in these places and popularise them among domestic tourists. There is no doubt that the home holiday market should be developed and would constitute a sound base for the large scale development of tourism. Many of these places, which are not connected by satisfactory means of transport, will become gradually more easily accessible with the general economic development of the country. But the Committee are convinced that having regard to the limitations of resources both at the Centre and the States and the kind of outlays necessary to attain proper standard for foreign tourists for the immediate fulfilment of certain targets, development should be on the basis of the kind of priorities we have indicated above.

## X. SHOPPING AND ENTERTAINMENT

Whatever may be the main motivation behind the tourist's visit, whether it is casual sight-seeing or some more serious objective, it is normal for him to spend a little time—and money—on shopping. He may buy something which he fancies for himself or for his family and friends at home. The money which he spends is foreign exchange for the country where he spends it. An economic survey conducted by the Institute of Public Opinion in 1962 revealed that on an average, an American tourist spends about Rs. 327/- and a European tourist about Rs. 242/- on shopping in India. The number of American and European tourists being 70,932 in 1962, this works out to a sum of nearly Rs. 2 crores which is about 20 per cent of the total expenditure of these two categories of tourists. Tourist expenditure can thus considerably help the promotion and development of handicrafts besides yielding foreign exchange.

2. Many countries have tried to build up special shopping facilities for the tourist to enable him to shop with ease and confidence. In India too, a number of shopping centres of this kind have developed, particularly in respect of cottage industries and handloom products. Many of these are directly or indirectly under Government control. It is obvious, however, that tourists should have the opportunity of going to a very much larger number of shops and should not confine themselves to the Government-sponsored ones only. At the same time, it is important that no matter where he goes shopping, the tourist should not have any occasion to feel that he has been cheated in regard to quality or price. He therefore needs a certain amount of guidance. We understand that for the guidance of tourists, a brochure giving a list of recommended shops in Delhi, Bombay, Calcutta and Madras was issued recently by the Department of Tourism and that this list is being extended to cover more tourist centres. The Committee consider that this is a step in the right direction.

3. We recognise that there are a large number of tourists who like to go into colourful bazars which they regard as typically oriental and where they want to bargain for prices and to discover antiques at ridiculously low prices. Such tourists sometimes discover to their cost that the bargain was not as good as they thought it to be. Those who seek a certain amount of adventure in their shopping are as a rule, or at least should be, prepared to take risks. What we have to ensure is that the person who tries to do some casual shopping in a hurry is not left with

a feeling of grievance and does not have to write letters of complaint later on.

4. Apart from the shops running under Government auspices and those included in the lists published by the Tourist Department, there is need to encourage among the shop-keepers who cater for the tourist some kind of a self-discipline which will benefit them and the tourist alike. We suggest that shops dealing with merchandise in which tourists are interested should be encouraged to form local associations whose members would display an emblem. If there are recurrent complaints about any shops, the association should take action and if necessary, remove the shops from their membership. In addition, shops which show a high earning of foreign exchange from tourists and which have a good record of "no-complaint" service to tourists could be granted certificates by the Department of Tourism. In this manner, we feel that the tourist can be guided in the choice of shops without restricting either his freedom or that of the shop-keeper to buy and sell as they please.

5. Quite apart from shopping facilities, it is important to think in terms of the products to be sold. Although a good deal of merchandise suitable for the tourist is now available, we feel that much further progress could be made if special attention is paid to the kind of things which the tourist wants to buy. Among the things which all tourists like to collect are souvenirs which readily establish a link with the place visited. Many countries in Europe have developed a large trade in mass-produced souvenirs. Some of them merely carry the crest or coat of arms of the city or the State visited. Others have replicas of important monuments and other things for which the city may be well-known. The objects themselves may be quite ordinary ones—handkerchiefs, scarves, ash-trays, cigarette cases and the like. We have not developed much of a souvenir trade as yet, except, to some extent, around the Taj in Agra. There is no reason why handkerchiefs or scarves decorated with motifs taken from one of the well-known frescoes should not command a large sale around Ajanta. Other similar ideas can be readily thought of. This is a matter which, we feel, should receive special attention on the part of authorities concerned with handicrafts and handloom products in general. Care will have to be taken to ensure that what is produced is light, easily packed and not too fragile, so that transportation by air presents no problem.

6. Most tourists look for various forms of entertainment when they visit any country. The tourist is on a holiday and wishes to amuse himself, and even those visitors who come on business or to attend a conference want light entertainment, particularly in the evenings. Tourists visiting other countries are accustomed to the idea of night clubs or the more sophisticated entertainment provided by the theatre, opera and

ballet. This is so not only in the Western world, but also in places like Tokyo, Manila, Hong Kong and Bangkok which have scores of night clubs, even if they do not all have first-rate theatres or dance shows.

7. The tourist in India can look at monuments, temples, bazaars and beautiful scenery during the day, but the lobbies of hotels in India are full of bored tourists in the evenings. Of course, night clubs run counter to our tradition and we are not advocating any attempt to set them up. But there is also a paucity of good cultural entertainment, particularly entertainment in the light idiom. We have, no doubt, a rich tradition of classical dances, but very few good artistes would agree to dance in a hotel; nor would such dances quite fit in with the atmosphere of a hotel dining room.

8. The solution to this problem does not lie in importing foreign cabaret artistes of doubtful artistic merit and even more doubtful taste, but in developing entertainment in the Indian tradition. After all, tourists remember Tokyo not for its night clubs, but for the vast range of indigenous entertainment it offers: from the highly stylised Kabuki drama to the pretty dances offered so spontaneously in Japanese-style restaurants and clubs. A clever impresario should find it possible to put across the rich variety of folk lore and dances available in India in a most entertaining fashion, and perhaps one day, someone would bring monkeyes and bears to hotel floors as a cleverly improvised after-dinner show.

9. Hotel managements are not qualified to develop new forms of entertainment. It will have to be done by people capable of scouting talent and organising shows at various levels in existing theatre halls and auditoriums as well as in hotels. We would urge that the authorities dealing with cultural affairs should take an interest in this matter so that private cultural organisations are persuaded to plan their shows and festivals with an eye on the tourist traffic and in close collaboration with the Tourist Department to ensure advance and adequate publicity. We are convinced that such efforts will be worth making and in the course of a few years, reasonable success can be achieved.

10. There are possibilities of performances being staged in some of the historic sites which are visited by many tourists. A colourful dance drama in the Red Fort would have a tremendous appeal to the tourists. In some countries, special programmes involving an inter-play of light and sound have now been evolved round their historic sites. We feel there are possibilities of a similar development in this country, particularly in a place like Delhi.

11. A number of cultural programmes are organised in the country. If they were publicised in the same manner as the Republic Day Parade

and the dance festival which is held in that week, or the Dussehra festivities in Mysore, they would attract more tourists and make them feel much more satisfied with the stay.

12. We should not think of entertainment only in terms of performances which people can watch preferably after dark. There are many types of activities in which the tourist need not be a spectator, but can be a participant. Excellent facilities for sports, such as golf and tennis, exist in the major cities of India. These are usually in clubs which, by their very nature, confine their facilities to members and do not open their doors to strangers. It should, in our opinion, be possible to come to arrangements regarding temporary membership of clubs for tourists in order not only to let them participate in the sports, but also to meet more people.

13. The development of sports and athletic meets is an important part of tourist promotion activities in many countries. A good stadium is now available in a number of cities in India and by organising sports of different types periodically, we can not only encourage the inflow of tourists, but also help the development of sports in this country. For certain sports, such as polo, we are already well-known. India also has tremendous possibilities for developing winter sports in the Himalayas and these too have a tourist potential, quite apart from their intrinsic value.

14. Tourists in many countries fill their evenings in trying out new local dishes in restaurants which provide national dishes. In India, the hotels have been concentrating almost entirely on serving Western style dishes. While the supply of good Western food is essential for tourist traffic, it is not necessary to try to serve more exotic dishes of Western origin. To provide them, we have to spend foreign exchange and their standards remain well below those which the discriminating tourist expects. On the other hand, no conscious and sustained effort has been made to popularise Indian dishes among Western tourists. In Japan, tourists go in search of Japanese-style restaurants and even highly Westernised hotels provide rooms in which food is served in the traditional Japanese style. Our more popular and expensive hotels which normally cater for tourists would not dream of serving a meal in a thali. Yet the fact that Indian food which is good, can really attract the tourist, is established beyond doubt by the phenomenal success of an entirely Indian style restaurant in Daryaganj in Delhi. Indeed, such has been its popularity among foreigners that many of the top class hotels are now including in their menu the dishes which this particular restaurant has made famous. But the gastronomic possibilities of India are not exhausted by the tandoori dishes which have been made famous by this particular restaurant. In every part of the country, there are special dishes. It is

true that not all of them would necessarily appeal to foreign tastes but with judicious selection, reducing the quantity of spices and with service suitably adapted to Western needs, a great deal could be achieved, and the international illusion that India has only one dish, namely, the curry, and that the curry has only one taste, namely, that of chilly-powder, could be removed. It is such a pity that even tea and coffee which we grow of the best quality is served in our hotels with such little attention to taste and flavour. Indeed, while our hotels can serve coffee out of percolators or expresso coffee, or even Turkish coffee, they cannot serve the aromatic decoction of South India. Perhaps some technical assistance from our Tea Board and Coffee Board, to the better hotels would be good for tourism and good for the export of our tea and coffee.

15. It would be evident from what we have said above that in matters like shopping and entertainment and other similar facilities, there is need for very much closer cooperation between those concerned with tourism and those concerned with allied activities domestically. How such close cooperation can be developed is a matter which, we suggest, should receive the consideration of Government. We, for our part, set out our views on the subject in our chapter dealing with organisational matters.



## **XI. TRAINING OF PERSONNEL FOR TOURISM**

No amount of merchandising of tourist attractions, publicity promotion, and investment for increasing tourist facilities would be effective if the personnel in the tourist industry of a country are not trained and efficient. We have elsewhere in this report dwelt upon the need for some specialised training for the staff of the Customs and other governmental agencies handling tourists on their arrival and departure. Quite apart from the Government staff involved, the tourist necessarily has to deal with a large number of agencies and many of these, in our opinion, would improve by giving better training to their staff.

2. Easily the most important of them are the hotels. To make a stranger feel at home in a strange country is not easy. It is not enough to provide accommodation and food. Something more is essential which can only come from the personnel.

3. There are several institutions imparting training in hotel management in western Europe, U.S.A., Australia and Japan. The training in hotel management covers different branches of hoteliering; reception, dining room service, waiting and room services, cooking, dietetics, bakery, book-keeping and accounts. In other words, it is a fairly comprehensive technical training of the same type as technical training in other fields. We have noted with satisfaction that the first school for training in catering in India was set up in Andheri (near Bombay) six years ago, and a school for training in hotel management, catering, technology and nutrition has also been recently set up in Delhi. For a growing hotel and catering industry, one or two institutions are not enough. Craft training is necessary at all levels. One New Delhi hotel alone employs about 700 waiters and other personnel at that level. Extensive training facilities in institutional catering are necessary if we want good food to be served on railway trains, domestic air services, restaurants, hotels, rest houses, and numerous canteens attached to large public undertakings. It seems necessary to set up institutions for craft training in different parts of the country. Considering that restaurants, large and small, are one of the important avenues of employment in most Indian cities, are fairly lucrative and can be taken up even by those who do not want to work either in factories or as domestic servants, craft training for working in hotels and restaurants would even from a social and economic point of view be desirable, apart from the dividends it might pay on the tourist front.

4. The institutions for higher training, such as in hotel management and catering technology, also need to be increased, and, more important, brought up to and maintained at the highest standards. We have in the past been sending a number of people abroad for such training. With the growing tightness of foreign exchange and restrictions on travels, the prospect of new trainees going out does not appear to be particularly good. One way of making good this deficiency may be to get some foreign instructors to our own institutions, preferably under some aid programmes. In our judgment, it is essential to maintain a link in the matter of training for top posts in the hotel industry with foreign bodies and institutions because they have primarily to look after the foreigner and they should, therefore, know his habits and ways. Some of the training staff in the existing institutions or the ones to be set up would greatly benefit by being sent abroad on short specialised courses.

5. Apart from hotels and restaurants the tourist has to deal with the staff of the tourist offices belonging to both Central and State Governments, booking clerks of travel agencies, guides, etc. These too, in our view, would benefit from a certain amount of training. We understand, however, that an attempt made in this direction some years ago did not get adequate response and, therefore, was not successful. There can clearly be no point in providing training facilities unless an adequate number of trainees are coming forward to be trained. We feel that further discussion between the Department of Tourism and the State Governments and travel agents are called for to explore the possibility of having a short-term course in the off-season when the staff does not have its hands full coping with the tourist traffic.

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## XII. LEAKAGE OF FOREIGN EXCHANGE

Throughout this report we have emphasized the important role which the growth of tourism can play in augmenting our foreign exchange resources. It is of the utmost importance, however, if this expectation is to be fulfilled, that the foreign exchange which the country should be earning from the tourists is, in fact, surrendered to the Reserve Bank of India and not diverted into unauthorised channels. A study of statistics of tourist arrivals in India and earnings of foreign exchange from tourism would tend to cast doubts as to whether all the tourist expenditure has actually been channelled back to the Reserve Bank.

2. The following statistics will indicate that India's foreign exchange earnings from tourism have not been increasing in proportion to the increase in the number of tourist arrivals:—

Year	Number of tourists (excluding those from Pakistan)	Percentage increase over previous year	Estimated earnings in foreign exchange from tourism (including those from Pakistan) (in crores of Rs.)	Percentage increase over previous year
1956	65,807		15.45	
1957	80,544	+22.2%	15.96	+3.3%
1958	92,202	+14.5%	17.46	+9.4%
1959	1,09,464	+18.7%	19.14	+9.6%
1960	1,23,095	+12.5%	20.56	+7.4%
1961	1,39,804	+13.6%	18.49	-10.1%
1962	1,34,360	-3.9%	(not available)	—

3. There is no reason to believe that the pattern of tourist traffic has materially changed over these years. The initial cost of coming to India is still very high and only fairly well-to-do persons can afford to come to India. Though there is a slight increase in the last few years in the middle income group tourists coming to India and also a slight decrease in the average duration of stay, they do not, in our view, provide an adequate explanation for the marked disparity between the rate of increase of tourist arrivals and that of tourist expenditure. Further, the slight decrease in the average duration of stay would be more than offset by the 10–15 per cent increase in prices of hotels, food, car hire, air fares, entertainment etc. This would lead to the inference that either some of the foreign exchange which should have been spent in the country has been held back or some of it which has been spent has been unauthorisedly taken out of the country.

4. We must see this problem in its proper perspective. In any country suffering from an acute shortage of foreign exchange, there are always anti-social elements trying to secure foreign currencies surreptitiously either for their own use, or for sale at higher prices than the official rates of exchange. In such a situation, if the number of tourists coming to a country is large, an organised effort is often made to get at their foreign exchange for illegitimate purposes. This was the experience of France and Japan at one time. The problem has solved itself in those countries with the improvement in their foreign exchange position to which tourism itself has made a significant contribution. In India, this particular problem may persist for quite some time. In considering what we should do, we have to be careful not to take steps which will discourage tourists from coming in, just as the measures which we take to prevent leakage of foreign exchange out of our other exports have to be such as not to reduce the volume of our exports.

5. The steps which we would recommend would fall broadly in the following categories:—

- (a) There should be some simple measures which would make the tourist conscious of the fact that it is an offence to make sales of foreign exchange to unauthorised people at more than the official rates of exchange.
- (b) The tourist should, in addition, be made to feel that by cashing his travellers' cheques at the right place and dealing with reputable organisations and agencies, he gets better value for his money.
- (c) The people who encash travellers' cheques should, for their part, have the feeling that by surrendering the foreign exchange, they stand to benefit in respect of such of their normal legitimate activities as are dependent on their earning of foreign exchange.
- (d) The enforcement machinery should be active against all those who try to acquire foreign exchange from the tourist for illegitimate purposes.

6. So far as (a) is concerned, Government have already recently introduced a booklet which every tourist is supposed to carry and in which an account of the travellers' cheques and foreign exchange brought in by him is entered. We do not consider it necessary to introduce any changes in this system which has only recently been introduced. After six months' experience, however, it may be desirable to make a fresh review of the problem.

7. Turning to (b), we consider it worthwhile making a tourist feel that if he were to utilise certain approved agencies or channels for his

expenditure, he would get a better value for his money. Too often, the tourist feels that he is being exploited and made to pay exorbitant prices for the various things which he needs. With such an impression, he is more easily tempted to try to sell his foreign currencies at a premium. In order to dispel such a feeling and to encourage the tourist to spend his foreign currencies through legitimate channels, we must consider how the more important services which the tourist needs can be provided to him at reasonable prices.

8. The more important facilities for which a tourist has to spend money are hotel accommodation, transport and shopping, in general. We have, elsewhere in this report, discussed each of these in some detail. Here, we confine ourselves to a few brief comments.

9. For hotels, obviously the tourist must pay the same price as Indians do. Although hotel charges in India have been on the increase, we do not think that they are out of line with international prices in any major way. The real trouble is the paucity of hotels, particularly of hotels in the medium brackets as distinct from luxury hotels. Where the hotels do tend to overcharge the tourist is in respect of certain imported supplies, mainly drinks and provisions. The hotels are given special import licences for these on the ground that these are needed to cater for the tourists. A good proportion of these imported items, however, are sold to Indians at very high prices which only those in the top income brackets or those who can charge it to an expense account can afford. The same price naturally gets charged to the tourist and when he compares it with the price he pays for similar things at home, or in other countries, the tourist naturally thinks that he is being exploited. We have, therefore, suggested that, as far as possible, imported goods which come into the country for the benefit of tourists, should be sold only against payment in foreign currency.

10. On transport, the charges for flying as well as travel by rail in India compare quite favourably with other countries. Where the tourist has legitimate reason for complaint is in respect of road transport charges for cross-country traffic, such as a journey to Agra from Delhi. Here again, considering that the import of larger vehicles for such traffic is justified mainly on the ground of tourist promotion it seems to us desirable that bookings at controlled rates—which could well be more favourable to the tourist than to Indian nationals—should be arranged. In that case, it would of course be necessary to allow private transport operators to import motor vehicles, excepting that such imports should be in proportion to the foreign exchange earned by the operator. We have made our suggestions on this subject elsewhere. Finally, in regard to shopping other than of imported goods, it is clear that the tourist can only get what he wants to buy at prices which are the same as those at

which they are available to the people in this country. Since such expenditure is entirely optional, we are not making any comments or suggestions here on the subject, apart from what we have to say in our chapter on shopping and entertainment.

11. Travellers' cheques and foreign currencies naturally get encashed in a large number of shops and establishments. By restricting the number of shops in which travellers' cheques and foreign currencies can be encashed to the smallest possible number, the task of supervising and controlling their operations no doubt gets simplified, but two other problems arise. If a tourist goes to a shop and wants to buy something there, he expects that as in other countries, the shop would take a traveller's cheque in payment. If the shop refuses to do so, the chances are that he would not take the trouble of buying the thing at all, because that would entail a journey to an authorised dealer. What actually happens very often in such a situation is that the shop does accept the travellers' cheque, but since it is not authorised to do so, it tries to sell it surreptitiously in the blackmarket and thus makes some more money in the bargain. We, therefore, do not think that a restrictive policy in giving approvals to shops to convert foreign currencies is the most useful line of action to pursue.

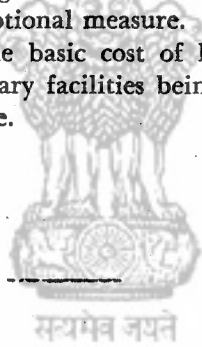
12. We have however, to ensure that the people authorised to accept foreign currencies do, in fact, surrender them to the Reserve Bank. One of the ways in which this can be done is by taking into account the earnings of foreign exchange when giving import licences to establishments and shops. A certain amount of foreign exchange is being released every half year to hotels and restaurants who cater for tourists. We feel that it would be an advantage if the allocation of this foreign exchange could be made proportionate to the amount of foreign exchange surrendered by them. Of course a hotel will encash a great deal more of foreign exchange than is actually spent in it. But the amount of foreign exchange encashed in the hotel is a reasonable index of the relative popularity of hotels among tourists. The allocation of the available foreign exchange in proportion to earnings will also protect the Department of Tourism from any complaints relating to inequitable distribution. Also, when the Department of Tourism approaches Government for release of foreign exchange for this purpose, it would be able to show what progress is being made from half-year to half-year. Hotels which are being built and which have not yet started catering to tourists will, of course, have to be dealt with separately.

13. So far as shops are concerned, what the tourist mainly buys—apart from imported liquor, films and other similar things—are handicraft products. Even the supply of these products does depend, to some extent, on imports. For example, brassware, as well as zari goods, need

non-ferrous metals. The grant of import licences to shops selling such articles for non-ferrous metals may well act as a positive inducement to them to surrender all the foreign exchange that they cash.

14. Finally, there would be the need for greater vigilance. We do not propose to dwell on the subject in this report, because the kind of arrangements which should be made are naturally matters for Government to consider. The suggestion which we have made elsewhere about taking legal powers to license travel agents would also, in our view, be helpful in this direction, because if a travel agent was known to be unscrupulous, quite apart from any legal action against him, his licence could be cancelled.

15. Quite apart from all this, we would recommend that arrangements should be made to concentrate on package tours—where the tourist makes a bulk payment for all his stay and travel in the country. Such payments in foreign currency to one single agency are much more easily controlled than payments made to various individuals and establishments from day to day. Such arrangements would have the further advantage that they would act as a promotional measure. The tourist would know in advance what would be the basic cost of his visit to India and he would be assured of the necessary facilities being available to him at the right time and the right place.



### XIII. BUILDING UP AN ORGANISATION

We have earlier in this report formulated a number of recommendations with a view to helping the growth of tourist traffic in India. In doing so, we have made some recommendations of a somewhat long-term character, while others have necessarily dealt with points of detail concerning present-day problems. We cannot persuade ourselves that an acceptance of our recommendations will in itself suffice to achieve the kind of target for increase in tourism which has been set out in our terms of reference. The one thing which is essential to the success of this effort is that continuous attention should be given to the ever-changing problems and prospects in this field. The role of a short-lived Committee is necessarily limited in more spheres than one. What we feel is most needed is some kind of a permanent machinery equipped to handle this task on a long-term basis.

2. No doubt the Department of Tourism under the Ministry of Transport is there, and we recognise the great deal of valuable work that it has done, as evidenced by its wide range of activities and by the statistics of increase in tourism in the fifties. At the same time, we cannot help feeling that for real success, it is not enough for one single agency to be active and alert. It needs the cooperation of many departments and Ministries of the Central Government as well as of the State Governments and local bodies. One of the major weaknesses in the situation today is that not many people outside the Department of Tourism are really working for the growth of tourism.

3. This point has been forcibly expressed in some of the memoranda we have received as well as in the oral evidence before us. We should like to quote in this context the following extracts from the memorandum of Shri J. R. D. Tata :

"To my mind, the most important step required to promote the flow of foreign tourists and visitors to India is for the Government of India to make it unmistakably clear, preferably from the mouth or pen of the Prime Minister, that they recognise tourism as one of the country's most important sources of foreign exchange and that they want everything possible done to promote and facilitate the flow of foreign visitors to India. Unless this is made clear beyond any doubt as a basic national policy. I am convinced that none of the Ministries/Departments or States concerned will revise their

present unhelpful approach to the problem and be willing to change their rules, regulations and policies in such a manner as to ensure effective action.

"On the organisational side, I would go so far as to recommend that there should be a separate Ministry of Tourism, but if that is considered unacceptable, I would suggest at least that the Department of Tourism be converted into an autonomous Corporation..... The Corporation should be given sufficient funds to carry out, with the minimum of red tape, a massive and long term programme of tourist development.

"The Corporation should include on its Board of Directors or Members, men and women with special knowledge and practical experience of the Subject, preferably with foreign experience and therefore familiar with the needs, habits, preferences and problems of foreign tourists. The Board should also include a senior representative of Air India, a representative of the Travel Agents Association of India, and of the Restaurants and Hoteliers Association or of the proposed Tourist Trade Federation."

A similar note was independently struck by Shri Bharat Ram, President of the Federation of Chambers of Commerce, as the following extract indicates:

*"Organisational structure :* All these matters which are the minimal should be remedied if we are to take our legitimate share in the world tourist trade. Since the promotion of tourism depends on the combined efforts of over so many authorities, at the Centre and in the States, it is necessary to give a due status to the Tourist Department..... It may perhaps be advisable to have advisory councils in various centres which will help the Department in its work. The question of setting up a separate Corporation under the auspices of the Department to build rest houses, run buses, and the like may be considered. The merit in the suggestion lies in the fact that a Corporation can function in a more flexible manner than a Government Department."

4. We are neither competent nor called upon to make any pronouncement on matters which relate to the internal organisation of business within Government. What we are concerned with is to draw attention to the kind of things which need to be done and to suggest how in our view those functions could be efficiently discharged.

5. It would be useful from this point of view to analyse first the nature of the tasks that have to be performed and then consider the kind of agency or organisation that would be appropriate to each.

6. First and foremost, there is need for continuous consultation and collaboration between the Department of Tourism and the Departments and Ministries of the Central Government which are dealing with several formalities with which the tourist has to comply and the various facilities which need to be provided for him. A great deal of literature usually in the shape of letters of complaint becomes available week by week, month by month, based on particular grievances and difficulties which tourists have experienced, on account of our regulations and restrictions. To pursue any one of them singly would be a time-consuming effort and also a futile one. If there were a Standing Committee of the main Departments concerned, which could review the inadequacies in facilities and arrangements and examine the complaints based on a statistical digest of them prepared by the Department of Tourism, much better results could be achieved. It would be an advantage to have at the head of the Committee a senior official not directly concerned with any of the Departments represented on the Committee.

7. Secondly, there is need for better coordination between the Centre and the State Governments. We do not propose to suggest any specific machinery for this purpose! What we would like to emphasise is that the Department of Tourism has a place in our Plan. In the Second Five Year Plan allocations by the following broad categories were made for the development of tourist facilities:

- (i) Rs. 95 lakhs for Jammu & Kashmir State.
- (ii) Rs 1 crore for building tourist roads, e.g. short roads connecting tourist centres with main highways etc.
- (iii) Rs. 1.10 crores for schemes to be undertaken by the Union Tourist Department for creating facilities suitable for upper income group or foreign tourists.
- (iv) Rs. 1.04 crores for schemes to be undertaken by the State Governments for low-income group or home tourists.

The actual expenditure during the Second Plan period was, however, Rs. 2.36 crores. Of this Rs. 77.36 lakhs was spent by J. & K. Government alone. It appears that the total number of schemes on which expenditure was incurred was as many as two hundred spread over about 130 places.

The allocation for tourism in the Third Plan is about Rs. 8 crores—Rs. 3.5 crores to be spent by the Centre and Rs. 4.5 crores by the States. It appears that in the first two years of the Third Plan, hardly any new



schemes have been started and only the schemes started in the Second Plan are now being completed. The main achievements of the last seven years seem to be that about fourteen Tourist Bungalows and eight Restaurants have been built by the Central Tourist Department and about thirty rest houses for low income groups have been built by the State Governments with subsidies from the Centre.

8. This poor performance clearly needs to be remedied and we would content ourselves with drawing the attention of the Planning Commission to this matter.

9. What we have said so far on the subject deals with the problem of better fulfilment of objectives and programmes already approved but not sufficiently emphasised. The major question which needs consideration in view of the importance of tourism, the public sector should not assume a more active and a more positive role than it has done so far. We have in the earlier pages of this report pointed out that there are certain major deficiencies which need to be made good and we suggested the possibility that the Government itself might try to fill the gap. These activities include (a) hotel building, (b) provision of road transport facilities, (c) organising entertainment, (d) arranging sale of certain imported articles on reasonable prices to tourists, and (e) organising tours at all-inclusive rates. Many countries have already done a great deal to attract tourists through what might be called bodies in the public sector. In Canada, Greece, Italy, Belgium, in Japan and U.A.R., government and governmental agencies have played an increasingly active role in providing the amenities and facilities without which tourists cannot be attracted. In a report on the subject from a well-known travel agency in Britain, it was stated that—

“if private capital has failed to provide us with sufficient new hotels and tourist amenities of all kinds then State capital must be available.”

A U.N. paper prepared in connection with the forthcoming U.N. Conference on Tourism points out that—

“in planned economy countries the activities of the National Tourist Organisation shall include several fields (hotels, travel agencies etc.) which in most other countries are left to private or non-governmental enterprise.”

We feel convinced that there is need in India to set up a public sector agency for doing certain things which are either not being done at all by the private sector or for which the resources the private sector can make available would on any judgment be inadequate.

10. Foremost among the fields of public sector activity must be the construction of hotels, dak bungalows or rest houses to accommodate tourists. At present, there are some rest houses run centrally by the Department of Tourism, while others are run by the State Governments. Use is also made of some of the State Bungalows, which are meant primarily for officers going on tour, for accommodating tourists. So far as hotels are concerned, they are mainly privately-owned and run. The tradition of publicly-owned hotels is quite old in this country. The State-owned hotel at Brindaban Gardens in Mysore, the railway hotels at Ranchi, Puri and Aurangabad and last but not least, the Ashoka Hotel in New Delhi are examples of State-owned hotels. We have in the chapter on hotels pointed out that the present rate of private investment in hotel building is pitifully inadequate. We have recommended that the State should play a more positive role in getting more hotels built.

11. The second major field of public enterprise would in our view be the selling of what is popularly known as 'package tours'. Many travel agents all over the world offer at an all-in price a tour of a particular country, in which everything including transportation, hotel accommodation, meals, guides, and facilities for sight-seeing are included. This type of encouragement for travelling in India has much greater value in the promotion of tourism than probably anywhere else. Quite often, a tourist planning to come to India is deterred by the thought that the country is too vast and he has too little time to cover it. Even if he feels he can spend a few days, he is not sure that he will be able to get the transport, the accommodation and other facilities necessary to see the sports he would like to see within the time and money that he can afford. We feel it should be possible to evolve, say 10 different types of tours of various durations and covering different areas and interests, which could be offered for sale at an all-inclusive rate to the visitor, with the assurance that all the necessary amenities would be available. Such an arrangement would not only attract the tourist because of its simplicity, but would also make the problem at the Indian end much more manageable. Instead of having to provide an uneconomic reserve of plane seats, cars, hotel accommodation and other things that the tourist may want at short notice, it would be possible, through advance booking, to lay on the necessary facilities with the confidence that they would not go to waste. Yet another advantage from the national point of view would be that there would be no risk of leakage of foreign exchange and no attempts to cheat the tourist.

12. These package tours will not mean that a governmental agency will try to sell them in retail to intending tourists in New York and Chicago, Dusseldorf and Rome. The actual task of selling will

rest with the travel agencies. What the governmental agency will have to ensure to the travel agency is that once a booking is made all the necessary amenities and facilities would be available. In our view, no agency other than a governmental agency could in Indian conditions give such an assurance.

13. The third type of activity which the public sector should undertake is in regard to road transport. A number of good tourist buses should ply between the main ports of entry and important points of tourist interest in the country. Quite often, these buses will have to cross inter-State boundaries. They will also have to ply over routes where road transport is already nationalised. In these circumstances, we see no alternative to a State enterprise operating such services.

14. Finally, we have drawn attention to the need for supplying to the tourist certain essential imported products, which are normally not available in India or are available only at exorbitant prices, such as photographic material, alcoholic beverages and a few other things. One of the sad facts of life today is that while the import of these products is being allowed largely if not exclusively in consideration of the tourist traffic, the prices at which they are sold are certainly not those at which the tourist will buy them. We feel that it would be much more economical in terms of foreign exchange and much more convenient to the tourist to have at important airports special tourist stalls run by Government where, against payment in foreign exchange, imported supplies of daily need for the tourist will be available at fair prices, by which we mean the duty-paid import price plus a reasonable margin to cover the overheads.)

15. What form of an organisation would be the best suited to perform these tasks? The choice clearly is between purely departmental undertakings, a company form of organisation and a Statutory Corporation. Of these, we consider the departmental form to be the least suitable. When undertakings which must be essentially commercial in nature are being undertaken by Government, it is an established practice to entrust them to companies or corporations, whose performance and profitability can be independently judged by applying yardsticks which are not necessarily those which apply to departmental undertakings. A company or corporation will have the further advantage that its activities need not be confined to those which under the rules of business fall under a particular department. Then again, we consider it essential that there should be in the planning of tourism the fullest possible cooperation of non-officials. Attempts have indeed been made to secure this by having various high-powered advisory bodies which

meet from time to time. It would in our view be more effective to secure non-official cooperation in a body, which will have executive responsibility. For all these reasons, we prefer the setting up of a company or statutory corporation.

16. We have considered whether it would be better to set up a company or to have a statutory Corporation. Considering that by far the largest number of public sector corporations have been set up as limited companies under the Companies Act and not by Statute, we see no particular reason or advantage in setting up a statutory body to undertake the kind of development which we have outlined above. On the other hand, we see several advantages in having a company which will, by its very nature, have greater flexibility in regard to its operations and can undertake fresh activities, as and when necessary, without having to approach Parliament to amend its charter.

17. Our intention clearly is that this company should be self-supporting. In the present conditions the company should be able to make handsome profits on several activities outlined in the foregoing paragraphs. But the purpose of setting up such a Government undertaking should also be to blaze the trail, as it were, in ventures which are not immediately remunerative but which are designed to promote tourism. In fact, it should be clearly mentioned in the articles of association of the company that it should also engage in activities of this kind. For instance, in organising new forms of Indian light entertainment, some money would have to be spent on experimentation and some financial risk might be involved. Similarly, there may be some non-selfliquidating expenditure in organising charter flights or excursion tours in order to popularise new tourist centres. But a company which can make profits on hotels, bus tours, and sale of publications and picture postcards etc. can absorb this non-remunerative expenditure. Since the expenditure incurred by the Tourist Department in the first 2½ years of the Third Plan is not much and since the rate of expenditure on plan projects is very slow it should be possible to divert about Rs. 1.5 crores out of the Plan allocation of Rs. 9.5 crores to the new company for initial capital expenditure.

18. Once such an organisation has been set up, it could take on some departmental functions in respect of tourism, for example, publicity to attract tourists mainly to be undertaken in a slightly different vein than publicity of purely official nature. The kind of advertising and publicity, for example, which Air India so successfully and presently undertakes, is clearly not something which a Government department would be or could be sponsoring. Yet it is kind of publicity which the tourist responds to most. A corporation or a company could also

enjoy freedom from many of the departmental rules in all kinds of things, such as, staffing and personnel, printing and stationery and other similar things.

19. Our recommendation regarding the setting up of a company does not mean that the Department of Tourism will cease to have any functions. The tourist will have to come in contact with the authorities at hundreds of different points during his stay in this country. It will not be possible for a company or its officials to secure the cooperation and help of other Government Departments and public officials in the same way as officials of the Department of Tourism can. Moreover, we feel that in certain matters, the Department of Tourism will have to perform functions which can only be performed by a government department. Earlier in this report we have referred to the issue of liquor permits for tourists by the Department of Tourism. We have also suggested a periodic review of complaints from tourists where again the Department of Tourism will have to continue to play an important and leading role. In our view, it is necessary for this Department to exercise some measure of regulatory control over the various sectors of the travel trade, which in some cases may need authority being taken by law.

20. On the general question of legislation, we are of the view that as far as possible, the activities of hotels, transport operators, shops and guides should be regulated by having a system of granting official approval or recognition, and not by legislative measures. We feel that withdrawal of recognition can act as a sufficient deterrent in most cases. The one exception to this approach we would suggest at this stage is travel agencies who are, in our view, on a different footing. A travel agency handling tourist business has to maintain international standards any engages itself in numerous foreign exchange transactions. Even if certain travel agencies are not granted recognition by the Department of Tourism or by the Ministry of Railways, they can still handle a large amount of business by virtue of approval granted to them by the International Air Transport Association (IATA). Good performance and reliability of travel agencies are vital to tourist promotion. We feel that it would be preferable that the selection of such agencies should be made by our own Government irrespective of the procedure adopted by any outside agency to grant approval to agencies functioning in India. The Travel Agents Association of India have themselves been urging that legislation be enacted to regulate the activities of travel agents. Taking all this into account, we would recommend that the Government may seek powers by legislation to license travel agencies so as to ensure that only agencies of good reputation and capable of efficient performances are allowed to function.

21. Besides the functions mentioned above which the Department of Tourism would continue to perform, there is also the task of making the official authorities, whose work impinges on tourism, more tourist-minded. There has to be an all-round reorientation of outlook in relation to tourist promotion. For example, visa-issuing officials, who have been trained to examine applications from the security angle, should nevertheless endeavour to make the prospective tourist feel that he would be a welcome visitor to India. We have already emphasised the need for this reorientation on the part of the customs, immigration and other staff stationed at points of entry. Local authorities and the public in general should also be conscious of the fact that the all-round development of an area for tourist purposes would benefit not only tourists but the local population as well. Unlittered roads and clean temples would not only impress tourists but would also satisfy our own aesthetic sense. Facilities such as winter sports would attract tourists and also benefit the economy of the area as a whole. For instance, "Courtesy to the Tourist" campaign which was inaugurated with a message from the Prime Minister three years ago, may well be repeated. Tourist Weeks on a regional or national scale could help in engendering tourist-mindedness. A positive and nation-wide feeling in favour of tourism should be generated in our country by inspiration from above. Tourism, in short, should not be regarded as something extraneous but should be woven into the pattern of Indian life and Indian economy.

22. In conclusion, we would like to mention that the various recommendations which the Committee has made in this report have been accepted by the members as a whole in their individual capacity. None of the signatories has in any sense committed the particular department or organisation to which he belongs. The Chairman would also like to place on record his grateful thanks to all his colleagues on the Committee and in particular to the Member-Secretary, Shri S. N. Chib, whose knowledge, zeal and energy have been of the greatest value to the work of the Committee.

*Chairman:*

Sd/- L. K. Jha

*Members:*

Y. T. Shah

S. Mullick

Fateh Singh

M. G. Abrol

*Member-Secretary*

S. N. Chib

NEW DELHI;

12th August, 1963.

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## Appendices

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## APPENDIX I

### SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

#### I. INTRODUCTION

1. After a fairly rapid increase until 1959, tourist traffic began slowing down in 1960 and 1961. In 1962 there was a decline of 3.9 per cent, part of which had taken place before the Emergency.

2. The Committee was appointed to enquire into the causes of the decline in tourism and to suggest ways and means of expanding tourist traffic.

#### II. THE VALUE OF TOURISM

3. Earnings from tourism amounted to about 3 per cent of our total exports in 1961, a performance which was bettered by only five other items on our export list.

4. To assess the potentialities of tourism in augmenting our foreign exchange resources, it is worth noting that international travel expenditure in a single year is far more than the foreign exchange gap for our Third Five Year Plan as a whole. Countries like Spain, Italy and Austria have been able to wipe out their trade deficits and build up large reserves of foreign exchange mainly through measures to attract tourists.

5. Foreign exchange apart, the tourist industry benefits the domestic economy on account of its high employment potential, because of the personal service provided by hotels, restaurants and transport operators as well as the sale of handicraft products. Possibly 15 per cent of what the tourist spends in the country goes to augment the revenues of the Central and State Governments as well as of Municipal authorities.

6. On all these considerations, it is essential that State Governments and Municipal authorities should offer their fullest cooperation in encouraging foreign tourists to come to India.

7. To cater for the tourist, it is not necessary to provide luxury standards which may be beyond our resources. The kind of standards of cleanliness and decor, of sanitation and hygiene which the tourist needs should and could be beneficial to a developing country rather than a strain on its resources.



8. The value of tourism in promoting greater international understanding should not be forgotten.

### III. THE POTENTIAL AND THE PERFORMANCE

9. Few countries in the world can surpass India in the range of attractions offered to the tourist—places of scenic beauty, ancient monuments, shikar and other sports, as well as things of cultural, economic and potential interest.

10. Despite these advantages, India was visited by only 139,804 tourists in 1961, whereas Italy earned about Rs. 359 crores in foreign exchange from 18.9 million tourists in the same year. While tourist traffic all over the world has been increasing at an annual rate of about 13% and many countries in Asia and Africa have had a steady increase in their tourist traffic, the traffic to India has been declining since the beginning of 1962.

11. A steady growth in tourism can be achieved by us—provided there is a nation-wide recognition of its value and a concerted effort on the part of the Central, State and local authorities.

### IV. FORMALITIES

12. The formalities that a tourist has to comply with have to be made as simple as possible if he is to feel that he is a welcome visitor.

13. A more liberal policy in the granting of visas is necessary. Applicants for visas who hold a return/onward ticket need not be asked to give any bank guarantee.

14. If any tourists arrive without visas, landing permits valid for at least 72 hours should be issued liberally. Such landing permits should also enable the holders to do local sightseeing and in case they desire to visit nearby places, they should be able to get the necessary permission speedily on application. Special arrangements should be made for the issue of collective visas to passengers arriving for a stay of 72 hours or less by chartered aircraft.

15. Certain countries have been able to abolish visa regulations on a reciprocal basis and this has greatly facilitated the flow of tourist traffic between those countries. To what extent such an approach would be possible for us, may be considered by Government.

16. The measures adopted to ensure that high-value articles like cameras and radios brought by the tourist are taken out by him when he leaves the country, could be further simplified. The re-export form

need contain only four columns, viz., (i) articles, (ii) make or brand, (iii) prices paid, and (iv) number of years used, and certain articles which tourists are not likely to part with, such as a reasonable amount of personal jewellery and photographic equipment, may be allowed in without being entered in the re-export form. Tourists sometimes carry large stocks of unexposed film on account of doubts regarding their availability in the countries visited. They need not be called upon to obtain an import licence for them. Similarly, no monetary ceilings or other limits should be imposed on what the tourist can bring in, excepting that articles of high value may be entered on the re-export form.

17. There should be no limit on the quantity of Indian goods which a tourist may take out with him. If the value is particularly large, Customs should check with the foreign exchange booklet carried by the tourist to see whether the goods have been purchased with the foreign exchange which he has cashed in the country.

18. Much of the irritation voiced by tourists against Customs would be eliminated if the opening of their baggage by Customs is reduced to the minimum. The discretion to reduce the percentage of test-check is rarely exercised. It is suggested that the baggage of tourists coming by air should ordinarily not be checked, unless there are grounds for doing so.

19. India's policy regarding prohibition does not include its enforcement on foreigners, particularly those who are temporary visitors. In practice, however, considerable inconvenience is caused to tourists, because the regulations vary from State to state. Arrangements to issue all-India liquor permits for tourists should be introduced quickly and Tourist Offices should issue these permits even after office hours and on holidays. Similarly, arrangements should be made for the sale of liquor to tourists on dry days at approved establishments. In areas such as Delhi, where consumption of alcohol in a public place is not permitted, a room should be set apart in each hotel where both food and alcoholic drinks can be served, admission to such rooms being restricted to foreigners and/or residents.

## V. FACILITIES AT AIRPORTS

20. The first and last, and perhaps the most lasting, impression on a tourist's mind is that of the treatment he receives at the time of his arrival and departure, usually at one of the four principal airports of India. Much of the criticism against various formalities and regulations stems from the fact that our facilities at airports are poor.

21. The terminal buildings need improvement and in this task, the advice of competent firms abroad who have experience in this field may be sought. The possibility of new air terminal buildings exclusively for the use of international passengers being financed by international airlines should be explored.

22. Special attention should be paid to the air-conditioning of those areas of the air terminals where tourists have to spend considerable time. The airport building should provide adequate rest room facilities for the Customs, Police and Health staff who have to be on duty at odd hours. The seniormost officials in charge of Customs and of Immigration formalities should be given residential quarters at the airports.

23. Postal, banking and exchange facilities should be available at every airport round the clock. Arrangements to make hotel and transport reservations should exist in the terminal building. A few retiring rooms should also be provided.

24. Catering and shopping facilities at airports should be considerably improved. Duty-free shops should also be provided to enable tourists to purchase articles of day-to-day use such as photographic material, alcoholic beverages, tobacco products, toilet requisites etc.

25. The most important factor is the human element; special training should be given to personnel at airports, who should have a reasonably long tenure of service and should possess a reasonable fluency in English so as to avoid misunderstandings in dealing with tourists.

26. The immigration staff at airports should be under the control and direction of the Central Government.

27. The aerodrome officer should be fully responsible for the management, upkeep and maintenance of the terminal building and should hold periodic meeting with the heads of the Customs, Police and Health staff to ensure coordination of effort.

28. The aerodrome officer should be given financial powers to incur reasonable expenditure on maintenance, petty repairs, etc. A readily available source of finance for this could be found by levying a cess of Rs. 3/- per international passenger at the time of departure.

## VI. TRANSPORT FACILITIES

29. In 1962, 67 per cent of the tourists came to India by air. Earlier surveys indicated that 75 per cent of American tourists and 60 per cent of European tourists chose air transport for most of their journeys within the country.

30. The Indian Airlines Corporation have a distinguished and enviable record of safety in their services. However, certain difficulties and drawbacks from the tourist's point of view need to be removed.

31. The Indian Airlines Corporation should get itself better known abroad, both through travel agents and through Government of India Tourist Offices. It should not only advertise its flight schedules long in advance, but should ensure that the changes in timings are duly notified in foreign countries.

32. Speedy confirmation of bookings is essential for the tourist traffic. As a rule, tourists should be able to get confirmed bookings at 15 days' notice. About 10 per cent of the seats on all routes, normally used by tourists should be kept in reserve for them until one week before each flight and 2 to 3 seats upto three days before departure to enable tourists to make changes in itineraries.

33. Until all stations of the IAC have been linked up by teleprinter, the I.A.C. should put through extra telephone calls (without necessarily recovering the cost from the tourist) to facilitate bookings from intermediate stations.

34. Some of the Dakotas likely to be rendered surplus should be retained by the IAC for introducing additional flights during the peak season and for charter flights.

35. The IAC should pay special attention to tourist traffic to earn foreign exchange which it needs for the maintenance and expansion of its services. At present, it is estimated to be earning about Rs. 2.75 crores in foreign exchange per annum. This figure could steadily grow. The IAC might well run some services which, purely in rupee terms, may not seem so attractive, if thereby it is able to carry a large volume of tourist traffic, as for instance a Dakota flight between Agra and Jaipur.

36. Next to air transport, tourists prefer travelling by road on short sectors. Motor vehicles are therefore necessary both for group travel and for those desiring to travel in privacy.

37. Special motor coaches equipped with large glass-panes, trained guides, public address system and other amenities are essential for sight-seeing in large cities like Delhi, Bombay, Calcutta and Madras. Attention should be given to the improvement of existing tourist bus services, and it might be an advantage to give the operational charge of these buses to the Department of Tourism, at least for a limited period.

38. In order to maintain an efficient car transport service for tourists who want to do sight-seeing in privacy, it would be necessary to import

cars which should preferably be run by a governmental agency so as to ensure that the cars are used only by tourists on payment in foreign exchange. Cars allotted to private operators should be under stricter control to ensure that they give preference to tourists, charge approved rates and account for earnings of foreign exchange.

39. Railways are now used by tourists mainly to visit places not linked by air. For the benefit of those who travel by rail, western-style dishes of good quality should be supplied on demand by charging higher prices, if necessary, and bed rolls should be available at short notice even at smaller stations of tourist interest. Facilities should also be made available to tourists to make speedy return or onward reservations from intermediate railway stations.

## VII. HOTELS

40. India has at present only about 11,000 hotel beds suitable for tourists. There is a marked absence of moderately-priced hotels of a suitable standard in large cities. The growth of the hotel industry, in general has not kept pace with the increase in the number of tourists.

41. The incentives given by Government to the hotel industry include release of foreign exchange for import of essential equipment, loans from the Industrial Finance Corporation and State Finance Corporations and income-tax exemption for new hotels. Despite these incentives, only five new hotels of a good standard, with a total of about 341 beds, have come up in recent years.

42. The main difficulties are insufficiency of capital and non-availability of suitable sites. Not many hoteliers have asked for loans from the IFC or SFCs. Suitable sites for good hotels are difficult to get in larger cities, except at prices which would make it difficult for a medium-priced hotel to be built.

43. The Tourist Department estimates that to provide the additional hotel accommodation to cope with the anticipated growth in tourist traffic, about Rs. 20 crores would have to be invested in the next 5 years. It is doubtful if private enterprise can find so much capital. Private enterprise is also more likely to concentrate on luxury hotels, rather than on modestly-priced hotels. The public sector will, therefore, have to play a major role in providing additional hotel accommodation.

44. State Governments may be able to participate in financing the construction of hotels by making available suitable sites owned by them, their value being the State Governments' share in the equity capital. Private investment in public sector hotels should not be ruled out.

45. It would be preferable to entrust the day-to-day operation and management of State-owned hotels to hotel-operators, Indian or foreign. The latter would have the advantage of helping to attract tourists through their international contacts.

46. While there is no objection, in principle, to the creation of a separate agency for providing loans to the hotel industry, it would be more practicable to rely on the existing financial institutions. For this, a somewhat more flexible approach in the part of the existing institutions, taking into account the special features and requirements of the hotel industry, can be needed. The Life Insurance Corporation could consider constructing hotel buildings in places where there is acute scarcity of hotel accommodation.

47. It would be advantageous if institutions and countries offering credits for economic development could be persuaded to make their loans usable for the hotel industry. In addition, private foreign investment should also be encouraged.

48. It is necessary to ensure that hotel prices are kept within reasonable limits and are not increased without adequate justification.

49. The construction of low-priced accommodation should be encouraged by subsidising organisations which are essentially non-profit-making. Suitable sites in important cities of Bombay, Calcutta, etc., should be specifically earmarked for hotel construction. The rates of premia for allowing hotel construction in important areas of Delhi, particularly in residential areas where only partial utilisation of land is allowed, should be re-examined.

50. For better utilisation of land which is highly expensive, new hotels should be allowed to design a majority of rooms as double rooms and the prescribed minimum of single rooms for income-tax exemption may be reduced from 50 to 25 per cent of the total accommodation. Income-tax exemption should be allowed even if the party owning the building and the party operating it, are different.

### VIII. PUBLICITY AND PROMOTION

51. Tourist publicity overseas is concentrated in a few countries and mainly takes the shape of distribution of tourist literature, contacts with the travel trade and press publicity.

52. For tourism, no less than for other reasons, the image of India and the Indian people has to be projected abroad in a way that it reaches not merely the elite and the erudite, but also the average man. Publicity through editorials, newspaper and magazine articles, radio and television is of great value for this. It can be arranged through public relations

agencies, as well as by inviting foreign journalists, travel writers, photographers, television film producers etc., on familiarisation tours of India. The shooting of foreign cinematographic films in Indian settings should be encouraged on a more liberal basis.

53. While from the available statistical data, it is not possible to say conclusively that the increase in the inflow of tourists from particular regions where Tourist Offices had been opened, was, in fact, and if so, to what extent, attributable to the opening of these offices, India will, in order to compete with other countries trying to attract tourists, have to open additional tourist offices from time to time. The opening of an office in Japan and an increase in the number of offices in the United States, would seem most worthwhile at this juncture. In addition, small teams may be sent to particular areas from time to time to make an impact by delivering lectures, arranging television programmes, briefing travel agents and other similar means.

53A. Indian Missions abroad can and should be used to provide tourist information and encourage tourism. Similarly, the possibility of using the services of Indian Banks overseas and indeed, of the resident Indian community in certain areas for this purpose, should be explored.

54. Tourist publicity material should be of the very best quality and the best artists, designers, writers, printers, photographers, film producers etc., available in the country should be engaged for its production, so that the publicity material does not suffer in comparison with what is put out by other countries.

## IX. DEVELOPMENT OF TOURIST CENTRES

55. Approximately 150 places in India have the potential of being developed into good tourist centres. As our resources are limited, instead of spreading them thinly over too wide a field, we should concentrate on a few selected centres and provide all the necessary facilities there in the first instance.

56. Preference for immediate development should be given to places which have features most likely to attract foreign tourists and which are easily accessible preferably by air. The list should include at least one or two centres in each State.

57. For purposes of development, it would be practical to divide the selected tourist areas into two groups—those where basic facilities of transport, accommodation and other amenities already exist, and those which have to be developed from scratch. In the first category may be included Bombay, Calcutta, Delhi and Madras as well as Agra, Jaipur, Banaras,

Srinagar, Madurai, Hyderabad, Mysore, Chandigarh, Ahmedabad, Darjeeling, Cochin and Bhubaneswar. In these places, further development should not only include hotel and transport facilities but also exploitation of local festivals and folk lore. In the second category, the inclusion of Kaziranga, Jim Corbett Park, Fatehpur Sikri, Bodhi Gaya, Nalanda, Rajgir, Puri, Konarak, Pahalgam, Gulmarg, Bhakra, Manali, Udaipur, Satchi, Mandu, Khajuraho, Ellora, Ajanta, Goa, Halebid, Belur, Mahabalipuram, Kovalam Beach and Lake Periyar is suggested.

58. The master plans prepared by the Working Groups appointed by the Department of Tourism should be implemented expeditiously. At other potential centres of tourism not mentioned above, the State Governments should continue to develop basic amenities to attract mainly domestic visitors for holiday and tourism for the present.

## X. SHOPPING & ENTERTAINMENT

59. Tourists generally spend some time—and money—on shopping and entertainment. According to an economic survey by the Institute of Public Opinion, tourists from America and Europe spend a total of nearly Rs. 2.00 crores annually on shopping alone. Tourists also look for various forms of entertainment. Tourist expenditure on these things can considerably help the promotion and development of handicrafts and also of cultural activities, besides yielding foreign exchange.

60. To help the tourist, a brochure giving a list of recommended shops in Delhi, Bombay, Calcutta and Madras has recently been brought out by the Department of Tourism. More tourist centres should be similarly covered.

61. Shops dealing with merchandise in which tourists are interested should be encouraged to form local associations so as to impose internal discipline on their members. Those showing a high earning of foreign exchange from tourists and a good record of "No Complaint" service to tourist should be granted certificates by the Department of Tourism.

a 62. Special attention on the part of the authorities concerned with handicrafts and handloom products should be paid to the kind of "souvenirs" which the tourist wants to buy. Souvenirs should be light, easily packed and not too fragile so that transportation by air presents no problem.

63. There is a paucity of good cultural entertainment, particularly in the light idiom. Instead of night clubs and foreign cabaret artistes, Indian style entertainment of a lighter variety, for performance in existing theatre halls and auditoriums as well as in hotels and restaurants, should be developed.



64. Private cultural organisations should be persuaded to plan their shows and festivals with an eye on the tourist traffic and in close collaboration with the Department of Tourism to ensure advance and adequate publicity—such as the Republic Day Parade in Delhi or the Dussehra festivities in Mysore already receive.

65. The possibilities of developing special programmes involving light and sound spectacles centred on some of the historic sites, particularly in Delhi, should be explored.

66. Arrangements should be made for temporary membership of clubs for tourists to enable them to participate in sports such as golf, polo, tennis, etc. The development of winter sports in the Himalayas and other forms of sports should be exploited for touristic purposes also.

67. Sampling local gastronomic delicacies is another form of evening entertainment for tourists, and hotels and restaurants should make efforts to popularise not only tandoori dishes but other specialities selected judiciously, prepared without too much of spices and served in a manner suitably adapted to western needs. Special attention should be paid to the taste and flavour of the tea and coffee served in Indian hotels, with necessary technical assistance from the Indian Tea Board and Coffee Board.

## **XI. TRAINING OF PERSONNEL FOR TOURISM**

68. Apart from the need for specialised training for airport staff already mentioned, it is necessary that hotels, travel agencies and tourist offices should be manned by personnel specially trained for their work.

69. In particular, attention should be paid to training facilities in hotel management. With a view to improving standards of the existing institutions set up for this purposes, foreign instructors, preferably under some aid programmes, should be employed, and some of the staff in training institutions may be sent overseas on short specialised courses.

70. Facilities for training in institutional catering should be provided in different parts of the country by setting up a number of craft training centres so that trained personnel are available for working in restaurants, railway dining cars, canteens etc.

71. There should be further discussion between the Department of Tourism and the State Governments as well as travel agencies to pursue the project of having short-term training courses in the off-season when the staff does not have its hands full.

## XII. LEAKAGE OF FOREIGN EXCHANGE

72. A comparative study of tourist arrivals in India and the foreign exchange earned from tourism during the last seven years would show that earnings have not been increasing in proportion to the increase in the number of tourist arrivals. There was a 20% increase in tourist arrivals in 1960 as compared to 1959, whereas the increase in earnings was about 7% only.

73. This imbalance cannot be attributed to a change in the pattern of tourist expenditure. No doubt there has been a small increase in tourists belonging to middle income groups and also a slight decrease in the average duration of stay, but on the other hand, the prices of hotels, food, transportation, entertainment etc., have been increasing. The imbalance could therefore only be the result of a leakage of foreign exchange.

74. In any country suffering from acute shortage of foreign exchange, there are always anti-social elements attempting to secure foreign exchange by illegitimate methods. In considering precautionary measures, care has to be exercised to ensure that the measures adopted do not have the effect of defeating their own purpose by discouraging tourists from coming to India.

75. The steps to be taken to stop a leakage of foreign exchange would fall broadly in the following categories:—

- (a) There should be some simple measures which would make the tourist conscious of the fact that it is an offence to make sales of foreign exchange to unauthorised people at more than the official rates of exchange.
- (b) The tourist should, in addition, be made to feel that by cashing his travellers' cheques at the right place and dealing with reputable organisations and agencies, he gets better value for his money.
- (c) The people who encash travellers' cheques should, for their part, have the feeling that by surrendering the foreign exchange, they stand to benefit in respect of such of their normal legitimate activities as are dependent on their earning of foreign exchange.
- (d) The enforcement machinery should be active against all those who try to acquire foreign exchange from the tourist for illegitimate purposes.

76. The effectiveness of the recently introduced booklet recording foreign exchange transactions of tourists in stopping the leakage should be reviewed after six months' experience.

77. People who get import licences in order to cater for the tourist trade should submit an account of their foreign exchange earnings and in the grant of licences due weight should be given to the amount of foreign exchange earned and surrendered by them.

### XIII. BUILDING UP AN ORGANISATION

78. The success of the effort to promote tourism requires continuous attention to the ever-changing problems and prospects in this field. In the memoranda submitted to the Committee and in the oral evidence before it, it was emphasised, time and again, that the effort to promote tourism suffered, because its importance was not receiving the recognition that it deserved at the hands of Central Government Departments, the State Governments and the public at large.

79. It is disappointing to note that very little of the Third Plan allocation of Rs. 8 crores—Rs. 3.5 crores for the Centre and Rs. 4.5 crores for the States—has been utilised so far.

80. Apart from the recommendations embodied in this report, to deal with new problems as they arise and for the various tasks which lie ahead, a proper organisational framework has to be built up.

81. In view of the value of tourism to the economy, the public sector should assume a more active and positive role in matters related to tourism.

82. Apart from activities like hotel building referred to earlier, it would be an advantage for a public sector agency to organise for sale through travel agents etc., "package tours" in which the tourist will be able to pay at all-inclusive rates for internal travel, accommodation and sight-seeing. Such tours would be more attractive to visitors who can spend only a limited amount of time and money, would be easier to organise and eliminate the risk of leakage of foreign exchange. Then again, items like road transport facilities for tourists, supply of imported goods at reasonable prices to tourists and other similar activities, would, for various reasons, be more suitably handled by a public sector agency.

83. For such activities as would be essentially commercial in character, a Corporation should be set up under the Companies Act, rather than as a Statutory body. Most of the activities of the Corporation would be self-supporting in nature, though a certain amount of promotional work may have to be undertaken. The resources required to set up the Corporation could be found out of the Third Plan provision for the promotion of tourism, the utilisation of which is proceeding at a very slow pace.

84. The Corporation could take over some of the functions of the Department of Tourism, such as publicity abroad. The Department of Tourism could concentrate on activities which are, directly or indirectly connected with the working of Government Departments and the exercise of regulatory control, where necessary.

85. Regulatory control over hotels, transport operators etc, should, as far as practicable, be exercised through executive, rather than legal, authority. It would, however, be advisable to take powers by law to license travel agents and regulate their activities.

86. A positive and nation-wide feeling in favour of tourism has to be generated by inspiration from the top. Tourism should not be something extraneous, but woven into the pattern of Indian life and Indian economy.



## APPENDIX II

### STATISTICS OF TOURIST ARRIVALS IN INDIA

Country of Nationality	1957	1958	1959	1960	1961	1962
<i>North America</i>						
Canada . . . . .	1,053	1,320	1,437	1,504	1,923	1,883
U.S.A. . . . .	16,029	18,032	21,704	27,174	31,345	33,192
<b>TOTAL</b> . . . . .	<b>17,082</b>	<b>19,352</b>	<b>23,141</b>	<b>28,678</b>	<b>33,268</b>	<b>35,075</b>
<i>South America</i>						
Argentina . . . . .	87	127	106	218	437	206
Brazil . . . . .	105	176	153	122	293	288
Mexico . . . . .	82	223	199	409	523	633
Others . . . . .	262	274	325	410	580	466
<b>TOTAL</b> . . . . .	<b>536</b>	<b>800</b>	<b>783</b>	<b>1,159</b>	<b>1,833</b>	<b>1,593</b>
<i>Western Europe</i>						
Austria . . . . .	210	344	448	332	422	472
Belgium . . . . .	283	302	278	362	417	490
Denmark . . . . .	348	338	330	427	526	511
France . . . . .	1,995	2,046	2,153	2,561	3,033	3,261
Germany . . . . .	2,607	2,967	3,568	4,103	4,835	5,376
Italy . . . . .	863	878	1,025	1,532	1,643	1,561
Netherlands . . . . .	907	802	868	1,030	1,202	1,112
Portugal . . . . .	533	723	1,084	926	659	123
Sweden . . . . .	440	510	663	644	900	769
Switzerland . . . . .	916	944	976	1,427	1,649	1,704
U. K. . . . .	14,359	14,831	16,875	18,745	22,191	21,457
Others . . . . .	587	538	500	729	791	904
<b>TOTAL</b> . . . . .	<b>24,048</b>	<b>25,223</b>	<b>28,768</b>	<b>32,818</b>	<b>38,268</b>	<b>37,740</b>
<i>Eastern Europe</i>						
Czechoslovakia . . . . .	394	305	470	323	526	367
U.S.S.R. . . . .	1,478	1,191	3,021	3,048	3,737	2,988
Others . . . . .	787	728	885	918	1,503	1,288
<b>TOTAL</b> . . . . .	<b>2,659</b>	<b>2,224</b>	<b>4,376</b>	<b>4,289</b>	<b>5,766</b>	<b>4,643</b>

Country of Nationality	1957	1958	1959	1960	1961	1962
<i>Africa</i>						
Kenya . . . . .	4,743	7,576	7,874	9,519	11,420	9,141
Rhodesia-Nyasaland	116	353	426	328	349	589
South Africa (Union of) . . . . .	528	342	1,088	1,021	1,189	1,420
Tanganyika . . . . .	713	1,284	1,330	1,536	2,009	2,049
Uganda . . . . .	685	2,098	2,139	1,205	1,229	1,599
Zanzibar . . . . .	178	506	360	450	389	520
Others . . . . .	248	233	315	330	728	677
<b>TOTAL</b>	<b>7,211</b>	<b>12,892</b>	<b>13,532</b>	<b>14,389</b>	<b>17,313</b>	<b>15,995</b>
<i>West Asia</i>						
Aden-Oman . . . . .	340	812	315	1,469	1,612	1,961
Bahrein-Qatar . . . . .	298	725	1,245	1,506	1,200	1,402
Dubai . . . . .	139	352	849	1,275	581	842
Iran . . . . .	474	721	854	842	726	776
Saudi Arabia . . . . .	524	652	976	573	457	402
Others . . . . .	796	948	952	1,106	1,304	1,819
<b>TOTAL</b>	<b>2,571</b>	<b>4,210</b>	<b>5,691</b>	<b>6,771</b>	<b>5,880</b>	<b>7,202</b>
<i>East Asia</i>						
Afghanistan . . . . .	1,629	1,652	2,045	1,735	2,035	1,036
Burma . . . . .	5,010	3,647	1,958	1,392	2,814	1,59
Ceylon . . . . .	12,678	13,513	17,466	16,509	14,838	11,682
China . . . . .	1,130	1,086	944	659	722	482
Indonesia . . . . .	339	543	423	509	824	767
Japan . . . . .	1,795	1,786	2,177	3,070	3,940	4,034
Malaya-Singapore . . . . .	865	2,349	4,424	6,397	7,451	7,364
Philippines . . . . .	213	296	269	352	469	418
Thailand . . . . .	330	486	534	694	594	586
Others . . . . .	1,257	648	831	1,234	886	885
<b>TOTAL</b>	<b>25,246</b>	<b>26,006</b>	<b>31,371</b>	<b>32,551</b>	<b>34,573</b>	<b>28,845</b>
<i>Oceania &amp; Stateless</i>						
Australia . . . . .	950	1,192	1,428	1,895	2,302	2,625
New Zealand . . . . .	160	193	290	449	442	498
Others . . . . .	81	110	84	96	159	144
<b>TOTAL</b>	<b>1,191</b>	<b>1,495</b>	<b>1,802</b>	<b>2,440</b>	<b>2,903</b>	<b>3,267</b>
<b>GRAND TOTAL</b>	<b>80,544</b>	<b>92,202</b>	<b>109,464</b>	<b>123,095</b>	<b>139,804</b>	<b>134,360</b>

# APPENDIX III

## INTERNATIONAL TRAVEL STATISTICS

Country	1952	1961	Increase or decrease	% increase or decrease	1962	% increase
1. Australia	47,698	99,296	51,598	108.2	..	..
2. Austria	1,248,118	5,024,088	3,775,970	302.5	..	..
3. Bahamas	90,736	336,006	245,270	270.3	..	..
4. Barbados	20,935	37,060	16,125	77.0	..	..
5. Belgium	361,520	2,133,000	1,771,480	490.0	..	..
6. Cyprus	27,276	40,140	12,864	47.2	..	..
7. Dominican Republic	14,713	13,464	-1,249	-8.5	..	..
8. East Africa	36,578	57,083	20,505	56.0	..	..
9. Egypt	79,153	288,957	204,804	258.7	..	..
10. Finland	144,202	1,227,531	1,083,329	751.2	..	..
11. France	3,191,000	5,800,000	2,609,000	81.8	..	..
12. Germany	1,620,810	5,231,263	3,610,453	222.7	..	..
13. Greece	54,819	440,243	385,424	703.1	541.500	887.8
14. Guatemala	11,038	16,783	5,745	52.5	..	..
15. Guernsey	1,090	2,602	1,512	138.7	..	..
16. Haiti	19,732	91,294	71,562	362.7	..	..
17. Hong Kong	35,563	220,884	185,321	521.1	..	..
18. Iceland	4,823	23,594	18,771	389.2	..	..
19. India	20,503	139,804	119,301	581.9	..	..
20. Ireland	1,596,000	2,114,366	518,366	32.5	..	..
21. Israel	32,965	159,624	126,659	384.2	..	..
22. Italy	6,059,297	18,935,242	12,875,945	212.5	..	..
23. Japan	26,768	178,130	151,362	565.5	..	..
24. Jersey	277,540	502,635	225,095	81.1	..	..
25. Jordan	44,871	162,058	117,187	261.2	..	..
26. Lebanon	216,418	474,418	258,000	119.2	..	..
27. Luxembourg	234,142	323,273	89,131	38.1	..	..
28. Monaco	74,081	85,063	10,982	14.8	..	..
29. Morocco	231,295	160,941	-70,354	-30.4	..	..
30. Netherlands	608,280	1,526,746	918,466	151.0	..	..
31. New Zealand	17,792	90,558	72,766	409.0	..	..
32. Norway	603,610	3,383,000	2,779,390	460.5	..	..
33. Philippines	9,928	57,250	47,322	476.7	..	..
34. Portugal	110,021	375,450	265,429	241.2	..	..
35. Puerto Rico	98,788	716,309	617,521	625.1	..	..

	1	2	3	4	5	6	7
36. South Africa .	106,316	190,485	84,169	79·2	..	..	..
37. Rhodesia & Nyasaland .	64,481	131,783	67,302	104·4	..	..	..
38. Spain .	1,403,307	7,455,262	6,051,955	431·3	..	..	..
39. Switzerland .	2,817,622	5,367,270	2,549,648	90·4	..	..	..
40. Trinidad .	34,023	100,579	66,556	195·6	..	..	..
41. Turkey .	38,824	129,104	90,280	232·5	..	..	..
42. U. K. .	723,954	1,823,755	1,099,801	151·9	..	..	..
43. U. S. A.	578,700	970,706	392,006	67·7	..	..	..
44. Yugoslavia .	122,001	1,079,516	957,515	784·8	1,242,000	918·	..
<b>TOTAL</b>	<b>22,161,331</b>	<b>7,711,615</b>	<b>45,550,284</b>	<b>192·3</b>	..	..	..

Austria had the largest number of "tourist nights" with 35,946,779 overnight stays in 1962 followed by Italy with 35,774,995, France with 34,365,000 and Switzerland with 18,081,180 overnight stays.

Spain had the largest number of tourists in 1962, with 8,668,722, followed by Italy with 8,156,107, France with 5,975,000 and Austria with 5,679,575 tourists.



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# APPENDIX IV

## STATEMENT SHOWING EXISTING HOTEL ACCOMMODATION AND ESTIMATED ADDITIONAL ACCOMMODATION REQUIRED BY 1968

	EXISTING HOTEL ROOMS				No. OF ADDITIONAL ROOM REQUIRED			
	Gr. I	Gr. II	Gr. III	Total	Gr. I	Gr. II	Gr. III	Total
1. Delhi .	637	314	253	1,204	249	570	631	1,450
2. Calcutta	604	30	34	668	..	420	410	830
3. Bombay .	743	171	66	980	..	458	562	1,020
4. Madras .	74	177	150	401	261	156	183	600
5. Agra .	175	..	..	175	..	150	150	300
6. Varanasi .	69	32	..	101	32	68	100	200
7. Srinagar .	73	91	..	164	26	10	100	136
8. Pahalgam	..	..	20	20	15	15	..	30
9. Gulmarg .	..	53	15	68	10	..	10	20
10. Jammu .	..	..	..	..	10	10	10	30
11. Bhopal .	..	..	..	..	10	10	10	30
12. Khajuraho	..	..	5	5	10	10	..	20
13. Aurangabad	..	40	..	40	20	..	20	40
14. Ajanta .	..	..	..	..	10	..	..	10
15. Ahmedabad	26	21	..	47	10	14	10	34
16. Patna .	..	40	..	40	15	..	15	30
17. Shillong .	..	..	60	60	15	15	..	30
18. Hyderabad	43	35	..	78	10	20	50	80
19. Secunderabad	..	..	..	..	..	..	..	..
20. Bhubaneswar	..	..	..	..	20	15	15	50
21. Chandigarh	..	33	..	33	25	..	25	50
22. Pathankot	..	..	..	..	20	15	15	50
23. Amritsar .	..	6	..	6	20	10	20	50
24. Manali .	..	..	5	5	10	10	10	30
25. Nangal .	..	..	..	..	10	10	10	30
26. Bangalore.	..	..	258	258	40	40	..	80
27. Mysore .	..	41	9	50	40	..	40	80
28. Madurai .	..	..	..	..	20	15	15	50
29. Trivandrum	..	..	30	30	15	15	..	30
30. Cochin .	..	..	67	67	15	15	..	30
31. Tirupati .	..	..	..	..	..	10	10	20
32. Thekkady	..	6	7	13	10	10	10	30
33. Dhanushkodi	..	..	..	..	10	10	10	30
TOTAL	..	..	..	..	958	2,101	2,441	5,500

	Foreign ex- change Element	Total Cost
	Rs.	Rs.
(i) Cost of constructing 958 rooms in Grade I at Rs. 70,000/- or \$ 14,700 per room, the foreign exchange element being 17½ per cent of the total cost. . . . .	1,17,35,500	6,70,60,000
(ii) Cost of constructing 2101 rooms in Grade II at Rs. 40,000/-, per room the foreign exchange element being 10 per cent of the total cost. . . . .	84,04,000	8,40,40,000
(iii) Cost of constructing 2441 rooms in Grade III at Rs. 20,000/- per room, the foreign exchange element being 5 per cent of the total cost. . . . .	24,41,000	4,88,20,000
<b>TOTAL</b> . . . . .	<b>2,25,80,000</b>	<b>19,99,20,000</b>



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# APPENDIX V

## GOVERNMENT ASSISTANCE TO THE HOTEL INDUSTRY

Country	Government loans to the hotel industry	Government's subsidy to the hotel industry	Relief from taxation for the hotel industry	Other Government assistance to the hotel industry
I	2	3	4	5

1. Austria . . .

The Ministry of Commerce and Reconstruction grants subsidies to reduce interest charges and thus promote investment in hotel industry projects. As a result, the rate of interest payable by the borrower has been decreased to 5%. Such subsidies amounted to \$92,308 up to 31st December 1961.

2. Belgium . . .

Laws designed to increase access to credits granted to business and trades in favour of the middle classes and to promote new investment are applicable to the hotel industry. During 1961, the Caisse Nationale de Credit Professionnel granted the hotel industry 97 loans totalling —\$1,082,020 guaranteed by a fund. The Caisse Nationale de Credit during the same year issued 9 loans totalling \$408,000.

The maximum subsidised interest rate is 3% and

Certain tax exemptions are provided, e.g. exemption from trading tax or additional personal tax or property tax on certain buildings for five years, depending on the case.

cannot exceed half the prevailing rate.

A total of 1190 loans were granted in 1961 by the Caisse Centrale de Credit Hotelier amounting to \$18.5 million. These loans are granted at 5% interest rates, which a 2% rebate can be reduced to 3% when the hotels were to be built or modernised comply with the regulations qualifying them for selection as hotels suited to international tourism.

3. France

Loans amounting to \$625,000 were granted from European Recovery Programme Funds during 1961. Owners of hotels damaged during the war received loans amounting to \$843,750 from the War Damages Distribution Fund.

4. Germany

Guaranteed loans are granted at moderate rates for hotel development. Loans to cover the interest charges for 5 years on other loans can also be obtained.


5. Ireland

The hotel industry is aided by a 5% rebate on tax on gross revenue from gambling in casinos. The credit obtained in this way must be used for modernising the hotels of the resort concerned. The turn-over tax is reduced to the extent of 10% of the amount spent on new building and modernisation.

In areas where tourism largely contributes to the economic development grants amounting to \$750,000 were received by hotels and restaurants.

20% of modernisation costs of hotels is subsidised. Cash grants also cover 20% of the cost of accommodation for hotel staff and of expenditure on entertainment facilities for guests. One third of the fees paid for consultant's reports for technical assistance to improve to liquid fuel efficiency in older establishments is subsidised.

Owners of hotels, motels and holiday camps can obtain an annual relief of 10% on any capital expenditure for new buildings or extensions. The hotel industry may also qualify for an initial rebate of 20% on the cost of new equipment (other than furnishing fabrics) rebate on total cost of replacing furnishing fabrics, and a seven year exemption from 2/3 of the tax charges on new buildings.

1	2	3	4	5
6. Italy	Loans at 4% interest amounting to \$5.6 million were granted in 1961 for modernisation and extension of new buildings from the "Working Fund".			
7. Netherlands	Loans for construction, extension and modernisation of hotels amounting to \$60,000 at 5.5% interest were granted in 1961.			
8. Norway	Loans amounting to \$41,999 were granted in 1961 from the Government's Hotel Fund and additional credits amounting to \$73,079 were advanced to hotels and restaurants where alcoholic beverages are not on sale. The Regional Development Fund granted other credits amounting to \$158,617.			
9. Portugal	Loans amounting to \$630,170 at 4%, \$82,100 at 1.5% and \$458,000 free of interest were granted.	Subsidies amounting to \$83,320 were granted.		
10. Spain	A revolving fund of \$8,353,333 is available to the Hotel Loan Society at 5.5% generally given at the rate of \$1250 per room.			

There are no subsidies, loans or tax exemptions in Great Britain, but in Northern Ireland, the Government has planned a system of grants to hotels and guest houses for specific improvements.



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ii. United Kingdom

