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CONTENTS

Chapter No.

I	Introduction	1
II	The New Era of Air Travel and its impact on the Hotel Trade .	6
III	Classification and Criteria	8
IV	Rate Structure	18
V	Assistance to the Hotel Industry.	24
VI	Legislation	35
VII	Service Charge & Tipping	42
VIII	Conciliation	44
IX	Provision of Common Fund	46
X	Prohibition	52
XI	Training of Hotel Personnel	56
XII	Public sector and Private sector in the Hotel Industry . . .	66
XIII	Foreign Interests	67
XIV	Rest Houses, Dak Bungalows, Circuit Houses and the like . .	68
XV	Indian style Hotels	71
XVI	Hygiene, Cleanliness and Food मेव जयते	73
XVII	Tourist Publicity	74
XVIII	Kashmir	78
XIX	Places of Tourist Interest and their Development . . .	82
XX	Acknowledgments	86
	Appendices	87

CHAPTER I

INTRODUCTION

The Hotel Standards and Rate Structure Committee was constituted by the Government of India with the following terms of reference :—

- (i) To frame criteria for the classification of hotels keeping in view the criteria laid down by existing International Organisations dealing with the hotel industry.
- (ii) To recommend the number and type of classifications that should be applicable e.g. whether to introduce the Star system as is prevalent in some countries or any other suitable system of classification.
- (iii) Taking into account the price level obtaining in India, the cost of hotel-keeping and other relevant factors, to recommend a rational rate structure for each category of hotels and other establishments.
- (iv) For the purpose of promoting tourist traffic, to consider any other aspect of the hotel industry including the desirability or otherwise of legislation and/or of assistance.

2. The Committee, however, did not actually commence its work until the 18th of September 1957. This was due to the fact that the hotelier members of this Committee desired that the terms of reference of the Committee should be amended. A meeting of the Committee, therefore, was held in the Secretariat in the Ministry of Transport on the 5th of September 1957 under the Chairmanship of Diwan Chaman Lall, Chairman of this Committee, and it was decided that certain alterations should be recommended to the Government in the terms of reference. A new item in the terms of reference was accordingly added and this is item (iv) of the terms of reference stated above. In the opinion of the Committee this addition was necessary in order that the subject of tourism and its connection with the hotel industry should be surveyed and necessary recommendations made for action to the Government of India. The minutes of this first meeting are attached to this Report as Appendix I.

3. The following members were appointed to serve on this Committee except that Shri Nettur P. Damodaran's place was taken later on by Shri K. T. Achuthan, Advocate, Trichur (Kerala) on the former's

resignation which took effect on his appointment in the Government of India as Assistant Commissioner for Scheduled Castes and Scheduled Tribes in Trivandrum :—

Chairman

1. Diwan Chaman Lall, Member, Rajya Sabha, New Delhi.

Members

2. Shri R. R. Morarka, Member, Lok Sabha, New Delhi.
3. Shri M. S. Oberoi, President, Federation of Hotel & Restaurant Associations of India, Delhi.
4. Shri K. Heuer, President, South India Hotels & Restaurants Association, Madras.
5. Shri C. Green, President, Hotels & Restaurant Association of Eastern Region, Calcutta.
6. Shri Ram Nath Kapur, Honorary Treasurer, Hotel & Restaurant Association of Bombay Region, Bombay.
7. Shri E. F. Gerold, Jr., Director for India, Pan American World Airways, New Delhi.
8. Shri N. J. Katgara, Honorary Secretary, Travel Agents Association of India, Bombay.
9. Shri N. P. Dube, Housing Commissioner to the Government of India, Ministry of Works, Housing & Supply, New Delhi.
10. Shri K. T. Achuthan, Advocate, Trichur (Kerala State).

Member-Secretary

11. Shri G. R. Kadapa, Deputy Secretary, Ministry of Transport & Communications, New Delhi.

Shri R. R. Morarka was, unfortunately, unable to attend any meetings except the preliminary one.

4. The Committee met in Delhi and prepared a Questionnaire which was widely circulated. This Questionnaire, which is attached as Appendix II elicited over 350 replies. The Committee also examined about 400 witnesses from Chief Ministers of States to the least paid worker in a hotel.

5. The Committee decided that its members should visit some of the important places where the Hotel Industry operates as well as other places of tourist importance in order that a quick survey should be made of existing conditions. In Appendix III the places visited by the Committee are scheduled and it will be seen that a fairly large and comprehensive inspection has been undertaken by the Committee of the hotel facilities available in different parts of India.

6. The main objectives the Committee set before itself can be briefly summarized as follows:—

- (a) to lay down criteria for the purpose of classification of the hotels in India keeping in view international standards that apply to similar establishments elsewhere;
- (b) to suggest ways and means of promoting tourist traffic to and in India;
- (c) to suggest what arrangements or improvements on existing arrangements are desirable for the purpose of promoting internal and external tourism;
- (d) whether legislation, and if so of what type and/or assistance and if so of what type are necessary for the purposes of the hotel industry generally;
- (e) keeping in view the price structure prevailing in India to suggest a suitable rate structure for the hotel industry.

7. It is obvious that none of these aspects of the hotel industry and tourist traffic could be properly considered without a survey on the spot of the conditions prevailing in various parts of India and of the hotels which cater for tourist traffic.

8. The Committee visited as many centres as it was possible in the short time available to it. *The result of these visits confirmed the Committee in its opinion that it has become, undoubtedly, a matter of great national urgency to promote the influx of foreign tourists into India in the context of the progressively expanding development plans envisaged by the Government of India.* For instance it is quite clear that if in India we could attract a much larger number of foreign tourists, we would be strengthening the foreign exchange position of our country to an appreciable extent. That it should not be difficult to achieve this objective was forcibly brought home to us, when we made a survey of the possibilities open to other countries which have become attractive from the point of view of the foreign tourist. We were informed by reliable authority, for instance, that during the last decade the figure of foreign tourists visiting Great Britain jumped from 134 thousand to well over a million. Similarly, other countries have registered remarkable evidence of the gains they have made through the influx of foreign tourists. We understand that there were more than 30 million tourists including half a million Americans who visited Europe in 1955 and that according to the estimates of the European Travel Commission, this number will reach by 1960 the colossal figure of 50,500,000 including 1,500,000 Americans. These staggering figures prove that wherever there is a spot of tourist interest and where civilised amenities are available, the tourist who has, amongst other objectives, the objective of spending a pleasant holiday of relaxation and personal enjoyment will take the opportunities offered to him. Indeed the remarkable advance made by

tourism in India in recent years is an astounding testimony to what can be achieved in this field. And this is evident when we assert that the earnings of foreign exchange from tourism have shown the following remarkable progress as gathered from the reports of the Reserve Bank of India :—

Year	Ra. (in crores)
1953	7.1
1954	8.4
1955	10.1
1956	15.45
1957	(Our estimate) nearly 18 crores, based upon the increase in the number of tourists from 68,880 in 1956 to 80,554 in 1957.

9. We, in India, are so situated that we can offer to a foreign tourist not only almost everything from the climatic point of view that he needs for his enjoyment and relaxation but in addition the sight of the new India palpitating with astonishing developments. At the same time we can offer evidence of the cultural heritage of the past which has come down to us from ancient times in great and astonishing variety not only in monuments and glories of architecture but in painting and sculpture in music and the dance.

When it is realised that a small country like Austria with a population of seven million has an earning capacity, from tourist traffic, of nearly eighty crores of rupees a year, it will be seen what perspectives open up in regard to this problem in connection with the development of tourist traffic in and to India. This is only one of the many examples to be cited in this connection. The variety of the scenic beauty possessed by India, its vast snow-clad mountains offering a magnificent refuge of peace and quiet attracting the sportsman who sets out to enjoy himself, its centres for tobogganning and skiing or ice skating, its Himalayan valleys which are famed in history, its numerous lakes which are a great attraction for boating and fishing, its semi-tropical seas, its forests which are a hunter's or animal lover's paradisc, its vast variety of climates, all these offer a stupendous panorama of interest to every type of tourist, whose interest is further stimulated by the sight of the monuments of the past including the famed Taj Mahal, the unmatched frescoes of Ajanta, the sculptures of Ellora, Khajuraho, Konarak, Halebid, Belur, Madurai and Mahabalipuram. All these offer an unmatched record of interest which will attract tourists of all tastes if our publicity is properly handled and if other factors which we take note of in the body of this Report are satisfactorily arranged.

10. With the deepening interest displayed by other countries in the affairs of India and the high prestige won by India in the world as a result of the policies adumbrated by the Prime Minister of India, Pandit

5

Jawaharlal Nehru, the eyes of thousands of tourists have recently been turned to India which besides has become a great centre for International Conferences of all types. An example of what developments have taken place without very much assistance being given for the promotion of tourism by us, is evident from the chart cited above which shows the development of our income from foreign exchange through tourism during the last few years.

11. It will be noticed from the figures of tourist earnings given above that the income has increased more than 100 per cent. within a period of four years and that it is likely to increase rapidly.

12. The Committee have come to the conclusion that if proper steps are taken to encourage tourism and to implement its recommendations and to re-organise tourist promotion on a scientific and firm basis abroad, there is every possibility of income from tourism increasing within the Five Year Plan to a much higher figure, thus vitally and happily assisting the difficult foreign exchange position of our country. Indeed we visualise this not in the far distance but in the foreseeable future. If proper attention is paid to this subject, then it will be possible to claim a hundred crore a year income from foreign tourism.

13. In view of this particular aspect of the case, the work of this Committee assumes very great importance indeed and the members of this Committee have gone into the various problems that were entrusted to them with a great deal of care and thought so that any suggestions that are presented to the Government for implementation and execution should be solid and capable of achieving their objective in the shortest period of time.

सत्यमेव जयते

14. For, indeed with the evidence of the upward curve of tourist traffic directed towards India the opportunity presented to us to make of tourism a major foreign exchange earning industry should be grasped with both hands not for getting the all-important aspect of this industry namely that the satisfied tourist will inevitably be the most effective propagandist for what India stands for in the eyes of the world.

CHAPTER II

THE NEW ERA OF AIR TRAVEL AND ITS IMPACT ON THE HOTEL TRADE

The Committee was struck by the information placed at its disposal regarding the impact of the impending jet age in civil aviation on the hotel industry throughout the world. India will be no exception. It has been asserted that the changes in travel are carrying the hotel industry today into a new era whose dimensions are so vast that it is difficult to grasp what the future has in store for us in the matter of group travel. This new era in hotel keeping has to match the new era in world travel. It would be unwise and foolish to try and meet the new impact of the Jet Age by methods which can only be described as the old stagecoach methods. The new aspect of hotel keeping and the advent now of the Jet Age are going to revolutionise the system of travel and of hotel keeping. This Jet Age is upon us. It will mean the lowering of the rates for travel and increasing the planes' capacity to carry passengers. It is anticipated that within the next two years this radical change will begin to take place. Even large sea cruisers carrying leisurely tourists from one part of the world to another will no longer be a match for the Jet Airliners which it has been reckoned will have the capacity of carrying a very much higher number of tourists annually as at present carried by such cruises.

2. We are quite conscious of the fact that the hotel industry in India is aware of the impending change but as yet no steps have been taken to plan for the purpose of receiving the new influx of tourists from all parts of the world. When it is realised that a city like Miami in the U.S.A. gets 2,000 tourists per day it will be easily grasped how the Jet Age is going to affect and alter the existing state of affairs radically. It means more accommodation, more investment and obviously more efficient service. If private industry in India is incapable of meeting this challenge it will be necessary for the Government either to subsidise or financially assist private industry or to take on the burden itself so that traffic that is likely to flow into India is not interrupted or decreased because of the lack of adequate accommodation in this new age of travel.

3. It is obvious that the occupancy rate in the hotels will increase easily by 100 per cent., if not more. We are told that the Airliners of the world including the A.I.I. have already placed orders for more than a billion dollars worth of jet aircraft which are already entering the production line. The international travel market, therefore, is developing its potential with a matching rapidity. But in India, as obviously

in many other countries, there is a marked lag between the slow-going international hotel business and the quick facility for travel placed at the disposal of all types of tourists.

4. It is axiomatic that the average traveller in this new age will not require pomp but essential comfort, convenience and good food. The hotel industry has to build a reputation for itself just as any other good business. Therefore, the benefits that would accrue through this increased traffic will necessarily be taken advantage of in a large measure by traditional hoteliers whose reputation is good. This is an essential aspect of the hotel industry, sometimes not sufficiently realised by the hoteliers themselves. Sometimes it is better to lose money but not lose the customer's goodwill. It is obvious that a satisfied customer will return again and again and will give the greatest publicity to the hotel concerned. On the other hand, a dissatisfied customer can do the greatest injury to the establishment in which he has been a guest. It is necessary for the hoteliers, therefore, to be large-hearted and capable of realising the tremendous potentialities that are open to them with the advent of this impending Jet Age.

5. We are convinced that the time has come for the rapid expansion of the hotel industry. We have suggested that this should be done under a proper and planned scheme of development. We had our first Five Year Plan. The hotel industry was not in that Plan. We are proceeding with our Second Five Year Plan. Again the hotel industry does not form any part in this Plan. We would urge the Planning Commission and all the interests involved, including the Ministry of Transport, that no time should be lost for the purpose of planning the development of the hotel industry on a rapid but rational and scientific basis keeping in view the requirements of the country in this behalf for the next fifteen years or so.

CHAPTER III

CLASSIFICATION AND CRITERIA

The Committee has noted that the International Union of Official Travel Organisations (IUOTO) which has sixty-three countries including India represented on it, has given some considerable thought to the question of classification of hotels. On an inquiry conducted by that body it was revealed that out of the 25 Member-countries, examined by them, 10* had no classification, 12† had official classification administered by their respective Governments, while, for the remaining 3‡ countries classification was organised by Hoteliers Organisations sometimes in consultation with other organizations.

2. It is quite clear that classification and criteria, necessary for the purpose of classification, vary from country to country. In some countries, a division into five categories is made and as in Austria, it is characterised as A 1, A, B, C, D. In certain other countries, the division is into 'de luxe' and four other classes. In some countries like Ireland, the division is into six categories. In Israel, the division is into three categories. Again, in Portugal the division is into four classes (De Luxe, 1st, 2nd and 3rd). In Italy, usually the procedure adopted is of five categories and these are known as De Luxe, I, II, III and IV. Boarding houses are also classified in this country into three classes 1st, 2nd and 3rd. In some countries, the Class I hotels are further sub-divided into I A and I B. In some countries like the U.S.A. and the United Kingdom, where there is neither official nor non-official classification by the hoteliers, the Automobile Association and the Royal Automobile Club as in the latter country, have classified the hotels for the use of their members and the general public.

3. The fact that fifteen leading tourist-minded countries in the world have thought it necessary to adopt a system of classification for hotels in their territories is sufficient reason that India which has now embarked on a tourist promotion drive, should have a systematic listing of its hotels so that the tourist who comes to our shores will know beforehand what to expect in each of the establishments that he may use in the course of his sojourn in this country. The fact that classification does exist for hotels in any country and that such classification has been

*Germany, Belgium, Denmark, UK, Holland, Luxembourg, Norway, Nyassaland Rhodesia, Sweden and South Africa.

†Cyprus, Egypt, Spain, France, Greece, Ireland, Israel, Italy, Morocco, Portugal, Turkey, East Africa.

‡Austria, Belgian Congo, Switzerland.

done by an accredited body is sufficient guarantee for the tourist that what he is paying for in respect of hotel accommodation has the authoritative approval of the Tourist Department and/or the Hotel Organisation of the country. As long as the classification is based on the standard of comforts and amenities offered by the hotel establishments, there is everything to be said in favour of such classification to be adopted in this country as well.

The hoteliers in India, however, did not originally feel enthusiastic about the introduction of classification because they were under the apprehension that classification might bring in its wake rigid price control. In fact, as is evidenced by the discussions that took place during the deliberations of the IUOTO in its sessions held in Vienna in 1956 and in Washington in 1957, there apparently was a serious misgiving on the part of the hoteliers that classification is only a precursor to the clamping down of rigid price control by the Government of the concerned country. The general consensus of opinion in the IUOTO Member-countries, however, was that this was an unfounded apprehension on the part of the hoteliers and we are glad to note that the IUOTO has now more or less come to a final conclusion to recommend classification provided it has not adverse financial repercussions on hotel establishments.

4. It is, therefore, not surprising that the hoteliers in India were also at first doubtful of the advantages and usefulness of classification of hotels. Their chief reasons for opposing classification were :

- (i) that the hotel industry in India is still in its infancy,
- (ii) that hotels in India were too few to merit the introduction of classification at this stage,
- (iii) that since the official Hotel Guide published by the Tourist Department of the Government of India gave fairly comprehensive information about each and every establishment in it and there was no need for classification as such, and
- (iv) that Travel Agents had all the information.

As against this, the views expressed by the spokesmen of the various Tourist Advisory bodies, Automobile Associations, public men as well as representatives of the Tourist Department of the Government of India, were that, though the development of the hotel industry in India was comparatively new *vis-a-vis* conditions arising out of modern day tourist traffic, there *were* hotels in India of international or near international standards which have existed since the beginning of this century and that the hotel industry could not, therefore, be considered to be really in its infancy. Though it is true that the number of hotels as compared to those in western countries is very small, this fact should not really be a bar against classification as such because even if there was only one hotel in a particular place there should be classification

so that the tourist visiting that particular place would know what type of accommodation is available to him and what amenities and comforts he should expect. In other words the system of classification would enable the tourist to be fully informed as to what to look for by way of hotel accommodation in any given place in India rather than find out the standard of that hotel only after he is registered as a guest in that hotel. If the standard of the hotel were lower than what he expected, that tourist would be a very discontented person and would consequently be a most effective propagandist against the hotel standards in India. A discontented tourist can do more harm than all the attractive travel literature can hope to counter. It is better, therefore, to tell the truth to the tourist than entice him with little or wrong information or information which by being descriptive may fit the particular establishment into almost any category. As regards the contention of the hoteliers that the existing official Hotel Guide put out by the Tourist Department contained all the information that the tourist would want to know and, therefore, no necessity should arise of prefixing or suffixing any classificatory symbols to the listed hotels, the Committee, after a detailed study of the Hotel Guide and the actual facilities and amenities available in the hotels, found that the Guide was far from accurate as there was no possibility for the tourist of distinguishing a very good hotel from an ordinary one or an ordinary hotel from a very bad one. This was amply borne out by the examination of the various witnesses from the hotel industry. The unquestioned reproduction of the information given by the hoteliers makes the information presented rather subjective and, therefore, incapable of fulfilling the object in view. The need for an objective assessment of standards of each and every hotel establishment will, therefore, be obvious. It is for these reasons that the hoteliers who were at first averse to the idea of adopting a system of classification in this country were, on a closer study of the problem, agreeable to the introduction of a proper system of classification so long as sufficient time was given to the hoteliers to improve their standards before classification is actually introduced.

What types of classification to be adopted?

5. From a study of the prevalent system of classification, the Committee came to the conclusion that the existing modes of classification are divergent and that the number of categories varies from three to six excluding sub-divisions and that the classifications are symbolised sometimes by stars, by Roman or Arabic figures or by alphabetical symbols. Considering that the star system is the most popular and the most easily understood method, the Committee feels that it would be worth trying in this country. The Committee, therefore, recommends that this system should be adopted in India and all hotels in any particular class should be listed in an alphabetical order which, indeed, is

the prevailing rule in most countries where classification exists. In the case of seasonal hotels it would be necessary to declare the months during the year that such hotel establishments remain open.

In the matter of Dak Bungalow, Rest Houses and other residential establishments used by tourists, the Committee recommends that these should be classified as A, B and C. The Committee further considers that such establishments which provide good service and food, modern sanitation, a high standard of cleanliness, decent and comfortable furniture inclusive of good bed and bath linen, proper modern kitchen arrangements and electricity may be eligible for 'A' category and those with modern sanitation, good service and food, a high standard of cleanliness, modern sanitation, decent and comfortable furniture but no proper modern kitchen arrangements should be eligible for 'B' category and the rest should be classified as 'C' category.

The Committee also recommends that no establishment which does not primarily offer residential accommodation and is not so used should be permitted to use the word 'hotel'.

If we look at the rules governing classification of hotels and boarding houses in some countries, we find that the division is into different classes on a price basis taking note of the town itself where the hotel is situated its general upkeep, the comfort of the rooms, the technical installations and all other relevant matters. If, however, the particular establishment does not correspond to the category detailed then it can either be raised higher or lowered to other categories. In some countries even the use of words "Palace", "Grand", "Majestic", "Imperial", for the hotels of the first class is not possible without the express authority which regulates the classification.

Who should classify?

6. The classification to be really objective and impartial should undoubtedly be undertaken by an agency which has the interest of the consumer i.e. the tourist as well as of the purveyor i.e. the hotelier, at heart. In some countries this is done by the Hotel Organisation itself. In countries which have no official type of classification this task has been undertaken by certain non-official organisations. In all other countries this is done by the Tourist Department or other appropriate governmental body. Having clearly indicated the urgent necessity for the classification of hotel establishments in India we recommend that this task should be undertaken by a small but effective Standing Hotel Committee under the Tourist Department on which there should be adequate representation of the hoteliers. This Committee should, in our opinion, consist of four members, viz. two representing the hotel industry, one representing the consumers—preferably a Member of Parliament and the fourth, who will be the Chairman, representing the Tourist

Department of the Government of India. The Committee should have the power to co-opt on a regional basis a representative each of the hotel industry and the Tourist Department in that particular region. We are further of the view that the Committee should not be an unwieldy one but a businesslike body. It should meet as and when necessary and should be capable of taking prompt decisions particularly in the matter of re-grading hotels which matter can obviously brook no delay.

Criteria for Classification

7. A good deal of care is taken by the various countries in categorising hotels exactly according to the standards prevailing amongst them. But it is clear that a particular set of criteria cannot be applied uniformly to every country in the world nor is it possible even within the confines of a particular country to fix the criteria in such a manner as would give a uniform result in different climatic conditions and different local surroundings. For instance, a De Luxe hotel in a country with the climatic conditions prevailing in India must necessarily instal air-conditioning and preferably provide swimming pools also. But there are certain hotels in places like Calcutta and Bombay where, because of the limitations of space, it is impossible to provide a swimming pool although such hotels can perhaps come within the De Luxe category. The basic fact, however, should not be forgotten that the criteria for classification of hotels must correspond with the degree of comfort and satisfaction accorded to and amenities provided for tourists. In this respect, the criteria would differ from region to region. The same criteria will apply differently to hotels in hill stations and hotels in the plains. The climatic factor has, therefore, always to be kept in view. Ordinarily in the hill stations, it would not be necessary, with a seasonal influx of visitors, to provide airconditioning. But this is an absolute necessity in a climate like that of Bombay, Delhi, Calcutta, Madras, Banaras, Agra, Jaipur, etc.

8. The main object of fixing the criteria for hotel classification is to provide correct and incontestable information to visiting tourists so that they can make their own choice and are not misled into believing that a certain category of hotel has been provided for them whereas in reality that category is not in evidence. In this respect the most important psychological factor has to be kept in view that the best publicity agent in any country is the tourist himself. If he is satisfied, he will help in the development of tourist traffic and if he is dissatisfied his dissatisfaction will result in great injury to the tourist industry and to the reputation of hotels in this country and indeed to the reputation of the country itself.

The Committee gave a great deal of thought to the method of classifying hotels in India and has come to the conclusion that a scientific basis should be adopted for the purposes of classifying hotel establish-

ments, in order that there should be no doubt whatsoever that justice is being done in the matter of classification. The Committee has, therefore, worked out a suitable system of assigning marks in respect of classification—one class of marks would be 'Essential' and the other 'Desirable'. It will be necessary for an establishment which is to be categorised to qualify for that category by obtaining a minimum of 50 per cent. marks in each 'Essential' item and 65 per cent. on the aggregate. And as far as the "Desirable" items are concerned, a totality of 70 per cent. of the aggregate marks is to be considered as the minimum requirement. As already stated the Committee also is aware of the necessity of keeping in view the climatic conditions prevailing in India and, therefore, suggests that hotel establishments should be distinguished namely those maintained in the hills, those maintained on the plains and those at the sea-side resorts. Therefore, the criteria for such types of hotels will have to be slightly different while at the same time not deviating in material respects from the expected standards. The Committee, therefore considers that the following broad criteria should be applicable to all hotels catering for tourist traffic:—

***** (Five Star) or De Luxe Category

	Marks	
	Essential	Desirable
1. An artistically designed and substantially constructed building in a good locality. (For new hotels the building should have been constructed on modern hotel lines)	10	
2. Public rooms such as lounge, dining rooms, bars, banquet halls etc. and residential rooms should be air-conditioned wherever necessary except in hill stations	15	
3. A Swimming Pool and/or Tennis Courts		10
4. Billiard Rooms, Radio in each room		5
5. There should be adequate public room facilities such as a Lounge, Banqueting Halls, Writing Room, Dining Rooms for private parties, Conference Rooms for meetings, Bars, Restaurants and Grill Rooms, safe deposits, foreign exchange, postal and shopping facilities as well as Airlines and Travel Agencies offices, a Taxi Stand, adequate facilities for garages or parking space. 10% of the total floor area should be earmarked for public rooms	30	
6. Complete and adequate laundry facilities	5	
7. Elegant furnishing and appointments in the rooms	10	
8. 24 Hours' Service	5	
9. All rooms must have attached bath rooms which should have long baths and showers toilets and washbasins. The sanitary fittings should be of the highest quality	15	
10. Provision of running hot and cold water all the time	5	
11. Provision of proper lighting including bed-lights and bath room lights	5	
12. Provision of electric points for plugging in electric razors in the rooms	5	
13. Provision of clean and adequate bed linen, blankets and bath room linen of the highest quality	10	
14. Provision of toilet soap and paper for each guest	2	

	Marks	
	Essential	Desirable
***** (Five Star)		
15. Provision of 'Left Luggage Rooms' and 'Check Rooms' .		5
16. Each room must have a telephone for service. In metropolitan cities it should have an external telephone service as well .	10	
17. Provision of call bell system in each room		5
18. Provision of lifts wherever necessary for guests commensurate with the bed capacity and number of floors in the hotel .	10	
19. Provision of orchestras, floor shows and ball room facilities in metropolitan cities only	10	
20. Provision of highest quality of indigenous crockery, cutlery, glassware, silverware and tableware (imported crockery etc not barred)	10	
21. Provision of a modern kitchen, pantries and cold storage .	15	
22. Provision of modern equipment in kitchen such as Dishwashing Machines, etc.	10	
23. Provision of Indian and Continental cuisine, vegetarian and/or non-vegetarian	10	
24. The highest standard of cuisine, catering and service	25	
25. Smart, efficient, experienced staff in adequate number from the General Manager down to the bell-boy	10 Senior staff.	10 Junior staff.
26. Suitable livery of a very high standard for the relevant staff .	10	
27. Senior staff and Service staff should know English and possibly one more European or Asian language	10	
28. Provision of public stenographic service		
29. It is necessary and highly essential that hotel establishments in this category should be guided by business ethics of the highest order and should have an atmosphere of elegance and luxury and provide service, food and appointments appropriate to a luxury hotel	35	
**** (Four Star)		
1. A well constructed building. (For new hotels the buildings should have been constructed on modern hotel lines)	10	
2. Dining Room and 50% of the bed-rooms should be airconditioned wherever necessary	15	
3. Swimming Pool and/or Tennis Court		10
4. Indoor recreational facilities such as radios in each room and public Billiard room		
5. Adequate well furnished public room facilities such as lounge, licenced bars (in non-prohibition areas), ball room or banquet room (in major cities only) and dining room. At least 7½% of the total floor area of the hotel should be earmarked for public rooms	30	
6. Provision of facilities such as bookstalls, travel agency, airline offices, banking and postal facilities, garage or parking space	10	
7. Laundry facilities	5	
8. Well furnished and well appointed bed rooms and suites .	10	
9. 24 Hours' Service	5	
10. All rooms must have attached bathrooms which should have long bath and/or showers toilets and wash basin. The sanitary fittings should be of high quality	15	
11. Provision of running hot and cold water all the time	5	
12. Provision of proper lighting including bed lights and bathroom lights	5	

	Marks	
	Essential	Desirable
13. Provision of electric points for plugging in electric razors in the rooms		5
14. Provision of clean and adequate bed linen, blankets and bath-room linen of a high quality	10	
15. Provision of toilet soap for each guest	5	
16. Provision of a 'Left Luggage Room'		5
17. Each room must have a telephone service. In metropolitan cities it should have an external telephone service as well	5	
18. Provision of call-bell system in each room		5
19. Provision of lifts wherever necessary for guests, commensurate with the bed capacity and number of floors in the hotel	10	
20. Provision of Orchestra and Ballroom facilities (in metropolitan cities only)	10	
21. Provision of high quality of indigenous crockery, cutlery, glassware, silverware and tableware. (Imported crockery etc. not barred)	10	
22. Provision of a modern kitchen, pantries and cold storage	15	
23. Provision of modern equipment in kitchen such as dish washing machine etc.	10	
24. Provision of Indian and Continental cuisine, vegetarian and/or non-vegetarian	10	
25. A high standard of cuisine, catering and service	25	
26. Smart, efficient and experienced staff in adequate number from the Manager down to the bell-boy	10 Senior staff,	10 Junior staff,
27. Suitable livery of a high standard for the relevant staff	10	
28. Senior staff and service staff should know English and possibly one more foreign language	10	
29. Business ethics of the highest order. The hotel should have an atmosphere of elegance and comfort and provide service, food and appointments appropriate to this category of hotels	35	
*** (Three Star)		
1. A well constructed building (For new hotels the buildings should have been constructed on modern lines)	10	
2. 25% of the bedrooms should be air-conditioned wherever necessary except in hill stations	15	
3. Indoor recreational facilities such as a Radio in the lounge, card tables etc	5	
4. Provision of adequate and well furnished dining room and lounge. At least 5% of the total floor area of the hotel should be earmarked for public rooms	30	
5. Provision of facilities such as bookstall and parking space for cars	10	
6. Laundry facilities	5	
7. Reasonably well furnished and well appointed bedrooms	10	
8. Service till 11 P. M.	5	
9. All rooms must have attached bathrooms which should have long baths and/or showers, toilets and wash basins. The sanitary fittings should be modern and of good quality	15	
10. Provision of running cold water all the time and running hot water mornings and evenings	5	

	Marks	
	Essential	Desirable
11. Provision of proper lighting including bed lights and bath-room lights	5	
12. Provision of clean and adequate bed linen, blankets and bath-room linen of good quality	10	
13. Provision of toilet soap for each guest	5	
14. Provision of 'Left Luggage' facilities		5
15. Call bell and/or internal telephone system in each room and in metropolitan cities external telephone on each floor	5	
16. Provision of lift wherever necessary	10	
17. Provision of music and dance-floor facilities (in metropolitan cities only)	10	
18. Provision of good quality of indigenous crockery, cutlery, glassware, silverware and tableware (Imported crockery etc. not barred)	10	
19. Provision of a modern kitchen, pantries and cold storage	15	
20. Provision of modern equipment in the kitchen	10	
21. Provision of Indian and Continental cuisine, vegetarian and/or non-vegetarian	10	
22. A high standard of cuisine, catering and service	25	
23. Smart efficient and experienced staff	10	10
	Senior staff.	Junior staff.
24. Suitable livery of a good standard for the relevant staff	10	
25. Senior staff and Service staff should know English	10	
26. Business ethics of the highest order. The hotel must be clean, comfortable and homely and must provide service, food and appointments appropriate to this category	35	
** (Two Star)		
1. The building should be in a good locality and should be suitable for a hotel	10	
2. All the rooms should have fans wherever necessary and good ventilation	15	
3. Provision of adequate and reasonably furnished dining room and lounge	15	
4. Provision of a separate Reception-cum-Enquiry Office within the proximity of the main entrance of the building	10	
5. Provision of laundry facilities	5	
6. Reasonably well furnished and well appointed bed rooms	10	
7. Service till 11 p.m.	5	
8. At least 50% of the rooms must have attached bathrooms (Public bathrooms to be in the ratio of one for every four of the remaining bed rooms) which should have modern sanitation	20	
9. Provision of running cold water all the time and provision of running hot water mornings and evenings	10	
10. Provision of proper lighting including table lamps	5	
11. Provision of adequate and clean blankets and linen including bathroom linen	10	
12. Provision of toilet soap on request	5	
13. Provision of one or more public telephones on the premises	5	
14. Provision of good quality indigenous crockery, cutlery and glassware. (Imported crockery etc. not barred)	10	

	Marks	
	Essential	Desirable
15. Provision of a clean, hygienic and well maintained kitchen with smoke exhausts and proper stores and running hot and cold water		20
16. Provision of reasonably good standard of cuisine. Indian as well as continental food (vegetarian and/or non-vegetarian) and good service		25
17. Efficient and experience staff		10
18. Suitable and clean livery for the relevant staff		10
19. The senior staff and service staff should possess knowledge of English		10
20. Business ethics of the highest order. The hotel must be clean comfortable and homely and must provide food and service of a good order.		25
*(One Star)		
1. Building should be suitable for a hotel and should have at least 10 letting rooms		10
2. All the rooms should be clean and properly ventilated with electric fans wherever possible		10
3. Rooms must be properly furnished with comfortable spring beds and cotton mattresses etc. etc.		10
4. Provision of a moderately well equipped dining room which should be clean, properly ventilated and protected from flies and insects. Provision of at least one public room. Fans and/or ceiling punkhas are essential		10
5. At least 25% of the rooms must have attached bathrooms and there should be a bathroom for every four of the remaining bedrooms		15
6. Adequate supply of hot and cold water in bathrooms		10
7. Provision of clean bed linen, blankets and towels		10
8. Provision of toilet soap on request		5
9. Provision of at least one public telephone wherever telephones do exist		10
10. Provision of good quality crockery, cutlery and glassware		10
11. Provision of a clean, hygienic and well maintained kitchen with smoke-exhaust and proper ventilation with fly proof doors etc.		20
12. Provision of clean and wholesome meals		25
13. The staff should be experienced and properly dressed, especially those coming into contact with the customers		10
14. The relevant staff coming into contact with guest should possess knowledge of English		15
15. Business ethics of the highest order. The establishment must be clean, comfortable and homely and must provide good service, food etc.		25

CHAPTER IV

RATE STRUCTURE

The Committee, after their extensive tours in India and visits to dozens of establishments throughout the length and breadth of this country has come to the conclusion that, by and large, hotel prices in India are reasonable and that the tourist gets a fair return for his money. The Committee, however, feels that no situation should be allowed to arise in any areas in India where the problem of hotel accommodation, because of its scarcity, may result in prices which may tend to be unduly high making the hotel rates in those areas compare unfavourably with hotel rates obtaining for similar accommodation in the hotels of the same standard in other and more expensive parts of the world. Though the overseas tourist does appreciate the reasonableness of hotel prices prevailing in the majority of places of tourist interest in this country, he however expects such reasonable rates in the natural course, as he feels that India is comparatively an inexpensive country and, therefore, hotel rates should be lower than in other parts of the world—especially Europe and America. However, there is no doubt that in the circumstances of the industrial development of India and partly due to different food habits, certain items both of food and equipment have to be imported from abroad and the cost of such items must necessarily be higher than that prevailing in the countries of their origin. It has been brought to our notice that in a large number of establishments there are various types of food served such as Continental, Indian and even Chinese. The food served and the standard of menus which is maintained in these establishments compare extremely favourably with conditions in other parts of the world. However, it is apparent that the cost of imported items which constitute part of the food served in these first rate hotels in India is necessarily higher than in the countries of their origin. Nevertheless, taking the overall situation into consideration the Committee is of the opinion that the cost of hotel construction and all other relevant factors that contribute towards hotel keeping, are obviously lower in India than abroad particularly when compared with Europe or America. Also in the matter of the wage bill of the hotel establishment, the Indian hoteliers are fairly well-off since the wages of the lower and middle category of staff, which constitute a majority of any hotel staff, are very much lower in India than in Europe and America. Granted that because of untrained, unskilled and inexperienced staff the Indian hotels have generally to recruit more men per hotel bed than the proportion of similar staff employed in comparable establishments in the West, the total wage bill still does not come to anywhere near what a hotel in

Europe or America has to pay on such expenditure. From the analysis made by the well known firm of Horwarth and Horwarth, Hotel Accountancy Experts, in the United States of America, it is understood that roughly 37 per cent. of the expenditure in a hotel is in respect of the pay-roll, whereas in India the hotel pay-roll does not form on an average, 20 per cent. of the total expenditure. In fact, the Committee found that in the case of some of the larger establishments in some parts of India, the pay-roll of the staff was met partly out of the service charges levied by them on all the bills, though the hoteliers maintained that such a practice does prevail in some countries like Austria. Further, in a majority of the countries in the West and in America certain guaranteed minimum wages have to be paid to the staff whereas there is no such provision in the law governing hotel establishments in India except that salaries in most cases are fixed by awards of Tribunals. Again it is obvious that the cost of appointments in a hotel, including furniture etc. cannot compare in price with the high charges paid in the West although it is quite correct that insofar as hotels in India are concerned, sanitary equipment and electrical materials as well as air conditioning plants, refrigerators etc. are all items of import which obviously would cost more than in the country of their origin. Another important factor that is to be considered in this respect is that hotels in other countries have the full benefit of the sale of wines and spirits which constitutes a very big portion of their income and a very profitable part of their trading. In India, with the exception of a few places, the sale of wines and spirits is very restricted due to Government policy. Therefore, the hotelier has no alternative but to obtain the difference in the margin of profit so lost by an enhancement to some extent in his room rates and meal sales. But taking all these items into consideration there can be no doubt whatsoever that the cost of hotel keeping and construction in India is necessarily lower than the cost of hotel keeping and construction abroad. Therefore, it is natural to expect that a tourist would gain an advantage by his visit to India where he should expect the price level to be more attractive in comparison with the price level in similar establishments visited by him abroad.

2. From an examination of the rates charged by hotels in India, it will be seen that there is not the slightest doubt that the tourist gets a very much larger return for his money living in Indian hotels compared with similar establishments abroad. Despite the fact that in the majority of the hotels in India the rates are modest and reasonable, the Committee feels that there is some room for rationalisation of rates and prices should continue to compare favourably with comparable establishments in other countries of the world. Since such establishments are situated in places which are of great importance in the international tourist itinerary, we urge the Government of India and the hotel industry to pay the highest attention to this matter so that the hotel prices in India

continue everywhere to be competitive and reasonable and modest, thus placing this country in an advantageous position while competing for the tourist dollar. The hotelier themselves will be the first to admit that the charging of reasonable prices in hotels will have a direct bearing on the increased earnings of the hotels through the medium of tourism.

3. Whereas in some parts of India the hoteliers themselves have to re-orientate their attitude towards hotel rates, in some places where the State Government have a complete control over hotel rates, government have to show a more sympathetic consideration of the problem of hotel prices. The Committee observed in Bombay that special control of rates exists for hotels which stipulates the maximum price a hotelier can charge for each room in his hotel. This is done under the Bombay Hotel and Lodging Houses Rates Control Act, 1947. According to the evidence tendered before the Committee by the Bombay Hotel Controller, Shri Jasjit Singh, I.A.S., and his predecessor Shri J. B. Bowman, I.C.S., these rates were fixed with a view to controlling the prices charged by hotels during the period of the war years. The Hotel Controller further stated that these were continued even after the war period because of a fear that in the absence of such control, the prices of hotels might soar as the demand for accommodation was increasing much faster than the supply of such accommodation. The Bombay Hotel Controller also stated that there was no definite basis on which the hotel rates were fixed in Bombay—his main guiding principle being the protection of the interest of the lodger. It was stated before us that controls were instituted during the war in order to protect the middle class traveller and were not really meant for hotels like Ritz in Bombay but for lodging houses and similar establishments. It was further stated by these officers that there was no scientific method which was followed in fixing these rates which were based purely on the opinion of the Controller regarding the desirability of a particular rate after scrutinising the balance-sheets and ascertaining the profits made. It was stated in evidence that usually 9 per cent. to 10 per cent. was the profit allowed to the hoteliers although the contention of the hoteliers was that all the relevant expenditure was not taken into consideration by the Hotel Controller while fixing these rates.

4. The Committee felt that though the intention of the Bombay Government was commendable the rates fixed were unimaginative as the various technical aspects of the hotel industry had not been fully taken into consideration for specifying the hotel rates. This fact was frankly admitted by the Hotel Controller; but he added "people have appreciated the fact that when they go to a hotel in Bombay where the charges are fixed, they know what they are supposed to pay. Even the more wealthy tourist would not like to be overcharged.... My personal view is that if only the hotel organisation were able to discipline its members to control the rates then it would be possible to lift this control". The Committee which has had occasion to get acquainted with the intricate problems

of hotel management and of the hotel industry as a whole, feels that there is no justification in the present circumstances for the laying down of rigid rates of charges for accommodation in hotels. Since there is a certain amount of competition among the Western style hotels in Bombay, there does not seem to be any necessity for continuing controls on the ground that hotels are likely to put up their prices unnecessarily once the rates are decontrolled.

5. The Controller, however, suggested that the Tourist Department of the Government of India and the hotel industry might get together to impose a sort of self-discipline on the part of the hoteliers in respect of the rates charged. We entirely agree with the suggestion of the Hotel Controller that it would be advisable to try a method of constant consultation between the Tourist Department of the Ministry of Transport and the Central or Regional Hotel organisation for this and all such purposes.

6. From an examination of the various establishments in India and of the evidence tendered by hotel managements and people interested in tourist promotion, it has become apparent that though each hotel establishment states that it had worked out its room prices on the basis of its own cost-accounting, taking into consideration investment, local factors in respect of the prices of commodities, labour costs, value of land and buildings, cost of improvements effected and other similar factors, the Committee has not noticed any plausible rate structure being uniformly followed by all the hotels in the country. Although it is accepted that prices for similar facilities offered in two different parts of India can vary according to the peculiar conditions prevailing in these places, the Committee is of the opinion that there should be a basic guiding formula followed by the hotel industry while determining individual hotel prices in order to eliminate any possible excessive emphasis being laid on the profit aspect of the industry. With this objective in view the Committee considered the hotel rates and the rate structure in some of the countries of the world and came to the conclusion that co-ordination and co-operation between the hotel industry and the Tourist Department should be effective without any arbitrary interference on the part of any authority in this matter and suggests the adoption of the Hubbard Formula (Appendix IV) as accepted and recommended by the American Hotel Association but with appropriate modifications taking into consideration the laws and peculiar economic conditions prevailing in this country.

7. The modified formula as considered worthy of recommendation by the Committee is as follows:

A Operating expenses under all headings and a reasonable return on the present fair value of the property, namely, a return of 6% on land and buildings except where leased unless the lease, as in Delhi, approximates the sale price of existing hotels and a return of 10% on the capital employed in hotel keeping

should be allowed in the calculations. In the case of new hotels (i. e. hotels built after 1955) the return on land and buildings may be allowed at 8% with the same exceptions.

The return in both cases should be net return after allowing for taxation, insurance and depreciation.

B Less	.	.	Income from other sources such as store rentals, food and beverages and miscellaneous income.
C Balance	.	.	The balance comes to the amount to be realised from room income.
D Compute	.	.	Number of guest rooms multiplied by 365 days and reduced by giving an allowance for average vacancies. (The room occupancy ratio to be postulated for arriving at this return should be 60% . In the case of hotels in hill stations and sea side resorts, occupancy ratio should be the actual average annual room occupancy or 60% whichever is lower should be the basis).
E Result	.	.	$\frac{C}{D}$ average room rate.

8. The scrupulous adoption of this formula will, it is hoped, while ensuring reasonable profit to the hoteliers afford a rational room rate to the consumer. The Committee would like further to emphasise the fact that no steps should be taken, consistent with the interests of tourism in this country, which would injure the Hotel Industry and we are convinced that on their part the hoteliers will not object to a close supervision being maintained by the Tourist Department of the Ministry of Transport on hotel prices with a view to protecting the interest of expanding tourist traffic which in the opinion of the Committee is of paramount importance to the economy of the nation. This action should be initiated and taken by the Standing Hotel Committee recommended by us for the purposes of classification in Chapter III of this Report. This Committee should also look into the day-to-day problems of the Hotel Industry.

9. The Committee is conscious of the fact that where monopoly conditions or near monopoly conditions arise in the Hotel Industry, there is danger of the rate structure getting out of hand to the detriment of the travelling public and the tourist industry. The obvious objective, therefore, to aim at is to rationalise the hotel rates in such a way that the hotel prices are neither injurious to the Hotel Industry nor to the travelling public. The Committee is of the opinion that there should be, on the whole, no outside control of rates but nevertheless certain powers should be vested in the hands of the Tourist Department for purposes of checking, through the Standing Hotel Committee suggested by us, abuses that might possibly arise, after a due and proper enquiry-giving every opportunity to the parties concerned to be heard.

10. We have already stated that we are against any compulsion, except under certain situations detailed by us, in the fixation of the rates of hotels as in most countries this is left chiefly to the trade itself although

we are aware that in 19 countries whose figures and statistics have been examined by us, there is some form of price control exercised under the auspices mostly of Governmental authorities. In India it would be sufficient, in our opinion, to keep necessary powers of check and control in the hands of the Standing Hotel Committee to be used only and absolutely in cases where other means of effecting a change have failed.

11. The Committee, therefore recommends:

- (i) The adoption of a modified Hubbart Formula in the matter of fixation of the rate structure applicable to hotel establishments in this country.
- (ii) The withdrawal of rate control as at present exercised in Bombay or wherever it exists.
- (iii) The entrusting of the work of looking into the application of the Rate Structure to the Standing Hotel Committee.



CHAPTER V

ASSISTANCE TO THE HOTEL INDUSTRY.

Probably not many people know that Tourism ranks among the first nine exports in India and the earning of foreign exchange through this invisible source of export was more than Rs. 15 crores in 1956. The following chart gives the figures of foreign exchange earned from the first 9 items of export in 1956:—

	crores
(1) Tea	140.4
(2) Jute	112.5
(3) Cotton Textiles	62.2
(4) Hides and Skins	30.00
(5) Cotton waste	25.00
(6) Scrap Iron & Ores	24.3
(7) Oils	24.3
(8) Fruit	17.7
(9) Tourism	15.45

The figures for 1957 are not yet available but the indications are that earnings from tourism will be pushed up still higher perhaps within the range of Rs. 18 crores. But whereas in the case of other exports, there are certain limitations within which the expansion of these exports can take place, in the case of tourism, to use a common expression, 'the sky is the limit'. The Committee is of the opinion that given a certain necessary fillip, tourism can be pushed up in the course of the next few years to as high as the fourth place in the matter of foreign exchanges earnings—next only to tea, jute and cotton textiles. This should be an indication as to the immense possibilities for development of this invisible source of export if only the Government, the hoteliers and the travel trade in this country make an earnest effort in this direction. It is encouraging to learn that efforts in this direction are being made but the Committee feels that both the speed and extent of these efforts need to be accelerated and widened considering that the jet era in Civil Aviation is only a couple of years away which era will bring in its wake many times the present number of tourists to our shores. If India is not to be taken unawares in this respect the provision of necessary hotel accommodation, which is the first essential for the development of tourism in any country, should be taken in hand on a most urgent basis.

The Committee, however, has been forced to the conclusion that the growth of the Hotel Industry in India has not been commensurate with the rapid increase in tourist traffic. The total number of beds available

in 1957 in all establishments of the type frequented by the foreign tourist was only 8945. In Western Europe which has thrived on tourist traffic in the postwar era, the aim has been to add 250,000 hotel beds during the five year period 1956-1960 in order to meet the expected boom in tourist traffic. It has been remarked recently by Mr. Juan Trippe, President of the Pan American World Airways, that one of the factors preventing the American tourist figures doubling themselves from two million to four million is the lack of adequate hotel accommodation in the various parts of the world frequented by American tourists. In our opinion this is a factor which must be kept uppermost in our minds, so far as our country is concerned. It is a factor of paramount importance. Extra hotel accommodation cannot be provided overnight. To provide such accommodation planning is most essential in order that the country may always be ready with adequate and appropriate hotel accommodation to meet the constantly increasing demands made upon it. Even if for a temporary period such a provision may prove to be unremunerative the risk has to be taken and assistance has to be provided to the Hotel Industry lest we lose the patronage of the tourist and halt the regular and rapid rise shown on the chart of tourist influx. The present statistics show that there is one bed for every fifty tourists in Europe and even then the West European countries are so alarmed at the dearth of accommodation that they have planned to increase the existing bed capacity by another 25 per cent. by 1960. In the case of India the picture is entirely different. We have hardly one bed per hundred tourists and there is no appreciable increase in bed capacity in sight. And with the yearly rise in tourist arrivals and with the advent of the jet airliners on the international routes this anomaly is bound to become the more glaring and the situation most serious. The provision of new hotels and provision of more beds in the existing ones wherever possible is of great importance and urgency. We are quite aware of the declared policy of the Government to the effect that by and large they have no intention of interfering with the progress of private enterprise in the hotel industry. We feel that the increase in hotel capacity in India should be achieved by assisting the private sector with loans, subsidies and by other appropriate means enumerated by us later on in this Chapter. However, the Committee is equally of the opinion that wherever private enterprise is unable or unwilling to fill the gap in accommodation, it is the duty of the Government to step in and fill the gap.

Recent changes in the Scheme of the Industrial Finance Corporation Act have made it clear that the Hotel Industry is considered on a par with other industries for the purposes of assistance being given to it by the Corporation. It is the obvious duty of the Government to see that this Industry is not allowed to decay but continues to flourish so that it can attract large numbers of tourists from abroad. If a particular hotel establishment has not the wherewithal to modernise its equipment, to provide better accommodation ~~in the present surroundings~~, the loss will

not only be of the business concern but equally of the tourist and essentially of the country which will lose a large volume of business and much needed foreign exchange. The Hotel Industry is of national importance and we would recommend to the Government of India and particularly to the Planning Commission to give this industry its due by formally recognising it as an industry so that the hotel trade can draw on the various resources of the Government which are made available for helping industries that have proved to be significant from the point of view of the country's economy.

The Hotel Industry may not be manufacturing or exporting tangible goods as such, but there is no denying the fact that it is one of the important earners of foreign exchange. This is all the more important because unlike the case of other industries, the Hotel Industry earns foreign exchange not for goods sold but for services rendered. It is, therefore, one of the few industries in the country which earns a sizeable amount of foreign exchange without much '*quid pro quo*'. It was computed that the earnings of Western style hotels during the Second Five Year Plan period, apart from other expenditure by tourists in the country, would amount to more than 20 crores of rupees. We are convinced that this exclusive figure will not give a correct picture. We have already noted that almost this amount is last year's earnings of foreign exchange from tourism. Moreover these earnings are flexible and grow with the greater capacity that the Hotel Industry shows for catering to the expanding influx of tourist traffic from overseas. In fact there can be no adequate growth of tourist traffic without a flourishing Hotel Industry.

The Committee is convinced that further and quick development of tourist traffic to India depends largely upon the provision of hotel facilities throughout India and such provision cannot be made without adequate financial assistance being given to the industry in the shape of loans, grants, subsidies, etc. Such assistance by way of loans would be a valuable investment giving a return on capital investment. Therefore, it would not be in the same category as a grant given or a subsidy given although a case for subsidies under certain conditions cannot be ignored.

What then are the reasons for advocating financial assistance? The basic requirement of the hotel industry is adequate finance for the purpose of providing comfortable accommodation, food and entertainment for foreign tourists and offering facilities such as those which they are used to in their own countries not forgetting of course the needs of the home tourist.

During World War II, in many West European countries which catered for large number of tourists, hotel establishments were bombed or destroyed and reconstruction was taken in hand under the Marshall Plan. For instance, in Italy and Austria 20 per cent. of the hotels had been bombed. These could not be rehabilitated or reconstructed without

adequate assistance. In some countries Government directly gave aid to the Hotel Industry. This aid was given in different forms in different circumstances and conditions. In Italy and Austria, because of war damage, aid was given for reconstruction. In Switzerland, where no damage took place, aid was given directly for renovation and the modernising of hotel plants. In the former countries the aid was in the shape of grants-in-aid as well as loans, whereas in Switzerland it was only in the shape of loans. Even in countries outside Europe such as Egypt and Japan, the Government has given financial aid to the Hotel Industry from time to time.

We attach in Appendix V a statement showing the extent of the aid and the manner in which it was given in a number of countries abroad. This statement was prepared by the IUOTO and shows that in more than 30 countries Governments have taken special measures to build up the Hotel Industry.

We have been told that surveys undertaken in different parts of the country show that the tourist spends 20 per cent. to 25 per cent. on accommodation, about 25 per cent. on food and the remainder on transport, shopping and entertainment. It is clear that unless the tourist is satisfied with the accommodation and other amenities he will not come for a second time to the same country. Hence it becomes essential, in order to attract tourists, that the Hotel Industry must be put on its feet and given all the assistance necessary for this purpose. We repeat that the financial assistance by way of loans given to this industry will not be a burden on the Exchequer and loans can be advanced on adequate security of property and equipment on reasonable rates of interest. Another factor that must be taken into consideration is that if the Hotel Industry provides comfortable and adequate accommodation and other conditions for the service and pleasure of the tourist, the tourist will prolong his stay. This is a common factor of tourism which is apparent in every country.

Finally, the Hotel Industry is a comparatively new industry and may easily be considered in the same category as many infant industries which have been given protection by the State through the Tariff Board. We feel that the time has come for the Government to take a bold step and to allocate funds, during the remaining period of the Second Five Year Plan and later for the purposes of the Third Five Year Plan, to the Hotel Industry so that firstly, newer and better hotels run on modern lines can be built in many places of tourist importance in India and secondly, financial aid can be utilised for renovating, remodelling and refurnishing existing hotels, some of which could be turned into first class establishments with new equipment made available to them along with a fair amount of allocation for expenditure on renovation.

According to the Hotel Guide published by the Tourist Department the present capacity of hotel beds in the whole of India is only 8,945. As compared to this even a small country like Greece has as many as 15,459 beds, Morocco has 15,380 beds and Lebanon 10,174 beds. A detailed statement showing the hotel bed capacity in the various countries of the world is at Appendix VI. It shows that most of the capital cities of Europe individually have a greater hotel bed capacity than all the hotels in the whole of India. Considering that the tourist arrival figures in India have increased 300 per cent. during the last eight years whereas the hotel bed capacity has not even increased 25 per cent. shows the acute disparity between supply and demand in this respect in this country. There is no doubt in our minds that there is a necessity for the immediate increase of bed capacity in India and since the jet age is round the corner this increase will have to be maintained as an annual feature if we are to keep pace with the increased tourist traffic that is bound to result with the coming in of faster and larger planes by 1960.

We are told that the average stay of a tourist in India is about twenty days at present. We anticipate that this stay will be lengthened and hence the figure of extra beds will have to be increased substantially every year. At the same time commercial and industrial activity in India, which is rapidly increasing, will also call forth larger numbers of businessmen and technicians to this country. We are of the opinion that during the next few years roughly an additional 5000 hotel-beds will be required to meet the growing demand of tourist traffic.

The Committee have made a special study of the hotel accommodation situation in the country *vis-a-vis* the existing and expected inflow of tourist traffic from overseas, and has come to the conclusion that the Tourist Department should give its urgent attention to the provision of more accommodation facilities at the following five places in order of priority:—

1. Calcutta.
2. Bombay.
3. Agra.
4. Cochin.
5. Madras.

In the case of Calcutta particularly where the accommodation situation is acute, the Committee feels that there is immediate necessity for the erection of a first rate hotel there and a functional but first rate hotel (with a minimum bed capacity of 200) at the Dum Dum airport, and a couple of moderately priced first rate and modern hotels in the city.

The Committee is further of the opinion that there is need for the provision of clean and comfortable but unostentatious and functional hotels of the type of Tourist Hotels in Italy, which are moderately priced,

in more important centres of tourist interest, such as Madurai, Tiruchirappalli, Tanjore, Halebid, Hampi, Badami, Bijapur, Bhopal, Mandu, Khajuraho, Konarak, Amritsar, Kulu, Manali etc.

The Committee recommends that the financial assistance to be given by the State for the purpose of construction of new hotel establishments should be made available as priority of the first instance to deserving hotels and established hoteliers who have good experience of the trade, provide they themselves are willing to invest upto 25 per cent. of the total cost in setting up such establishments.

We are told that the cost of providing a bed in a De-Luxe hotel comes to about Rs. 35,000/-, in a first-class hotel to about Rs. 25,000/- in a 2nd class hotel to about Rs. 15,000/- and in a third class hotel to about Rs. 10,000/- a bed. Dividing the figures of additional beds required into these four categories, the largest number being in the 3rd class hotels, we cannot but conclude that no less than a sum of ten crores of rupees will be needed for assistance being given to the Hotel Industry in India for the purposes of meeting the additional demand of tourist traffic. Only a small sum out of this will be required for equipment which is not manufactured in India. The major part of this amount will, therefore, be spent within the country itself. And if we put this figure against the earnings of foreign exchange from tourist traffic in 1956, we can readily see that it represents less than a year's earning. The Committee also feels that a good proportion of the earnings of foreign exchange through tourism should rightfully be put against the credit column of the Hotel Industry.

From the hotel profit and loss figures that we have examined, it becomes quite apparent that the Hotel Industry is generally in a bad way. It has been confirmed that the advent of prohibition has hit this industry specifically. The potentialities of making profit in this industry are, however, great and some hotels have made good profits. But on the whole the industry is not showing a flourishing state capable of attracting private capital on any large scale. We understand that in previous years the Hotel Industry, in spite of its not declaring large dividends was, nevertheless, considered a sound and a safe business and that insurance companies usually did come to the assistance of this industry. But this source of supply of capital has now ceased with the nationalisation of the Life Insurance business. Our hotels are not only of paramount importance to the tourist industry but they are also important from the point of view of our national economy. The assets available are tangible and durable if we take the land, building and equipment into consideration. The danger of capital depreciation is very limited in view of the fact that prices of real estate have constantly gone up during the last century. We further consider that there should be no discrimination in the matter of giving loans but preference should be given to entrepreneurs who have

experience in running hotels. We recommend that the loans should not exceed 75 per cent. of the estimated cost of land and building, plant and equipment and the proportion should be $66\frac{2}{3}$ per cent for building and $33\frac{1}{3}$ per cent. for plant and equipment. We suggest that the loans granted for this purpose should be interest-free for the first two years and should bear an interest thereafter of not more than five per cent. as in the case of the Ashoka Hotel. There should be no repayment of instalments in the first five years and thereafter these should be phased to a period of 20 years.

During the currency of the loan one or more representatives of the Government should be appointed on the Board of Directors. Accounts should be subject to inspection by Government and the Government should have first mortgage on the property.

The source of financial assistance to be given to the Hotel Industry can either be direct financial assistance through the Ministry of Finance or through loans granted by the Life Insurance Corporation, the Industrial Finance Corporation or loans guaranteed by the Government but taken by the hoteliers privately from the State Bank of India or from private sources, from indigenous or foreign banks such as the World Bank, the Import & Export Bank of the U.S.A. etc. The appropriation made by Parliament in respect of the loans given by the Ministry of Finance should be administered by the Tourist Department. The Committee, therefore, recommends that apart from the above sources, the time has come to create a Statutory Fund for the assistance of the Hotel Industry.

The Committee is further of the opinion that the Government should consider the feasibility of giving exemptions from certain types of taxes to new hotels for a certain period of years from the inception of such hotels. Many countries catering for the tourist trade such as Italy, Japan, Egypt, Morocco, Lebanon, Ireland, Turkey, United Kingdom, Israel, Formosa, Rhodesia have various kinds of systems of exemptions from taxation or their reduction in the case of new structures for a certain period. In Italy, we are informed that new hotels or hotels with plans for reconstruction, enlargement and modernisation completed before December 31, 1955, were exempted from all taxation for a period of 25 years. Even now in New Delhi people who have constructed residences as from a particular date have been exempted for the first three years from certain payments on the income earned from such residences. We do not think that such wide and large exemptions are called for in India in order to promote the development of the Hotel Industry. But we think that, for a period, remission from a reduction of taxation for all new hotels which come up to a certain standard is called for as has been done in Japan. The Committee strongly feels that Ground Tax during the construction period of the hotels should not be levied.

Apart from these exemptions, the lowering of customs duties for certain stores and equipment, refund of Sales-tax in respect of dollar earnings of hotels seem to be a recognised feature of assistance in many countries. In England the Purchase Tax refunds, during the year 1956, amounted to £5,00,000/-. The Committee further feels that initial depreciation on capital expenditure should be allowed although under Section 8 of the Finance Act 1956 Government has withdrawn the benefit of initial depreciation on machinery or plant newly installed.

The Export Promotion Committee's recommendation regarding refund of income tax on the basis of percentage of profit earned from exports should also be made applicable to the Hotel Industry in view of the fact that the hotels catering to foreign tourists are good foreign exchange earners. Depreciation on furniture should be increased from 9 per cent. to 15 per cent. and the highest rate of depreciation should be allowed on electric motors, airconditioning plants etc. used in the hotels.

In regard to Sales Tax, the Committee feels that all anomalies should be put an end to. There is no reason why the food consumed should be taxed after raw material contents of it have already been taxed at the time of purchase by the hoteliers. This is an unnecessary imposition on the guests and on the tourists. Moreover there does not seem to be any uniformity in the Sales Tax laws at present. For instance, in West Bengal cooked food is exempted from taxation, whereas beverages, sweets, cakes, etc. are not. In Bihar and Orissa on the other hand cooked food is taxed. Taking the position in West Bengal it appears a precise allocation is impossible and the authorities generally resort to an estimate or "a best judgement" basis as it is technically known. This is a most unfair arrangement and until the exemptions from Sales Tax on sales of food and beverages are accorded, we recommend that an immediate simplification should be effected by levying a charge of $\frac{1}{4}$ per cent. of the value of the sales of food and beverages on a uniform basis. Exemption from the Sales Tax on equipment of all kinds which are tools of the hotel trade should be granted to the Industry.

The Committee also feels that in regard to equipment to be imported from abroad, the middleman should be eliminated and direct licences should be given to the hotel industry to enable it to make these purchases without having to pay exorbitant prices. We understand that the Economic Affairs Department has earmarked a certain sum of foreign exchange to give import licences to the Hotel Industry against this allocation of foreign exchange. This Committee recommends that this allocation should be continued for the next fifteen years or till such time as the Import Trade Control is lifted, whichever is earlier. It should also be stipulated that articles such as furnishings, which are being produced in excellent quality in India, should be purchased only in India. We have seen tapestry for curtains of a very high quality produced on handlooms

round about Delhi and Hyderabad which can compare very favourably with any such tapestry produced in any part of the world. Since the Hotel Industry will require constant renovation and change of its furnishings, this will have a very beneficial effect on the indigenous handloom industry which will certainly be encouraged to produce the best it can.

We are informed that the tourist traffic inflow is not spread as evenly throughout the year as it should be from the point of view of room occupancy ratio of hotels in India. India being a comparatively warmer country than Europe or America, from where a substantial number of tourists come to this country, there is naturally shyness on the part of such tourists to visit this country during the hot weather, which extends almost from the month of April till the end of September. This, in turn, will necessarily create bottle-necks in hotels and transportation systems often giving rise to complaints and disappointments on the part of tourists coming during the winter months. In order, therefore, evenly to spread out the tourist season in this country amenities, such as airconditioned private rooms and public rooms in hotels and provision of swimming pools wherever possible, should have top priority. Not only will this attract more tourists during the summer months, but they will induce those who have already come to stay longer in this country. Airconditioning, therefore, in the case of Indian hotels, is no longer a luxury but a necessity if we are to aim at earning increased foreign exchange through tourist traffic promotion. The Committee, therefore, feels that with a view to encouraging the hoteliers to provide this basic necessity of airconditioned accommodation, Government should assist them by providing the necessary import licences and where required, loans, in deserving cases.

What we have stated in regard to the hotel industry applies equally to Rest Houses and Dak Bungalows where the existing ones are inadequate. Government should definitely assist those who are willing to take the risk of starting such establishments. What is necessary, in our opinion, is that existing Rest Houses and Dak Bungalows should be made accessible to students, middleclass tourists etc. and that they should be run on proper lines like the modern Rest Houses in Ceylon which have full-time managers looking after them and paid for by the Tourist Department. The result is that both the catering and the upkeep of these Rest Houses is of an excellent order in spite of the fact that the buildings may be a very ordinary structure. We are of the opinion that the entire body of available accommodation of this sort should be centrally administered with the co-operation of the States concerned and the hotelier and travel interests.

It is unthinkable that there should be any one in the country who should consider the Hotel Industry as anything but of the greatest national importance. Nevertheless the Committee has come across instances of such animus against the Hotel Industry due probably to the fact that in

some few cases, owing perhaps to special or extraordinary circumstances, certain practices have crept in which have not been looked upon with favour by the travelling public. Nevertheless, we are most emphatically of the opinion that the Hotel Industry, being the largest single earner of foreign exchange without any '*quid pro quo*', must be looked upon essentially as a nation serving industry of a most important type which needs continuing assistance from the Central as well as State Governments not only for the purpose of keeping alive the existing standards but also for maintaining a process of improvement which is an essential '*sine quo non*' for keeping pace with the fast growing and ever exacting tourist requirements.

To sum up, the Committee recommends that

- (1) In keeping with the declared policy of the Government, the Hotel Industry should, by and large, be left to private enterprise, but where the private sector is unable or unwilling to fill the gap, Government should step in.
- (2) The Hotel Industry being of national importance, the Government of India and particularly the Planning Commission, should give this industry its due by formally recognising it as an industry.
- (3) For the rapid growth of the Hotel Industry, which is essential for quick development of tourist traffic, adequate financial assistance in the shape of loans, grants, subsidies etc. should be made available to the Hotel Industry.
- (4) A fund of Rs. 10 crores should be created for the purpose of advancing loans at low interest and easy terms of repayment to deserving hoteliers, since financial assistance is of the utmost importance if more hotels are to be constructed and maintained in this country.
- (5) Other sources of loans, such as the Finance Corporation, Insurance Companies, Banks (Indian and International) should be persuaded to offer loans to the Hotel Industry on suitable terms.
- (6) The feasibility of giving exemptions from certain types of taxes to new hotels for a certain period of years should be considered.
- (7) Lowering of customs duties on certain imported stores and equipment and refund of sales-tax in respect of dollar earnings of hotels should be considered with a view to assisting the Hotel Industry.

- (8) The refund system on income tax on the basis of percentage of profits earned in foreign exchange should be made applicable to the Hotel Industry.
- (9) Depreciation on furniture should be increased from 9 per cent. to 15 per cent., and the highest rate of depreciation should be allowed on electric motors, airconditioning plants etc., used in hotels.
- (10) All anomalies in the matter of Sales Tax should be eliminated.
- (11) The Hotel Industry should be given direct Import Licences in respect of essential equipment and provisions to be imported from abroad for maintaining proper standards of hotel keeping.
- (12) With a view to attracting more and more tourists during the summer season and to spread out tourist arrivals throughout the year and with a view to persuading overseas tourists to lengthen their stay in India, hotels should be encouraged to aircondition both private rooms as well as public rooms and all assistance and facilities should be afforded to them to import the necessary equipment from abroad.
- (13) Those willing to start Rest Houses and Dak Bungalow where the existing facilities are inadequate should be assisted by the Government.
- (14) Immediate steps should be taken to augment the existing hotel facilities or for providing new ones at all important tourist centres. In Calcutta, particularly where the hotel accommodation is very short, the Committee recommends the erection of a first rate hotel there, and a functional but first rate hotel (with a minimum bed capacity of 200) at the Dum Dum airport and a couple of moderately priced first rate and modern hotels in the city. Hotel accommodation should also be increased on an urgent basis in places like Bombay, Agra, Cochin and Madras, and functional hotels of the type of Tourist Hotels in Italy, should be provided at important tourist centres where at present there are no proper and adequate facilities.

CHAPTER VI

LEGISLATION

Taking into account the progress made in other countries, we have been at pains to discover what can be done in order to modernise conditions in India from the point of view of service, employment, amenities and the like in the hotel industry. We have come to the conclusion that the first step to take is to provide the hotel industry with comprehensive legislation which should originate with the Centre in order to ensure a certain amount of uniformity for the basic provisions. Naturally in the framing of the rules vital discretion will have to be left to the local authorities incharge in each State. In the opinion of the Committee, there is no substitute in legislation for original agreement between the workers' organisations and the management. It will be noticed, for instance, that in some countries all matters of wages, hours of work, conditions of service, etc. are under such agreements, decided by mutual consultation between the workers organisations and the managements. Nevertheless, in a country where the organisation of the workers, in spite of nearly forty years of experience, is still in a weak condition and where the idea of mutual consultation and agreement has not yet taken firm root, it is necessary that legislation should be available to take the place of voluntary agreements where such agreements cannot be achieved.

Indian conditions reveal that legislation of this nature is an absolute necessity and will remain so, in so far as relationship between the staff and management is concerned, until such legislative provisions are replaced by mutual agreements.

The Committee has had occasion to familiarise itself with the various problems facing the hotel industry in different parts of India arising out of either a lack of or the inadequacy of suitable legislation. The Committee found that the hotel industry was at present dealt with under certain *ad hoc* rules and regulations laid down either by the State or by municipal authorities in various parts of India. In some cases hoteliers had had to contend with as many as half a dozen authorities which have a say in hotel matters and naturally from as many different angles. At the same time certain essential safeguards for the hoteliers, the worker and the lodger were found to be absent in the provisions of these State and Municipal rules, regulations and laws affecting hotel keeping. Very many essential legislative provisions necessary for the purpose of

existing conditions attaching to hotel keeping are entirely absent from the Statute book, principally, we think, because the problem so far was not considered to be an acute one. But conditions have changed radically and will continue to change necessitating the adoption of suitable legislative provisions to meet the needs of the day. For instance laws such as the Inn-Keepers Act of the United Kingdom which protects the hoteliers against defaulting lodgers or provisions that enable a dissatisfied tourist to appeal to the State Tourist Department as in Italy and many other such provisions are absent from existing laws relating to the hotel industry in India. Further the Committee felt that the wholesale application of existing provisions of various State Acts such as the Shop & Establishments Act, the Sales Tax Act, the Entertainment and Health Acts, The Factories Act, etc. to the hotel industry puts the hoteliers to a good deal of inconvenience besides causing them an appreciable amount of financial loss. Some of these Acts also have tended to inconvenience the lodger as well. It is obvious that some method will also have to be devised by means of which the legitimate claims of the hotel staff on the Service Charge collected by the management is not overlooked because of the lack of proper legal sanction. Equally important is the subject of Management-Staff relations which today are governed strangely enough by provisions which are suitable, may be, for industries like Jute, Coal & Textiles. Since the Committee has come to the conclusion that the problems and special aspects of the hotel industry are in some respects unique and peculiar and that the hotel industry by getting due recognition and proper protection by the State is bound to play an important role in the development of tourism and the consequent earning of foreign exchange, it is felt that the question of providing suitable legislation for the guidance, benefit and control of the hotel industry should be considered of prime importance and urgency.

We have been informed that if a Fruit Extracting Machine is operated electrically in a pantry or in a bar or anywhere else in the hotel, provided other conditions are fulfilled, such equipment would bring the hotel establishment immediately within the purview of the Fruit Products Control Order and would make it necessary for the establishment to take out a licence for the purpose of serving such beverages. In consequence of such an obligation it would further be necessary to build cages to cover these simple machines which are used in most well-equipped homes. Again it has been brought to our notice that if there is a bakery or a laundry electrically equipped which employs ten or more persons (or twenty or more persons without electric power) then that particular Establishment will come within the ambit of the Factories Act. And in some States the Factories Act will be attracted even to Hotel or Restaurant kitchens whether using power or not. It may be that the provisions of these measures may be necessary for the operation of hotels in India but there is no justification for permitting a series of

authorities to deal with hotel establishments instead of providing uniform central legislation applicable to all hotels and covering all aspects of the hotel industry.

Instances are known where Establishments using Coffee Machine of Standard Specifications approved throughout the world but of a certain gallonage capacity have been ordered to take out a licence under the Boilers Act and when licences are applied for they are not given because the thickness of the metal does not comply with the provision of the Indian Boilers Regulations.

We have been informed that in all the major countries of the world, especially in those in which special emphasis is laid on tourist traffic promotion, special laws governing the hotel industry have been enacted. Considering the unique nature of the business of hotel keeping and hotel operation special relaxations have been granted in these countries in order to enable the hoteliers to give a better deal to the tourist. For example, though specified hours of work per day are stipulated for the employees belonging to the various trades in different countries, hoteliers have been given the benefit of a spread-over time so that the actual working hours of the waiter, room boy etc. are taken into consideration while computing their total work-hours during the day rather than the time they spend in the hotel from the time of their reporting for duty at the hotel to the time of their departure. The spread-over system is recognised in our laws as well and is applicable to Railways and to Industry.

Since a hotel is usually a twenty-four hour business any strict application of the Shop and Establishments Act, and other legislation will be impracticable and prohibitive financially for the hotel-keeper. Since the hotel worker, unlike the worker in shops, factories and other spheres of commercial and industrial activity, is better looked after insofar as his food and relaxation are concerned, the facility of spread-over time which should be stipulated for the hotels would not and should not prove unjust to the hotel worker. It should also be remembered that a good number of the hotel workers is provided with food and shelter on the premises by the hotel and in cases where accommodation is not made available at least food is provided to the staff if the meal times occur during the spread-over working hours. The larger amount of time spent on the hotel worker, therefore, is a necessity of the trade recognised as such by Managements and workers organisations which generally come to agreed conclusions in all such matters. These problems, however, are not peculiar to India. The hotel industry in many other countries has made far greater progress in the matter of suitable Legislation. In the U.S.A., in Europe, in Japan, in the Philippines, in Australia and even in nearby Ceylon there are specific laws enacted for the benefit and betterment of the hotel industry. It should not, there-

fore, be difficult to adopt suitable legislation similar to that which is already in existence in countries where the hotel industry has similar problems and where it has assumed a place of importance in the national economy.

The Committee, therefore, feels that the first step to be taken by the Government is to remove all handicaps including the lack of suitable legislation, the abolition of certain adverse features in existing enactments which factors contribute to the ineffective and slow progress that this industry is making in India. The Committee recommends that the Government of India and the State Governments should get together and, in consultation with the hotel industry, devise ways and means of bringing in uniform legislation to protect the interest of the hotelier, the worker and the tourist. In the Committee's opinion it would be both helpful and expeditious if legislation so adopted is on an all-India basis and is of a comprehensive nature. In this connection the Committee noted that there was some difference of opinion among the witnesses giving evidence before this Committee on other aspects of the hotel problem but in the case of comprehensive legislation covering the hotel industry there was almost a unanimous demand in favour of it. This matter should, therefore, be considered by the Government on a priority basis. But if there are any serious obstacles in the way of such a comprehensive and all-India legislation (which we are not aware of) we recommend that at least the legislation to be adopted by the various States should be uniform both in its scope, application and enforcement. It is accordingly recommended that in order to gain this uniformity, legislative provisions should be cleared with the Tourist Department of the Government of India, through the Standing Hotel Committee recommended by us. We recommend to the Centre and the State Governments that a reasonably early date should be stipulated for enactment of such a law. The Committee desires to stress the fact that since there are tourist centres of international importance in every State in India and hotels already exist or have to be provided at all these places, the necessity therefore of enacting legislation without delay should be apparent to all the States in the Union. However, in view of the all-India importance of the hotel industry and the urgent need for its proper organisation and in the interest of uniformity and expedition, the Committee strongly recommends to the Government to enact suitable legislation governing matters of interest to the hotel industry by means of Central Legislation. Pending the enactment of the uniform and comprehensive legislation suggested by us, it is recommended that the Tourist Department of the Government of India should take up the question of various relaxations under the several laws that at present operate detrimentally to the efficient functioning of the Hotel Industry. In Appendix VII of this Report will be found brief descriptions of the rules/laws regarding Hotel Industry operating in some of the countries.

Service Charge

The Committee is firmly of the opinion that Service Charge which is entirely for the benefit of the staff should not be utilised for any other purpose but that if the hoteliers feel in any way that this is likely to affect them adversely financially, the Committee recommends that they should be permitted to make the necessary financial adjustments in the hotel rates and wages of staff.

Any solicitation of gratuities or tips by the staff from the customers should be penalised under this legislation. We suggest that as far as the service charge is concerned, there should be complete uniformity throughout India in regard to the percentage to be levied and we do not think that it should exceed the figure of ten per cent on the customers bill.

In one establishment we found that a charge of 2% was levied on the Contractor's bill and distributed to the staff which does not ordinarily come into contact with the visitors. This method may be useful in the consideration of the problem of the service charge designed to help the staff. We have been struck by the examination of agreements reached between Hotel Employers' Associations of certain foreign towns and countries and the local organisations of Employees which provide a very good basis for the provision of similar arrangements in India in the matter of the relationship between employees and employers. Indeed mutual agreements form a very good method of avoiding disputes through the imposition of stringent self-imposed penalties and, in our opinion, should be encouraged.

Provisions for Provident Funds or Pensions or retirement gratuity scheme, the fixation of the age for retirement for the staff, matters pertaining to leave with pay, casual leave, leave on medical grounds etc., as well as arrangements regarding festival holidays which peculiarly are normally the busiest periods for the hotel industry are matters which the Committee recommends should be taken up by the hotel industry which should give its urgent attention to them.

The Committee recommends that the question of providing free Life Insurance upto a certain financial limit of wages may be examined by the Government with a view to its application in industry as a whole. It is worthwhile examining the problem from the point of view of the proportion of the service charge in hotels being utilised for this purpose and for National Savings Certificates.

We suggest that every matter including all types of relationship between employers and employees including the question of retrenchment and the methods to be adopted for this purpose, should be referable to a built-in conciliation machinery because we feel that the strict adherence to the "last come first go" principle is not always satisfactory from the point of view of maintaining the efficiency of the various cadres of hotel staff.

The Committee recommends among other matters the laying of special emphasis on the following provisions:—

- (1) Built-in conciliation machinery:—A conciliation board should be set up in case of disputes regarding wages and working conditions or of any other kind between the employees and the hotel managements. We recommend as an essential feature a system of built-in Boards of Conciliation at the Unit level, the City level and the Hotel Federation level—the Board to consist of equal numbers of representatives of managements and workers with an independent Chairman at the Unit level, the City level and the Hotel Federation level. All disputes and grievances will thus be dealt with from day-to-day and any unresolved matter will go to the next level and finally, if necessary, to the Hotel Federation level whose verdict must be final and binding on all concerned. This must take the place of the provisions of the Industrial Disputes Act as applicable to hotel establishments.
- (2) Regulation of the relationship between the hotelier and the employees, namely, stipulation of hoteliers' obligations towards the workers' emoluments, food, accommodation, clothing and medical aid, the total number of working hours to be put in during a specified spreadover time, overtime wages, recovery against loss or damage to hotel property, service charge, payment of gratuities, bonus, minimum wages, pensions, provident funds etc. Provision for warning, punishment or dismissal of hotel employees on being found slack, negligent, indisciplined, disobedient or found harassing guests for tips or other similar objectionable acts. In fact it is necessary to draw up a code of conduct by agreement between employer and employee.
- (3) Workers' obligation towards the hoteliers, namely, good behaviour, efficient service, cleanliness and regular attendance, compliance with the management's special instructions in special circumstances.
- (4) Protection for the hotelier from unscrupulous lodgers i.e. those who do not pay their bills in time or who overstay their booked time or those who make a nuisance of themselves *vis-a-vis* the hotel management and other guests staying in the hotel.
- (5) Provision for references to the local Tourist Advisory Committees in case of any complaints by lodgers who feel that they have been subjected to any malpractice such as overcharging and illegal ejectment from the hotel or short supply of materials and amenities and all such matters.

(6) Relationship between the hotel industry and the Government such as:

- (i) Protection of the hotelier against undue or excessive claims by lodgers for damage to person or property, theft, food poisoning, missing of train and plane connections.
- (ii) Adherence by the hotel industry to a code of ethics.
- (iii) Display in the rooms of the room price stating what other additional charges such as sales-tax, service charge, charge for supply of coal, air conditioning etc. are leviable.
- (iv) Definition of the terms "American Plan" (Room with Full Board) "European Plan" (Room only) or "Commonwealth Plan" (Room and Breakfast).
- (v) Definition of the terms 'bed tea', 'breakfast', 'lunch', 'afternoon tea' and 'dinner'.
- (vi) Stipulation for the display of menus and prices outside the dining rooms and inside the lifts.
- (vii) Stipulation of a uniform, percentage of service charge and the mode of its collection and distribution.
- (viii) Provision of adequate fresh linen each day.
- (7) Provision to ensure cleanliness and modern sanitary conditions and proper cleansing arrangements in the kitchen.
- (8) Extension of the Employees Health Insurance Legislation to all hotel employees of the requisite category.
- (9) Enactment of comprehensive Housing Legislation concerning hotels, restaurants, eating houses and dealing with overcrowding, kitchens, safety, sanitation, airconditioning, ventilation, building construction, plumbing, fixtures, bath rooms, lavatories and all allied matters.
- (10) Legislation for the creation and the setting up of catering and training establishments specially designed for the training of staff from the craft level to the management level.

In view of the fact that the enactment of comprehensive legislation recommended by us is, in the nature of things, likely to take some time, it is urged that the Tourist Department should immediately take up with the State Governments concerned the question of relaxation of such of the existing laws as operate adversely against the satisfactory and efficient working of the Hotel Industry and consequently militate against the best interests of tourism.

CHAPTER VII

SERVICE CHARGE AND TIPPING

In many countries there is a system of levying a surcharge which is known as 'Service Charge' which is added to the bill and is payable by the customer. In other countries where there is no such surcharge but what is known as 'tipping' is left to the individual customer himself and the ultimate destiny of such gratuities is determined either by a system of pooling the extra sum or retaining individually the payment made by the customer. In some establishments no charge is levied at all and there is no compulsion for the customer to pay such a charge to the servants of the establishment.

In India a system has grown up, comparatively recently, of levying a surcharge known as a service charge on all hotel bills varying from 5% to 15% of the totality of the bill.

Since there is no law applicable to the hotel trade ensuring a minimum wage, the destination of the service charge has not been uniform. In some establishments the totality of the service charge is paid over to the staff thereby reducing the incidence of the charges payable to the staff by the establishment. In other cases the entirety of the service charge is retained by the management on the plea that the staff is adequately remunerated and in still some other establishments a portion of the service charge is paid to the staff and a portion of it utilised towards the recouping by the management of losses incurred through loss or breakages. From the information that we have collected it appears that the average incidence of expenditure incurred by hotel establishments on the employment of the staff in the U.S.A. is about 37% of the total. The incidence of expenditure in India for similar purposes is, however, very much lower ranging from about 10% to 35% in some cases. It will thus be seen that if the incidence in India comes down in some establishments to as low as 10% or even less, this is mostly due to the recouping of this charge by managements for the purposes of wage payment to the staff. In Great Britain since 1948 all staff in licenced hotels and restaurants is in receipt of a statutory minimum wage, which indeed is the rule in most Continental countries. This, however, does not apply to unlicenced hotels or Guest Houses in European countries. The usual practice is to fix the minimum wage by agreement or under a certain scheduled minimum wage, for the operating staff and if the service charge is not sufficient to ensure the minimum then the management itself makes up the difference. But on the other hand if the service charge is in excess of the minimum payment guaranteed under the law or by agreement then the extra amount is distributed to the staff and is not retained by the management. The Committee recommends:

that in the comprehensive legislation which it has suggested for the hotel industry, there should be provision for:—

- (a) a minimum wages for all categories of non-managerial staff.
- (b) and the levy of a uniform service charge to the extent of 10% but that it should be distributable on the Continental system.

Again, under the law, soliciting of tips or gratuities should be strictly prohibited as it is both injurious to the dignity of the worker, management and a cause of harassment to the customer. Indeed, where voluntarily a satisfied customer wishes to make a willing payment, there should be no prohibition to his doing so. But the Committee is convinced that the system of solicitation which prevails in many establishments is wrong and immoral and should be strictly prohibited. If the wage structure can be agreed upon by mutual consent of the representatives of the workers and the managements, there is nothing better than this.

We have received a great deal of evidence in regard to the matter of tipping and the utilisation of the service charge and we are definitely of the opinion that there is no justification whatsoever, apart from the fact that it may be in contravention of the payment of Wages Act, for the utilisation of the service charge by the management for any other purpose except the welfare of the staff.

It is generally recognised that the nuisance caused to tourists by hotel staff extending their hands for tips and gratuities amounts to serious harassment which must be ended at all cost. The Committee is glad, therefore, to note that the organisation of the hoteliers in India agreed to consider the adoption of a uniform policy regarding the levy of a service charge in all hotels in India and also agreed in their own interest, to take strict disciplinary measures to eliminate the evil of solicitation for gratuities in their own hotels. The Committee, therefore, recommends that

- (i) In view of the harassment caused to the tourist, both Indian and foreign, in the matter of the demands made by the staff for what is euphemistically called 'Bakhshish' having assumed serious proportions, there should be strict prohibition under the law against this practice.
- (ii) The hoteliers organisation should ensure that strict disciplinary action will be taken in order to eliminate the evil of soliciting for tips in the hotels owned by them.
- (iii) There should be levied a uniform service charge of 10% which should be set apart for distribution on the Continental system. Care should however be taken that this in no way upsets the pay structure i.e. the payment of fair wages to the staff.

CHAPTER VIII

CONCILIATION

It will be apparent that in well organised countries it is not the law which has brought about better conditions of service but the strength of the trade union of the employees operating in a reasonable manner for the purpose of achieving the best standards of work and pay that they can. We, therefore, recommend that the first attempt should be the strengthening of the existing unions and making them representative of the entire staff employed by a hotel establishment. Preferably the unions should be unions of all employees engaged in the hotel industry in a town and if necessary a federation in a State so that any agreements that are arrived at are universal and are binding. This is the ideal method but where this cannot be achieved or until it is achieved our recommendation is that Standing Conciliation Machinery should be established for the hotel industry town by town, and State by State with equal representation of the management and of the staff with an independent Chairman who, as in the case of the city of San Francisco, should be named and should operate for a certain period but named only after agreement between the two parties namely the employees and the employers. The remuneration of the Chairman should be a charge on the resources of the State, the union and or the hotel administration. There should be no matter left out of consideration of the Conciliation Board whether it relates to wages, hours of work, meals, conditions of service or disputes of any kind that might arise between employees and the employers. By means of this internal machinery for settlement of these disputes, grievances and bitterness that we have found existing in the hotel industry will be avoided and the employees and the employers are bound to come together instead of living apart and working up anger in their hearts against each other. The bitterness that we have found in some of the places amongst the representatives of the trade unions of hotel employees has astonished us. It is not good enough that there is recourse to an Industrial Tribunal. The entire approach of the Industrial Tribunal to such disputes is wrong, impersonal and legalistic, whereas what is needed is the healing hand. Indeed we are convinced that it will achieve its objective with a great deal of effectiveness in the new industrial age into which we are entering. Today what happens is that the lawyers put up cases on legalistic grounds and sometimes on merits and matters are decided favourably or unfavourably to one party or another. But the resultant effect is that a great deal of bitterness is left behind and none is satisfied in respect of this system which has grown up

almost unwittingly. We suggest this other method of a personal contact—which was suggested for the Railways, by the Royal Commission on Labour as long ago as 1931. It should be declared as has been declared in the Taft Hartley Act (which in other respects has been anathema to Organised labour in the United States), that it is the policy of the Republic of India that sound and stable industry and the advancement of the general welfare, health and safety of the nation and all the best interest of the employees and employers can most satisfactorily be secured by the settlement of issues between the employers and the employees, through the process of collective bargaining. For this purpose Government should make available full and adequate facilities for conciliation, mediation and voluntary arbitration to aid and encourage representatives of employers and employees to reach and maintain agreements concerning rates of pay, hours of working, conditions of service etc. For this purpose in America under Section 202 of the Taft Hartley Act an independent agency known as the "Federal Mediation and Conciliation Service" was created under a Director with a staff. Its functions are defined in Section 203 namely that it shall be the duty of the Director to prevent or minimise interruption of the free flow of commerce growing out of labour disputes, to assist parties to settle labour disputes through mediation and conciliation. This service is authorised to offer its services either itself or when called upon to do so. And any attempt to reject the Service in the matter of mediation and reconciliation is deemed a violation of the duty and obligations imposed by that particular Act. It is laid down further in the Act that final adjustment by a method agreed upon by the parties is the most desirable method of settlement of grievances and disputes arising out of the application or interpretation of existing collective agreements. Powers of enquiry are also envisaged under this Act to be effective in cases of emergency by the President of the Union. Finally, under Section 305, strikes by individuals employed by the United States Government including wholly owned Government Corporations are prohibited and strikers in these circumstances are subject to immediate discharge and are not eligible for re-employment for 3 years. A joint committee on labour management matters was also set up to study and report on basic problems affecting labour relations. We can do no better than recommend generally for adoption what is provided in these articles.

CHAPTER IX

PROVISION OF COMMON FUND

Biggest Single Business.

How important this travel industry has become is seen from the fact that in other countries every attempt is being made to encourage foreign tourists of all types and descriptions and not only foreign tourists but to encourage people of the country to travel extensively. In this connection the President of the Pan American Airways Company, Mr. Juan T. Trippe, informed the Committee on Facilitation and Promotion of International Travel in February 1958 that international travel had approached the two billion mark in 1957 and constituted today the biggest single business between the United States and the other nations of the free world. He proposed Government promotion of two-way foreign travel on a sharply augmented basis through specially organised travel offices which should have a broader mission with necessary prestige, authority, and funds; a continuous campaign on all fronts to reduce the costly and time consuming documents and red tape still required of international travellers and carriers; Customs exemptions for upto \$ 1,000/-; and the granting of Dollar credit required for critical deficits in tourist hotel accommodations.

It is worthy of note that Mr. Trippe stated that probably the most important barrier to surmount in bringing about the four billion level of tourist travel is lack of hotel accommodation.

Occupation Rate

We have seen some statistics regarding the number of nights spent in the Swiss hotels from 1937 to 1956. The first fact that appears is that the number has increased from (in reference to what the Swiss call 'nuitees') a little over 8 millions in 1937 to a little over 12½ millions in 1956. The figure for other European hotels of the O.E.E.C. increased from a little over 8 millions to nearly 12½ millions between 1937 and 1956. The total increase is from 16,177,000 in 1937 to 24,244,000 in 1956. But what is extraordinary is that if we take the figure of 1946, the percentage of bed occupation of the 20,938,000 nights spent in that year in the hotels came to 45·8 per cent. whereas 24,244,000 nights spent in the hotels in 1956 gives us a figure of only 46·2 per cent. of occupation. The only explanation is that the number of beds for occupation have obviously increased considerably during the intervening period of 10 years.

Indian conditions

In India the increase has been infinitely small. As a matter of fact the actual figure of increase since 1951 is only 15 per cent. in the number of

beds available whereas the tourist traffic has increased nearly 300 per cent. during the same period. The total number of beds now available in India is stated to be 9,000. The occupancy rate in the bigger towns in India has been somewhere round about 70 per cent. as compared with the 46.2 per cent. occupancy rate in 1956 in Europe in the countries of the O.E.E.C.

Increased traffic

In the period between 1951 and 1956 as compared with the period of 1937 we have been struck by a colossal increase in the figures of tourist traffic governing the countries of the organisation of the O.E.E.C. We find that in 1937, the total was nearly 7 millions whereas the total in 1956 was 10,349,232. During the same period the countries outside the O.E.E.C. and South and North Africa showed the number of nights as 1,073,901 for 1937 as compared with 2,145,616 for 1956. The grand total for 1956 is 24,243,674. It will be noticed that year by year the number of tourists both to the European countries of the O.E.E.C. and of visitors from North and South America, and Africa goes on increasing except in the case of Spain, Czechoslovakia and countries of Eastern Europe whose numbers dropped from 417,345 in 1937 to 281,264 in 1956. Obviously there are political reasons which operate in this case but where such political reasons do not operate the increase in the number of tourists is phenomenal. For instance, North America sent to Europe 387,359 tourists in 1937 and the number in 1956 jumped to 1,170,122.

Some statistics

There is another way of looking at this matter. In regard to the number of visitors from the O.E.E.C. countries to various countries in Europe in the year 1956, we find a night occupation of about 7 millions from Germany, 4 millions from France, 5,300,800 from Austria, over 2½ millions from Great Britain and Ireland, over 2¼ millions from Benelux countries, nearly 5½ millions from Switzerland and about a quarter of a million from Greece, making a total of more than 28½ millions nights spent by visitors in Italy, 21,313,000 in France, 11,448,477 in Austria and over 10 million in Switzerland with a total of 71,438,820 nights spent in these countries. The U.S.A. and Canadian visitors spent 2,191,400 nights in 1955 in Italy, 4,994,000 nights in France, 536,021 in Austria, 1,155,340 in Switzerland whereas the nights spent by visitors from other countries during 1955 are as follows:—

Italy	1,541,600
France	2,565,000
Austria	565,582
Switzerland	893,602

All this shows a grand total of about 86 million nights spent by tourists in Europe from various countries including U.S.A. and Canada.

India must share this increase

It will be seen how important it is for us to ensure that a fair proportion of this increase should be diverted to India and indeed the latest figures show how this increase is taking place practically without any very large efforts being made on our part. The necessity of making large efforts is therefore obvious. If we are to concentrate upon this effort, this first essential is that proper and correct statistics should be available. We suggest that the Statistical Section already in existence in the Ministry of Transport, should be properly strengthened and legislation should provide for obtaining correct information from the hotels and other sources so that not only are the statistics compiled but compiled expeditiously. The objective should be to obtain and issue a weekly report of the progress being made in regard to tourism, followed by monthly, six monthly or yearly reports without which a planned development will be well nigh impossible.

Colossal Earnings

Indeed it has been said that in 1955 tourists from the United States alone added a sum of 427 million dollars towards European economy. An additional sum of 160 million dollars was paid to European carriers operating across the Atlantic. Of course American carriers operating over the same routes also benefited by a similar amount. It is stated in the 'White Paper' of the European Travel Commission that tourism from all countries using dollars to pay their travel expenses brought into Europe in 1955 a total of 1000 million dollars in round figures. But it must not be forgotten that this represents only between 15 per cent. to 20 per cent. of the entire European tourists trade. It is calculated that a figure of between 24 million and 30 million people which is given in the White Paper of the European Travel Commission, crossed European frontiers in 1955.

On the basis of these forecasts, upon which all authorities are agreed, Europe can thus look forward in 1960 to an income of $1\frac{1}{2}$ to 2 billion dollars from the United States alone, with a grand total of 8 billion dollars. (10 billion dollars including international transport fares) from all sources.

Such perspective certainly call for careful thought and planning by the whole tourist industry. Transport companies in particular have produced plans for a spectacular increase in their activities. Indeed it is because of their plans that we can accept the figures for the non-European visitors expected in 1960.

Now the benefits that the private economy in general and Government finances could expect from the anticipated expansion cannot leave anyone Government or the individual, indifferent to the success or failure of this expansion.

Investment in international transport, particularly by air resulting in doubling the traffic could lead to all the attendant difficulties in the matter of accommodation, port facilities. Government control etc. Each of the tourist trades today—air, road, rail and sea travel, hotels etc.—draws up its own programmes and policies that are often mutually contradictory. An overall policy is now imperative. The development of air transport has only begun to make its influence felt, but its politics are, to a large extent, planned without reference to accommodation and other availabilities. The hotel industry complains of unprofitable operation at the present level of traffic although for much of the season accommodation is fully sold.

Reasons for increase.

"The Common Fund"

It is relevant to ask a question as to what this phenomenal increase of tourism is really due to, particularly the staggering figure of internal tourism in Europe, of the American influx and of the influx of visitors from the other parts of the world which has added half a million to the total from Canada and South America alone. Europe is stated to have benefited in the year 1955 to the extent of 4,000 million dollars out of which 3,000 million dollars came from European visitors. The basis given for this enormous increase is put down to various factors. In the first and foremost place is the enormous reconstructive effort made by the European Hotels themselves. Secondly, the reconstruction of damage done to rail, roads and highways after the world war. Thirdly, development of aviation and fourthly the constant improvements made in Europe to provide complete freedom of movement to European citizens in their travel from one part of Europe to another. And finally tremendous efforts made by many Governments including the United States of America in favour of promoting European travel to which end Tourist Agencies, Transport Companies, Governments, National Tourist Offices and not the least the hotels have contributed in a very large measure. A fact to bear in mind is that these things do not happen by chance but are willed and resigned with a purpose. From 1948–55, the Common Fund administered by the European Travel Commission alone spent 2 million dollars for the purpose of promoting European tourism in the United States and Europe. Thus, it will be seen that Government Agencies and various sections of the industry dealing with hotels have both joined hands to make possible the achievement of this phenomenal increase in tourist towards Europe.

Similar steps recommended for India

Some such thing has to be done if we are to reap the rich harvest of this increase in some measure. But it can only be done if all agencies combined are ready to spend large sums towards this end both in the provisions of amenities and comforts through the hotel industry and in

the matter of publicity throughout the world and in particular in Europe and the United States of America. This industry is not a static one but as we have seen in the case of Europe in marching with seven league boots. It was anticipated that two years hence, that is by 1960, the total number of visitors crossing European frontiers would be somewhere within the range of 48 million. In addition to this number a million and a half visitors are expected to be travelling from America to Europe. If by the year 1960, American tourists are likely to spend $1\frac{1}{2}$ billion dollars and Europe can earn a grand total of 8 to 10 billion dollars which includes the cost of international transport, would it not be wise for India to make an extraordinary effort in order to capture at least some portion of this traffic? For this purpose, one of the essential things, apart from publicity and co-ordinated efforts on the part of all concerned, is the provision of fresh capital and enterprise in the hotel industry. What we have to think about today is how to find ways and means of increasing the total number of foreign visitors from 86,000 to at least half a million a year. For this purpose we have to find over 400 thousand new visitors under a planned scheme and wherever assistance is necessary to provide the assistance in order to achieve this end. We have at the same time to ensure for these prospective tourists suitable conditions of stay in our country. In order to achieve this objective the lowering of the cost of travel is one of the essential things. Secondly, it is essential to promote great big publicity campaigns boosting the advantages of travel to India. Thirdly, a provision of a fund on the same basis as the Common Fund of the European Travel Commission to which State Governments and Central Government, the hotel industry, travel agencies, shipping firms and Air Companies should contribute in an adequate manner. We recommend towards this end that the Fund should be known as the Common Fund and that it should be augmented by a levy of a 2 per cent. surcharge on all accommodation supply and service on bills prepared by hotels, restaurants or other catering establishment bills. With this end in view it is necessary, therefore, to examine the question of the existing facilities for stay and the manner in which these facilities can be improved at the focal points in the important cities and at places of tourist interest. We have at the same time to realise that the inadequacy of internal air travel, the difficulty of finding connections, the impossibility of being certain of reservations booked in advance, have to be tackled immediately. Such difficulties must be avoided at all cost and any tourists booked on a certain passage from a certain town on a certain date must be guaranteed that accommodation, come what may. Again, it is no use expecting a large influx of tourists into India without providing necessary accommodation for them on a planned basis. We have to advance in the matter of this accommodation year by year even though the traffic for that year or the subsequent year may not be available. Hotels cannot be built overnight nor can the paucity in regard to such hotels be an ephemeral matter. It is a matter of long term policy. Not only have we to provide accommodation in the larger cities but every

spot of tourist interest must have adequate accommodation to meet the growing needs of this traffic. Apart from Deluxe hotels, there is a great need, therefore, for the provision of first class and second class hotel accommodation and for the development of Rest Houses and Dak Bungalows by reconversion or through new construction as the case may be.

The question of the price factor is also important. The hotel trade must attempt as they have generally done in India in the past to provide a stable rate-structure for accommodation. This rate structure should be widely publicised.



CHAPTER X

PROHIBITION

The problem of prohibition is an exceedingly serious one from two points of view namely the economy of the hotel industry and the role of prohibition in the provision of amenities available to foreign tourists. The Committee, is, therefore, concerned only with these two aspects of the problem. We are aware of the directive principles of the Constitution in regard to this matter. Some people in our country feel very strongly about the imposition of prohibition. At the same time there are large numbers of people who, for one reason or another, feel equally strongly the other way about. The Committee is not concerned with this controversy but strictly with the practical problems that have to be faced both by tourists as well as by the hotel industry.

2. Prohibition in India has been introduced in different ways in different places. In some states or in regions of the State, prohibition, as in Bombay, is total—in the sense that except by permit no person may partake of intoxicating drinks in that State. In the newly added regions of that State, such as Aurangabad, the system is being introduced in a phased manner. In some parts of the country such as Orissa a person entering the State has to apply for a permit on payment and permits are obtainable without much difficulty except that a permit obtained in Bhubaneswar is not available for use in Gopalpur-on-Sea, that is to say that the permit is a local permit available only for local use and not a State-wide permit available for use any-where in the State. Again, in other parts of the country, as for instance in Delhi, another system is adopted. Here prohibition has been introduced in the Clubs to the extent that members and their guests are permitted to drink on certain days of the week. But the drinking hours are strictly regulated and complete prohibition is exercised on two days in the week. Just before the popular Ministry was disbanded in the State of Delhi it gave effect to certain regulations under which hotels were prevented from enjoying the facilities of offering drinks to their guests. In Calcutta, the only restrictions are to the effect that a dry day has been instituted and the hours are restricted.

3. We were informed in Bombay that the State was losing a large revenue every year as a result of the introduction of prohibition but that it was recouping the loss by additional taxation such as the Sales Tax, Property Tax, etc. We visited the Permit Rooms in some of the hotels where an Excise Inspector was sitting in his uniform to watch over the

dismal proceedings of tourist and visitors ordering drinks on the basis of their permits and partaking of them in surroundings which appeared to us to be utterly unhappy and conducive not to any sense of enjoyment but to the conversion of conviviality into a gloomy business. Such a feature in our opinion is most highly objectionable and unjustifiable as far as foreign tourists are concerned.

4. Having surveyed the various types of prohibition in respect of the sale and consumption of intoxicating drinks throughout India, the Committee has come to the conclusion that it would be wrong on its part to criticise the policy pursued by the various Governments in India in respect of prohibition since prohibition forms one of the objectives of the Constitution. But in fairness to itself and to the interest of the hotel trade and of tourism, the Committee has been constrained to offer certain observations in respect of the functioning of prohibition and suggests that improved methods within the framework of the Directive Principles should be employed for the purpose of assisting the hotel industry on the one side and providing necessary amenities to foreign tourist on the other.

5. We have been informed by the hotel trade that the practical difficulties regarding prohibition, as applied to hotels in India, constitute one of the major handicaps to the promotion of tourist traffic in general and the hotel industry in particular. We need hardly emphasise the fact that a tourist cannot feel at home if he is not allowed the basic amenities which he is used to in his own country. It has been stated that India has often been struck off the round-the-world itinerary of many a tourist as soon as they came to know of the lack of this elementary amenity that a western tourist expects. This may be an exaggerated view. But the hotel industry is definitely of the opinion that prohibition restrictions should be relaxed as far as hotels are concerned.

6. The hoteliers have stated that the margin of profit on the sale of food is insufficient to cover the heavy expenses of keeping international standards of entertainment and it is only the wine sales that provide this margin.

7. Our attention has been drawn to the statement issued by the Union Home Minister, Shri Govind Ballabh Pant, that it is neither necessary nor possible to enforce prohibition among the foreigners and that India wants to attract the largest possible number of tourists many of whom are in the habit of consuming alcoholic drinks. We entirely agree with this most sensible view especially since the restrictions imposed by prohibition may prove a serious deterrent to tourist arrivals and tourist stay in India and thereby reduce the earnings of foreign exchange which are a matter of importance to us.

8. The Committee thinks that the entire subject of prohibition rules and regulations should be revised and a uniform policy established if we are not to injure the interest of the hoteliers as well as of tourism. The Committee has noted the various aspects of the prohibition problem and has come to the conclusion that it is necessary to adopt a more rational attitude which, while achieving the main objective, will avoid serious difficulties at present faced by the hotel industry. It is however to be noted that in view of the Directive Principle of the Constitution, the question of prohibition policy has to be accepted by all concerned. It is only in the application of the policy that we should attempt to avoid difficulties that have been noticed in various parts of the country. The Committee is not competent to dilate upon the loss of revenue experienced by some States. These are matters which are outside the purview of the Committee. The Committee, is, however, anxiously concerned with the effect of prohibition on the hotel as well as the tourist industry.

9. The Committee has had occasion to study this problem closely and is of the considered opinion that in the interest of promoting tourism, the following steps should be taken in the prohibited areas :—

Bombay

The present prohibition rules in the State at times are irksome. A Permit Room is provided for permit holders including foreigners in hotels which fulfil certain conditions. The hours fixed for these permit rooms are very short, i.e. morning from 11-00 A.M. to 3-00 P.M. and evening from 6-30 P.M. to 10-30 P.M. On Sundays and Government holidays, the Permit Rooms are kept closed with the result that the tourist arriving in Bombay on Sundays or on Government holidays cannot get a drink even though he may possess a permit. Besides, if the visitors come after 10-30 P.M. they cannot get a drink either. We would, therefore, recommend that :

- (i) Availability of permits to foreign tourists should be made as simple as possible.
- (ii) Liquor should be allowed to be served to tourists in their rooms at all times and also with their meals.
- (iii) Each hotel should be allowed to have a permit room where tourists can entertain their guests and the hours should be till such time as the hotel licence permits them to keep open the dining room and the restaurant.
- (iv) On special occasions permits should be given for late night closing of the dining room and the restaurant.
- (v) Permit Rooms should be kept open on Sundays and holidays.
- (vi) There should be no dry days.
- (vii) The tourists coming to India should be given the necessary permits not only to consume alcoholic drinks in their own

rooms, bar room or in public rooms but also along with their meals. These permits should be handed over to them along with their visas for the duration of their stay or, in the alternative, immediately on landing at the Customs Check Post.

- (viii) For the next 10 years the above method should be adopted which in the opinion of the Committee is not likely to lead to abuse.

Madras

Besides the above facilities which should also apply to Madras, facilities should be given for drinks to be served by the hotel to permit holders both foreign and Indian in their rooms and in the dining rooms with their meals.

Delhi

Delhi is probably the most important tourist centre in India today as for centuries the Taj Mahal in Agra has been the focal point of interest for tourists and Delhi is the base from which most foreign tourists proceed to Agra. Besides, Delhi itself is historically famous and being the nation's capital, it is the central point for a vast majority of tourists visiting India.

There was no prohibition in Delhi, but suddenly, just before going out of office, the then Delhi State Ministry, without any consultation with the hotel industry, passed orders making it impossible for the hoteliers to serve their customers in the public rooms with any alcoholic drinks. The resulting position is that the tourist can order his drink only in his own room and he cannot be served in Public Rooms. The hours of service have also been restricted. On top of this two days in a week have been declared as 'dry' days. However, liquor shops which are generally patronised by the Indian Public still exist in the town. All clubs, which incidentally have a majority of Indians as members, are still licensed to serve liquor. The only restriction is on hotels and restaurants which are places largely patronised by foreigners. The Committee therefore recommends that:

- (i) In the hotels catering for foreign tourists, residents and their guests should be allowed to be served drinks not merely in their own bed rooms, but in the dining room, the lounge and the bar room and with their meals.
- (ii) There should be no dry days.
- (iii) The Committee also recommends that the hotel establishments should be given necessary users' licences to import their yearly requirements direct from abroad eliminating the middleman and thus reducing the cost to the consumer. We consider that within the Prohibition policy and the framework of the law the procedure adopted by certain States, including Delhi, should be liberalised.

CHAPTER XI

TRAINING OF HOTEL PERSONNEL

It has often been said that Indian hotels have to employ far too many servants as compared with similar establishments in the West or in Japan and in other advanced countries. This was also noted by Mr. John Fuller, Head of the Hotel Management Department, Battersea Polytechnic, London. The Committee after very close study of this question and after comparing the staff to bed ratio in various categories of establishments in India with those of comparable size and standard in other leading countries of the world, has come to the conclusion that whereas in America in the better class establishments, the ratio of hotel staff to hotel beds is about $\frac{1}{2}$ to 1 and in the U.K. and Europe generally 1 to 1; in India, for comparable establishments, the ratio is as much as $2\frac{1}{2}$ to 1. This is due to the following factors:—

- (1) Lack of scientific planning and construction of hotel buildings;
- (2) Insufficient use of modern mechanical kitchen and service equipment;
- (3) Lack of adequate education and proper training of the staff employed in the various branches of the hotel industry especially personnel working in the kitchens, dining rooms and on the floors.

In this chapter we are concerned with only the lack of proper training facilities, which in fact is the most important factor contributing to the disproportionate ratio existing between staff and bed capacity in Indian hotels.

The backbone of any hotel is the staff that works in the hotel and more especially the staff that comes into direct contact with tourists. Whether it is staff that comes into direct contact with tourists or the staff that works behind the scenes such as the kitchen, pantry, stores and maintenance personnel, it is the efficiency of such staff, individually as well as collectively, that goes to form the standard of efficiency and good service of the hotel establishment. In India, we are sorry to observe that properly trained hotel staff even among the senior staff is extremely scarce, if not altogether non-existent. Among the ten thousand and odd hotel personnel estimated to be working in the Western style hotels in India, hardly one per cent can be said to have had proper training. It is no wonder, therefore, that the hotels in India, in so far as the efficiency of the staff is concerned, cannot be said to compare favourably with similar establishments in Europe, America,

Japan or other advanced countries of the world. However, the Committee has no hesitation in saying that man per man, the Indian hotel worker from the Manager down to the bell-boy is in no way inferior to his counter-part abroad given similar training and opportunity. There can be no doubt whatsoever that given proper training and experience, Indian hotel staff can match if not excel the staff of similar establishments in other parts of the world.

The effect of having untrained people in Indian hotels is that it increases the cost of running of the hotels and depresses the income level of the workers besides affecting adversely the reputation of the hotel industry in this country. With properly trained staff, the cost will go down, the guests will get better service and the staff will receive higher wages.

It is clear that the standards regarding food and service vary from establishment to establishment even in the same category and from city to city. We are proud of the fact that even without formal training the kitchen staff of some of the big establishments can produce meals which would be the envy of highly trained Chefs abroad. There is a race known as the Magh which is ubiquitous and which has made the profession of cookery into a fine art. But because generally these people belong to East Pakistan there are difficulties in the way of their continued employment in India. We suggest that in this respect restrictions should be eased in order to enable staff from this area already in India or wanting to come to India to settle down peacefully in the vast development of the hotel industry. It is also necessary to retain such personnel to assist in the training of Indian nationals.

It will be necessary in this connection for the Government to explore ways and means of associating private industry with the catering service on its railways and airlines. At present the service on the internal airlines is not upto the standard. We suggest that the matter of catering on internal airlines should be looked into and consideration given to the employment of trained personnel and qualified catering staff. The Committee feels that the vast field of railway and air catering should be handled on a proper business-like basis and the health and comfort of the travelling public assured by proper methods of inspection, control, purchase and preparation.

Mr. John Fuller, Head of the Hotel Management Department, Battersea Polytechnic, London, was invited by the Ministry of Transport to make a survey of the hotel training needs in this country and to report on the advisability of establishing a proper Hotel Training Centre in India. His report was published by the Government of India in December 1956. It is a valuable report and the Committee considers that the suggestions made by Mr. Fuller should be examined carefully in the context of the developments that have taken place subsequent to the

issue of the report. This report not only deals with the establishment of Hotel Training Centres but with certain other important matters as well which we shall deal with in the body of this report.

The Committee has been greatly struck by the lack of training centres for hotel staff in India. It is most essential that in the planned development of the hotel industry important steps should be taken towards the establishment of training centres of the highest standard properly housed with adequate modern equipment for training purposes, and a competent staff. Mr. Fuller in his report recommended that the most desirable location for a hotel training institute would be in the centre of a progressive area of hotel activities such as Bombay.

The Institute of Catering & Institutional Management, Andheri

The only centre for hotel training which has been set up in the country with a great deal of voluntary private assistance is the College of Catering and Institutional Management, Andheri, Bombay, run under the Principalship of Mr. C. Belfield Smith, FHCI and housed in some old army barracks that were purchased by the Bharatiya Vidya Bhavan of which Shri K. M. Munshi is the Chairman. Mrs. Lilavati Munshi is the President of the College. Originally the All India Women's Food Council was seized of the idea of training people for the purposes of their own undertakings namely for what is known as "Welfare Catering". These barracks were converted thus for the purpose of a hostel as well as a training centre for students. Seventy students actually live on the premises in conditions of great discomfort; and others come from Bombay every day. Due to the lack of accommodation a public school down the street has also provided some sleeping accommodation for the students. The students working in various departments of this College learn both theory and practice and have to spend three years in completing their final course. Roughly there are 200 students who attend all these classes. We are aware of the inadequacy of this Institute but all it needs is proper housing, more staff and finance.

It will be seen how important it is that training institutes of this nature should be properly housed, properly conducted, properly equipped, properly financed and located not only in or near Bombay but in other important centres as well. In England, we are informed, that about eleven years ago there were only two Catering Colleges with a syllabus which is identical with the syllabus adopted by the Andheri Institute with suitable changes in conformity with Indian requirements. But this was eleven years ago. Today there are 137 colleges which are exclusively devoted to training in hotel catering. Mr. Belfield Smith, Principal of the Andheri College of Catering, was a pioneer in the matter of starting catering schools in England. We suggest that his services should be continued for as long as it is possible for him to stay in India. The State of Bombay in the Department of Technical Education has

recognised each one of the courses that are taught in this institute. This Department also conducts examinations in India. The first year gives the basic training course which entitles students to sit for the Certificate Examination. The second year provides the diploma and the third year provides an advanced diploma.

The financial arrangements were explained to us by the Principal. The F.A.O. originally gave Rs. 50,000 worth of equipment to this institute and the Government has given roughly between Rs. 45,000 to 50,000. The premises are rent free being owned by the Bharatiya Vidya Bhavan. Recently the Principal was able to obtain a subsidy to cover the deficit of 5 per cent on the expenses and 10 per cent on the expenses for the reserve which sum is devoted to non-approved expenses like publicity.

The total charges for the full course are Rs. 950 which includes lodging, fees, etc. but does not include boarding. The students provide their own liveries. There is no catering staff. The students cater for themselves. It is essential that trained staff should be available for such institutes if they are to be opened as they should be opened in other centres. Most of the students in this institute are graduates and some have obtained a first class diploma in the 2nd year. Obviously the staff has to have a good educational background but we noted with satisfaction that this institute is capable of training adequate staff to man training institutes elsewhere in India.

The Committee recommends that contributions to these institutes, wherever they are located, should be made also by the Centre and all such institutes should be centralised. At the same time the financial resources made available to these institutes should not come entirely out of Central Revenue but should be strengthened by allotments from State Governments in whose territory the institutes happen to be situated as well as by the regional organisations of hoteliers who primarily will be the beneficiaries.

Mr. Belfield Smith was asked what his main difficulties were and he listed three, firstly lack of trained staff, secondly State Government restrictions, which vary from State to State and thirdly the import restrictions in regard to equipment and goods. He was of the opinion that any assistance given to the hotel industry would be useless unless there is proper trained staff to exploit the benefits that might accrue from such assistance, and he cited example of the British Travel and Holiday Association which is a Government sponsored body. It has members of Tourists Agencies, representatives of Hotels and Catering Associations on it as well as of the Ministry of Labour, the Ministry of Education and the Ministry of Transport. This organisation was brought into existence at the end of the war to promote tourism. Perhaps not solely due to the setting up of this organisation but in a large measure assisted

by its activities, the figures of tourists to Great Britain rose from 1,50,000 to 1,300,000 per year during the course of the last 10 years. Two factors appear to be of a contributory nature in promoting this increase, namely,

- (i) the wholehearted cooperation of hotel and catering industry;
- (ii) provision of trained personnel by the hotel and catering institutes.

With this purpose in view the Hotel and Catering Institute in England was formed 10 years ago by Sir F. Towel, Mr. Belfield Smith and others. It is international in character and it is hoped that there will be a sufficient number of Indian members of this institute so that an Indian Branch can be formed. Indeed it is stated that there are 160 members of this institute already in India. We are of the opinion that it is necessary for our purpose that a similar organisation should be set up in India with representation on it of the various interests. Along with this another Government sponsored organisation should come into being on the model of the British Travel and Holiday Association.

Some of the difficulties pointed out by Mr. Fuller in the running of hotels and the service offered have been examined by the Committee and kept in view during their examination of witnesses and inspection of hotel institutions. The Committee was greatly impressed with the room comfort in bed rooms as well as in public rooms of the principal hotels in the major cities and some centres of tourist attraction. Many hotels have also attempted to give an Indian character to the decor and furnishing in their institutions. We agree that the one necessity is that there should be a combination of international tourist standards of comforts and "an atmosphere specifically Indian and derived from Indian culture, crafts and arts".

Training

In reference to Training Institutes, we recommend that the courses should be divided into two—full time and part time. Large numbers of staff already in service with some experience and background would be benefited greatly by part time training courses. Indeed it has been the opinion of the experts examined by us that craft training combined with industrial experience gained concurrently is most suitable for the purpose of achieving the desired results. Thus a great deal of expense is avoided by utilising restaurant or hotel facilities. Where, therefore, it is not possible for an institution of this kind to be set up or a separate craft department established, we suggest that craft courses should be opened in reputable hotel establishments with the assistance, financial and otherwise, of hotel managements, Municipal Corporations, States and the Central Government. This would result in the development of training centres without very much financial outlay and would serve the

purpose of the expanding needs of the hotel industry in the most expeditious manner. We, therefore, recommend that pending the establishment of regular Hotel Training Institutes, both craft and managerial, existing building wherever available should be utilised for the purpose of setting up of *ad-hoc* training schools. We suggest that schools of this kind should also be opened in the hill stations and in hotels which are in part time use. We also recommend, that the existing Institute in Andheri should be converted into a proper residential college and one training institute each in Madras, Calcutta, Bombay and Delhi would be sufficient to meet the present needs of the trade.

We recommend that the curriculum such as is provided in Institutes abroad should be adopted by the Universities everywhere in India for the conferment of diplomas and degrees.

The Hotel Federation in the course of their meeting of the Hotels Consultative Committee, held more than a year ago in the Ministry of Transport and Communications, agreed to the proposal that there was an immediate necessity for establishing a hotel training school in India and gave an assurance of their wholehearted support not only in the running of the institution but also in the matter of absorbing successful trainees on the completion of their course. They were also willing in principle to contribute towards the cost of running the institution and after discussing the report submitted by Mr. John Fuller suggested:—

- (i) that the training school should start as a managerial school of one section with 16 students in each class, later a second section being added and the number doubled in each section. At the same time the necessity for craft training was recognised in cookery, housekeeping, reception, accounting, book-keeping etc. They suggested that the two-sections-school for managerial training should be reviewed after the first three years, keeping in view the rate of absorption of the trainees by the hotel industry. We would prefer a scheme for joint training both on the managerial and craft sides.
- (ii) that half the trainees admitted to each class should be from the open market and the remaining from the industry out of a panel of suitable candidates sponsored by the Hotel Federation. Women, they thought, would be better employed in the craft courses rather than in the managerial section;
- (iii) that the location of the centre should be in places where trainees could get practical training *e.g.* Bombay, Delhi, Calcutta and Madras failing which at such tourist centres as Agra, Banaras, Jaipur and Bangalore;

- (vi) that the course of training should last for three years instead of 2 years (as recommended by Mr. Fuller) as the training period of two years was considered inadequate;
- (v) that the Principal and some other Members of the staff should be foreign experts; the remaining staff being Indian experts with training obtained abroad, if necessary;
- (vi) that all told the fees including board and lodging should not be more than 80 rupees per mensem per student;
- (vii) that a scheme for the training of Managers of hotels in small towns, Superintendents of State Guest Houses, Circuit Houses and State Hotels should be taken in hand and States and the Centre should offer active cooperation in the implementation of any such schemes.

In regard to the training of junior staff in hotels, the Federation recommended a scheme for the appointment of an experienced hotelier as an Inspector for this purpose who should live in a suitable hotel for a period of 2 or 3 months at a time and who should be paid 50 per cent by the Government and the remaining expenditure of 50 per cent plus board and lodging to be borne by the hotel concerned. The Federation also suggested the selection of batches of students for such hotel training courses.

The Committee strongly supports the above suggestions with the proviso that there should be joint training as stated above while at the same time it would like to emphasise the importance of the setting up of courses in Universities and the establishment of different training centres in the important cities as recommended by it. The Committee recommends that—

- (a) Universities should open courses which should be recognised for the purpose of conferment of diplomas and degrees in hotel management and in various crafts concerned with the hotel industry.
- (b) In addition, catering establishments should be established in places indicated by us and suitably housed and supported financially by the State, the Centre and the hotel industry. These should incorporate managerial training equivalent to the standard of the Associate Membership Examination of the Hotel Catering Institute of Great Britain.
- (c) The number of students in these institutes should be in conformity with the plans for developments of the hotel industry envisaged for the next few years, thus ensuring full employment.

- (d) The services of experienced foreigners in the country should be utilised and their vast experience made available for this purpose for as long a period as it is necessary.
- (e) Licences for the purchase of equipment from abroad should be made available for the purposes of the training institutes. If necessary, assistance may be taken out of the Fund suggested by the Committee for this purpose apart from the assistance given by the States and the Centre should such a contingency arise.

Apart from the training institute recommended by us, incentive should be provided, as suggested by the Federation of Hotel and Restaurant Associations of India, to private enterprise in order to encourage it to build and operate hotel training schools. The best method for this purpose is the allotment of land free of charge, subsidies and grants for the purpose of meeting operational expenses.

The Committee recommends that training institute of the type suggested should be opened up in as many places as necessary for the requirements of the industry.

We further recommend that until such time that the training institutes as recommended by the Committee are in a position to turn out trained personnel both on the managerial and the craft side, the present scheme of giving scholarships to selected trainees to attend courses abroad should be continued and further the Committee is definitely of the opinion that until such time as managerial or craft personnel can be properly trained in the institutes indicated and capable of taking charge of the top positions in the hotel industry in their respective spheres, foreign expert personnel both managerial and craft, should be allowed to continue or allowed to be engaged from abroad. This, in our opinion, is of vital importance in the development of this industry in view of the fact that trained expert personnel of highest kind is not to be found in India at present. The Committee is informed that in the course of the next few years, after training facilities have been made available appropriate personnel will be readily forthcoming at which stage foreign personnel can be replaced.

Apprenticeship Scheme.

It will be necessary to adopt a National Apprenticeship Scheme for all classes not only for cooks but also for all employees who are to be trained for this purpose. We recommend the creation of a National Joint Apprenticeship Council of the hotel and catering industry. It should have 4 representatives of the hotel Federation, 4 representatives of trade unions serving the hotel and catering industry, 2 representatives of the Tourist Department, 2 representatives of the Ministry of Education on the technical side, 1 representing the Ministry of Labour, 4

members of Parliament representing the public and the consumer interests. The purpose of this scheme should be to provide for the recruitment and systematic training of men and women workers. The period of apprenticeship should be not less than 3 years and not more than 5 years terminable at the maximum age of 23. Apprenticeship should start from the normal school-leaving age but older apprenticeship may also be accepted. Employers will have the right to register not more than two apprentices each but the applications must in all cases be approved by the Council. Recruitment of apprentices will be the concern of the Council itself. The advantages of such a scheme to the employer is that the employer is assured of the services of an apprentice after he qualifies and for a number of years under an agreement to be signed by the apprentice. A regular indenture should be drawn up for this purpose. Again, the apprentice goes through a study course in regard to his craft and this is of great value to his employer. The nation will gain by obtaining trained hands for this important industry and the difficult problem of recruitment will automatically be solved by the provision of trained hands who have qualified under the apprenticeship scheme and have had further advantage of attending courses, obtaining diplomas etc. from the National Institute of Catering which should be set up and recognised. The Syllabus in the training institute should in the opinion of this Committee broadly be the following:—

- (1) Management subjects.
- (2) Capital : The meaning of capital in relation to management.
Capital Structure.
- (3) Organisation.
- (4) Personnel : Problem of labour turnover. Statistics of employment. Relation of management with labour. Conciliation and arbitration etc.
- (5) Accountancy.
- (6) Statistics.
- (7) Budgetary control.
- (8) Economic aspects of the hotel and catering industry.
- (9) Aspects of the tourist industry; Importance of hotels and catering, transport by road, rail, sea or air and their relationship.
- (10) National and local attractions.
- (11) Travel Agencies and the functioning of the Travel and Holidays Association to be set up.
- (12) Growth of the tourist industry.
- (13) Value of tourism in the national economy.
- (14) Labour Laws.

- (15) Laws relating to the hotel industry.
- (16) Problems of food and drinks.
- (17) Compilation of menus : Ordering of perishable food stuffs on day-to-day requirements.
Briefing cooking staff on day's menu. Requisitioning from stores according to menus. Preparation of cooking. Inspection of prepared dishes by Chef.
- (18) Organisation of staff.
- (19) Study of fuels.
- (20) Study of maintenance, purchases and menu planning.
- (21) Study of staff meals organisation.
- (22) Study of service material, silver crockery, etc.
- (23) Study of beverages and cellar control and management.
- (24) Study of bins stock card system.
- (25) Plant and machinery study.
- (26) Hygiene, book-keeping and accountancy.

Each of these institutes will have a hall and a library of text books and reference books which are procureable at a small cost. A study of the examination subjects of the Battersea Polytechnic shows that the courses are comprehensive, adequate and worthy of assimilation for the purpose of the institutes that we recommend should be set up.

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CHAPTER XII

PUBLIC SECTOR AND PRIVATE SECTOR IN THE HOTEL INDUSTRY

The question has arisen as to whether it is for the Government to enter into the hotel trade. We are aware that at certain meetings between the representatives of the Hotel Federation and the Ministry of Transport it has been stated that generally the development of the hotel industry is better left in the hands of private enterprise. We are also aware of the remarks made by the Estimates Committee on similar lines, but the Committee is aware that Government for, no doubt, valid reasons, has recently constructed and is operating two hotels in New Delhi, the Ashoka which is a deluxe hotel and the Janpath which is a first rate functional hotel.

It is said that originally the intention in constructing the Janpath Hotel was to provide not a hotel but a hostel. As a hostel it would have been utilised mostly by legislators and officials and as a hotel it would, obviously, be open to the general public. Be that as it may, the establishment of such hotels was declared to be essential in view of the demands that were likely to be made upon accommodation in Delhi by a series of international conferences.

This being the situation, the fact remains that the Government of India has entered into this trade, and the question arises as to whether in future the Government should continue to interest itself in an enterprise, which belongs, according to its declaration and assurances, to the private sector. But where the Government has already entered into this trade, the Committee feels that it is necessary to run institutions owned by the Government on a sound basis through recognised experts. The Committee recommends for this purpose the setting up of an autonomous body for managing, controlling and running such establishments and in particular, the Ashoka and the Janpath hotels. In the opinion of the Committee, it is absolutely necessary that at the top there must be highly experienced men in control, who have vast experience and knowledge of the hotel trade and who alone are competent to take charge of complex organizations of this nature. This is essential both in the interest of these institutions and in the interest of maintaining and developing high standards of service and management while ensuring effective financial control and avoiding serious losses.

CHAPTER XIII

FOREIGN INTERESTS

It has been brought to our notice that some of the hotel interests abroad are interested in building and operating hotels in India. The Committee wishes to record its opinion that it has been struck by the manner in which profits made by the hotel industry in India since the advent of independence have been, generally, ploughed back into it in order to improve hotel standards and to build new and modern hotels. What is needed in the opinion of the Committee is not the advent of foreign operators but the giving of every kind of encouragement and assistance to Indian operators who have proved themselves to be competent in the building and running of modern hotels. The Committee does not think that it would be proper to permit foreign operators to establish themselves in India. It is strongly of the opinion that it welcomes any financial assistance from foreign countries in the same manner as provided for in other industries in India, as well as from institutions like the World Bank, the Import and Export Bank and the like. It would definitely be detrimental to the interest of the Hotel Industry to permit the establishment of foreign operators for which step the Committee finds neither justification nor necessity whether in the public or the private sector.

Other Interests

At the same time the Committee does not favour the entry into this highly specialised trade of hotel keeping, of interests like the jewellery or silk trade interests whose main purpose, with exceptions, is not the running of a hotel business but subordinating it to the other business of attracting customers, namely, the tourists for the purpose of selling their wares at high and exorbitant prices to the annoyance and harassment mostly of the tourist.

CHAPTER XIV

REST HOUSES, DAK BUNGALOWS, CIRCUIT HOUSES ETC.

The Committee have been informed that provision exists in the Second Five Year Plan relating to the Ministry of Transport for the establishment of 25 Rest Houses catering for the low income groups and that the Ministry of W.H. & S. has already built Rest Houses in places like Sanchi, Budh Gaya and Kushinagar. A rest house, we learn costing Rs. two and a half lakhs is going to be built at Pathankot and that other steps are in hand in the U.P. and elsewhere for similar developments.

The question has arisen of the control of these new Rest Houses as well as of the existing Dak Bungalows and Rest Houses, Circuit Houses etc. throughout India. We recommend that the Central Committee suggested by us should be in the closest touch with State Governments in respect of the functioning of these Rest Houses and the provision of new ones. The question of functioning includes furnishings, service and other amenities as well as fixation of rates for board and lodging and the provision of linen, bed linen and other amenities. We recommend some uniformity being brought in not only in the construction of these establishments, Dak Bungalows, Rest Houses etc. but also in their functioning, their rate structure, the amenities that they provide and the control to be exercised over them. Obviously India is a country which, for the purposes of tourism, needs literally thousands of Rest Houses of this kind and our experience shows that buildings already in existence could easily be converted to a proper use for the benefit of the tourist—whether Indian or foreign. We are aware that the Estimates Committee was of the opinion that the Ministry of Transport should not attempt to control centrally such establishments. But we do not see any harm in the exercise of such control by a central authority or by the Tourist Bureaux or offices functioning either on behalf of the Ministry of Transport or on behalf of the State Governments. We have seen a great variety of discomfort and lack of amenities in such establishments throughout India. This is something which is highly deplorable when the need is to create a uniform basis of comfort in such establishments, provide adequacy of accommodation and sufficient expert control so that the standards do not deteriorate but are maintained and improved. This is always a matter of great concern. For instance the Dak Bungalow at Fatehpur Sikri has a large building but is most forbiddingly furnished in spite of the fact that large numbers of people visit this place as tourists both foreign and Indian. A resident manager incharge with

adequate funds and after making necessary improvements in the layout, furnishings and service, would turn this place into an ideal spot for visitors not only to use but also to stay at. The Rest House at Ajanta is furnished adequately, is well situated in exceedingly pleasant surroundings. All it lacks is the touch of a resident manager. The Rest House at Ellora is beautifully situated but poorly managed with no eye to the preservation of its furnishings including valuable carpets. We have cited these three examples to show the vast difference that exists in the amenities and comforts provided by these establishments in three different centres of tourist interest in India and to establish how necessary it is that there should be some sort of Central control and uniform provision of amenities.

We have stated elsewhere that we are of the opinion that the organised system of Rest Houses in Ceylon is the method that we should follow in the management of Rest Houses in India and we are firmly of the opinion that this cannot be done if ten different authorities in different parts of India deal with these establishments instead of a central co-ordinating authority which could delegate its functioning to local organisations either of its own or of the State Governments keeping overall control in its hands.

We suggest, initially an expenditure of two crores on the building and furnishing of one hundred such Rest Houses in different parts of India needing such accommodation for the benefit of tourists, and extra adequate expenditure on renovating and refurnishing and improving existing ones. We also suggest that the extra accommodation, save a room or two, should be made available to tourists in order to avoid the existing complaint that such accommodation is seldom available when needed.

Finally, we suggest that not the Deputy Commissioners or Collectors etc. but Tourist Councils should be the bodies authorised to issue permits for the use of all such Rest Houses etc. in order to eliminate unnecessary harassment of tourists wanting to use such accommodation.

Motels

The Committee has been impressed by the necessity of establishing through a wide-spread system, properly suited to Indian conditions, small roadside Motels for tourists where Dak Bungalows and Rest Houses are not available or are inadequate for this purpose. In many countries, particularly in America, Motels are attached to or are in close proximity of petrol stations. The necessity for such Motels has been felt by the motoring public because of the long distances travelled from one end of the country to the other. It is historically correct that even in medieval times great rulers like Sher Shah Suri are stated to have built sarais on the Grand Trunk Road every 10 miles. It is well known that even

as long ago as in Buddhist's time such provision along with a school and a dispensary was made available to the population of India at regular distances along the main routes. Taking the distance to be covered for the purpose of these institutions at about 100,000 miles, we suggest that at least 100 such Motels should be provided for the use of travellers. The cost should not exceed Rs. 10,00,00/- per unit with a room capacity of 20 and providing other amenities like sanitary bath rooms, running water, showers etc. and properly equipped kitchen as well as garages. One estimate given to us did not exceed Rs. 27,000/- per unit without considering the price of the land. But we consider that this small sum will be most inadequate for the purpose in view.

Youth hostels

The main purpose would be defeated if such accommodation recommended by us for low income groups is not properly subsidised both in regard to travel charges and in regard to food and accommodation. So far as the Youth movement is concerned, the matter should be dealt with in consultation with the Central Ministry of Education (which indeed at present is dealing with it). We understand that the Ministry has agreed in principle to the establishment of Youth Hostels, although the question of the financial details of control and provision are not yet finalised. Obviously all the Ministries concerned will have to co-operate with the Central Tourist Organisation and not only co-operate but assist this organisation financially and otherwise in order that the objectives we aim at are achieved.



INDIAN STYLE HOTELS

The question of internal tourism is also of the greatest importance and deserves consideration on a top priority basis. The Committee is firmly of the opinion that the possibilities and potentialities of the development of internal tourism are unlimited. The Committee was, therefore, concerned about Indian style hotels not covered by the Classification system recommended by us in respect of hotels catering for tourists from abroad. Although this Committee's terms of reference did not particularly enjoin upon it the task of going into the standards and rates of Indian style hotels nevertheless, the Committee did avail itself of the opportunity afforded to it of inspecting a few such establishments. After visiting a cross section of such establishments throughout the country, the Committee came to the conclusion that all such establishments should be classified according to the system of A.B.C. keeping in view the amenities, comforts, situation, service and such like factors available in these establishments. These, therefore, should form the basic factors in judging their categories. In the time and the opportunity available to it, the Committee was not in a position to examine this problem of internal tourism *vis-a-vis* Indian style establishments in any detail. The criteria to be laid down for such establishments for the purposes of classifying them into different categories has obviously to be different from the criteria chosen for the hotels from the international tourist point of view. The basic factors of course remain the same, namely, cleanliness, hygiene, quality of food, amenities, comforts and so on and so forth. But such establishments catering for different types of people in our society must necessarily vary although establishments which are quite modern, like certain establishments visited by the Committee in South India, can easily qualify for classifications which we have already indicated for Western style hotels. But then there are innumerable other establishments which are of a very poor quality which cannot possibly be classified in any manner whatsoever because of the terribly low standards obtaining therein. We consider it most important that the working of these establishments should be carefully examined by a separate Committee with a view to the elimination of those establishments which are a danger to the health and well-being of the community and with a view to the standardisation of those that remain, keeping in view the basic necessities of hygiene, comforts, cleanliness and the amenities offered to the Indian traveller. The Committee recommends that it is most essential to encourage private concerns in the first

instance to establish low-priced establishments everywhere, failing which is must be the duty of the State, if necessary, to construct and operate such establishments. This is a very vast undertaking and we recommend that, if it is to be undertaken by State Governments or by the Centre an autonomous Corporation should be set up for this purpose, utilising all available talent and experience gained by people in the hotel industry. Indeed, the Committee considers that such an undertaking will change the face of India by providing low-priced accommodation and service for the million who wish to and who should travel but who are nobody's concern today. Newer categories in the social strata of our people are now desirous of travelling—the legislator, the teacher, the pilgrim, the worker, the peasant, the student, the small professional man, the small business man, men working in offices and other establishments. It is for the benefit of these that this suggestion is primarily made and the Committee considers it to be of the utmost importance.



CHAPTER XVI

HYGIENE, CLEANLINESS AND FOOD

In India we have found that some control is exercised in regard to the health of the staff operating in hotel establishments through the appointment of either a Resident Doctor or a Visiting Doctor. But in most cases this control is not adequate. It is not sufficient for instance that an employee should be examined once and then let go. There should be some arrangement for regular checks in regard to health matters. The first essential in the matter of legislation is to provide for adequate and constant health protection methods as far as the employees are concerned and at the same time to see that the standards laid down in the legislation that we have referred to regarding health and cleanliness are adhered to. It is necessary that the Health Departments of Corporations and Municipalities as well as the staff specially deputed for this purpose attached to the Tourist Department should at all times have the right to enter the hotel premises for inspection purposes. It is obvious that there should be no duplication. For instance, where the Corporation or Municipality services are adequate for this purpose, it is not necessary for the Tourist Department to duplicate these services. All owners of restaurants and hotel establishments should be asked to post at prominent places provisions of relevant laws rules or regulations relating to hygiene and cleanliness in the regional language as well as English. It is the kitchen where the utmost attention has to be paid to the proper lay-out, equipping and cleanliness in all hotels and restaurants. It is necessary that the law should prohibit the use of any utensils which are not in a perfectly clean condition. All multiuse dishes and utensils should be kept free of breaks, corrosion, open seams, cracks and chipped places. It is necessary to provide adequate washing arrangements with proper sinks and drain boards with an adequate supply of running hot and cold water. Wherever possible dish-washing machines should be installed.

The Committee's attention was drawn to the existing state of numerous catering establishments that have sprung up every where in recent years; to the rules and regulations applicable to these establishments and to the lack of control being exercised at present in the matter of sanitation resulting in the possibility of infection. Some States have taken measures to examine this situation particularly in the metropolitan cities and we recommend to the attention of the Government the steps taken by the Madras Government and the report prepared by its Committee known as the Hotel Sanitation Committee.

CHAPTER XVII

TOURIST PUBLICITY

The Committee has had no opportunity of examining the problem of publicity connected with the promotion of tourism in India and abroad and is, therefore, not in a position to judge whether the methods of publicity employed so far for this purpose are adequate or as effective as they should be. From a study of the material placed before the Committee, the Committee has gathered that a decision has been taken to convert the existing Central Tourist Traffic Advisory Committee into a Tourist Development Council whose first meeting is scheduled to be held in Srinagar shortly. We are informed that the main function of the Council will be the promotion of tourist traffic to India and within India. The composition of the Council is as follows:—

- (1) *Chairman*—Minister (Cabinet) incharge of Transport in the Central Government.
- (2) *Vice-Chairman*—Minister of State or Deputy Minister as the case may be, incharge of tourism in the Central Government.
- (3) *Members*—
 - (i) Secretary incharge of Transport in Central Government.
 - (ii) Head of the Tourist Organisation of the Central Government.
 - (iii) One representative each of the Ministry of Railways, Ministry of Finance (CD), Department of Communications and the Planning Commission.
 - (iv) Director General of Archaeology.
 - (v) Minister incharge of tourism in each State Government.
 - (vi) One representative of Himachal Pradesh Administration.
 - (vii) Chief Commissioner, Delhi.
 - (viii) Five nominees of the Indian Travel and Tourist Industry's Council representing the various branches of the Travel Trade including Indian Airlines Corporation and Air-India International.

(ix) Mayors of the Corporations of Bombay, Delhi, Calcutta and Madras.

(x) Six members of the public of whom not more than three shall be Members of Parliament and/or State Legislatures. They shall be nominated by the Government of India in the Ministry dealing with tourism and shall remain members during the pleasures of the President. If a member so nominated does not attend two successive meetings of the Council he shall be deemed to have resigned from the membership of the Council.

(4) *Secretary*—An official nominated by the Central Government.

In addition to this Council there is a Tourist Promotion Committee.

Tourist Promotion Committee.—The promotion of tourist traffic on a large scale raises problems which fall within the purview of a number of Ministries/Departments of the Central Government, the State Governments as well as the private sector. These are broadly: relaxation in travel formalities, publicity abroad, opening of tourist offices overseas and in India, making places of tourist interest more attractive and easily accessible by air and road, building rest houses and provision of restaurants and canteens at selected places near monuments, temples etc. With a view to co-ordinating and integrating promotional activities a Tourist Promotion Committee has been set up. The Committee consists of the Cabinet Secretary and the Secretaries of the Ministries of Home Affairs, Finance (Department of Revenue), Transport, Information & Broadcasting, Finance (Department of Economic Affairs), Member (Transportation) (Railway Board), Joint Secretary of the Ministry of Finance, associated with the Ministry of Transport, Director General of Foreign Trade (Ministry of Commerce & Industry), Chairman, Indian Airlines Corporation, representatives of the Ministry of External Affairs, Director General of Civil Aviation and Director General of Archaeology. The Director General in charge of the Tourist Department is the Member-Secretary of this Committee. The Committee considers in particular the suggestions made by the various non-official agencies, such as the All India Travel and Tourist Industry Council, which represent important elements of the travel trade of the country, and ensures the implementation of such suggestions which are found to be acceptable. In particular, publicity has been undertaken through the medium of films in English, French and German while many of them are under preparation. The Committee saw the World Highways Expedition of New York, a filming unit in action, it having been invited to visit India for the purpose of making a travel film. Another unit from Paris sponsored by Air France and Radio Diffusion has been engaged on a similar task. At the same time Press publicity, window displays, publication of brochures,

distribution of leaflets etc. have been undertaken on a wide scale. The expenditure incurred on press and allied publicity conducted through the overseas Tourist Offices during the current financial year is given below :—

U. S.A.	2,00,000
U. K	80,000
France	60,000
West Germany	30,000
Australia	20,000
Ceylon	10,000
India	50,000

An official organ of the Tourist Division of the Ministry called 'Traveller in India' is printed monthly and distributed free. Various other steps have been taken to promote publicity such as familiarisation tours, participation in exhibitions both in India and overseas and provision and supply of handicrafts and handloom products worth Rs. 32,500/- to various Tourist Offices abroad for display.

In the opinion of the Committee it is most essential that publicity should be looked at from the double angle, internal and external, and the production and the dissemination of the two types of publicity material should be organised on a separate basis, foreign publicity material being entirely under the supervision and control, in regard to production and dissemination, of the Tourist Department of the Ministry of Transport. From this point of view, the Committee feels that it is necessary to undertake an examination of the present situation, so that the above objectives are achieved as quickly as possible.

The Committee was struck by the fact that a very fine organisation has been set up by the Tourist Department of the Ministry of Transport for the distribution of publicity literature abroad and that that organisation is functioning in a most highly efficient and scientific manner. At the same time the Committee feels that not enough has been spent in the matter of publicity abroad by the private sector, namely, the hoteliers and the Travel Agents. In this connection, the Committee has been informed that in a country like Switzerland, a sum of 8 million Swiss Francs is spent annually by the Hotel Industry in publicising their institutions abroad. The Committee suggests that both the Hotel Federation and the Travel Agents Association in India should get together for the purpose of assisting the authorities in the matter of publicising the Hotel Industry in foreign countries on similar lines. It is understood by the Committee that in spite of the difficult foreign

exchange position, the Government of India, at the request of the Tourist Department of the Ministry of Transport, has allocated a sum of Rs. 2 lakhs during the current year for the purpose of enabling the hoteliers and the travel agents to make their contacts abroad, either through travel or through publicity. The Committee feels that on the one hand the Hotel Industry as well as the Travel Agents combined should make a much bigger effort for the purposes of foreign publicity and on the other hand appreciating such an effort the Government of India should make available larger sums in foreign exchange for the purposes of foreign publicity.



CHAPTER XVIII

KASHMIR

The **question** of tourist traffic to Kashmir is of the highest importance and it is for this reason that we are devoting special attention to this question.

A glance at the statistics on tourism as directed towards Kashmir reveals interesting facts. It is not an exaggeration to assert that the prosperity of the State by and large depends mainly upon the volume of tourist traffic from India and abroad entertained by the State from year to year. Not only does this volume affect the prosperity of the Hotels, Boarding Houses and Houseboats in Srinagar or the Hotels or Boarding Houses in other parts of the State, but it is a very important contributory cause of the prosperity of the handicraft industries and other industries that have been struggling for existence for many long years in the valley.

The handicrafts of Kashmir are world famous. The designs and artistic execution both of wood-work and papier-mache as well as of woollen goods and silverware are renowned throughout the length and breadth of our country and even abroad. It is the tourist who gives a fillip to these industries apart, of course, from deliberate attempts made by the Trade Organisation of the Kashmir State to find markets for Kashmir goods of all kinds including locally produced as well as imported furs and all kinds of carpets. Indeed the prosperity of Kashmir is bound up ultimately with the advent of large numbers of tourists.

The Committee visited Srinagar, Pahalgam and Gulmarg. And while it found fairly comfortable and comparatively clean hotel accommodation moderately priced, it also found most deplorable conditions in some of the hotel establishments from the point of view of comfort and cleanliness. The Committee was struck, however, by the fact that new wooden chateaus or tourist huts were being constructed by the State comfortably furnished with modern sanitation which could be rented at a very moderate price by the season in places like Pahalgam. It is necessary in our opinion to give wide publicity to this fact and to provide a greater number of such tourist huts for the travelling public visiting Kashmir for a longer stay.

The Committee found Gulmarg practically deserted although the facilities available at the newly constructed Club House were excellent in every way. The seasonal hotel at Gulmarg was obviously suffering

from lack of customers and while in the olden days, it used to be difficult to find accommodation in it, in present times it is difficult for the proprietor to make both ends meet. A case has been made out in this instance of the State Government or the Central Tourist Organisation providing a subsidy for such an establishment.

In Srinagar itself every type of accommodation is available and in plenty. The advent of the new de lux hotel, probably one of the best in the country, satisfies all the needs of foreign tourists, along with the older established hotels where good fare and lodging is provided at a moderate price. Tourists sometimes are anxious to experience a stay in a luxury houseboat of which the number seems to have increased with surprising rapidity. The valley of Kashmir needs a prolonged spell of peace and stable conditions. These stable conditions and peace now seem to have been assured in the valley.

The Committee was greatly impressed by the reduction of the rail-cum-air fares to Kashmir and the step taken by the railways in providing a return ticket at $1\frac{1}{2}$ times the price of the single journey ticket available for a certain period of stay. The Committee recommends that this matter should be constantly kept in mind and reviewed with the objective of a further reduction in rates, if such reduction will help in furthering the visits of tourists to Kashmir.

It is necessary in the opinion of the Committee that youth hostels and accommodation for pilgrims should be available in a large way at various centres in the State and there is no reason, in view of the cheapness of wood and the addiction of the citizens of Kashmir to the use of wood as a principal building material, why the tourist hut system should not be introduced for the purpose of youth hostels and pilgrim accommodation centres throughout the State.

The industrial and mineral possibilities of the State are enormous and we anticipate a very large influx year by year of both tourists and business people into the valley of Kashmir. It is not necessary to provide any further de luxe accommodation in the Valley except to the extent of modernising a large number of houseboats in Srinagar.

But it is necessary that the small boarding houses, often run with great efficiency and success, should be encouraged and necessary subsidies and financial assistance given so that they are able to keep up their standards and provide necessary improvements and additions from year to year. The charges levied by these establishments are reasonable and the food and surroundings and the furnishings of the rooms are attractive on the whole. But a strict watch should be kept on the State of cleanliness and the authorities incharge should not hesitate to take prompt penal action should there be found any deterioration from

normal standards laid down in this respect. The Committee recommends that all Travel Agencies and Tourist Organisations should be brought into action for the purpose of publicising the joys of a visit to Kashmir.

In order that tourists visiting northern parts of India or Delhi are induced or are enabled to spend at least a short holiday in Kashmir during their sojourn in northern India, it is necessary that the existing rigid formalities for visits of foreign or Indian tourists to Kashmir should be minimised and permits made available even on holidays and at all reasonable hours of the day.

There are vast areas of Kashmir of great interest from the point of view of Shikar which are yet to be explored or opened up. The Committee recommends that this aspect should be examined carefully by a local Committee set up for this purpose whose recommendations should be implemented with expedition, whether they relate to the opening up of new roads, new transport facilities, new Rest Houses, Dak Bungalows or Tourist huts or any other facilities that may be necessary for the purpose of opening up these new avenues of travel.

The Committee was greatly impressed with the officers incharge of the tourist organisation in Kashmir which is functioning in a satisfactory manner up to the limit of the experience so far gained. The newly constructed Reception Centre has a lounge, a restaurant attached to it and it is very necessary that cleanliness should be ensured and the charges kept down to the minimum without affecting the quality of the food and drinks available.

For the foreign tourists, it is important to emphasise the fact that there are no restrictions regarding prohibition in the entire valley of Kashmir and in the opinion of the Committee this state of affairs should continue if foreign tourists are to be attracted on a large scale.

The Committee recommends that the Shikar Bungalow at Dachigam should be made available for Shikar parties and for parties of tourists wanting complete rest and that similar bungalows should be built elsewhere for this purpose as we are convinced that they can always be made self-supporting and will constitute an extra attraction for visitors both Indian and foreign.

The Committee recommends that there should be no limit in a reasonable way to the amount of financial assistance that should be made available to the State of Jammu & Kashmir for the purpose of the development of tourism, if out of its own resources the State is unable to meet the expenditure. For this purpose the Committee recommends that the Ministry of Transport in the Tourist department should confer with the Tourist Organisation in Kashmir and draw up a planned and

phased basis for the purpose of providing greater and better amenities for the travelling public in Kashmir. One of the essential things in this respect is the provision of cheap road transport in the valley. A holiday in Kashmir is often marred by the expenditure people have to incur for such transport which often is not available. This is a matter which should be the concern of the Tourist Organisation in Kashmir and we suggest the import of cheap priced diesel vehicles of the Volks Wagon type or any other suitable type should be permitted to the extent required.

We are finally concerned that proper publicity should be conducted abroad and in India so that the attractions of Kashmir are presented as of primary importance in the tour itineraries arranged by Travel Agencies and other organisations for prospective tourists.



CHAPTER XIX

PLACES OF TOURIST INTEREST AND THEIR DEVELOPMENT

Grouping of tourist centres for the purpose of arranging systematic tours, we are told, has been done by some tourist agencies and booklets have been prepared on the subject of 'Tours in India'. The Committee is of the opinion that in the drawing up of a schedule giving a general idea of the centres of tourist interest both youth hostel aspect as well as the aspect of pilgrim accommodation should be kept in view. From the transport point of view, it is necessary to see that adequate rail, air or road connections are available in the existing centres of tourist attraction and for the others that are to be developed. An accelerated drive should be made to develop other centres of tourist attraction, the first essential is the provision of transport. Even at the sacrifice of revenue, it is necessary that places of tourist interest should be connected by air and the road approach improved and modernised. For instance, there is no regular air service to Khajuraho at the present moment. The approach to the Sun temple at Konarak is only by road and suitable arrangement should be taken in hand for the purpose of building small aerodromes, like the one at Bhuvaneshwar with centres like Konarak and centres of rest and pleasure like Gopalpur-on-Sea.

The Committee received some valuable information regarding the Tel Valley civilization and its rich archaeological remains in Orissa. These sites remain neglected and almost in a forgotten state. Our attention was drawn to the temples and statues of Khichin in Mayurbhanj which date back to the 9th century A.D. It appears that in addition to the sites at Bhuvaneshwar, Puri and Konarak, there is also 'Dev Kund' which is a spot of great natural beauty. The coins and images that have been found in this area date back to the Kushan period. This area attracts thousands of pilgrims every year. It is sacred to the Goddess Ambika. The jungles around are said to contain prehistoric animals like giant flying squirrels. If this site is developed into a tourist centre, it is bound to attract thousands of visitors from abroad as well as from India. This area, Dev Kund and Ambika Mahapith, are already being developed by the Government as a national park because of the extraordinary beauty of their natural surroundings and their association with our cultural past dating back to the 1st or 2nd century A.D. and its rich heritage of wild life and beautiful flora suggest that immediate attention should be paid to this area with a view to its development and utilisation in the national interest.

We also draw the attention of the Government to the urgent necessity of developing the Kulu and Kangra Valleys for the purposes of tourist traffic. We consider that the following matters should be given priority both by the State Government and the Central Government :—

- (i) The opening up of a large sized aerodrome in the Bahl Valley which is most suitable for this purpose and is likely to cost a much smaller sum than any other site available in this area. The natural advantages of the utilisation of the site are obvious.
- (ii) Small hotels of the Italian tourist type should be established in the valley.
- (iii) The state or the Central Government should establish a sanatorium at the site of the Hotel Sulphur Springs and be charged with their maintenance in proper condition with the service of medical assistance available on the spot with accommodation to begin with of at least a 100 beds. Timber from the valley can be utilised for this purpose thus cheapening the cost. Even log huts of the type that are available in places like Lake Louise, Canada, accommodating a family, will be suitable to begin with and later could form the basis for extra accommodation when needed.
- (iv) The road from Bhakra to Mandi should be developed. It is only a few miles and the development of this road would be the easiest and quickest means of approach to the Kulu Valley. The economic possibility of opening up this valley by road, rail and aeroplane traffic deserve the immediate attention of the authorities. The economic possibilities include the development of the Pashmina industry, the lifting of high grade fruit, the canning of fruit and vegetables, the manufacture of cider and the development of mineral resources including iron ore, antimony and rock salt and the development on a large scale of cottage industries and handicrafts.
- (v) The development of the seed of Spiti peonies which were famous once upon a time and seem to be dying out.
- (vi) The road that goes up the valley is on the left side at present. It is very close to the main Beas river. But when there are heavy floods and the river slightly changes its course it knocks against the pillar of the bridge, and the road and the bridge are both liable to destruction. There is no road on the right side of the bank going up and it is necessary to build a road which is now only a pony track and avoid

all the dangers of erosion which have caused tremendous financial losses in the past.

We draw the special attention of the authorities to the valuable suggestions made by the representatives of the Himachal Pradesh Government and the need stressed by them of opening a Spa at Tattapani and the development of roads and transport on the Tibet road as well as the necessity of an all-the-year-round ice skating rink as well as adequate provision for winter sports in Simla.

Social Tourism

We have been greatly impressed by the importance attached to social tourism in the concept of the developing economy of our country. The object of social tourism is not only to provide holidays to people of the lower income groups who normally are unable to afford them but to fit the scheme into the newly developing ideas of paid holidays for workers, assistance to the youth travel movement as well as to the movement of pilgrims throughout our land. Our objective is the Welfare State. The welfare state depends for its existence upon the willing co-operation of the working classes and the peasantry who form 98 per cent. of the population of our country. The welfare state has to function for their benefit and would have no meaning if it did not. One of the objectives of the welfare state must necessarily be the provision of paid holidays to workers and subsidised travel for the youth of our country. It is one of the essential items and is a kind of education for the younger people to be able to see their country, meet the people of cultural interest as well as of industrial importance. It is only thus, that the lack of understanding of each other's needs of the different people that live in this country can be put an end to. Further, such social tourism would create deep interest and enthusiasm for the great industrial revolution we are witnessing. Planned economy has to be brought home visually to large masses of our people by affording them an opportunity of seeing our industrial plans in action. So visits to Nangal Bhakra, to the Steel Plants, to Sindri, Chittaranjan, Bangalore and other centres must necessarily be arranged on a concessional basis for those wanting to see the sites and acquaint themselves with the spirit of the great industrial revolution.

We recommended that the system of paid holidays for workers should be introduced in every hotel establishment and extended elsewhere. This must be a compulsory provision. We recommend further that subsidised tours on a very large basis should be organised by the Railways for the student community and young people generally. We also recommend that similar subsidised tours should be organised on a large scale for pilgrims wanting to travel from their homes to the places of pilgrimage throughout India.

Other countries earmarked large sums of money for this particular purpose of social tourism. We mention in this connection one country only, namely Belgium, which four years ago earmarked 15 million Belgian francs for this purpose. Again on the Railways in Great Britain very cheap week-end return tickets were always available in order to encourage travel on a large scale.

Other Places

The Committee while drawing the attention of the Government to places of tourist interest worthy of development wants to make it clear that the places mentioned by it are by no means exclusive but that large areas of tourist importance need to be brought to the notice of the public throughout the country, and many beauty spots in the States of Mysore, Kerala, Orissa and elsewhere need special attention from the point of view of tourist interest. In fact there is so much of interest for the tourist in almost every part of India that it is necessary only to draw general attention to the problem, except in the places which we have specified as almost everywhere in India, there is need for special attention being paid to places of tourist importance.

Sd./- DIWAN CHAMAN LALI.

K. T. ACHUTHAN.

M. S. OBEROI.

K. HEUR.

C. GREEN.

RAM NATH KAPUR.

E. F. GEROLD.

N. J. KATGARA.

N. P. DUBE.

G. R. KADAPA.

CHAPTER XX

ACKNOWLEDGEMENTS

The Committee wishes to place on record its appreciation of the assistance and co-operation given to it by Chief Ministers of States visited by the Committee, by officials of the Central and State Governments, by public organisations and by private individuals. The Committee is grateful to various State Governments for the facilities provided to the Committee in the course of its visits to important places in their respective States.

The Chairman particularly desires to place on record his grateful thanks to the doyen of the hoteliers of India, Shri M. S. Oberoi, for the valuable assistance given by him at every stage of the Committee's work and for the manner in which he has taken his brother-hoteliers with him in helping to produce a unanimous report keeping only the national interest in view and subordinating all other considerations to it. The Chairman also wishes to record his grateful thanks to all his colleagues on the Committee and in particular to the Member-Secretary, Shri G. R. Kadapa, for his organising capacity and the pains taken by him, at great inconvenience to himself, in helping to complete the work of the Committee with diligence and enthusiasm. The Chairman also wishes to record his appreciation of the assistance given by Shri S. D. Khanna, Director in the Tourist Department, whose advice on certain technical matters was of great value. The Chairman particularly desires to bring to the notice of the Transport Ministry the hard work and sacrificing zeal exhibited by each and every member of the staff of the Committee headed by a very capable, conscientious and valuable officer, Shri Labh Chand.

The Chairman finally wishes to record his personal appreciation and that of the Committee for the assistance given by Shri S. N. Chib, the newly appointed Director General of Tourism, whose dynamic qualities are beyond praise and who can rightly be regarded as having created a valuable department whose functioning will be of the greatest assistance to the economy of our country.

(Sd.) DIWAN CHAMAN LALL,
Chairman.

Hotel Standards & Rate Structure Committee.

APPENDICES





सत्यमेव जयते

APPENDIX I

Minutes of the 1st Meeting of the Hotel Standards and Rate Structure Committee held in New Delhi at 11 a.m. on 5th September 1957

The following were present :—

Chairman

Diwan Chaman Lall, Member Rajya Sabha, New Delhi.

Members

1. Shri R. R. Morarka, Member Lok Sabha, New Delhi.
2. Shri Nettur P. Damodaran, Nettur, Tellicherry (Kerala).
3. Shri M. S. Oberoi, President, Federation of Hotels and Restaurant Associations of India, Delhi.
4. Shri K. Heuer, President, South India Hotels & Restaurants Association, Madras.
5. Shri C. Green, President, Hotels and Restaurants Association of Eastern Region, Calcutta.
6. Shri R. N. Kapur, Hony. Treasurer, Hotel and Restaurants Association of Bombay Region, Bombay.
7. Shri E. F. Gerold Jr. Director for India, Pan American World Airways, New Delhi.
8. Shri N. J. Katgara, Hony. Secretary, Travel Agents Association of India, Bombay.
9. Shri N. P. Dube, Housing Commissioner to the Government of India, Ministry of Works, Housing and Supply, New Delhi.

Member-Secretary

Shri G. R. Kadapa, Deputy Secretary, Ministry of Transport and Communications, New Delhi.

Shri S. N. Chib, Deputy Secretary Ministry of Transport and Communications was present by special invitation.

After Shri Chib had welcomed the Chairman and other members on behalf of the Transport Ministry, the Member-Secretary circulated the Questionnaire which had been drafted at the preliminary meeting held on the 19th of August 1957. The Chairman desired that the Committee should finalise and approve the Questionnaire and also indicate as to

whether it should be circulated only among the interests concerned with the promotion of tourism or among the public at large. Thereupon the members representing the hotel industry pointed out that it was not possible for them to approve the draft Questionnaire unless the terms of reference were slightly amended. In the hoteliers' view it was not possible to determine the hotels standards and rate structure without going into the problems of the hotel industry. It was also necessary in this context to consider the question of assistance to the hotel industry and the possibility of evolving a uniform and comprehensive legislation regarding hotels. The present terms of reference, according to the hotel representatives, gave no indication that the Government were interested in looking into the problems facing the hotel industry and, therefore, suggested that if the hoteliers were to be associated with this Committee there should be something added to the present terms of reference which would clarify this position. Shri Heuer, President of the South India Hotels and Restaurants Association, thereupon suggested, on behalf of the hoteliers, that the following addition be made to the existing terms of reference :—

“To recommend the alleviation of the difficulties experienced by the Hotel and catering industry in promoting the tourist trade and in the industry in general.”

The Chairman pointed out that from this additional clause it might be construed that the difficulties and problems facing the hotel industry were an established fact and, therefore, suggested that if there was to be an amendment to the terms of reference it should only indicate that the Committee should go into this matter to find out if there were any difficulties and if so to make suitable recommendations for legislation and/or assistance. He also explained to the Members that this aspect was already covered in item (iii) of the present terms of reference by the words 'other relevant factors'. Shri Chib explained that the words 'other relevant factors' would, *inter alia*, include the problems and difficulties of the hotel industry and hence it did not seem necessary add the proposed clause. The opinion of the Members, besides the hoteliers, however, was that perhaps an additional term which is more or less supplementary to the existing term (iii) should be included though not in the exact words of the amendment suggested by the hoteliers. Thereupon the Chairman invited the views of all the Members and after a brief discussion it was agreed that an additional clause, worded as follows, should be added to the terms of reference :—

“For the purpose of promoting tourist traffic, to consider any other aspect of the hotel industry including the desirability or other wise of legislation and/or of assistance”.

The Chairman then suggested that if this additional clause is to form part of the new terms of reference then the Government might consider re-issuing the whole terms of reference. The hoteliers, however, made it

quite clear that their willingness to serve on this Committee was subject to the approval by the Government of the additional clause regarding hotel problems which had been unanimously recommended by the Committee.

2. Presuming that the Government would approve of the revised terms of reference, the Committee then discussed the Questionnaire. With slight amendments here and there the Questionnaire was finally approved by the Members. It was further decided that the Questionnaire should be circulated among associations and institutions interested in both the promotion of tourist traffic and the hotel industry, such as, Chambers of Commerce, Automobile Associations, Taxi hire Companies and to foreign embassies, international bodies such as WHO, UN Information Office, UNESCO Information Office, TCM. Some selected individuals who have wide experience of hotels in India and abroad were also to be addressed in the matter.

3. It was decided that the next meeting of the Committee should be held at Delhi on the 30th of September, following which those members who can afford to stay back should visit some places in the northern zone with Delhi as the base. Itineraries for this tour as well as for two or three tours that the Committee might undertake in the course of its work would be drawn up by the Member-Secretary in consultation with the Chairman.

4. The consensus of opinion was that to be able to submit the Report within 3 or 4 months and to avoid unnecessary expenditure, tours should be limited to small number of selected centres. The Committee also decided that during its visits to different regions it should co-opt local State Officials concerned dealing with hotel matters, though such members would not have any voting power.

5. The Member-Secretary was requested to go through the material received from foreign countries regarding hotel classification and to make out a statement showing the various types of classification prevalent in the more important foreign countries.

APPENDIX II

Questionnaire for circulation amongst all concerned for eliciting their views

1. What in your opinion should be the criteria for classification of hotels?
2. What criteria are laid down for such purposes in countries abroad?
3. Do you think it desirable to lay down the number and type of classification?
4. Are you in favour of the 'Star system' as is prevalent in some other countries?
5. Do you suggest any other system for classification?
6. Taking into consideration the price level obtaining in India, the cost of hotel keeping and other relevant factors, are you in favour of a rational rate structure for each category of hotels and other establishments?
7. Are you in favour of comprehensive legislation being made applicable to the hotel industry? Have you any suggestions regarding the terms of the measure which should be considered? Do you think that it should be an all-India measure?
8. Do you think the hotel industry has a role to play in the development of tourism? If so, does the hotel industry need any assistance?
9. What other measures regarding the hotel industry do you recommend for promoting tourist traffic?
10. What are the difficulties faced by the hotel industry and what recommendations do you make to meet these difficulties, if any?
11. Are there adequate hotel facilities at tourist centres and elsewhere for tourists both foreign and Indian? If your reply is in the negative, what are your recommendations in this respect?
12. Have you any special recommendations to make for the purpose of providing necessary hotel facilities for students, youth and home-travellers?
13. What is your opinion about the existing facilities and amenities made available by hotels and other establishments and have you any recommendations to make in this behalf?

APPENDIX III

Places visited by the Hotel Standards & Rate Structure Committee

1. Alwar
2. Jaipur
3. Agra
4. Srinagar
5. Gulmarg
6. Pahalgam
7. Lucknow
8. Calcutta
9. Darjeeling
10. Kalimpong
11. Bhubaneshwar
12. Konarak
13. Puri
14. Gopalpur-on-Sea
15. Bombay
16. Aurangabad
17. Hyderabad
18. Madras
19. Mysore (Krishnaraj Sagar)
20. Bangalore
21. Trivandrum
22. Cape Comorin
23. Kottayam (Periyar Game Sanctuary)
24. Cochin
25. Banaras
26. Chandigarh
27. Simla.



93

APPENDIX IV

The Hubbard Formula

(For evaluating Rate Structures of Hotel Rooms)

It is regretted that the above formula cannot be reproduced here since the American Hotel Association, 221 West 57th Street, New York 19, N.Y., who are the publishers, have copy-righted it. However, a reference should be made to this publication whenever any clarification of the modified formula becomes necessary.



APPENDIX V

STATEMENT SHOWING THE EXTENT OF AID GIVEN TO THE HOTEL INDUSTRY IN VARIOUS COUNTRIES ABROAD.

Name of Country	Extent of aid
ARGENTINA	<p>The Banco Hipotecario Nacional, in collaboraton with the Direction Nacional de Turismo, has since 1950 opened credits lasting 20 years and at a 9 per cent rate of interest, covering a maximum of 60 per cent of the sum needed, for hotel construction.</p> <p>Government is considering the introduction of a system of exemption from customs duty for hotel equipment.</p>
AUSTRALIA	<p>The Tasmanian Government has set up a central fund of £ 250,000 for loans to encourage the construction of tourist hotels.</p>
AUSTRIA	<p>During the period 1950/June 1957, loans to a total amount of 450,384,000. A Sch, were granted to 1,460 establishments.</p> <p>Bank loans were granted to 56 establishments for a total amount of 98,279,000 A. Sch.</p>
BELGIAN CONGO RUANDA AND URUNDI	<p>A programme is being established whereby financial facilities will be granted to the hotel industry through the "Societe du Credit au Colopatet Industrie ". The Government will set aside in its 1958 budget 5 million Congo francs for subsidies to the hotel industry.</p>
BELGIUM	<p>(a) The State guarantees reimbursement of the credits if the money has been used for the purpose of the loan.</p> <p>(b) The rate of interest will be low.</p> <p>(c) or both.</p> <p>The rate of interest was fixed at 4 per cent and was reduced to 3 per cent.</p> <p>The 1955 law concerns financial aid by the State for the construction or modernisation of industrial buildings.</p> <p>This law provides for the following grants:</p> <ol style="list-style-type: none"> 1. Loans through public credit firms at a rate of 1 per cent for 5 years. 2. Subsidies within the limit of 30 per cent maximum of the cost of the construction or the value of the buildings. <p>For the years 1955-56, 37 credits have been granted to an amount of approximately 83 million B.fr.</p>

Name of the Country	Extent of aid
CEYLON	<p data-bbox="463 265 1030 378">Advances for the construction and development of new hotels or tourist accommodation against adequate banking security are available at rates cheaper than the standard rates. Amount granted for subsidies in 1956 is Rs. 984.53.</p> <p data-bbox="463 404 1030 447">Government has granted approximately Rs. 800,000/- as loans at reduced rates of interest.</p> <p data-bbox="463 473 1030 586">A concessionary rate of duty is charged on all badged hotel equipment imported to cater to the tourist trade. Amount of tax exemptions for 1956 : Rs. 984.53. Two hotels have benefited from tax exemption.</p>
CYPRUS	<p data-bbox="463 612 1030 682">The whole question of state assistance to the hotel industry is now under serious consideration by the Government.</p>
CZECHOSLOVAKIA	<p data-bbox="463 708 1030 751">The Government supports and promotes the development of the hotel industry in every respect.</p>
DENMARK	<p data-bbox="463 777 1030 951">The Danish Government has provided funds of Marshal Plan aid amounting to 15 million Danish Kroner as loans with reduced rates of interest for hotel construction. The amount of the loan to each hotel never exceeded 8,000 Kroner per bed and never 30 per cent of the total building expenses for the hotel. 30 hotels have received smaller or larger portions of these loans.</p>
EGYPT	<p data-bbox="463 977 1030 1046">Government has granted half a million Egyptian pounds at a reduced interest of $3\frac{1}{2}$ per cent for the construction and renovation of hotels.</p> <p data-bbox="463 1072 1030 1246">If approved by the competent committee, new hotels run by anonymous societies, or societies with shareholders, may be exempt from taxes on profits. A new law has been passed whereby hotels constructed afterwards are exempt from estate taxes, and seasonal hotels are granted a reduction on telephone subscriptions and a 50 per cent on reduction on buildings taxes.</p>
FINLAND	<p data-bbox="463 1272 1030 1341">55 million Fmks. are granted as subsidies. 40 million Fmks. are granted as loans, 5 hotels have benefited from these measures.</p>
FRANCE	<p data-bbox="463 1367 1030 1524">In 1956, 1,079,000,000 francs were granted as loans at a rate of $6\frac{1}{4}$ per cent. 2,934,000,000 francs were granted as loans for hotel equipment and modernisation at a rate of 5 per cent. Certain hotels selected for international tourism have the 5 per cent rate of interest reduced to 3 per cent. The amount of loans at 3 per cent is not yet evaluated.</p> <p data-bbox="463 1550 1030 1611">693 hotels have benefited from the low interest rates or loans permitting the construction and modernisation of hotels.</p>

Name of Country	Extent of aid
FRENCH OVERSEAS TERRITORIES.	<p data-bbox="502 239 850 265">(1) <i>Construction from public funds</i></p> <p data-bbox="502 270 1032 383">Private enterprise having failed, public authorities have financed the construction of some hotels. For example, the General Government of the Federation of Equatorial Africa is the sole owner of the "Relais Hotel de Maya-Maya".</p> <p data-bbox="502 401 1032 453">(2) <i>The establishment jointly administered and financed by Public Authorities and private enterprise.</i></p> <p data-bbox="517 453 865 479">"Les Relais Aeriens Francais".</p> <p data-bbox="517 484 980 510">"Societe Africaine immobiliere et hoteliere".</p> <p data-bbox="517 515 888 541">"Societe d'Hoteliers de Bamako".</p> <p data-bbox="517 546 842 572">"Societe Hoteliere d' AEF".</p> <p data-bbox="517 578 1032 647">If a hotel cannot be entirely financed by private capital, "La Caisse Centrale de la France D' Outre-Mer" can grant a loan.</p> <p data-bbox="517 661 934 687">12 hotels have benefited by this system.</p> <p data-bbox="517 699 1032 769">Since 1948 the hotel capacity in French overseas territories has grown to 679 rooms with modern comfort.</p>
GREECE	<p data-bbox="462 782 1032 965">Certain public services grant loans for hotel construction at a 6 to 8 per cent rate of interest, up to 50 per cent of the cost of the work to be done, and for a period of 15 to 20 years. Loans are also granted by a special organisation Tourist Credit for the expansion and modernisation of existing hotels, interest rate 8 per cent for a period of 5 years (or exceptionally 10 years).</p>
HAITI	<p data-bbox="462 979 1032 1048">Loans of a total amount of \$ 1,167,890.74 have been granted at a 7 per cent rate of interest to 23 establishments.</p> <p data-bbox="462 1065 1032 1204">All newly constructed hotels of at least 15 rooms are exempt from taxes for 5 years, all hotels enlarged by at least 10 rooms benefit from tax exemption in proportion to their enlargement. Certain construction material is free of customs duty. Since 1948, 56 hotels have benefited from customs duty exemption.</p> <p data-bbox="462 1216 1032 1286">The Haitian Institute for Agricultural and Industrial Credit intends to continue to encourage the development of the hotel industry.</p>
HUNGARY	<p data-bbox="462 1300 1032 1395">State owns all hotels and deals with their construction and modernisation, equipping and furnishing. State intends to continue to increase number and level of hotels.</p>
IRELAND	<p data-bbox="462 1409 1032 1569">A scheme of State guaranteed loans at reduced rates of interest for the improvement of holiday accommodation, operated by Bord Failte Eireann, is made available to hotels. Grants can be made to meet interest charges on loans for a period of 3 years. Upto 31 July 1957, a total of 37 loans for hotel development projects has been approved totalling £249,897.</p> <p data-bbox="474 1581 1032 1633">The 1954 legislation provides for the remission of taxes on new or improved premises.</p>

Name of Country	Extent of aid
IRELAND (<i>Contd.</i>)	The services of qualified architectural experts and technical staff are available free of charge to advise hotel keepers in the planning and improvement of their premises. A qualified technical advisory service and films for the training of hotel personnel may also be had upon request.
ISRAEL	<p>In 1956-57 I. £200,000 were granted as subsidies. In 1956-57 loans to the hotel industry are assessed at I. £1400,000 and in 1957-58 at I. £100,000. The rates of interest range from 4½ to 8 per cent for a period of 2 to 10 years.</p> <p>Government Tourist Corporation grants purchase tax exemption for essential hotel equipment. When bought abroad, this is also free of customs duties.</p> <p>Government hopes to be able to continue its present policy with special emphasis directed at middle-class hotels during the next few years.</p>
ITALY	<p>Decree n. 453 modified the functioning of the autonomous section for the exploitation of credit for tourism and the hotel industry by the "Banca Nazionale del Lavoro". By decree n. 452 it was established that those receiving credit would pay 5 per cent interest but might receive yearly contributions of 3 per cent during 25 years. All other decrees and laws greatly facilitate the granting of credits needed for the hotel industry. By law n. 605 5 milliard liras are placed at the disposal of the "Commissariat, per il Turismo" to finance work (upto a maximum portion 50 per cent) which amounts to at least 14 milliard liras. 7,289 establishments (hotels, boarding houses, inns) have been constructed during the period May 1949—December 1956.</p> <p>New hotels, reconstruction, enlargements and modernisation completed before December 31, 1955, are exempt from all taxes for a period of 25 years.</p> <p>Not only state aid, but also Marshall Plan money has been used for assistance to the hotel industry.</p>
JAPAN	<p>No subsidies. Government has granted \$ US 3,178,300 in loans at reduced rates of interest to 412 applications in 1957.</p> <p>The Government carries out a mediate function between hotel owners and city banks in approved cases. Similar action is taken towards small business finance corporation for financing small scale enterprises. The same thing is done for preferred and more important schemes with the Japan Development Bank established with Government funds.</p> <p>The 1949 act provides for the remission of taxation to registered hotels which must come up to a certain standard, at present 198 hotels, by the reduction of income and real-estate taxes. Remittance to hotel-keepers of taxes levied on foreign tourists.</p>

Name of Country	Extent of aid
JAPAN (<i>Contd.</i>)	<p>Ordinary banking institutions have granted loans a normal rates of interest to 14 applications amounting to US \$ 3,683,000. Technical advice is given to both Western and Japanese style hotels. Western style hotels can receive an allocation of foreign currency so that they may import the food and other facilities necessary to operate smoothly.</p>
LEBANON	<p>Close to Lebanese £ 500,000 have been granted to seasonal hotels in 1951 and 1953. Loans up to Lebanese £ 50,000 may be had at a low rate (4.8 per cent.) For the year 1956, an amount upto Lebanese £ 250,000 was granted to seasonal hotels.</p> <p>Not a single hotel or tourist institution has as yet reached the conditions demanded by law for exemption from income tax. Material for hotel construction before 1961 is, under certain conditions, exempt from customs duty. Hotels benefit from a reduced price on petrol.</p> <p>A specialized bank "La Banque du Credit Industrial, Agricole et Foncier et" was created in 1955. The rate of interest is moderate.</p>
MOROCCO	<p>Loans at favourable rates of interest with occasional rebates are provided by the "Caisse des Prets Immobiliers du Maroc" for hotel construction. Since 1949, 1202,450,000 francs have been lent by said bank.</p> <p>Hotels built after 1946 benefit for 10 years of a partial tax exemption.</p> <p>The number of hotels has almost doubled between 1950 and 1955.</p>
NETHERLANDS	<p>The Netherlands Reconstruction Bank has granted loans totalling. fl. 7,267,864 at an interest of 4 per cent for a period of 15 years to 25 applicants.</p> <p>Government has decided to allow credits for construction, enlargement and renovation of hotels, provided the owner furnishes one third of the total investment. These credits are for a maximum of 15 years, interest rate 5½ per cent. Government will guarantee 75 per cent of outstanding credit and the National Reconstruction Bank the remaining 25 per cent.</p>
NEW ZEALAND	<p>From 1st October 1956, 9 hotels have been transferred from the direct control of this Department to a statutory corporation. Profits are paid to Government account, who also meet the losses. Finance for hotel construction and renovation is subject to Government approval and provided by Government.</p> <p>General controls on the raising of new or additional capital or on construction have been removed recently.</p> <p>This department spends approximately £ 50,000 on publicity.</p> <p>State assistance is already on liberal scale. Further expansion depends upon Government policy.</p>

Name of Country	Extent of aid
NORWAY	The State has put up a sum of £ 5,500,000 as a guarantee for second priority loans to the building of new hotels and extension and modernisation of old ones. In addition a sum of £ 320,000 has been voted to cover any losses which might arise in connection with these loans. 130 hotels have benefited from this State aid.
PAKISTAN	Government helps in procurement of genuine requirements for construction and improvement of hotels. Government has constructed a few hotels and rest houses.
POLAND	Tourist hotels are managed by municipal authorities and social organisations. The State has granted as subsidies to the hotel industry in 1956 50,000,000 Zlotys and in 1957 57,000,000 Zlotys.
PORTUGUESE OVERSEAS TERRITORIES	Subsidies have been granted to two hotels in Guinea for annual amounts of \$ 72,000 and \$ 48,000 respectively. All hotels in Mozambique, with the exception of those in Lourenco Marques, are exempt from tax. 2 hotels in Lourenco Marques are also exempt from tax for 10 years. One hotel in Mozambique is exempt from customs duty on equipment and construction material. Government has authorized the Banco de Credito Industrial, in agreement with the Direction General de Turismo to open credits for the hotel industry for construction. A total amount of 450 million pesetas has been fixed at a 4 per cent rate of interest and a commission of 1%. The Treasury will compensate the Banco de Credito Industrial upto 5 1/4 per cent for credits granted in favour of hotel construction. Loans are granted upto 60 per cent. 40 per cent and 20 per cent of the value of the construction for respective periods of 35, 20 and 10 years.
SWEDEN	The only instance in which one can speak of an indirect State aid for the construction of tourist accommodation facilities is when occasional grants are appropriated for the benefit of leisure time activities, including youth hotels and holiday homes. The extent of the aid for the construction of such accommodation is however, comparatively small. For the ten year period 1940-49, the total State grants amounted to less than U. S. \$ 600,000 for such purposes. It should be noted that this money is invariably derived from the net proceeds of the State controlled football pools.
SWITZERLAND	Loans granted from public funds at reduced rates of interest (average 2 per cent) by the Societe Fiduciaire Suisse pour—l' Hotellerie. Between 1922 and 1956, loans up to Sw. Fr. 92,123,000 have been granted of which Sw. Fr. 42,455,000 had been paid back at the end of 1956. The Societe Fiduciaire Suisse pour l' Hotellerie has helped to finance more than 500 hotels with a total of 40,000 beds.

Name of Country	Extent of aid
SWITZERLAND—(contd.)	<p data-bbox="468 239 1030 309">The hotel legislation allows for a delay of payment of credit, interest and taxes for a period of 3 to 4 years with a possibility of extension of time.</p> <p data-bbox="468 326 1030 499">State loans through the Societe Fiduciaire for the renovation of hotels, though most valuable, are not sufficient by themselves. There is therefore need of further credit furnished privately by interested banks which have confidence in the hotel industry. A new organisation has been set up with a view to collecting money from other industries to foster hotel investments.</p> <p data-bbox="468 508 1030 552">This new body is the "Cooperative Suisse de Cautionnement pour l'Hotellerie Saisonniere".</p>
TURKEY	<p data-bbox="468 574 1030 765">Starting in 1953, the Govt. makes annual deposits of £2 million with the <i>Iller Bankasi</i> so as to constitute a special fund from which loans bearing a maximum interest of 5% will be available to tenants or owners holding a licence enabling them to run a "touristic establishment". These credits, limited to 50% of total amount required can be used to build, enlarge improve, fit out or furnish such "touristic establishments".</p> <p data-bbox="468 774 743 800">Exemption of various taxes.</p> <p data-bbox="468 808 1030 852">Collaboration of the Govt. with private enterprise for the development of the hotel industry.</p>
PHILIPPINES	<p data-bbox="468 869 1030 956">Govt. has constructed three hotels of which it manages two and leases the third to private operators. Govt. provides loans at 6% interest, which is a lower rate than that of commercial banks.</p> <p data-bbox="468 965 1030 1052">Govt. constructed and managed hotels are tax free. Hotels and restaurants may acquire through the National Marketing Corporation essential equipment and supplies free of duty and at cost price.</p> <p data-bbox="468 1060 1030 1121">The Board of Travel and Tourist Industry is in favour of granting further aid to the hotel industry, particularly through increased foreign currency allocations.</p>
UNITED KINGDOM	<p data-bbox="468 1138 1030 1225">Govt. has paid out a total of £5,550,000 in grants under the Purchase Grant Scheme to refund purchase tax on hotel equipment paid during 1951 by dollar earning hotels.</p> <p data-bbox="468 1234 1030 1260">Govt. has granted building licences to tourist hotels.</p> <p data-bbox="468 1269 1030 1355">BTHA continues to urge Govt. to take action to assist the hotel industry through the facility of loans at low rates of interest, the granting of tax reliefs, and other appropriate concessions.</p>
YUGOSLAVIA	<p data-bbox="468 1364 1030 1635">Subsidies, in proportion to the amount of money received through tourism, and calculated on the price of lodging, are granted to the seasonal hotel industry. In 1957 the National Bank of Yugoslavia opened a credit of 438.7 million dinars, financed by the federal budget, for the reconstruction and modernisation of hotels and for the purchasing of equipment for hotels which cater for mass tourism. In 1957 a credit of 350 million dinars was opened for the importation of hotel equipment. Federal budget has financed the building of Metropol Hotel in Belgrade and will continue to build another hotel in the same city.</p>

APPENDIX VI

HOTEL BED CAPACITY OF VARIOUS COUNTRIES AND CITIES IN THE WORLD

Name of the Country	Place	Number of Bed Rooms	Number of Beds	Source of Information
<i>Western Hemisphere :</i>				
	British Columbia	58000	Pacific Travel Notes July 1957.
	Miami	46500	The Travel Blue Book Oct. 1957.
	* Hawaii	4000	6000(E)	Pacific Travel Notes July 1957.
<i>Europe :</i>				
France	Paris	51254	76881(E)	Hotel de La France 1956.
	Nice	10254	15381(E)	
	Vichy	8984	13460(E)	
	Lourdes	7849	11773(E)	
	Cannes	4827	7240(E)	
	Marseille	4339	6508(E)	
	France (Total)	297604	419406(E)	
U. K.	London	21198	31797(E)	Hotels & Restaurants in the British Isles—Overseas Edition 1957.
	U. K. (Total)	132303	198454(E)	
Austria	Vienna	10750	Hotels in Austria 1957-58
	Salzburg . . . . .	..	5689
	Austria (Total) . . . . .	..	167962
Germany	Hamburg	5088	Germany Hotel Guide—1957.
	Munich . . . . .	..	4890
	Frankfurt . . . . .	..	3336
	Dusseldorf . . . . .	..	2678
	Berlin . . . . .	..	2556
	Bonn . . . . .	..	730
	Germany (Total) . . . . .	..	144341
Switzerland	Switzerland (Total)	107285	Guide to Swiss Hotels 1956-57.
Belgium	Bruxelles	5157	7736(E)	Belgium Hotels—1956.
	Belgium (Total)	37258	55887	
Holland	Amsterdam	2470	3705	Hotels in Holland 1956.
	Holland (Total)	26625	39938	

*Hawaii has a programme to add another 1136 rooms to the 4000 rooms now available.

(E) Estimated number of Beds on the presumption that on the whole single & double rooms are in equal proportion.

Name of the Country	Place	Number of Bed Rooms	Number of Beds	Source of Information
Europe—(Contd.)				
Sweden	Stockholm	..	3381	} Hotels & Restaurant in Sweden— 1956-57.
	Sweden (Total)	..	27835	
Norway	Oslo	..	3977	} Hotels in Norway— 1956.
	Norway (Total)	..	25830	
Portugal	Portugal (Total)	13860	20790 (E)	Hotels in Portugal— 1957.
Ireland	Dublin	2594	3891(E)	} Hotels in Ireland— 1957.
	Ireland (Total)	17525	26287(E)	
Denmark	Copenhagen	..	3493	} Hotel Guide for Denmark—1956.
	Denmark (Total)	..	16368	
Greece	Athens	..	4473	} List of Hotels—1956.
	Greece (Total)	..	15459	
Monaco		2464	3696(E)	} Hotel de la France— 1956.
Andorra Valley		1641	2461(E)	
Corsica		1137	1706(E)	
Africa :				
	Morocco	10220	15330(E)	} Hotel de la France— 1956.
	Algeria	5702	8553(E)	
	Kenya	..	4231	Hotel & Restaurants of East Africa— 1956.
	Tunisia	2363	3544(E)	} Hotel de la France— 1956.
	French Union	1484	2226(E)	
	Tanganyika	..	1572	} Hotels & Restaurants of East Africa— 1956.
	Uganda	..	678	
	Zanzibar	..	61	
Asia :				
Lebanon	Beirut	1590	2385(E)	} Hotels in Lebanon— 1955.
	Lebanon (Total)	6783	10174(E)	
India	Delhi	..	1965	} Where To Stay In India—1957.
	Bombay	..	1415	
	Calcutta	..	1152	
	Madras	..	467	
	India (Total)	..	8945	
Japan*	Tokyo	..	1968	} Hotels in Japan — 1953 and Ryokan.
	Japan (Total)	..	6785	
Syria	Damascus	1988	2982(E)	} Syria Hotel's Guide 1956.
	Syria (Total)	4117	6176(E)	

(E) Estimated number of Beds on the presumption that on the whole single & double rooms are in equal proportion.

*Japan will be having additional 4000 beds by 1961 as per information published in Pacific Travel Notes, July 1957.

APPENDIX VII

SUMMARY OF THE RULES/LAWS REGARDING THE HOTEL INDUSTRY IN SOME OF THE COUNTRIES ABROAD

Australia.

In Australia hotels are classified into two categories *viz.*:

- (i) Capital-city hotels catering particularly for wealthier intra-state, inter-state and overseas tourists and business visitors.
- (ii) Tourist hotels in resort areas such as the Great Barrier Reef and Gold Coast of Queensland, Blue Mountains (new South Wales) and a number of individual but more isolated attractions e.g. Mt. Buffalo National Park. Victoria. Generally speaking, these cater for a lesser number of guests than hotels of the Capital-city variety. Their business is usually markedly seasonal, and they depend largely on local Australian holiday makers.

Belgium.

There is a law governing supervision of hotels in Belgium. Only establishments conforming to the minimum standards imposed are allowed to use the title 'hotel' and exhibit a distinctive badge. Particulars and prices of the various rooms must be posted in the reception or rooms of the hotels. No other extras except tips and those mentioned in the tariff may be charged. Further, the price asked must be posted in each room. Charges for meals etc. must be shown outside the restaurants and dining rooms. Only recognised hotels are published in the Guide.

The prices are actually fixed by the hotel keepers on their own responsibility. The same thing would apply for their modifications. The modifications would however have to be notified to the Commissioner General of Tourism by registered letter by the hoteliers. *Only after an acknowledgement has been received from the Ministry of Communications that these prices have been published in the Addendum to the present. Guide that the hotel-keepers are allowed to apply the new higher prices.*

Cyprus.

Any overcharge in respect of boarding, bed and breakfast, meals, accommodation or for any other services *is an offence punishable by law.*

The issue of detailed bills and formal acknowledgement of payment is prescribed by the Hotel Regulations.

- (a) 10% service is charged on hotel services only.
- (b) Municipal taxes in towns vary from 13 to 33 mils and Hill Resort, taxes from 5 to 70 mils per person daily
- (c) For meals served in private rooms, an extra charge of 50 mils may be made.
- (d) No extra charge may be made by any hotel in the form of a booking or reservation fee.

A classification badge is displayed at the entrance of each hotel.

Eire (Ireland).

A Board called the Board Failteireann functions for all hotel establishments which are registered with this statutory body. This body is given the task of classifying all hotels which are subject to regular inspection.

Rates.

The published tariffs are determined by individual proprietors in respect of their premises and are current for the year and are not liable to be increased without the prior consent of the Board. Details of charges and price are given. The Board welcomes suggestions made by visitors. There is provision for complaints where an overcharge has been made and the Board receives such complaints along with the documentary evidence. Wherever there is a service charge in Ireland, that service charge operates to eliminate the payment of gratuity although extraordinary service rendered by the staff can be remunerated at the discretion of the visitor.

Holland.

The undernoted charges for service are usually added to the bill:

For meals or refreshments in a cafe or restaurant	15%
For hotel accommodation with or without breakfast—	
(a) if duration of stay of 4 nights or less	15%
(b) if duration of stay is more than 4 nights at least	10%
For full board and lodging at least	10%

Israel.

Price control of hotel rates is subject to Government approval and, therefore, is uniform in hotels of similar categories except in the case of special classes where each hotel has its own Government approved price rate schedule. Complete price lists are displayed conspicuously in each hotel room and in restaurants. All hotel prices are subject to Government approval and are, therefore, uniform in hotels of similar

category except in 'special class' where each hotel has its own Government's approved prices. Israel tourist hotels are classified into three major classes, namely, 'special class', 'first class' and 'second class' according to the quality of the hotel.

Japan.

In Japan there is no classification of hotels. But during the war they were classified into 5 categories which is now discontinued with the termination of hostilities. Classification proved of benefit to the hotel industry in the circumstances of the time. There is no fixation of hotel rates or control by the Government.

Morocco.

Hotels in Morocco are classified by the Maroc Tourist Department into five categories under the Star System.

New Zealand.

Legislation is currently under study in New Zealand, however, which will provide price relief—and which will allow more generous depreciation allowances, grant hotels tax concessions, and provide amendments of the licensing—laws to take into account modern hotel trends.

Norway.

A service charge of 10% which includes gratuities to all indoor staff except the Head Porter is added to the bill. When the service charge is 15% this is stated in the price list.

Syria.

There is an over all law in force in the matter of supervision of all hotels in the country with the object of ensuring a high standard of comfort to the visitors. Prices and particulars of various rooms have to be posted in the reception room of the hotels. The price of each room is posted in the room.

Turkey.

In Turkey any establishment which wishes to benefit as a result of the law for promotion of the tourist industry must necessarily have a licence called the "Touristic Establishment Licence".

United Kingdom.

There are no statutory regulations regarding tipping in this country, and usually tipping is at the discretion of the guest.

Since 1948, all staff in licensed Hotels and Restaurants have been in receipt of a statutory minimum Wage, but this is not the case in unlicensed Hotels or Guest Houses.

In some establishments a ~~surcharge~~ is added to the bill; this may be in lieu of gratuities, when the money is distributed among the staff. Alternatively, all or part of the sum so collected may be retained by the Management to cover increased costs.

In other establishments, an arrangement for pooling gratuities may be in operation or individuals may retain such tips as they receive personally.

U.S.A.

There is no federal legislation governing the hotel and restaurant industry, but many States have Labour legislation governing the hotel industry although there is no such thing as standardisation and gradation of hotels as a whole. There is, nevertheless, the Minimum Wage Act which applies to the hotel and restaurant industry and many States have taken over some of the salient provisions of the Taft Hartley Act.

West Germany.

The situation in West Germany is entirely different to that prevailing elsewhere. The hotel industry in Germany is controlled between two organisations namely the city or town Corporation and the local Chamber of Commerce. The former does the licensing, categorising, inspection for health, sanitation, room prices fixation etc. and the latter offers the tariff for employment of staff in conjunction with the Ministry of Labour, Government of West Germany. In practice there is no price control in West Germany and the reason for that is that since there is a sufficiency of beds available the price factor finds its own level by competition. Prices are displayed in each room which are checked by the City Corporation. There is a law dealing with the fixation of minimum wages which are fixed at DM 250-300 per month. The number of staff employed usually is one employee for one bed and the Manager has the option to increase or decrease the number. A service charge of 15% is added to the bill and is paid proportionately to the staff from the monthly collection. No amount is deducted for amenities given to the staff or for breakages. These are looked after when fixing the room prices.