

GOVERNMENT OF INDIA  
MINISTRY OF TOURISM AND CULTURE  
DEPARTMENT OF TOURISM  
MARKET RESEARCH DIVISION

Final Report

On

20 YEAR PERSPECTIVE PLAN FOR  
SUSTAINABLE TOURISM DEVELOPMENT IN  
UNION TERRITORY OF CHANDIGARH

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Submitted by  
India Tourism Development Corporation  
TLC Marketing Pvt. Ltd.  
Deloitte Touche Tohmatsu India Private Limited

# 20 year Perspective Tourism Master Plan for Chandigarh

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## **EXECUTIVE SUMMARY**

This 20 year perspective Tourism Master Plan for Chandigarh attempts to identify short, medium and long term tourism projects for the Union Territory of Chandigarh using the National Tourism Policy as a guideline.

However, all existing and planned projects of Chandigarh Tourism have also been addressed. In these cases, thoughts that complement/ supplement the current thinking have also been listed.

We have examined the success of several other “City States” and how they have positioned themselves. Very few, like the Vatican, have the benefit of historical attractions. Some like the Bahamas, Bermuda and Mauritius have natural attractions like beaches. Some traditional trading centers like Hong Kong, Singapore and Dubai have developed as financial hubs. In nearly all cases, however, city states have developed man made attractions with an emphasis on world class recreation and leisure.

- ☐ Gambling – Macau, Monaco & Sun City
- ☐ Horse Racing in Hong Kong & Dubai
- ☐ Sporting events – Singapore, Hong Kong, Dubai, Monaco and Sun City
- ☐ Entertainment events – in all the above, Seychelles etc.

Interestingly, most do not rely on immediate neighbouring countries as source markets.

Several suggested projects do not have any precedent in India. As such, projections of usage and hence revenues are difficult to make. However, these projects have been endorsed by knowledgeable individuals in the Travel & Tourism industry based on their personal experiences.

The Plan makes some observations on current practice. Several specific actions and projects have been recommended. These have been divided into those projects to develop and sustain tourism infrastructure and those that generate visitors.

These are summarized in the following pages. In all cases, the involvement of the private sector has been examined.

The Plan shortlists the following projects

### **Basic Tourism Infrastructure Projects**

1. Setting up a system of coordination between Departments through a “Mission approach” on the lines of Rajasthan’s Rajiv Gandhi Mission on Tourism Development
  - a. Coordination between Chandigarh Tourism/ Chandigarh Hotels/ Town Planning/ PWD (B&R)/ PHD/ Police/ Trade Associations/ NHAI/ Indian Railways
  - b. The Mission should have a mission statement, a manageable number of objectives and specific activity milestones for effective review.
2. Assessing the Economic Impact of Tourism in Chandigarh. Tourism will not get the attention it deserves unless it can demonstrate the economic and social benefits it generates.
  - a. We have suggested annual surveys and the use of multipliers to measure the impact of tourism investments and of tourist spendings
3. Tourism Police outposts. Safety and security are a major concern of travelers.
  - a. We have suggested Tourism Police outposts be set up in the proposed “Tourist Centres” in Chandigarh. The list of locations can be expanded over the Plan period.
4. Accreditisation of Shops and transporters. These are two areas where most tourists feel most insecure in terms of being cheated.
  - a. For shops, we have suggested accreditising shops that have price tagged items and a reasonable return/ refund policy. Shops will carry a Chandigarh Tourism plaque and be advertised in an official map.  
For Taxis/ auto rickshaws. Must be metered and carry tariff cards. These will be identified with a plaque

5. Cultural/ Tourism Information Centre. This should showcase Chandigarh and be a cross between Dilli Haat and The National Crafts Museum. This center should provide information and reservation capabilities for potential tourists to Chandigarh and neighbouring States. These will provide employment to artisans/ performing artists
  - a. We recommend arts/ crafts, State cuisine and performing arts be showcased
  - b. We recommend some permanent stalls backed by open spaces for stall for celebrating State festivals
  - c. Incorporated into “Recreation & Leisure Centres” in Kishangarh
6. Promoting Traditional Cuisines. Chandigarh has eight neighbouring States each with a rich cultural tradition. We propose that food and cultural festivals be held on a regular basis. We further propose that the existing facility of Kalagram, which has held successful festivals in the past, be utilised.
7. Horse Race Track & Club. There is no good Horse Race track in North India. North India is also home to about 10 stud farms. Hotels in cities like Pune and Bangalore have their week end occupancies boosted by punters from major metros. The Race Club can have other facilities to attract a permanent membership.
8. Amusement park. The Rock Garden/ Sukhna Lake/ Golf Course area is already one hub of tourist activity. An area for an amusement park, for a Sports Complex and a Tourist Health Resort have already been ear-marked in the Chandigarh Master Plan. We propose the Amusement Park be marketed to families traveling Delhi- Shimla with young children to encourage an overnight break.
9. Linking the sightseeing. The distance between the Rock Garden and the area identified for the Amusement park is a long walk but a short auto-rickshaw ride. We propose a vintage narrow gauge railway be set up to link all the points in this Recreation & Entertainment area.

10. Conference Center to attract Business Travellers. Chandigarh Tourism has already identified a plot in Sector 31 next to the CII Regional HQ. We believe that this can cement Chandigarh as the commercial center of North India.
11. Developing the City Centre – Sector 17 – as a social and cultural hub. There is already a trend in this direction. We recommend a partnership between the Sector 17 shop owners and Chandigarh Tourism to develop a calendar of events. We also recommend a relaxation in Excise rules in terms of bar licence costs and hours of operation.
12. Adventure Tourism & Wildlife Tourism. We do not recommend any additional activity in this area other than the ongoing levels.
13. Attracting the Private Sector. We have recommended a package of incentives to attract the Private Sector to invest in tourism related projects in Chandigarh. In all visitor generating projects we have recommended roles for the private sector

As a “City State”, Chandigarh does not have the scope – or the space - to develop new projects over a 20 year time span. There is no particular need either in terms of funds or manpower to spread the suggested projects.



**Guidelines of Dept. of Tourism for 20 year Perspective Tourism Master Plans**

1. Year wise phasing of investments required having regard to resources available
2. Plan should indicate short term & long term plans, targets and ground realities.
3. Plan should indicate all activities by agency with timeframes
4. Assess the existing tourism scenario in the state/UT with respect to existing traffic levels and inventory of <ul style="list-style-type: none"><li>- Natural resources</li><li>- Heritage &amp; other socio-cultural assets</li><li>- Quantitative/ demographic factors</li><li>- Services &amp; infrastructure available</li></ul>
5. Plan should review the status of existing development/ investment for the development of tourism in the region
6. List and evaluate existing potential tourist destinations and centers and categorise them on the basis of <ul style="list-style-type: none"><li>- inventory of attractions</li><li>- infrastructure available</li><li>- degree of popularity</li><li>- volume of traffic flow</li></ul>
7. Plan should analyse and categorise existing destinations and centers as <ul style="list-style-type: none"><li>- stand alone</li><li>- part of a circuit</li><li>- niche attractions for special interests</li></ul>
8. Plan should assess the existing infrastructure levels at identified destinations/ centers in terms of <ul style="list-style-type: none"><li>- quality of roads/ transportation facilities</li><li>- civic amenities</li><li>- en route transit facilities</li><li>- boarding and lodging facilities</li></ul>

<p>9. Plan should assess traffic flow for assessment of infrastructure requirements based on</p> <ul style="list-style-type: none"> <li>- Past growth</li> <li>- Suggested links and integration</li> <li>- Future expected developments</li> <li>- Likely investments from State</li> <li>- Investment climate/ incentive for private sector</li> </ul>
<p>10. Plan should attempt indicative cost configuration of likely investment on infrastructure under different heads and prioritise investment needs over 20 years</p>
<p>11. Plan should identify existing as well as new tourism projects including</p> <ul style="list-style-type: none"> <li>- expansion/ augmentation,</li> <li>- upgradation of services/ facilities</li> <li>- Destinations &amp; centers</li> </ul>
<p>12. Plan should undertake product conceptualization cum feasibility for identified projects covering</p> <ul style="list-style-type: none"> <li>- locational evaluation</li> <li>- schematic product planning</li> <li>- quantification of individual product parameters</li> <li>- assessment of investment levels</li> <li>- project viability</li> </ul>
<p>13. Action plan for implementation of identified projects along with development of infrastructure in conformity with</p> <ul style="list-style-type: none"> <li>- State/ Central policy objectives &amp; guidelines</li> <li>- National development and funding agencies</li> <li>- WTO's Bali declaration</li> </ul>
<p>14. Project wise potential for employment generation including for women</p>
<p>15. Projection of domestic and foreign tourist arrivals for each proposed tourist place</p>
<p>16. Prioritise schemes based on employment potential and tourist arrivals</p>

17. Prepare inventory of existing accommodation including paying guest and proposed needs split by various providers including various State Govt depts
18. Each project to be scrutinised and finalized with a view to suggesting State Tourism projects to foreign funding agencies
19. Explore sources of funding such as FIs, TFCI. - Suggest incentives for private sector
20. Suggest institutional machinery in the State to oversee/ supervise the development of Tourism infrastructure
21. Build in facilities for performance of local artistes, cultural troupes
22. Cultural complexes to be suggested with the financial help of the State Dept of culture
23. Handicraft shops to be suggested. These can be run by women
24. Include development of potential health resorts.
25. Plan should have an Executive summary
26. Plan should include attractive packages/ schemes to attract private sector investments
27. Environmental issues should be dealt with in sufficient detail and EIA made in respect of new projects
28. Plans should include <ul style="list-style-type: none"> <li>- carrying capacities</li> <li>- instruments of spatial and land use planning</li> <li>- instruments for architectural controls</li> <li>- strategy for local community participation &amp; protection of cultural identity</li> <li>- Awareness programmes for local</li> </ul>
29. Measures for mitigating adverse environmental impact and rehabilitation
30. Strategy for privatisation of State and State Tourism Corp owned tourism related properties

## 20 year Perspective Tourism Master Plan

### **THE CONSORTIUM**

We believe that 20-year Tourism Master Plans require detailed knowledge in several domains. To address this need we have formed a consortium of experts. The consortium comprises of

- **India Tourism Development Corporation** – ITDC – Consultancy Division with relevant past experience in Master Plans, Technical Consultancy and project execution.
- **TLC Marketing Pvt.Ltd**, a marketing consultancy empanelled by The World Tourism Organisation (WTO), Madrid for various aspects of Tourism Development. TLC Marketing will ensure a balanced tourism plan that is marketable to both developers and the Tourist industry
- **Deloitte Touche Tohmatsu**, an international firm of Chartered Accountants and consultants with a wide range of experience in perspective planning in various industries. Deloitte Touche Tohmatsu also have access to their global expertise in the area of Tourism Master Planning.

### **RELEVANT EXPERIENCE**

#### **India Tourism Development Corporation**

ITDC was established in 1966 with the objective of developing tourism infrastructure and promoting India as a tourism destination. ITDC has a Consultancy Division which has completed many projects. ITDC has the capability of conducting Techno-Economic feasibility studies, providing Engineering and Technical Services, Management Consultancy and Advisory services, consultancy for Adventure Tourism.

Assignments already completed by ITDC include

- **Feasibility Reports** for hotel projects in Baroda, Calicut, Cochin, Kanpur, Kohlapur, Lucknow, Nagpur, Nainital, Pine, Rishikesh, Varanasi, Raipur, New Delhi, Calcutta, Bangalore and Agartala

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- **Tourism Master Plans** for Assam, Nagaland, Orissa, Pondicherry, Sikkim, Punjab and Tripura.
- **Technical consultancy** for multiple hotels, youth hostels, forest lodges and restaurants
- **Special projects** for Rail Yatri Niwas, Indian Railways Catering, College of Combat, Institute of Water Sports at Goa.
- **Project consultancy/ Execution** – 28 hotels, the IITTM in Gwalior.

**TLC Marketing Pvt Ltd.**

The Directors of TLC Marketing have been involved with Tourism Development for almost 30 years and have had exposure to Tourism Planning in Egypt, Mexico and India. This has been mainly from the project developer's aspect and are familiar with the requirements of the parties that invest in Tourism Development. They are also familiar with all aspects of tourism including resorts, cruises, timeshare, charters, conferences etc. Some relevant projects undertaken by the directors of TLC Marketing include

- Study for the **India Convention Promotion Bureau** on promoting conferences of various sizes to India
- Assignment with The **Planning Commission** for Tourism Development Plans for Uttaranchal and Uttar Pradesh. This included the development of a "tourist train" concept
- Review of Hotel classification norms covering Heritage and Resort hotels for the **Govt. of India, Department of Tourism**
- Feasibility studies for business and leisure hotels at over 40 destinations all India.
- Entry strategy for a hotel company into India looking at mid level hotels. This involves studying business destinations across India
- Strategy for a chain of Ayurvedic Spas, initially in the North of India
- Entry strategy into Timeshare for both mid-market and Luxury Resorts
- Launch of an Outbound Adventure Tour Operator

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### **Deloitte Touche Tohmatsu India Private Limited**

Deloitte Touche Tohmatsu believes that for achieving a client's business objectives, a variety of knowledge and skills are required. Our national coverage and international experience allows access to professionals in the industry and other areas of specialisations. Our clients include government bodies, non-government organisations, public sector organisations, private companies and international agencies.

Brief details of some of our assignments in the hospitality, tourism and entertainment sectors is set out below:

**International assignments** in hospitality and the tourism sector are detailed below:

- Privatisation of **Hungary Hotels**, which comprises some 45 hotels and over 250 restaurants, in association with the Swiss Bank Corporation and Cazenove & Co. Our UK offices worked with our Budapest office on this extensive assignment.
- Business valuation of **Astir Hotel Company**. We assisted the **National Bank of Greece** on the proposed sales as part of the Government's privatisation programme.
- Advised the public enterprises reform and divestiture secretariat of the **Ministry of Finance, Government of Uganda**, on the divestiture of Government owned hotels.
- Valuation of four state-owned hotels in Morocco prior to their intended privatisation and sale for the **Government of Morocco**. In conjunction with the Deloitte & Touche Corporate Finance Group, investment memoranda were subsequently prepared to assist in the privatisation process.

**Indian assignments** in Hospitality and Tourism Sector

- Strategic advice to **Quality Inns Private Limited**.
- Business plan for a **holiday resort** based in Kerala. This is under implementation.
- Advisory services provided to **an international chain of hotels**
- Business advisory services for **Resort Condominiums International**
- Business advisory services for **Singapore based company**, for setting up operations in India in the area of serviced apartments and estate development.

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- Business valuation and due diligence review for **Landbase India Limited**,
- Business advisory services for **The Radisson Hotel**.
- Entry strategy, valuation, negotiations and joint venture identification for **Keystone** and **Venkys**.
- **Trade survey** for travel agents and tour operators for a large multinational company.
- Review of project parameters and returns compiled for the airport expansion planned for Chennai by the **Airports Authority of India**.
- Economic Feasibility study for setting up a permanent Trade Fair Venue, **Madras International Exposition Limited**, under the aegis of Federation of Indian Export Organisations (FIEO).

**Privatisation/ Disinvestment experience**

- Bharat Heavy Plates & Vessels Ltd., Visakhapatnam
- RBL Limited, Calcutta
- Tractors Corporation Limited
- Bharat Goldmines Limited
- Lamps Division of HMT Limited
- Paradeep Phosphates Limited

Ongoing disinvestments assignments include

- IDCOL Cement Limited
- The Fertiliser and Chemicals Travancore Limited
- Instrumentation Limited
- Braithewaite & Co. Limited
- Bharat Heavy Plate limited

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**APPROACH**

Our approach is as follows

1. Review existing Tourism Policy
  - a. This is reviewed in conjunction with stated National Tourism Policy as State Tourism activities should be in synch with National Policy
  - b. This is also reviewed in terms of “Best Practice” of other Indian States and some Internationally successful players.
2. Validate Proposed projects
  - a. Plans still to be implemented were reviewed to validate their broad feasibility
3. Suggest new Tourism Products
  - a. This is done with costs, revenues, timelines and responsibilities.
  - b. A broad Economic Impact assessment is made for each suggested product for both primary and secondary effects.

**Objective**

**Our objective is to develop 20-year Perspective Tourism Master Plans that encourage sustainable tourism by achieving a balance between the growth of tourism on one hand and the impact on natural, heritage and cultural resources on the other.**

**Criteria**

- The Critical Criteria would be that the Plan should be viable. In other words, it should be attractive and marketable to all agencies involved – The traveler, the Travel industry, State and Government agencies, Financial Institutions, Tourism project developers and last but not least to the local population.

The Plan will

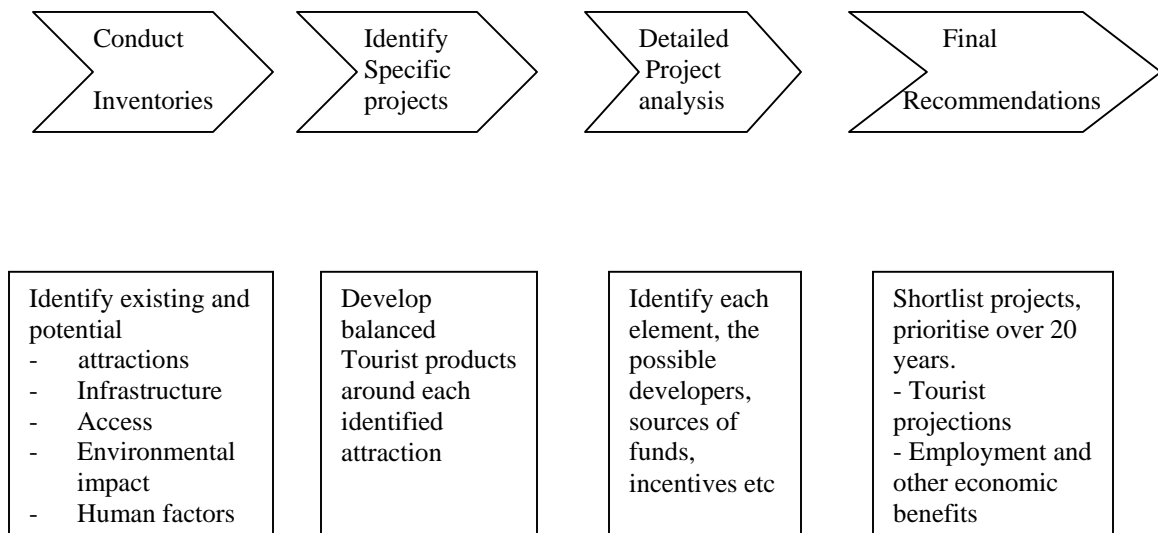
- Clearly indicate short term and long term projects and targets
- Identify agencies involved and the actions required to be taken by each



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- Ensure that each action will have a time frame and an indicative cost
- Ensure each project will also indicate possible developers and possible sources of funding. Financial structuring arrangements, where relevant will also be indicated.
- Endeavour to involve the private sector in the development of the plans. This will ensure a buy-in to the finished product.
- Be based on secondary data – published data, supplied by the State and information obtained in discussions with informed individuals.

### **METHODOLOGY**



### **Identifying the attractions** – the reasons for visiting.

1. The first step would be to make an **inventory** of all possible visitor attractions both current and potential. These would be studied under
  - a. Long stay – natural and activity resorts such as hill/ beach/ health & fitness/ sports/ wildlife/ shopping and other activities

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- b. Short Stay destination – Business visitors, conferences, weekend stays, pilgrimage
  - c. Short stay itinerary – where the attraction is part of an itinerary and dependent on other links
- 2. Each attraction will be assessed for **“Carrying capacity”** using absolute numbers as well as indices such as Tourists/ sq.km, Tourists/ 1000 population. This assessment will use international benchmarks and Best Practices.
- 3. The **Environmental sensitivities** will be addressed by a strategy to measure the impact on
  - a. Air quality
  - b. Water and water bodies
  - c. Nature, both flora and fauna
  - d. And on the attraction itself.
- 4. Based on the above, an assessment of the present and future needs of **infrastructural services** will be undertaken to cover
  - a. Water
  - b. Electricity
  - c. Sewage and waste disposal
  - d. Communications
- 5. Based on the potential markets for visiting the attraction, an assessment of the present and future **requirements for access** will be identified by
  - a. Road
  - b. Rail
  - c. Air
  - d. Water transport
- 6. There are **Human Factors** that will also be addressed. These will cover
  - a. Employment
  - b. Inflationary impact
  - c. Cultural impact
  - d. Alienation of locals/ Displacement

### **Identifying and Conceptualising Specific Tourism Products**

Having assessed the attractions available and the broad feasibility of each, the Plan will develop a **balanced Tourist product** around each attraction. The Tourist product consists of the following

1. **The attraction** – the reason for the visit
2. **Accommodation** – requirements at each level
  - a. Propose incentives for balanced development
3. **Recreational facilities** – to supplement the attraction. Eg. a hill resort could have rock climbing, paragliding, river & lake fishing, golf, entertainment and shopping
4. **Local transportation**
  - a. Airport/ station transfers, shuttles, city sightseeing, public transportation
5. **Information**
  - a. Signage, guides, brochures, photo ops
6. **Wayside amenities**
  - a. Rest stops, service stations
7. **Safety & Security**
  - a. Accreditation of shops etc
  - b. Tourism police

### **Detailed Analysis and Final Recommendations**

After identifying the Tourism Products to be developed, the Plan will prioritise them over the 20-year perspective, each project will be analysed to detail

- The key agencies/ organizations involved in developing the product
- The investment required
- Identify possible investors and sources of funds and the processes to access these
- Possible incentives for the development
- Identify environmentally threatened places and buildings for restoration.
- Projection of tourist numbers – domestic and international
- Employment potential – occupations and income levels
- Other economic, social and cultural benefits
- Suggestions on marketing the products

### **Environmental Impact Assessment Studies**

Environmental Impact Assessment (EIA) studies are complex exercises. They are also dependent on the specific projects. For example, projects next to water bodies would require a much deeper assessment of impact on water than other projects that would confine the study to the impact on ground water resources.

In the Technical Bid for this project, the Consortium had clearly stated that we are not competent to undertake EIA and would not include them in the final report. However, we are listing out the essential aspects of EIAs. Each attribute must be monitored on a regular basis. Frequency of monitoring may vary from daily for some air samples to annually for soil characteristics.

EIAs are best undertaken by specialist organizations like TERI, TARA etc.

<b>Attribute</b>	<b>Parameters</b>
Ambient air quality	SPM, RPM, SO <sub>2</sub> , NO <sub>2</sub> , CO, CO <sub>2</sub> , HC etc. Usually 24 hour samples twice a week.
Meteorology	Surface wind speed and direction, temperatures, relative humidity, rainfall
Water quality	Physical, Chemical and bacteriological parameters of surface and ground water
Ecology	Existing flora and fauna. For environmentally sensitive projects, inventory and state of health
Noise levels	Noise levels in DB(A)
Light	Lighting levels and impact on fauna, insects
Soil Characteristics	Parameters relating to agriculture and afforestation potential
Land use	Trends in land use change for different categories
Socio Economic aspects	Socio-economic characteristics, labour force characteristics, population statistics and existing amenities, current inflation
Geology and mining details	Geological history, minerals
Hydrology	Drainage area and pattern, nature of streams, aquifer characteristics of the area

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### **HISTORY**

India attained Independence in 1947; but in the process the territory of British India was partitioned to form India and Pakistan. The large and prosperous Province of Punjab, was divided and Lahore, its capital, fell within the borders of Pakistan, leaving Indian Punjab without a capital. Those who had been compelled to migrate to India keenly felt the loss of Lahore, a city much loved by its inhabitants. Though there was a temporary secretariat at Shimla in Himachal Pradesh, the political leadership decided on the construction of a modern and accessible capital.

In March 1948, the Government of Punjab in consultation with the Government of India approved a 114.59 sq. km tract of land at the foot of the Shivalik Hills in Ropar district as the site of the new capital. The city was named after the Mother Goddess Chandi, (Chandi - Goddess of Power + garh - fortress). The temple of the Goddess is on Chandigarh-Kalka Road. The temple is known by the name of Chandi Mandir.

Prior to the construction of Chandigarh, the present site was a typical rural tract, with a rainfed subsistence agricultural economy. It was dotted with 24 village settlements, surrounded by cultivated land parcelled into consolidated irregular, small fields.

Each settlement had a number of mango groves remnants of which are still visible in parts of the city. There were banyan or pipal trees within the settlements or near village ponds. The majority of houses were kutcha or partially pucca.

Among the physical features, the choes, with their broad, shallow, and dry sandy beds, constituted an important element of landscape. These represented undulations in an otherwise level topography. Hills and mountains provided a panoramic background.

The new city was needed not only to serve as a capital but also to resettle thousands of refugees who had been uprooted from West Punjab. India's first Prime Minister, Jawaharlal Nehru enthusiastically supported the project and took sustained interest in its

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execution. When he visited the project on April 2, 1952, he declared: “Let this be a new town symbolic of the freedom of India, unfettered by the traditions of the past, an expression of the nation’s faith in the future.... The new capital of Punjab will be christened as Chandigarh—a name symbolic of the valiant spirit of the Punjabis. Chandigarh is rightly associated with the name of Goddess Chandi — Shakti, or power.”

The responsibility for the design was given to the French architect Le Corbusier or the Crow. With the help of his cousin Pierre Jeanneret, and that of the English couple Maxwell Fry and Jane Drew (alongwith a number of Indian architects prominent amongst them Chief planner Narinder S. Lamba & Chief Engineer J.C. Verma) Chandigarh, the present capital, came into existence at the foothills of the Shivaliks.

### **Profile of People**

It was built in 1953 and serves as the capital of two states, i.e. Punjab and Haryana. It is administered by the Central Government and is hence classified as an Union Territory. Since 1986 there has been much talk about officially handing it to Punjab on the basis of demography. The issue however continues to be a matter of discussion with many political disputes.

Chandigarh had to be a city of migrants as it was built on the land acquired and cleared of existing settlements. One of its objectives was to rehabilitate persons displaced from Pakistan in 1947. Early settlers in the city were government officials transferred from Shimla, the temporary capital of Punjab after partition and displaced persons from Pakistan in search of a new home.

According to 1991 census data, around two-third of the city's population were migrants, the remaining one-third were locally born. About one-third of the migrants hail from Punjab, Uttar Pradesh comes next, having contributed one-fifth of them. Haryana, Himachal Pradesh and Delhi are other important contributors of migrants. The city has

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attracted migrants from distant states, such as Bihar, Tamil Nadu, West Bengal and Maharashtra. The number of migrants from Nepal is also considerable.

Over one-half of migrants to Chandigarh came from other urban places; the rest had a rural base. An urban origin was more typical of migrants from nearby states, such as Punjab, Haryana, Delhi, and Jammu and Kashmir. Migrants from relatively distant states, such as Uttar Pradesh, Bihar, and Tamil Nadu, mostly had a rural origin.

According 1991 census the Pakistan-born displaced persons reduced to about 4% of all in-migrants. In the early sixties, they accounted for nearly 40% of the total population.

### **PHYSICAL FEATURES**

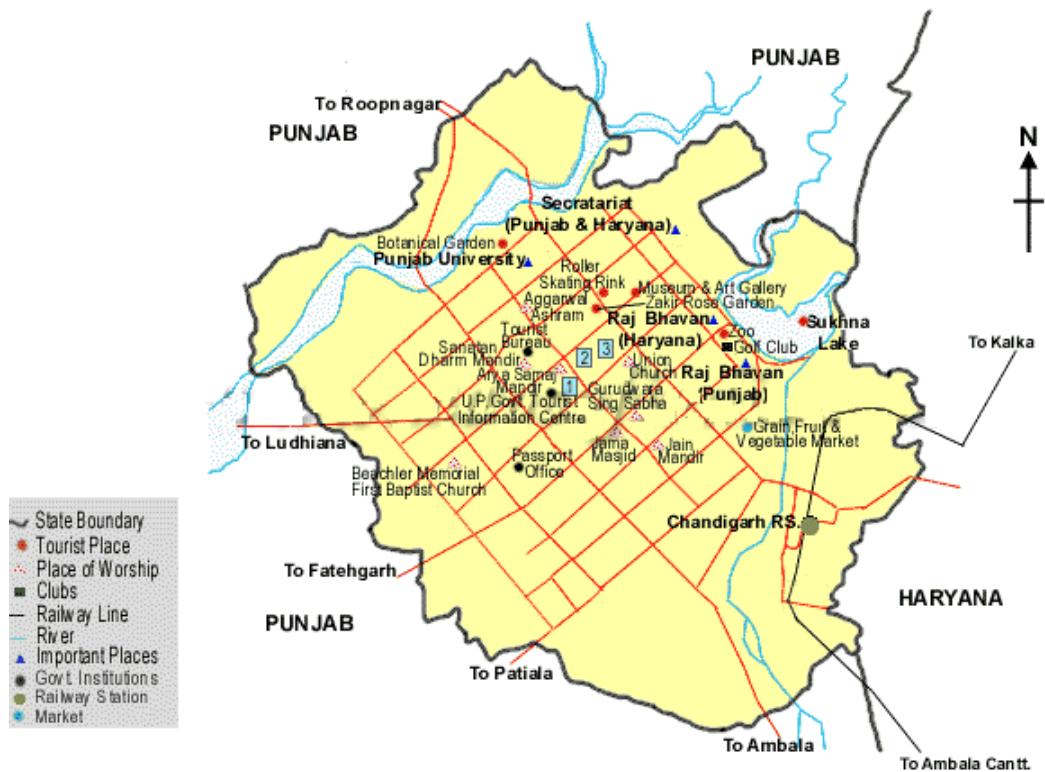
#### **Location**

Chandigarh is located in the Northern part of India and bound by two states, Chandigarh has Punjab to its north and west and Haryana to its south and east. Chandigarh lies at 30° 44'N latitude, 76° 53'E longitude.

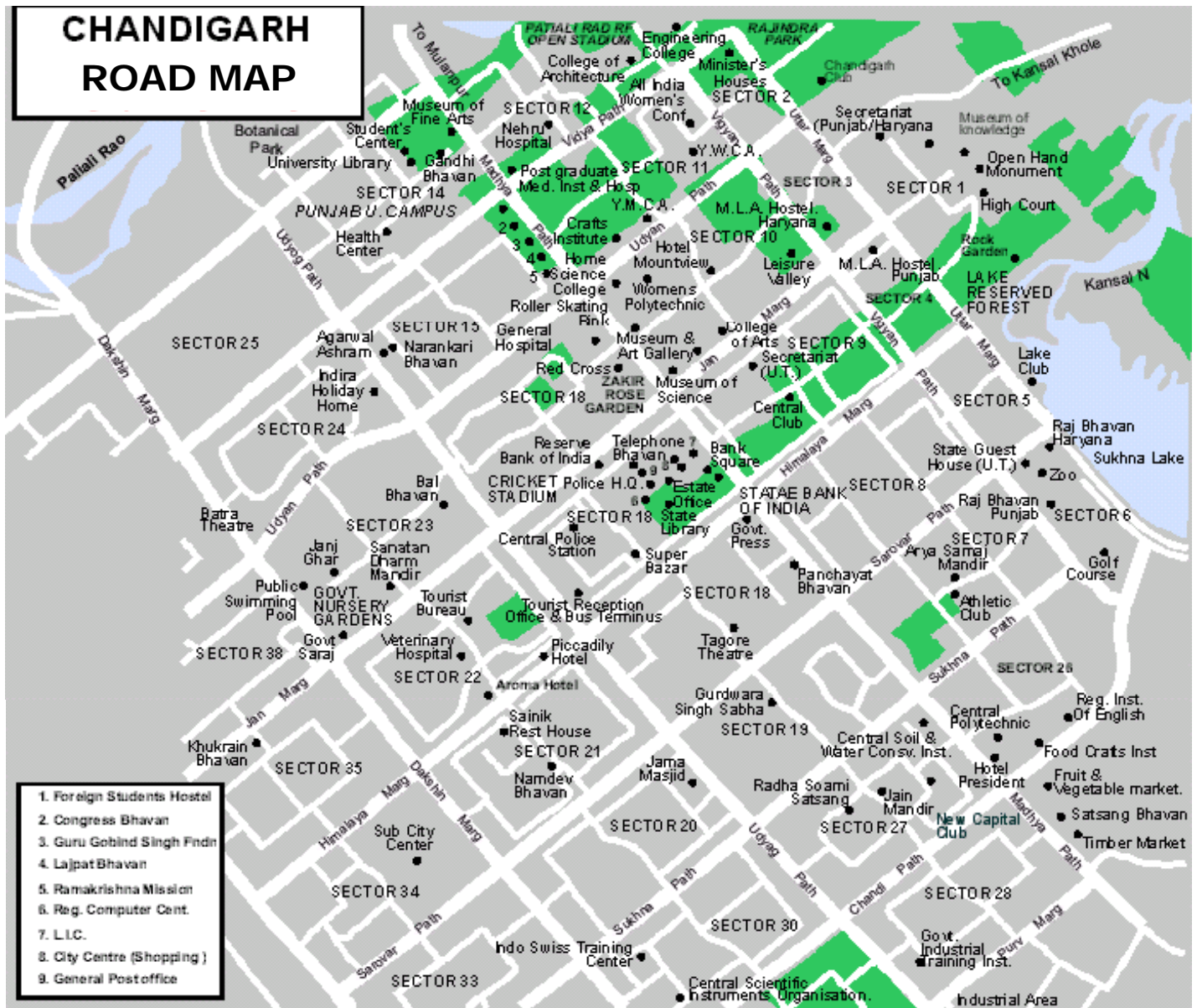


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### Chandigarh Map



## 20 year Perspective Tourism Master Plan for Chandigarh



### Road Transportation

The Union Territory of Chandigarh is well served with by an excellent network of roads.

The National Highway 21 ( Ambala – Simla) and 22 ( Chandigarh – Manali) link Chandigarh to rest of the country

Buses of seven State Road Corporations connect Chandigarh with many cities and towns of neighboring states. The important cities that are connected by buses with Chandigarh are Delhi, Dehradun, Simla, Manali, Jammu and major Towns of Punjab and Haryana.

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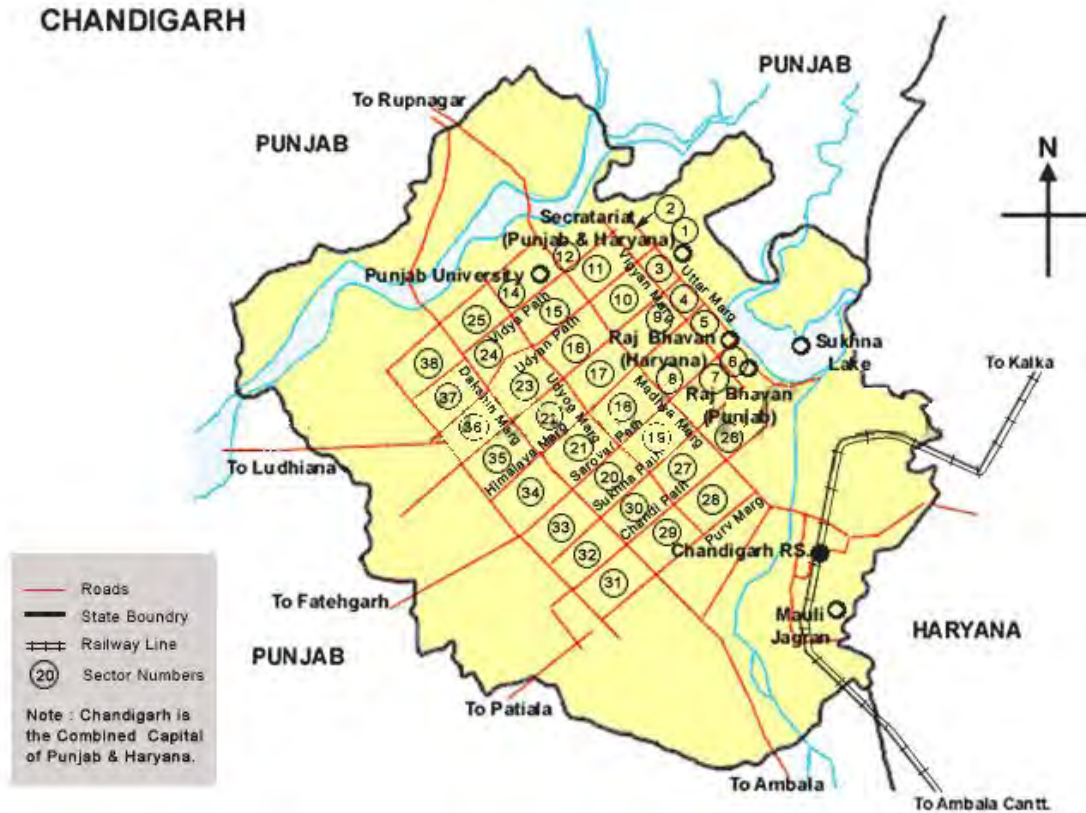
**National Highway Development Project – Golden Quadrilateral &  
North South East West Corridors**



*Note: Red Line: North South East West Corridors  
Blue Line: Golden Quadrilateral*

## 20 year Perspective Tourism Master Plan for Chandigarh

### Chandigarh Rail Network :



### Rail Transportation

Chandigarh is well connected on the rail network. The main railway routes passing through Haryana are: Kalka-Delhi, Chandigarh-Delhi, Kalka-Amritsar, Kalka-Jodhpur, Kalka-Hawrah, Amritsar-Hawrah, Kalka- Sir Ganganagar (Rajasthan).



## 20 year Perspective Tourism Master Plan for Chandigarh

### Chandigarh Air Network:



### Air Transportation

Chandigarh Airport is 12 kms. from City Centre, Indian Airlines and Jet Airways connect Chandigarh with Delhi, Leh and Amritsar. Jet has daily flights Delhi – Chandigarh – Delhi. Indian Airlines has a weekly flight Leh – Chandigarh – Leh.

## 20 year Perspective Tourism Master Plan for Chandigarh

### **Physical Features**

The geographical area of the U.T. Chandigarh is 114 sq. km. and another 25.42 sq. km. of the hilly area, which has now been declared as 'Sukhna Wildlife Sanctuary' was acquired for soil conservation works. Chandigarh lies at 280 feet above sea level, with an average altitude of 362m (m.s.l.). The location of Chandigarh is unique as it lies in the foot hill region and is also adjacent to the plains of north India. As such it contains the vegetation of the foot hills and the north Indian plains. Chandigarh has 27 villages in its jurisdiction and two satellite towns, Sahibzada Ajit Singh Nagar, conveniently shortened to SAS Nagar, now Mohali, in the Punjab territory and Panchkula in the Haryana territory.

### **Climate**

Four seasons are noticeable as (i) the rainy season (late-June to mid-September); (ii) the post monsoon or transition season (mid September to mid-November); (iii) the winter of cold season (mid November to mid-March) and (iv) summer or hot season (mid-March to Mid-June). Southwest monsoons commence in late June and usually continue up to mid-September when there are high intensity showers and the weather is hot and humid.

May and June are the hottest months of the year with mean daily maximum temperature being about 40°C and mean daily minimum temperature being about 25°C. January is the coldest month with a mean maximum being around 24°C and a mean minimum being around 1.8°C.

### **Fauna**

In the small and large water bodies there are about a dozen types of fishes, of which Mahseer, Thail and Rohu are more well known. The common frog is *Rana tigrina* (Indian Tiger Frog) but the other ones are Indian Rice Frog and Indian Burrowing Frog.

Two types of tortoise are found. Three four types of lizards are found in buildings, lawns, hedges, etc. and one of these attracts the attention by its brilliant vermilion colour during mating season. Snakes are of quite a many types as Russels Viper, Cobra, Blind Snake, Indian Python, Sand Cobra, Rat Snake etc.

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Chandigarh has numerous types and the permanent population of birds, which may consist of over 100 different kinds. There are also migratory birds visiting during winter from as far off a region as Siberia. It is estimated that about 100 to 200 types of birds primarily visit Sukhna Lake. The number of migratory birds varies from year to year.

The common mammals are Grey Musk, Shrew Monkey, Langur, Flying Fox, Tickell's Bat, Stripped Squirrel, Indian Rat, Common Rat, House Mouse, Porcupine, Indian Hare, Common Mongoose, Stripped Hyena, Jackal, Indian Fox, Nilgai, Blackbuck and Chital.

### **Flora**

The flora of Chandigarh area is in fact very rich, existence of 860 species of flowering plants in Chandigarh and its neighborhood. This excludes the ornamentals species whose number is anybody's guess because amongst the residents of Chandigarh and neighboring areas garden culture and love for ornamental herbs and shrubs is fast growing.

Chandigarh region is home to number of plant species with Medicinal importance. Areas like Shivalik Reserve Forests, Sukhna Catchment area, Rock Garden, Rose Garden, adjoining villages, are among the various places where different kinds of Medicinal plants and few to endangered species of the same can be found.

The most fascinating feature of the City's landscaping is perhaps the Tree Plantation along avenues, open spaces, green belts and around building complexes. The total forest cover in Chandigarh is 32.42 sq. km., which forms 23.5% of the total area. The green spaces like Parks, Gardens, Green belts, Leisure valley and Road avenues etc. are in addition to the forest cover of 23.5 %. Thus the green cover in the city is more than 33 % with 26 types of flowering trees and 33 types of evergreen trees in Chandigarh.

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## DEMOGRAPHIC INDICATORS

	Unit	Year	Haryana	Himachal Pradesh	Jammu & Kashmir	Madhya Pradesh	Punjab	Rajasthan	Uttar Pradesh	Delhi	Chandigarh	All India
	Sq.Km.	1982	44212	55673	222236	443446	50362	342239	294411	1483	114	3287263
Share in India	Percent	1982	1.34	1.69	6.76	13.49	1.53	10.41	8.96	0.05	0	100
Population	Million	1991	16.46	5.17	7.72	66.18	20.28	44	139.11	9.42	0.64	846.3
Share in India	Percent	1991	1.94	0.61	0.91	7.82	2.4	5.2	16.44	1.11	0.08	100
Population Density	Per sq.km.	1991	372	93.0	76.0	149.0	403.0	129.0	473.0	6352.0	5632.0	274.0
Avg Annual Growth in Population (1981-91)	Percent	1981-91	2.42	1.89	2.54	2.38	1.89	2.5	2.27	4.15	3.54	2.14
Population (Projection)	Million	2001	20.1	6.8	10.1	81.2	23.8	54.5	174.3	14.4	0.8	1012.4
Urban Population (Projection)	Million	2001	27.5	-	-	26.9	31.9	25.4	22.7	-	-	28.8
Sex Ratio	Females/1000males	1991	865	976	923	931	882	910	879	827	790	927
Urbanisation Ratio	Percent	1991	24.6	8.7	25.5	23.2	29.5	23.0	19.8	90.0	89.7	27.0
Urban Density	Per sq.km.	1991	5309	2114	3132	6054	4997	2238	4364	14313	8433	4092
Death Rate	Per '000	1996	8.1	8	-	11.1	7.5	8.9	10.2	6.05	4.1	9
Live Birth Rate	Per '000	1996	28.2	23	-	32.4	23.5	32.3	34	24.6	16.9	27.5
Work Participation Rate	Percent	1991	31	42.83	NA	42.82	30.88	38.87	32.20	31.64	34.94	37.46
Male	Percent	1991	48.51	50.64	NA	52.26	54.22	49.30	49.68	51.72	54.34	51.55
Female	Percent	1911	10.76	34.81	NA	32.68	4.40	27.40	12.32	7.36	10.39	22.25

Source: PHD Chambers of Commerce.



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## MACRO ECONOMIC INDICATORS

	Unit	Year	Haryana	Himachal Pradesh	Jammu & Kashmir	Madhya Pradesh	Punjab	Rajasthan	Uttar Pradesh	Delhi	All India
Net State Domestic Product (NSDP) at Factor Cost*:											
- At current prices	Rs. Million	1998-99	383990	49310	58120	610187.8	342900	**586500	1527260	365040	8755940
- At 1980-81 prices	Rs. Million	1997-98	75450	\$14,190	#17540	147480	101420	@116480	273650	*75740	323820
- At 1993-94 prices	Rs. Million	1998-99	254090	NA	NA	NA	NA	**379720	971390	251650	NA
NSDP Growth 1980-81 prices	Percent	1997-98	1.1	NA	NA	3.1	2	@0.4	2.2	3.3	87.3
Gross State Domestic Product	Rs. Million	1997-98	374270	65040	72930	708320	503580	678050	1299770	445100	NA
Per Capita Income at 1993-94	Rs.	1998-99	13084	8864	6658	7350	15504	7694	5890	19091	9739
Prices*								2.00			
Sectoral Shares:											
- Agriculture	Percent	1997-98	39	27.6	43	41.4	44	**34.2	37	1	31
- Industry	Percent	1997-98	21	32.3	8	26.3	15	**24.088	20	83	28
- Services	Percent	1997-98	40	40.1	49	32.3	41	**41.72	43	16	41
Sectoral Growth Rates:											
- Agriculture	Percent	1995-96	-6	9	4	-2	0	-6	2	-40	-1
- Forestry & Logging	Percent	1995-96	7	10	5	-12	1	2	-25	-	-1
- Fishing	Percent	1995-96	16	10	14	15	8	-12	6	3	5
- Mining & Quarrying	Percent	1995-96	1	14	10	5	16	-18	1	-58	7
- Manufacturing	Percent	1995-96	9	13	3	11	10	6	4	13	14
Per Capita Consumption Expenditure	Rs.	1995	5127	4347	7080	3442	5750	4503	3852	NA	NA
* Note: Owing to differences in source material used, figures for different States are not strictly comparable.											
\$: 1995-96    #: 1996-97    @: 1998-99    **: 1999-2000											

Source: PHD Chambers of Commerce.

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### MINIMUM MONTHLY WAGES OF WORKMEN

	Haryana	Himachal Pradesh	Jammu & Kashmir	Madhya Pradesh	Punjab	Rajasthan	Uttar Pradesh	Delhi	Chandigarh
<b>With effect from</b>	Jul-00	Jan-99		Mar-93	Mar-00	Nov.99		Feb-00	Jan-96
<b>UNSKILLED</b>	1914.86	1530	NA	825	1796.5	1560	1920	2419	1350
<b>SEMI UNSKILLED A</b>	1964.86	1695	NA	928	1941.55	928	2220	2585	1495
<b>SEMI UNSKILLED B</b>	1989.86	NA	NA	NA	1875.45	NA	NA	NA	NA
<b>SKILLED A</b>	2039.86	1950	NA	1032	2104.55	1032	2660	2843	1657
<b>SKILLED B</b>	2064.86	NA	NA	NA	1983.45	NA	NA	NA	NA
<b>HIGHLY SKILLED</b>	2114.86	NA	NA	NA	NA	NA	NA	NA	NA

### EDUCATIONAL FACILITIES SCENARIO

#### Recognised Educational Institutions in Northern Region (1998 - 99)

State	University *	Professional Education	Colleges for general Education	High School/Jr. College	Middle / Sr. Basic School	Primary/Jr. Basic School
HARYANA	5.00	45.00	169.00	3785.00	1788.00	10269.00
HIMACHAL PRADESH	3.00	6.00	557.00	1525.00	1189.00	7732.00
JAMMU & KASHMIR	3.00	12.00	38.00	1351.00	3104.00	10483.00
MADHYA PRADESH	17.00	70.00	413.00	8341.00	21108.00	86858.00
PUNJAB	5.00	64.00	193.00	3325.00	2527.00	12633.00
RAJASTHAN	10.00	70.00	267.00	5633.00	14807.00	35077.00
UTTAR PRADESH	28.00	174.00	676.00	8339.00	20675.00	94476.00
DELHI	11.00	24.00	64.00	1459.00	601.00	2676.00
CHANDIGARH	2.00	7.00	12.00	107.00	34.00	48.00
NORTHERN REGION	84.00	472.00	2389.00	33865.00	65833.00	260252.00
% TO ALL INDIA	35.44	22.17	31.88	30.12	34.62	41.52
INDIA	237.00	2129.00	7494.00	112438.00	190166.00	626737.00
* Includes Deemed Universities and Institutes off National Importance						

Source: PHD Chambers of Commerce.

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## WATER SUPPLY

Items	Unit	Period			
		1990-91	1998-99	1999-2K	2000 - 01
1	2	3	4	5	6
No. of Water Works	Nos. (Cums.)	NA	5	5	5
No. of Metered Connection	Nos.	74892	82184	84294	120000
No. of Un-metered Connection	Nos.	9360	<b>23464</b>	<b>23656</b>	<b>20241</b>
<b>WATER CONSUMPTION</b>					
(A) Domestic	Kiloliters	67933	5227262	5334897	5943761
(B) Commercial / Industrial	Kiloliters	7992	1833205	1881295	4940444
Per Capita Consumption	Kiloliters	97	70	67	95

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## POWER

Items	Unit	Period			
		1990-91	1998-99	1999-2K	2000 - 01
1	2	3	4	5	6
Electricity Consumed	Lakh KWH	5240.80	8401.89	8491.04	8715.36
Per capita Consumption	KWH	816	988	964	955
Agricultural Consumption	Lakh KWH	12.71	25.58	26.59	23.02
Industrial Consumption	Lakh KWH	2005.16	1792.34	1865.46	1916.35

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**POPULATION DATA**  
**2001 - CENSUS (P)**

<b>Population</b>		<b>Total</b>	<b>Rural</b>	<b>Urban</b>
Population as per 2001 Census	Persons Males Females	900914 508224 392690	92118 56837 35281	808796 451387 357409
Decennial Population Growth 1991 - 2001	Absolute %age	258899 +40.33	25932 +39.18	232967 +40.46
Density of Population Sex Ratio	PerSq.Kms No.of females per 1000 Males	7903 773	2658 621	10194 792
<b>Population of 0-6 years*</b>				
(I) Absolute	Persons Males Females	109293 59238 50055	14007 7562 6445	95286 51676 43610
(II) Percentage of Total Population	Persons Males Females	12.13 11.66 12.75	15.21 13.30 18.27	11.78 11.45 12.20
Literacy : (I) Absolute	Persons Males Females	647208 384563 262645	59547 40178 19369	587661 344385 243276
(II) Literacy Rate	Persons Males Females	81.76 85.65 76.65	76.23 81.54 67.17	82.36 86.16 77.53
* 6 years means completed 6 years as on 01.03.2001				

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## Chandigarh Corporates

Name of the Organisation	State
Amrit Banaspati Co. Ltd.	Chandigarh
Bank of Punjab Limited	Chandigarh
Bhushan Industires Limited	Chandigarh
Bhushan Steel & Strips Ltd	Chandigarh
Chandigarh Distillers & Bottlers Ltd.	Chandigarh
Chandigarh Industrial & Tourism Development Corporation	Chandigarh
Control & Switch Gear Company Ltd.	Chandigarh
Dhillon Kool Drinks & Beverages	Chandigarh
Golden Laminates Limited	Chandigarh
Gorz-Beckert Asia Ltd	Chandigarh
Guru Nanak Paper Mills Ltd.	Chandigarh
IPF - Vikram India Ltd.	Chandigarh
Indian Acrylics Limited	Chandigarh
Indo - Swift Limited	Chandigarh
Industrial Cables India Limited	Chandigarh
JC Coach Builders Limited	Chandigarh
Kamla Dials & Devices Ltd.	Chandigarh
Khandelvia Oil & General Limited	Chandigarh
Metro Expoters Limited	Chandigarh
Modern Steel Limited	Chandigarh
Mohan Meaken Limited	Mohangram (Chandigarh)
Munak Chemicals Limited	Chandigarh
PCP International Ltd.	Chandigarh
Punjab Alkalies & Chemicals Ltd	Chandigarh
Punjab Chemicals & Pharmaceuticals Ltd	Chandigarh
Punjab State Civil Supplies Corpn. Ltd	Chandigarh
The Punjab State Co-op Milk Producer's Federations Ltd	Chandigarh
Rana Polycot Limited	Chandigarh
Shivalik Agro Poly Product Limited	Chandigarh
Singhanian & Co.	Chandigarh
Surya Medicare Limited	Chandigarh
Variendera Agro Chemicals Limited	Chandigarh
Winsome Textiles Industries Ltd	Chandigarh

## POPULATION DATA

### 2001 - CENSUS (P)

Population		Total	Rural	Urban
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Variendera Agro Chemicals Limited	Chandigarh
Winsome Textiles Industries Ltd	Chandigarh



### **Chandigarh Tourism Policy**

Chandigarh Tourism has declared the following vision

“ Tourism as a major industry in Chandigarh is to be developed by

- Providing leadership, organizational and strategic direction,
- Improving the quality of tourism products,
- Developing places of tourist interest,
- Providing necessary facilities for all categories of tourist and
- Marketing Chandigarh’s Tourism products internationally and domestically

So as to provide employment and economic, environmental, social and cultural benefits to the citizens of the city beautiful – Chandigarh”

In the new economic scenario, Chandigarh Tourism has recognized the need to involve the private sector in the development of tourism infrastructure in conjunction with the Government. The following activities are included in the ‘Tourism Industry’

- Accommodation facilities
- Restaurants and fast food facilities
- Transportation facilities
- Tourist entertainment
- Souvenirs

With this background, the objectives have developed as

1. Employment generation. Tourism generates both direct and indirect employment
2. Attract private investment
3. Preserve heritage and tradition. As Chandigarh is a new city, the traditions are related with gardens and festivals
4. Preserve the environment

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5. Diversification of the Tourism product into adventure sports, entertainment, leisure etc.
6. To provide adequate publicity both domestic and international
7. Create accommodation facilities – renovate and upgrade existing facilities
8. Develop human resources for Hospitality and Tourism.

The following strategic projects have been suggested to implement these objectives

1. Develop Chandigarh as a convention city – attract the MICE segment
2. Eco- tourism wildlife park around the Sukhna Bird sanctuary
3. Sound & Light show at the Rock Garden
4. Further development of Tourist amenities at Sukhna Lake
5. Amusement park
6. Translites and signages for the convenience of tourists
7. Tourist information center to house other State Tourism offices as well as railways, airlines and trade associations
8. Promotion of Rail Tourism – in particular on the Kalka-Shimla line
9. Promotion of Kalagram as a showcase for the Northern States
10. Development of innovative tourism packages
  - Buddhist places
  - Pilgrimages - Hindu and Sikh
  - Holiday packages to Hill stations
  - Heritage packages
  - Adventure packages
  - NRI packages
11. Promotion of off-season tourism
12. Special Tourism packages for NRIs
13. Development of Chandigarh as a Film City
14. Integrate the police to safeguard the interests of tourists
15. Promotion of week end golf packages

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Another major initiative has been an attempt to integrate Tourism Development in the Northern States of Punjab, Haryana, Himachal Pradesh and Jammu & Kashmir via a 'Tourism Advisory Board'. The Board would have the Tourism Secretaries of the participating states as members, the Chairmanship rotating between the States. The Board would also have prominent persons from the Tourism industry as members. The primary role is seen as

- Working out a strategy for integrated approach for promotion of tourism in the region
- Promotion of interstate Tourism via programmes such as Tourism Trade fairs & Exhibitions
- Setting up joint information centers
- Organising interstate package tours
- Collaboration on Tourism promotion schemes
- Joint participation in Travel Industry Trade fairs
- Joint cultural festivals
- Linkages of websites

Part of this initiative would be to declare a Special Tourism Area for a radius of 100 Km around Chandigarh with the prime objective of allowing the free movement of designated tourism vehicles.

## **FAIRS & FESTIVALS**

Chandigarh citizens celebrate several festivals that are uniquely their own.

### **The Festival of Gardens**

This is a three-day extravaganza organized in the last week of February; included on the national calendar of festivals. Initially called the Rose Festival it intended to encourage people to stroll through the Rose Garden and enjoy the sight of the blooms. Each year the festival grew: now it includes performances of music and dance, both classical and folk, flower shows, events for children, exhibitions by local artists, photographers and craftsman and a wide range of amusements. Since 1997 it is known as the Festival of Gardens. The city pulls out all the stops for this celebration, reminiscent of ancient India's Vasant Utsav in honor of spring.

### **April Fools' Day (April 1)**

On this day poets from all over the country gather at Chandigarh to recite verses in a jocular vein. Even those who do not ordinarily enjoy poetry look forward to the Maha Moorkh Sammelan, or Conclave of Colossal Fools. No other city in India hosts such a gathering.

### **Baisakhi**

Baisakhi is the first day of the new year in the traditional Vikrami calendar, it celebrates the wheat harvest, and it is one of the high points of the year for Sikhs as it is anniversary of the founding of Khalsa. As the capital of two basically agrarian states, Punjab and

Haryana, this day sees festivities organized by both the state governments as well as the Administration of the UT, and of course many institutions in the city.

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### **The Mango festival**

This festival is held in June. Mango-growers from all over India are invited to enter their prize fruits in the various competitions. Visitors to the fair can see and taste all the traditional varieties of the fruit as well as the latest hybrids from the agricultural universities. It is also an occasion for agro-industries, and food industries processing mango into jams, pickles and canned fruit to display their wares.

### **TEEJ**

Teej is a traditional holiday celebrated by women in the middle of the monsoon season—generally around the first week of August. The Rock Garden with its swings and pavilions is the festival venue and the day is basically a grand picnic with songs and dances, purchase of new bangles, painting the hands with mehndi.

### **The Indo-Pak Mushaira**

This gathering in December brings together poets from India and Pakistan. The significance of this event is felt especially by the older generation whose memories go back to the years before the partition of India. For the younger generation it brings home the deep commonalties of language and culture that unite the people of two nations.

**The Chrysanthemum Show** - in December turns the Terraces Flower Garden in the city's Sector 33 into a multi-coloured wall-to-wall carpet of chrysanthemums. Hundreds of varieties of the flower are on display and city gardeners vie for coveted honours in the competitions.

### **The Plaza Carnival**

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This Carnival is on every-Saturday-night is held on an open-air stage set up in Sector 17's central piazza. The weekly three-hour programme draws a large crowd and provides an opportunity for talented local singers, dancers, magicians, comedians, actors and acrobats to do their stuff.

### **The Chandigarh Carnival**

This carnival is a three-day event celebrated in the second week of November shortly before or after Nehru's birth anniversary on November 14, otherwise known as Children's Day. The carnival opens with a colourful procession, which everyone is encouraged to join. The carnival is a time for students to show their talent (or simply have fun) and elders too participate in a number of competitions and exhibits.

**Roles of relevant bodies in Tourism**

The main bodies that generate and cater to leisure and business travel to the State are

1. CITCO – Chandigarh Industrial & Tourism Corporation
2. Urban Development and Town Planning

**Chandigarh Tourism.**

The Chandigarh Industrial & Tourism Development Corporation Limited (CITCO) was set up in 1974 for construction and allotment of industrial sheds and for supply of iron & steel to the industries in Chandigarh. Its original name was Chandigarh Small Industries and Development Corporation Limited (CSIDC). The Chandigarh Administration transferred Hotel Mountview and other cafeterias to the Corporation in 1982. Its name was first changed to Chandigarh Industrial & General Development Corporation Limited (CIGDC) and finally to Chandigarh Industrial & Tourism Development Corporation Limited (CITCO).

In terms of Tourism responsibilities, Chandigarh Tourism plays both developmental and operational roles. Its prime areas of responsibility are

1. Promotion of Chandigarh and its attractions as destinations
2. Creation of tourism related infrastructure
3. Development of accommodation and restaurants
4. Activities pertaining to the preservation of art, culture, history and heritage of the State
5. Establishment of recreation and leisure facilities
6. Tourism related human resource development
7. Promotion of package tours
8. Information and signage

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Chandigarh Tourism is a profitable venture. A short overview of its performance over various activities is given below

Unit	1997-98		1998-99		1999-00	
	Rs. - Lacs		Rs. - Lacs		Rs. - Lacs	
	Sale	Profit	Sale	Profit	Sale	Profit
<a href="#">Hotel Mountview</a>	824.55	215.71	891.57	266.84	1093.08	323.97
<a href="#">Hotel Shivalikview</a>	677.08	145.49	651.46	81.74	673.31	91.11
<a href="#">Hotel Parkview</a>	127.68	9.98	121.22	-47.61	124.21	-4.60
Chef Lakeview	111.28	16.04	117.20	12.43	160.69	39.98
Chef Bus Stand	41.56	-14.55	38.50	-10.07	36.89	-10.84
Rock Garden Canteen	5.44	-3.00	6.61	0.14	1.24	-0.54
Canteens	9.50	-18.59	17.41	-23.02	16.88	-23.03
Tours & Travels	10.47	-15.48	9.80	-15.24	7.96	-13.54



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### URBAN PLANNING

The Department is headed by the Chief Architect who is the Ex-officio Secretary, Urban Planning.

The Department consists of two wings.

Architectural Wing

Town planning Wing

#### Architectural Wing

This wing has five basic duties:

- To design buildings for the Chandigarh Administration and work entrusted to it by various departments of the Central and State governments and autonomous bodies
- To Co-ordinate with the various wings of the Engineering Department both in the planning and construction phases and to incorporate structural designs and other engineering services into the buildings.
- Architectural supervision during the course of construction of works designed by the deptt.
- To scrutinize building plans submitted to the Estate Office for approval of the Administration and to inspect commercial buildings for issuance of completion certificates by the Estate Office.

The Chief Architect's jurisdiction encompasses the entire Union Territory.

#### Town Planning Unit

The Town Planning Unit consist of Senior Town Planner with supporting team of Divisional Town Planner, asstt, Town Planners and other draftsmen in different grades.

The Senior Town Planner is responsible for implementing the Chandigarh Master Plan proposals. He prepares project reports dealing with different aspects of the development of the city and its surrounding area. He plans

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**Industrial Development**

As this, along with Chandigarh Tourism, is part of CITCO, there is complete coordination within their roles and no overlaps.

The Corporation was set-up in 1974 primarily for supplying raw-material to the small scale industries and for construction and allotment of industrial sheds. Some more activities were added subsequently. The details of the industrial activities in chronological order are as under:

Year	Activity
1974	Construction and allotment of industrial sheds. Supply of iron and steel to the SSI Units.
1978	Industrial Development and Facility Centre ( IDFC ). This Centre was setup with the assistance of Industries Department .
1979	Emporium as marketing outlet for the products of SSI units.
1992	Supply of Petroleum products- Agents for IPCL (Indian Petro Chemical Limited)
2000	Consignment Agency of Steel Authority of India Limited (SAIL)

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the Phase-II and II sectors and the left out pockets of Phase I and II with the aim of bring areas under intensive utilization. HE scrutinizes building plans and cases concerning construction in areas falling under the Periphery Control Act. He studies Urban trends, which will require plan revisions and plans for changing traffic and transportation needs. Rehabilitation and resettlement of squatters settlements and other rehabilitation housing projects come under his purview and he also outlines the statutory zoning plans in respect of land for commercial/residential/cultural/educational purposes. In accordance with the Estate Officer, the Senior Town Planner releases land for auction and sets plinth levels. He provides guidance to the Chandigarh Housing Board and prepares plan for the development schemes of Manimajra. He is involved in planning for the integrated development of the Chandigarh Inter-State Region.

The Senior Town Plan's jurisdiction encompasses the entire area of the Union Territory of Chandigarh.

## **Activities of contiguous states**

### **UTTAR PRADESH**

After the formation of separate hill state of Uttaranchal, UP doesn't account for any breath taking topography as is associated with Uttranchal. Its most important physical feature is the River Ganges, which traverses the length of the state and accounts for some of the oldest cities/ regions of the world.

Rivers are a significant physical feature and tourism resource. All important tourist destinations of UP have an attractive riverfront that can be developed. UP Government is concentrating on improving river-based experience by way of improving ghats, improving the experience at the ghats, encouraging water sports, river cruise,

Better destination management at key tourism centers by way of urban decongestion, traffic management, ghats and river experience improvement and better accommodation facilities at Varanasi ,Allahabad and Agra.

Product Innovation and better packaging of existing products

- a. The Bundelkhand area has a rich inventory of heritage properties. Lack of connectivity, infrastructure and communication facilities makes it difficult to create a tourism experience. Plans are to start a tourism train to provide connectivity, accommodation and basic infrastructure in a single product. It also provides a “theme” that is attractive and marketable.
- b. Agra as an International convention and events center. Plans to set up a international size convention facility. Agra has the advantage of instant international positive name recognition. It is well connected with Delhi gateway. Agra has numerous monuments besides Taj Mahal and numerous possible excursions extensions. Agra has ample accommodation in different ranges.

## **UTTRANCHAL**

Tourism has been identified to have the potential to become the main stay of Uttranchal's economy, and needs to be developed in planned and time bound manner. To achieve this objective the state has taken following steps

The state has constituted a high-level Tourism Development Board, which will replace the existing tourism directorate. The role of the board will be

- a. Formation of a policy and strategy for development of tourism in Uttranchal
- b. Preparation of plans and guidelines for developing and strengthening tourism related infrastructure in the state
- c. Establish standards/norms for and forming policy guidelines for various tourism activities
- d. Strategy for mobilizing private sector participation and investments in the private sector.
- e. Single window Information and assistance center.

### **Outsourcing Expertise**

The Uttranchal tourism board empanelled more than hundred experts/ agencies to seek services of specialists and consultancy agencies. The board identified seven projects and awarded the work to different agencies. These projects are master plans, which dovetail all developments and have a long-term perspective for sustainable tourism products.

### **Destination Management**

The existing tourism centers need destination management plans to maintain and improve their effectiveness. Haridwar, Mussoorie, Nainital and Rishikesh being the key hubs

through which pass the maximum number of tourists in the region would require immediate attention.

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Plans need to be made for better connectivity, city decongestion, improvements of accommodation etc.

The master plan is being prepared for the Char Dham route, and same might be planned for other important destinations mentioned above.

### New Destinations

New tourism destinations have been identified which will develop and marketed as spokes to hubs. These new destinations will also help in decongesting the hubs.

### Private Sector Participation

The areas and opportunities have been identified for the private sector which are development of accommodation facilities for different categories of tourists, tourist resorts, specialized food restaurants, facilities for adventure sports, amusement parks etc. To make these investment opportunities attractive special incentives and concessions have been planned.

## **RAJASTHAN**

Tourism is a significant contributor to the economy to Rajasthan economy. Rajasthan has adopted the mission approach for tourism sector to accord very high priority and ensure planned and time bound growth and development of tourism industry in the state to make it a truly “people’s industry” in Rajasthan.

- a. Rajasthan has estimated tourist accommodation of 19000 rooms in 772 hotels and as per assessment of the state tourism department, 20000 additional rooms will be required by year 2005. The state has decided to encourage more private investment. The state will encourage private investment in developing ancient buildings and heritage properties as tourist resorts; this will have dual advantage of preservation of heritage properties and additional accommodation.
- b. Traditionally Rajasthan has been depending on its heritage to attract tourists. Rajasthan Government is looking at ways and means of enhancing the tourist products.
  - o The State has rich forest reserves and national parks like Sariska, Bharatpur- Ghana and Rathambore. Other areas, which have the potential for Wildlife, will be promoted.
  - o Rajasthan has rich and varied heritage of handicrafts, handlooms and other products, which are appreciated by and purchased by tourists visiting the State. Efforts will be made to improve direct access of tourists to artisans. RTDC will develop shopping arcades in their existing properties and provide space to artisans to display and market their products. Efforts will be made to set up Shilpgrams and a Handicrafts Museum.
  - o Experience has shown that Fairs and festivals have great tourist appeal and promotional value. Some of the fairs and festivals have become internationally popular like the Pushkar and Desert Festival,

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Jaisalmer. The Government proposes to consolidate the facilities at such places to make these fairs and festivals more attractive.

### c. Destination Management

- In view of possible exploitation of tourists, Government of may enact a suitable legislation for regulating tourism trade.
- The Department of tourism will be empowered to license and inspect such establishments as are engaged in providing services of to tourists. Since there is an existing procedure for classification of Hotels, such establishments will not be brought under the purview of the legislation to avoid duplication of regulatory procedures.
- Complaints received through tourists may be readdressed through Tourist Assistance Force.
- Care will be taken to avoid unrestricted entry of tourists beyond the carrying capacity of National Parks and Sanctuaries.

## **DELHI**

Delhi has a rich inventory of heritage properties. Delhi is one of the two major gateways to the country. Delhi has done very little to promote tourism in the state.

This tourist has to come to Delhi for visiting all the popular tourist destinations in North India. Delhi is planning to set up 6/8 more Delhi Hatt type of facilities in different parts of Delhi. Efforts are being made to rejuvenate Tuglakabad Fort area.

## **PUNJAB**

Punjab has done very limited to promote tourism in the state. It has limited heritage assets and the same have been neglected. The Golden Temple or Darbar Sahib is the most frequented pilgrimage center of the state.

The Patiala Fort houses the National Sports Academy. Lately the Sheesh Mahal has been used as a backdrop to organize music concerts and contests and the area around the property has been improved.



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<b>CHANDIGARH HOTELS</b>		
<b>HOTEL</b>	<b>SECTOR</b>	<b>NO OF ROOMS</b>
AMAR	22 A	16
ALANKAR	22 A	12
AROMA	22 C	30
CHANDIGARH	22 C	16
CLASSIC	35 C	14
DIVYADEEP	22 B	14
G.K. INTERNATIONAL	35 C	28
HERITAGE	35 C	14
HIMANI'S	35 C	17
JASMINE	35 C	14
JAMES PLAZA	17	N/A
JULLUNDHAR	22 B	16
KAPIL	35 B	13
KC RESIDENCY	35 D	26
KWALITY RESIDENCY	22 A	14
Le CROWN	35 B	16
MAYA PALACE	35 B	26
METRO 35	35 C	16
MONARCH	35 B	14
MOUNTVIEW	10 B	156
PANKAJ	22 A	14
PARK INN	35	26
PICCADILY	22 B	48
REGENCY	35 B	25
RIKHI	35 B	16
SAMRAT	22 D	16
SHIVALIK VIEW	17 D	
SOUTHEND	35 C	13
SUNBEAM	22 B	57
CHANDIGARH YATRI NIWAS	24 B	
PRESIDENT	26 C	20
SOLITAIRE	NAC Shivalik Enclave	26
<b>PANCHKULA HOTELS</b>		
North Park	Panchkula - Shimla Road	30
Prabhat Inn ***	Panchkula - Shimla Road	
Oscar Regency	Panchkula - Shimla Road	20
Vikrant	Panchkula - Shimla Road	12
<b>ZIRAKPUR HOTELS</b>		
Mark Royal	(10 Kms from Panchkula)	50
Bristol	(10 Kms from Panchkula)	30+
Shagun	(10 Kms from Panchkula)	Info. Not avail.
Grow Green	(10 Kms from Panchkula)	12 (approx)

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State	Luxury tax on room	Qualifying rate -Rs	Actual/ Published	Sales tax on Food	Sales Tax on soft beverages	Sales tax on Liquor	Annual Bar licence - Rs lakhs	Excise on consumption - Beer Rs	Excise on consumption - liquor Rs	Electricity / unit	Electricity demand per KVA/ Month
Andhra Pradesh	5%	300	pub	8%	8%	8%	10 for hotel	nil	nil	4.61	108
Assam	20%	all	pub	7%	nil	nil	0.5	1.95+75%	3.75+75%	3.70+ 5%	70
Arunachal	nil	nil	nil	nil	nil	nil	0.5	nil	nil	2.15	
Bihar	7%	151	act	6+1%	11+1%	25+2%	3	1	6.75	2.92	125
Delhi	10%	500	act	8%	10%	20%	4.5 to 7.5			5.25 to 7.0	
Goa	15%	500	pub	15%		20% on foreign	0.6			2.90 to 3.30	110
Gujarat	20%	500	act	12%			0.2			3.5 +45%	
<b>Haryana</b>	<b>nil</b>	<b>nil</b>	<b>NA</b>	<b>10%</b>	<b>20%</b>	<b>20%</b>	<b>5.75</b>			<b>4.02</b>	
Himachal Pradesh	10%	150	pub	8%		33% on out of state	0.7			2.8	
Jammu & Kashmir	2%			8%		32%	1			3.18	
Karnataka	15%	1,000	pub	10%	10%	Indian 10% Foreign 60%	2.08			6.2	
Kerala	15%	500	act	9%		Local 5% imported 100%	13			2	
Madhya Pradesh	10%	all	act	9%	10%	nil	2			3.63	122
Maharashtra	10%	1,200	act	20%	20%	20%	1.18 to 2.64			3.71	
Orissa	nil	nil	nil	8%		Indian nil imported 20%	1.5			3.45	
Punjab	nil	nil	nil	9%	nil	nil	1.2	7.95	88	3.39	120
Rajasthan	8%	1,200	act	14%		Indian nil imported 50.6%	1.5 to 6.0	11	31	3.72	

# 20 year Perspective Tourism Master Plan for Chandigarh

[illegible]

# 20 year Perspective Tourism Master Plan for Chandigarh

Transport taxes		Token tax/ qtr	Tax per seat/km	Tax per day	Tax per month	Tax per week	Total per month	All India Tourist Permit per month
Delhi	35 seat coach	1675					560	1600
	Ambassador	850					285	
	Esteem	1300					433	
Haryana	35 seat coach a/c		8.53					4000
	35 seat coach non a/c		8.31					
	Ambassador/ Esteem	875					291	
	Qualis- 9 seats	3175					1058	
Punjab	35 seat coach			3175				nil
	Ambassador/ Esteem	800					267	
	Qualis- 9 seats	1000					333	
UP & Uttaranchal	35 seat coach	14500					485	4835
	Ambassador/ Esteem	730					243	
	Qualis- 9 seats	4350					1450	
Gujarat	35 seat coach					9000	36000	
Rajasthan	35 seat coach				20610		20610	2025
	Ambassador				1000		1000	
	Qualis- 9 seats				3400		3400	
Himachal Pradesh	35 seat coach	12000					4000	4000
	Ambassador/ Esteem	386					130	
	Qualis- 9 seats	3250					1085	
Madhya Pradesh	35 seater coach			3400				21600
	Qualis/ Ambasador			210				

Source : All India Transporters Association/ PHD Chamber of Commerce

Employment in Hotels & restaurants						
	Own Account Ent		Establishments		Total	
	Number	Employed	Number	Employed	Number	Employed
Andhra Pradesh	69979	131,082	26504	134,009	96483	265,091
Arunachal	446	823	1029	4,740	1475	5,563
Assam	12005	18,186	14713	56,020	26718	74,206
Bihar	39822	62,201	21599	81,870	61421	144,071
Delhi	10917	14,822	10642	65,402	21559	80,224
Goa	1740	2,578	1189	9,331	2929	11,909
Gujarat	14759	22,622	12945	66,042	27704	88,664
<b>Haryana</b>	<b>11971</b>	<b>15,360</b>	<b>5426</b>	<b>18,682</b>	<b>17397</b>	<b>34,342</b>
Himachal Pradesh	7931	9,937	3214	11,651	11145	21,585
Jammu & Kashmir						
Karnataka	60093	103,972	34429	160,522	94522	264,494
Kerala	71472	101,290	27483	103,657	98955	204,947
Madhya Pradesh	39248	57,836	24412	96,007	63660	153,843
Maharashtra	47828	73,828	52237	312,763	100065	386,591
Manipur	2174	4,400	794	3,169	2968	7,569
Meghalaya	2222	4,430	3100	11,767	5322	16,197
Mizoram	1010	1,635	619	1,706	1629	3,341
Nagaland	589	1,301	949	4,179	1538	5,480
Orissa	34811	60,779	18007	68,292	52818	129,071
Punjab	10006	13,503	6694	23,984	16700	37,487
Rajasthan	29426	38,606	14820	50,224	44246	88,830
Sikkim	261	593	398	1,809	659	2,402
Tamil Nadu	85563	139,566	36637	167,673	122200	307,239
Uttar Pradesh	73911	103,649	28760	102,230	102671	205,879
West Bengal	68179	92,019	26508	115,903	94687	207,922
Andaman & Nicobar						
Chandigarh						
Daman & Diu						
Dadra & Nagar Haveli						
Lakshwadeep						
Pondicherry						
Source : department of Tourism						

[illegible]

## 20 year Perspective Tourism Master Plan for Chandigarh

### **Approach to Assessment of Attractions**

Successful tourism products are those developed to meet the demands of existing and potential markets. These market segments have also been analysed.

While analyzing the attractions of Chandigarh, we kept in mind both Chandigarh Tourism Policy and the National Tourism Policy.

The approach has been

1. Identification of market segments
2. Listing of all attractions in Chandigarh
3. Mapping the relationship between Chandigarh Tourism and National Tourism Policies
4. Study of “Best Practice” in other City States
5. From the above, a shortlisting of projects.



**Fitness Trail**



**High Court**





**The Open Hand/ Dove – symbol of Chandigarh**



**Rock Garden sculpture**

## **Marketing State Tourism**

Three case studies are attached – Kerala, Rajasthan and Uttaranchal – representing “Best Practice” in the Indian context. Recently, Maharashtra has been very active in promotion.

Some pertinent observations are

1. **Get the basics in place.** In other words set the right conditions for enhancing infrastructure for tourism. Some specific actions taken
  - a. Common approach by all Govt. Departments. Rajasthan’s Rajiv Gandhi Mission and Uttaranchal’s Tourism Development Board ensure that various Govt.Depts and private sector are involved in Tourism plans
  - b. Giving Tourism Industry status. Kerala did this in 1986, Rajasthan in 1989
  - c. Outsource expertise. Uttaranchal and Rajasthan both utilize professionals for surveys and feasibility studies
  - d. Involve Private sector. Kerala Tourism formed JVs with two major hotel chains to attract investments. It has further set up a Tourism Investment Agency. Rajasthan offered further assistance to develop Heritage hotels. Uttaranchal has earmarked accommodation, restaurants, adventure sports, amusement parks for private development.
  - e. Develop Human resources. Rajasthan and Uttaranchal are encouraging private sector to set up Hotel management and Food craft institutes. There is emphasis on guide training and certification. Uttaranchal plans specialist training facilities for adventure sports. Kerala set up an Institute of Tourism & Travel Studies in 1988 in addition to the IHMCT in Kovalam.
  - f. Emphasis on civic infrastructure. Identified by Uttaranchal as a key area.
2. **Enhance the Tourism product.** Apart from traditional reasons for visits
  - a. Kerala – Ayurveda and Traditional festivals like Boat races, Elephant March, Nishagandhi Dance festival. Also developing a new Hill Station
  - b. Rajasthan – Direct access to Handicrafts and Handloom artisans, Fairs and festivals, Wildlife.

- c. Uttaranchal – Adventure sports

3. **Concentrate on a few destinations/ activities**

- a. Kerala – Ayurveda, Calicut-Kasargod, Quilon-Alleppey
- b. Uttaranchal – four hubs of Haridwar, Mussoorie, Nainital and Rishikesh.  
Adventure sports
- c. Goa – holidays
- d. Rajasthan - Heritage

4. **Manage Destinations.** Involve host population – Rajasthan positions this as a ‘peoples industry’, better connectivity, city decongestion, Safety & Security of tourists – Kerala thinking of an insurance scheme, restricting entry into sensitive areas like National Parks, Registration of establishments catering to tourist needs

5. **Product Positioning.** Each State needs to develop a USP.

- a. Kerala – God’s own Country
- b. Uttaranchal – Every season is the reason
- c. Goa – 365 days on holiday

6. **Promotion to target markets.**

- a. **Market segmentation** – Relevant market segments, both domestic and international, should be identified geographically and by reason for visit.  
Eg. Kerala also targets NRIs
- b. **Distribution** – Ability to reserve hotels/ tours in source markets
- c. **Sales** - Participation in domestic and International trade fairs, familiarization trips for identified agents, sales offices in key markets
- d. **Communications** - Focused advertising in trade and travel related media, PR, Interactive websites, e-mail magazines, sweepstake prizes for high profile contests, familiarization trips for identified journalists
  - i. Kerala has hired an agency in the US
- e. **Database maintenance**
- f. **Marketing alliances** – on-line airlines/ transporters, neighbouring States, destination co-op marketing.

### **How other City States/ small countries position themselves**

Chandigarh is similar in situation to the city states and small countries around the world. The chart below attempts to analyse some of the more successful city states in terms of their drawing power

<b>City State</b>	<b>Attractions</b>
Singapore	Trading - Was a trading post to the Far East <ul style="list-style-type: none"><li>– Now a Financial hub</li><li>– Connectivity to the world</li></ul> Manmade attractions <ul style="list-style-type: none"><li>– Jurong Bird Park, Night Safari, Sentosa Island &amp; ropeway, Aquarium</li><li>– Shopping, night markets</li><li>– Golf</li></ul>
Hongkong – now part of China, but mainly unchanged	Trading Shopping Sports – Horse racing, rugby
Macau	Gambling <ul style="list-style-type: none"><li>– Casino/ Jai Alai</li></ul> Formula 1 races
Monaco	Gambling Casino & entertainment Formula 1 races
Dubai	Trading – similar to Singapore Shopping Sports – horse racing, power boats, golf, tennis, cricket Events
Mauritius/ Bahamas/ Bermuda	Beaches

	Off-shore companies
Sun City, South Africa	Casino, Golf, water sports, events

Very few City States have the benefit of historical attractions such as at the Vatican. Some like Bahamas, Bermuda and Mauritius have the natural attractions of beaches. Most, however, have had to depend on manmade attractions.

It is obvious that those city states that have had a history of trading, have managed to develop themselves as World Financial Centers. As part of this development, they have installed infrastructure for communications, in particular, very broadband channels for Internet. Another off shoot of this development is the growth in media. Dubai, in fact, is building a media city.

**However, the one striking feature in all these cases is the emphasis on world class standard Recreation and Leisure facilities.** While facilities have been created for visitors, they are also used by the residents.

- Gambling is a major attraction in Macau, Monaco and Sun City.
- Horse racing is big in Hongkong and Dubai.
- Sporting events attract people to Singapore, Hongkong, Dubai, Monaco and Sun City.
- Entertainment Events are held in Sun City, Dubai, Hongkong, Singapore, Bahamas, Bermuda, Seychelles etc

We believe that Chandigarh does have the potential to become a successful city state based on its own draw. It is interesting to note that city States like Dubai, Singapore, Bahamas, Bermuda, Mauritius etc do not rely on their immediate neighbours.

### Market segments for Chandigarh Tourism

Market Segment	Potential demand	Potential Solutions
Residents of Chandigarh	Recreation and Leisure appear to be the main demands. However, Chandigarh residents tend to finish their working days relatively early and night entertainment demand is limited.	<ol style="list-style-type: none"> <li>1. Multiplex cinema halls</li> <li>2. Amusement Park</li> <li>3. Night food bazaar cum entertainment</li> <li>4. Horse Racing</li> </ol>
Neighbouring States 1. Delhi 2. Haryana 3. Punjab 4. Himachal Pradesh	<div>Delhi</div> <ul style="list-style-type: none"> <li>- Transit Stopover traffic to Shimla or Kulu/ Manali</li> <li>- Short breaks</li> </ul> <div>Haryana</div> <ul style="list-style-type: none"> <li>- Recreation &amp; Leisure</li> <li>- Shopping</li> <li>- Business</li> <li>- Meetings &amp; Conferences</li> </ul> <div>Punjab</div> <ul style="list-style-type: none"> <li>- Recreation &amp; Leisure</li> <li>- Shopping</li> <li>- Business</li> <li>- Meetings &amp; conferences</li> </ul> <div>Himachal Pradesh</div> <ul style="list-style-type: none"> <li>- Recreation &amp; Leisure</li> <li>- Shopping</li> <li>- Medical</li> </ul>	<ol style="list-style-type: none"> <li>1. Transit traffic, specially families with small children on their way to Kulu/ Manali. These start later in the day from Delhi and the children get restless after 4 to 5 hours. A good reason to stop would be an Amusement park.</li> <li>2. Recreation &amp; leisure. See comments above. None of the contiguous states has developed good R&amp;L facilities except possibly the Gurgaon and Faridabad districts bordering Delhi.</li> <li>3. Shopping. While Jalandhar and Ludhiana have now got good shopping facilities, they are still behind the range offered by Sector 17. If this is combined with R&amp;L, it makes a powerful attraction.</li> <li>4. Business. This is normally connected with Government.</li> <li>5. Meetings and conferences. Chandigarh being the State Capital of Haryana and the Punjab as well as the Northern Region HQ for several trade bodies, can satisfy this need</li> <li>6. Medical. Medical facilities at the PGI are excellent. The new Fortis Hospital in Mohalli can also contribute to Chandigarh room occupancies</li> </ol>

<b>Market Segment</b>	<b>Potential demand</b>	<b>Potential Solutions</b>
The Rest of India	Apart from transit to HP, and a very small market interested in architecture, the tourism demands from the rest of India are not met by Chandigarh	No strong offer to attract this segment
NRI's – Also those of Punjab origin	Chandigarh is the Gateway to the Punjab NRI Marriages	NRI's could be encouraged to expose their children, many of whom are negative to India, to the modern city beautiful - Chandigarh
Other Foreign	No real demand	

<b>State Tourism Policy &gt; vs. National Tourism Policy vvvv</b>	<b>Improving the quality of tourism products</b>	<b>Developing places of tourist interest</b>	<b>Providing necessary facilities for tourists</b>	<b>Other</b>
Place Tourism on the Concurrent list				Chandigarh has already declared Tourism as an industry in 1994. However, incentives and concessions need to be reviewed
Effective linkages and close coordination between Departments			Effective signages	Constitute a State Tourism Board/ Tourism Advisory Council
Safety & Security of Tourists	Accreditisation of Shops, transporters		Have police posts at Tourism Information centres	
Tourism Accounting System				Initiate a system for tracking tourism spends
Computerisation			Provide a central reservation facility.	
Concentrate on <b>one major project</b> as State USP				
<b>World Heritage sites</b> as opportunity to expand cultural Tourism				Secretariat & High Court complex??
<b>Themed Cultural Attractions</b>	Sound & Light at Rock Garden		Provide linkage between Rock Garden and Sukhna Lake and planned amusement park	Develop a documentary on the planning and development of Chandigarh



<b>State Tourism Policy &gt; vs. National Tourism Policy vvvv</b>	<b>Improving the quality of tourism products</b>	<b>Developing places of tourist interest</b>	<b>Providing necessary facilities for tourists</b>	<b>Other</b>
Capitalise on <b>traditional cuisines</b>	Run regular Food Festivals featuring foods from other States.			
Actively promote <b>village tourism</b>				
Exploit the potential of <b>wildlife sanctuaries</b>	Sukhna Bird sanctuary		Create awareness of the fauna	
Develop <b>Adventure tourism</b> with safety standards	Improve the tourist amenities at Sukhna lake.	Development of the Sports center at Kishangarh		
<b>Recreation &amp; leisure</b> are a vital component of the local & regional domestic tourism market	Develop a Dinner cruise on Sukhna Lake	Develop an amusement park.	Multiplex	Explore the possibility of a Race Track. This will help week end occupancies in the hotels
<b>MICE</b> to be developed for tourism, trade and commerce			Develop a convention centre	
Develop <b>Eco-tourism</b> through grassroots, community based movement	Create environmental consciousness through gardens	Develop the Botanical garden		
Capitalise on the growing awareness of India's <b>holistic healing</b> traditions				
Development of <b>shopping centers</b> for traditional crafts and information on them	Incorporate traditional arts and crafts with Kalagram			

<b>State Tourism Policy &gt; vs. National Tourism Policy vvvv</b>	<b>Improving the quality of tourism products</b>	<b>Developing places of tourist interest</b>	<b>Providing necessary facilities for tourists</b>	<b>Other</b>
Promote the <b>events, fairs and festivals</b> both locally and in the main markets	The quality of the Saturday Sector 17 entertainment needs to be reviewed	A daily night market can be developed		
Provide the infrastructure for <b>Business travel</b>		Convention center		

**The following projects have been shortlisted**

<b>Basic Tourism Infrastructure Projects</b>
1. Setting up a system of coordination between Departments through a “Mission Approach”
2. Assessing the economic impact of tourism in Chandigarh through annual surveys and the use of multipliers
3. Setting up police outposts in the new concept “Cultural/ Tourism Centre”
4. Setting up a system for accreditation of shops and transportation
5. Creating Tourist/ Cultural center
<b>Visitor generating projects</b>
6. Promoting traditional cuisine
7. Horse Race track
8. Amusement Park
9. Linking the sightseeing
10. Conference center to attract business travelers
11. Developing the City Centre
12. Adventure tourism & Wildlife Tourism
13. Attracting the Private Sector

## **Project 1**

### **Effective linkages and close coordination between Departments**

There is a need to set up a system in Chandigarh to coordinate with other departments whose work has a bearing on Tourism.

- 1) Currently the following Government agencies have a direct impact on tourism products
  - a) CITCO. Here, both Industrial development and Tourism come under the same department.
  - b) Town Planning
  - c) PWD (B&R)
  - d) PHD for water, sewage & sanitation
  - e) Police
- 2) Private bodies that are directly involved in tourism are the local chapters of
  - a) FHRAI/ HAI
  - b) TAAI/ IATO
  - c) Transporters association
- 3) Indirect involvement by private sector corporations for business travel requirements and their related associations
  - i) FICCI/ ASSOCHAM/ PHDCC etc.
  - ii) Informed and committed individuals with current or potential interest in the State
- 4) Some Central Government agencies are also involved. These are
  - a) NHAI
  - b) Indian railways

Two related approaches have been used by other Indian States

- ❑ Rajasthan has used a ‘mission’ approach whereby they have set up the Rajiv Gandhi Tourism Mission. This has the commitment from all State Ministries of giving tourism priority treatment.
- ❑ Uttaranchal is the first State to constitute a ‘Tourism Advisory Board’ with participation of both the Government and private sector

The roles in planning and identification of projects, problems and solutions are similar. They vary in that the ‘Tourism Advisory Board’ is a body constituted under an Act with broad powers. The ‘Mission Approach’ is not a legal body and is probably easier to implement in states where tourism is not a major industry.

### **Rajasthan - The Mission Approach**

This is exemplified by Rajasthan’s Rajiv Gandhi Mission on Tourism Development. While not a legal entity, the mission has

- ❑ A nodal agency in the Dept of Tourism, Art and Culture
- ❑ Collaborating agencies
  - RTDC
  - Dept of Urban Development
  - Dept of Archaeology & Museums
  - PWD
  - General Administration & Civil Aviation
  - Forest & Environment
  - Industries Dept
  - Devasthan Dept
  - West Zone Cultural Centre
  - Khadi & Village Industry Board
  - Archaeological Survey of India

The Mission is structured with a

- ❑ Chairman – Chief Minister
- ❑ Empowered committee chaired by the Chief Secretary

- ❑ Mission Director – Secretary Tourism, Art & Culture
- ❑ District level Sub-Mission – Chairman is District Collector
- ❑ Site/ Local – mini mission

A Mission Statement has been defined.

Ten Mission objectives have been identified and a 12 point strategy developed to implement the objectives. The mission statement seeks **“To make Tourism the peoples industry”**.

The objectives and strategy were developed with the help of task forces that surfaced problems and solutions on a variety of subjects including Policy needs.

10 Milestones have been defined and for each milestone specific activity and deadlines detailed.

The mission Director coordinates with other departments as well as professionals. The Directorate has the following Advisors

- ❑ Advisor Heritage
- ❑ Advisor Handicrafts
- ❑ Advisor Economist
- ❑ Advisor Media & Marketing
- ❑ Advisor Human Resource Development
- ❑ Advisor Research & Development
- ❑ Advisor Ecology/ Sociology

As well as consultants from the private sector

## **1. Uttarakhand - Constitution of a Tourism Development Board**

A high level Tourism Development Board has replaced the Tourism Directorate. The responsibilities of this board are

- a. Formulation and Strategy for development of tourism in Uttranchal
  - b. Preparation of plans and guidelines for developing and strengthening tourism related infrastructure in the state.
  - c. Preparation of plans for various tourist segments and activities, identification and development of projects and ensuring their timely implementation.
  - d. Establishment of standard / norms and framing of policy guidelines for various tourism activities.
  - e. Formulation of a strategy for mobilizing private sector participation and investment in the tourism sector.
  - f. A single window solution to all tourism related information, sanction for projects, escort services for obtaining clearances and approvals from other departments.
2. **Identifying Key Projects** - Based on the present tourist interest and the future potential in each destination.
3. **Outsourcing Expertise** - The tourism board empanelled more than hundred experts/ agencies to seek services of specialists and consultancy agencies.
4. **Destination Management** - The existing tourism centers need destination management plans to maintain and improve their effectiveness. Plans to be made for better connectivity, city decongestion, improvements of accommodation etc.
5. **New Destinations** - New tourism destinations have been identified which will developed and marketed as spokes to hubs to help in decongesting the hubs.
6. **Private Sector Participation** - The areas of accommodation facilities, tourist resorts, specialized food restaurants, facilities for adventure sports, amusement parks etc. Special incentives and concessions have been planned.

7. **Human Resource Development** - Plans to upgrade existing institutes and set up new institutes for diploma and degree training programmes.

- a) Specialist training for activities like adventure sports etc.
- b) Self-employment opportunities for local residents to encourage maximum participation of the host community.

8. **Infrastructure Development**

Establishment of world class infrastructure facilities will be the highest priority of Uttranchal government. In order to do this, special efforts are being made to mobilize institutional resources and private sector investment and participation.

**Recommendation**

**We recommend that Chandigarh start with a mission approach.**

This would require the backing of the Governor and the Chief Secretary to make it successful. The mission approach provides the coordination required and gives tourism a better profile with other departments.



<p style="text-align: center;"><b><u>Project 2</u></b> <b><u>Tourism Accounting System</u></b></p>
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Tourism will not get the attention it deserves unless the positive impacts can be demonstrated. Several measures of the changes in economic activity can be generated.

The most common are

- ❑ Changes in Sales or spending - The spending of visitors within the local area becomes sales or receipts for local businesses
- ❑ Changes in regional incomes - This is the sum of wages & salaries accruing to workers in these businesses and owners income and profits
- ❑ Changes in employment - Number of jobs supported by the given level of Sales.

What is required to be measured for an impact analysis is the changes that occur with the introduction or closing down of facilities. In simple terms, the economic impact is

$$\text{Economic impact} = \text{change in \# of visitors} * \text{average spend/visitor} * \text{Multiplier}$$

A visitor is defined by someone who lives outside the region so only 'new' spendings are measured.

The overall impact is normally arrived at by

- c) Measuring distinct visitor segments eg. Day trips, transit, stayover, business travel, Government expenditure on tourism related activities including museums, cultural activities, recreational parks etc.
- d) Measuring spending in distinct categories – lodging, restaurants, meals, petrol etc.
- e) Allocating spending to receiving sectors and applying ratios and multipliers

The first two measure primary effects.

Secondary effects are of two types

- a) Indirect effects are changes in spending, income and jobs within the region in sectors that supply goods and services to the tourism sector. This requires an input-output matrix.
- b) Induced effects are the increased spends by residents from the incomes earned in tourism and the supporting sectors.

Multipliers are required to capture the secondary effects and are generally expressed as a ratio to direct effects. These can be sales, income and employment multipliers.

The **World Bank** has estimated that for every Rs 10 lakhs invested in India, the following number of direct jobs are created

- |                             |           |
|-----------------------------|-----------|
| ➤ In Tourism projects       | 47.5 jobs |
| ➤ In Hotels and restaurants | 89.0 jobs |
| ➤ In agriculture            | 44.7 jobs |
| ➤ In Manufacturing          | 12.7 jobs |

**Tata Consultancy Service** has also estimated that for every direct job created in tourism, 4.62 indirect jobs are created in ancillary areas.

The **World Travel & Tourism Council** uses a ‘Direct Revenue Multiplier’ in tourism of 2.07.

While the intention of the Ministry of Tourism is to get a better understanding of the positive effects of tourism, at this stage the mechanism is not in place to collect the details in all sectors.

### **Recommendation**

**We suggest that Chandigarh Tourism puts in place a mechanism to collect data on direct effects. This may initially be in the form of annual surveys extrapolated to cover the State and calculated using the multipliers above. This will give Chandigarh Tourism the hard data required to substantiate the benefits of Tourism.**

<p style="text-align: center;"><b><u>Project 3</u></b> <b><u>SAFETY &amp; SECURITY</u></b></p>
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### **SPECIAL TOURISM POLICE**

The National Tourism policy states that “There is a need for the creation of a special tourism police force for deployment at major tourist destinations. This will provide travelers security through a spirit of courtesy and hospitality.”

While the creation of a special force at State level may not be feasible, the spirit of providing a sense of security to travelers is an important aspect. **At the very least, all Tourist information centers – see note on the concept – should have a police outpost which can deal with crimes against tourists.**

The awareness of these police outposts should be widely created with hotels, restaurants and shopping centers in the relevant districts. **There is no cost involved in this activity**

<p style="text-align: center;"><b>PROJECT 4. ACCREDITISATION OF SHOPS AND TRANSPORT AGENCIES</b></p>
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Two other areas where most tourists feel insecure in the sense of being cheated are Tourist shops and transportation.

It is suggested that Chandigarh Tourism institute a system of accrediting these establishments.

For shops, the requirements are simple

- All items will be price tagged
- All sales will be subject to return in undamaged condition

- Shops will carry the accreditation plaque/ sticker with the number of the monitoring agency

For transport, again requirements can be kept simple

- Taxis/ rickshaws will be metered or carry a tariff sheet
- No fare will be refused if the taxi/ rickshaw is at a stand
- Participating transport will carry a plaque/ sticker with the number of the monitoring agency
- Participating transport drivers may be asked to wear a uniform

In both cases, complaints will be taken up with the offending shop/ vehicle owner. A repeat complaint will bar the shop/ vehicle from carrying the plaque/ sticker.

### **Recommendation**

**We recommend that Chandigarh Tourism issue a tourist-cum-shopping guide – preferably in the form of a Chandigarh map - listing accredited shops and transporters. Maps should be given free at hotels, Sukhna Lake, Rock Garden and Sector 17 market. The cost of the guide can be recovered by advertising and sale of guides.**

## **PROJECT 6**

### **PROMOTING TRADITIONAL CUISINES**

Indian cuisine is not just a trend internationally – no longer represented by just Tandoori Chicken – but within the country there is a growing interest in regional cuisine. Kerala vegetarian and non-vegetarian restaurants are thriving. Gujarati, Konkan, Chettinad and Punjabi outlets are being well patronized in the metros.

In the past, extremely successful food festivals have been held at Kala Gram. Kalagram is an ideal venue between Chandigarh and Panchkula. It is suggested that State Tourism departments be contacted to conduct food festivals on an ongoing basis.

Some arrangement will need to be worked out with the North Region Cultural Centre, but as this is a win-win situation for both parties – and the general public, this should be possible. Kalagram may require additional parking facilities.

The neighbouring States of Himachal, Punjab, Uttar Pradesh, Uttaranchal, Haryana, Rajasthan, Jammu & Kashmir and Delhi can all be approached to hold festivals in Chandigarh. Chandigarh Tourism is also looking at promoting outbound traffic to adjoining States, and they may wish to use this platform more often.

If the months of May to July are excluded, it should be possible to organize a festival every month, thereby giving Chandigarh residents and visitors an additional area of recreation and leisure.

The festivals should be accompanied with performing arts and display the State handicrafts.

### **Recommendation**

**We recommend food festivals of various states be held at Kala Gram on an ongoing basis. This activity does not require much additional infrastructure and is in fact a revenue generating activity.**

### **Visitor numbers**

Past food festivals at Kalagram have generated 4-5000 visitors per festival over a 3-4 day festival period. If festivals are held monthly at a fixed period, say second weekend of the month or the full moon nights, the numbers can be sustained.

9 festivals x 5,000 visitors per festival = 45,000 visitors

### **Revenues**

Revenues to Chandigarh Tourism/ Kalagram will be generated by entrance tickets and stall rentals. Stall owners – handicrafts/ F&B – will have direct sales revenues. Assume expenditure @ Rs 50 per visitor for handicrafts/ F&B/ parking

9 Food & Cultural Festivals/ annum

Entrance fees = Rs 10 x 45,000	=	Rs 4.5 lakhs
Stall rentals @ Rs5000 x 9 festival x 15 stalls	=	Rs 6.75 lakhs
Revenues to stall owners 45,000 x Rs 50	=	Rs 22.5 lakhs

### **Costs**

Venue costs are minimal as infrastructure exists. There will be promotional costs

**Project 12**  
**Wildlife Tourism**

The Government of India, Department of Tourism has identified the development of wildlife sanctuaries as a priority item. Specific suggestions are to improve the quality of tourist facilities including Visitor information/ interpretation centers.

Chandigarh has the Sukhna Bird sanctuary. As a reserved forest, people are not allowed without permission. This area should not be developed further.

However, Chandigarh also has a wealth of flora. While the gardens attempt to highlight this, it is not generally known that there are over 1000 variety of trees in Chandigarh.

**Recommendation**

**We do not recommend any additional expenditure other than that normally budgeted for this activity.**

**Project 12 A**  
**Adventure Tourism**

Chandigarh has limited scope for adventure tourism.

Apart from promoting serious boating – rowing, sculls, sailing, regattas - in Sukhna Lake, the area is not conducive to pursuing adventure tourism.

**Recommendation**

**We do not recommend any additional expenditure on this activity other than that normally budgeted. Upgrading the facilities for the above can be taken up by the private sector.**



<p style="text-align: center;"><b>Project 5</b> <b><u>Concept for Cultural / Tourism Information Centres</u></b></p>
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These should be part of the City ‘Recreation and Leisure’ complex, and are envisioned as centers to showcase the State – a cross between Dilli Haat and National Crafts Museum.

At the very least they should have

1. Tourist office with all information on the State
2. Central reservation capabilities for hotel and tour packages.
  - a. These can be manned/ funded by the State Hotel Association & State Travel agent associations
  - b. Space can also be rented to airlines, railways and travel trade associations.
3. A permanent live exhibition of the State’s traditional lifestyle, arts and crafts. This can be modeled on the National Crafts Museum.
  - a. Artisans sell their goods directly and/ or through a central shop. The center provides a platform for the artisan on a revenue share or straight lease.
  - b. State produce can also be sold e.g Basmati rice
4. A permanent restaurant featuring the State cuisine.
  - a. This should be leased with stipulations on the menu and service standards
  - b. The area can also carry periodic photo exhibits/ art exhibits.
5. Some permanent shops can be incorporated and leased out.
  - a. Factory outlets of manufacturers based in the State is one example.
6. An open air amphitheatre to showcase the State’s performing arts
  - a. This should also have screening facilities for documentaries
  - b. This can be leased for private functions including marriages, film shooting
7. Open spaces for putting up stalls for celebrating State festivals
  - a. These can be handicrafts and food stalls leased to private parties.
8. Space should also be allotted to other State Tourism bodies
9. A police outpost where problems faced by tourists can be addressed.

Estimated costs for construction of this cultural centers are

Activity	Budget
----------	--------

Tourist office building with space for State tourist offices, Central reservations office, restaurant and police outpost, other offices	50 lakhs
Live exhibition of State's arts and crafts, permanent shops	10-15 lakhs
Open air amphitheatre – 750-100 persons	10 lakhs
Space for temporary stalls for State festivals	2 lakhs

### **Recommendation**

**This should be set up in the amusement park area planned near Sukhna lake.**

### **Visitor numbers**

The objective of this facility is to provide service, not generate additional visitors, though there will be an indirect effect.

### **Revenues**

Office rentals 10 offices x Rs10,000/ month	= Rs 12.0 lakhs
Restaurant rental @ Rs 20,000/ month	= Rs 2.4 lakhs
Shop rentals 10 shops x Rs 20,000/ month	= Rs 24.0 lakhs
Amphitheatre rentals 20 functions @ Rs 20,000	= Rs 4.0 lakhs

### **Costs**

Ongoing costs are for maintenance and common utilities @ Rs 24 lakhs/ year.

### **Funding**

The initial capital required is Rs 70-75 lakhs. Breakeven is achieved in 4-5 years and thereafter, it is a profitable operation.

### **Attracting the Private Sector**

While there appears to be no requirement to incentivise the building of hotels, there are other tourism related activities that would need incentives to attract the private sector.

We recommend that Chandigarh Government consider the following to develop a package of incentives..

### **INCENTIVES FOR TRAVEL & LEISURE INDUSTRY**

1. Assistance on project report preparation
2. Concessional land for specified projects
3. Entertainment tax exemption for 5 years
4. Capital investment subsidy of 20% subject to a maximum of Rs 20 lakhs
5. Recommendation of loans to Financial Institutions
6. Interest subsidy on loans from approved financial institutions
7. Energy subsidy
8. Concessions on stamp duties/ reimbursement – urban areas, rural areas
9. Concessions on Change in land use fees
10. Excise licence fees concessions
11. Concession on Transport taxes on vehicles used for this activity.

### **INVOLVING THE NON TRAVEL & LEISURE SECTOR IN TOURISM ACTIVITIES**

Chandigarh has over 25 corporates and PSUs with turnovers of over Rs 100 crores. These all have some commitment to Chandigarh and can be approached for sponsoring various activities that can improve the tourist experience.

- ❑ Greening of the environment – road dividers, green belts, parks
- ❑ Cleaning of the environment – garbage bins and collection
- ❑ Sponsorships of
  - signage

- projects such as handicraft villages
- events such as local festivals
- information kiosks
- tourist literature

The companies may be compensated in terms of exposure available. It is also common to have directional signs to the company premises.

## **Project 7**

### **Horse Race Course**

Horse racing is an activity that draws week end traffic. In India, the main race tracks are in Mumbai and Kolkata. These depend largely on the local population with free income. However, Pune and Bangalore both have successful race tracks where the attendance is from outside the city. The race season in these two cities fills hotels over the normally low weekends.

Revenue sources for Race Clubs are

- ❑ Club memberships
- ❑ Sponsorship of Corporate boxes
- ❑ Club house activities
- ❑ F&B concessions/ sales
- ❑ Gate money from attendees.
- ❑ Sponsorship of races.
- ❑ Programme sales
- ❑ Programme advertising
- ❑ Horses pay to race/ stable
- ❑ Share of tote
- ❑ Off-season revenues are buoyed by off track betting.
- ❑ Race tracks around the country pay for live telecasts via satellite.
  - This brings in viewership of about 2 lakh people

Race tracks are also labour intensive, both for the track and for ancillary activities like stud farms, training paddocks, stables and for manning the accommodations for staff, trainers jockeys etc. A quality race course with a 2000 meter track requires an area of about 200 acres depending on the shape of the plot. On clear grounds, a race track can be laid in 100 acres.

The area around Chandigarh and Delhi have the best stud farms in the country. Many are owned by political figures. There are at least 10 stud farms in the North where horses are

bought for racing across the country. Owners of stud farms currently need to travel to other race tracks to promote their products. The Delhi Race Course does not cater to quality horse races.

Setting up a race track is complicated. Tracks like Hongkong, Singapore, Malaysia, Kentucky etc all have their own systems and one suitable for Chandigarh will need to be worked out in conjunction with stud farms, race horse owners, authorities etc.

The modern tote systems are totally electronic and cost upto Rs 2 crores. They are backed by broadband access to allow off track betting and satellite broadcast/ reception.

**The indicated expense of setting up an entire race course with track, club house, stabling, accommodation, tote machines etc is in the region of Rs 40-50 crores minus cost of land.**

**The facility is usually given on long lease.**

Note

Mr. Narendra Lagad from Pune is an acknowledged authority on setting up race courses. He has set up one in Kandy, Sri Lanka. (Contacts are 020-6879495/ 6870217/ 098220-28285 e-mail : [narendralagad@hotmail.com](mailto:narendralagad@hotmail.com) )

#### **Recommendation**

**Chandigarh further examine the feasibility of including a Race Course in the Master Plan. The Club can have other sports facilities to attract memberships. Accommodation for out of town visitors should also be examined. The entire project should be in the private sector.**

#### **Visitor numbers**

Race attendees	15 race days x 5000 attendees	= 75,000
	30 off track x 1000 attendees	= 30,000

Club Members	Permanent members	= 500
	Out station members	= 300

### Revenues

1. Gate money	Race days 75,000 x Rs50	= Rs 37.5 lakhs
	Off track 30,000 x Rs 20	= Rs 6.0 lakhs
2. Club memberships	500 members x Rs 2 lakhs	= Rs 1000 lakhs
	300 outstation x Rs 75,000	= Rs 225 lakhs
3. Monthly dues + usage	300 x Rs 1000	= Rs 3.0 lakhs
	300 x Rs 400	= Rs 1.2 lakhs
4. Company sponsored boxes	10 x Rs 5 lakhs/ year	= Rs 50 lakhs
5. F&B concessions	45 days x 5 concessions x Rs5000	= Rs 11.25 lakhs
6. Programme sales	1 programme per 4 attendees xRs 10	= Rs 2.6 lakhs
7. Programme advertising @	Rs 1 lakh a programme x 45	= Rs 45 lakhs
8. Race charges	15 races x 8 horses x Rs 5000	= Rs 6.0 lakhs
9. Share of tote	5% of 105K attendees x Rs 200 per	= Rs 105 lakhs

Plus royalties for live telecasts.

### Costs - Ongoing

1. Race purses/ prizes – At least 2 prizes per meet can be sponsored by Corporate Houses.
2. Personnel – This includes
  - a. Tote supervisors/ tellers/ gate entrance/ horsemen's book keeper
  - b. Racing secretariat/ starter/ announcer/ stewards/ paddock judge. Some of these can be voluntary positions
  - c. Club house personnel
  - d. Track maintenance/ security
3. Equipment maintenance. This can be outsourced
4. Insurance
5. Utilities
6. Track Maintenance
7. Advertising. Programme printing

#### **Funding recommendation**

**The requirement is Rs 40-50 crores plus cost of land. The entire project should be tendered to the Private Sector. There are a variety of ways this can be managed from JV to fixed leases to profit/ revenue sharing.**



## Project 8

### **Amusement Park** **Attracting tourists en route to Himachal Pradesh**

Up to less than ten years ago, given the state of the highways and the quality of cars, most tourists driving from Delhi to the Himachal destinations of Shimla and Kullu- Manali required up to 6 hours to reach the Chandigarh environments. For many, especially those on their way to Kullu-Manali or those traveling with young children, a stop-over in Chandigarh was very convenient. Today, the distance is covered in 4 hours or less and Chandigarh is now accessed before lunch. Given that the average person can comfortably drive 400 Km or 6 hours a day, they can easily reach Shimla.

Also given the fact that car ownership is increasing at over 18% a year and that domestic tourism is increasing at 5% a year, traffic to Himachal out of Delhi will only increase over the next decade. The increased tourism promotion activity of Uttaranchal will also spur the HP Government to promote tourism more actively.

Therefore, it is imperative that some portion of the transit traffic to Kullu-Manali is attracted to overnight in Chandigarh. The logical segment to attract is those traveling with children as children tire of long car trips. In short, the attraction should be oriented to children.

Therefore, we propose an amusement cum water park. The water park would be a major attraction as most movement to the hills is in the Summer months. This need not be on the scale of a Disney World, but the rides and facilities of Appu Ghar but with quality equipment would suffice.

This would also be a facility for the local population of Chandigarh, providing reasonably priced family entertainment, currently available in very limited scope.

**The ideal location for this facility would be in the Kishangarh area, adjacent to the current leisure areas of Sukhna Lake, the Golf course and the Rock Garden. This has already been identified by Chandigarh Town Planning. The park should be marketed to the specific segment of families with small children traveling to Kulu/ Manali.**

Possible facilities in an amusement park are listed below.

While weekend usage will be high, it is necessary to balance the products to drive traffic throughout the week and throughout the day. The analysis below attempts this.

Attraction	Weekday usage			Investment	Direct jobs	Indirect jobs			
	AM	PM	Night						
<b>Amusement Park</b> - Ferris Wheel, slides, rides, dodgem cars	Med	Hi	Hi						
Animal rides	Med	Hi	Lo						
Bowling	Med	Hi	Hi						
Casino/ Slot Machines	Lo	Med	Hi						
<b>Cultural Centre</b> - Dilli Haat style to showcase the State	Hi	Hi	Hi						
<b>Fairground stalls</b> - games of chance and skill	Med	Med	Hi						
<b>Food Court</b> - Vishala/ Chowkidana	Lo	Lo	Hi						
Go-karting	Lo	Lo	Hi						
<b>Kiddies play centre</b> - Primeplay, Softlands	Hi	Hi	Med						
Mini-golf - Putt Putt	Med	Med	Hi						
Science Centre- Eg. Panorama in Kurukshetra	Hi	Hi	Lo						
<b>Shopping mall</b> - designer shops <i>a la</i> Santushti, factory outlets, discount clubs	Hi	Hi	Med						
Roller Skating rink	Lo	Med	Hi						
Swimming Pool - heated(?)	Hi	Hi	Hi						
Water Park	Lo	Med	Hi						
Mini - Zoo	Hi	Hi	Med						

Name of Park	Area in acres	Annual Visitors lakhs	Entrance fees excluding video games and some selected rides. Child below 1 metre free.
Essel World, Gorai	64	18 – 20	Child Rs.200/ Adult Rs 250
Water Kingdom, Gorai	24	12-14	Child Rs225/ Adult Rs 275
Nicco Park, Kolkata	40	12-13	
Kishi Kintha, Chennai		10	
VGP Universal, M'puram		8	
Appu Garh, Delhi		6-7	
MGM, Chennai		5-6	
Fun city, Chandigarh		4	Child Rs140/ Adult Rs 140
Fun & Food Village, Delhi	12	5	
Nicco Bhubhaneswar	15	2-2.5	
Nicco Jamshedpur	8	2-2.5	
Great Escapes, Nagpur		2	

### Visitor numbers

Given that Fun City, with its less than prime location, attracts around 5 lakh visitors a year, and that the recommended location can easily attract highway traffic to Himachal, it is not unreasonable to base visitor numbers at 5 lakhs a year going up to 7 over 3-4 years.

### Visitor spends

Factoring in student discounts and free children, Essel World/ Water Kingdom average Rs 175 per visitor. In Chandigarh, the average will probably be around Rs 150. In addition, visitors spend on parking, F&B and souvenirs as also on specialized rides and video games. An average visitor spend on items other than entrance is taken at Rs 50 per visitor.

Therefore revenues can be assumed to be 5 lakhs x Rs 150 = Rs 7.5 crores on entrance fees and a further 5 lakhs x Rs 50 = Rs 2.5 crores on other items. **Total revenues Rs 10 crores**

**Costs**

It costs roughly Rs 1.0 crore an acre to create an amusement park. The investment in Chandigarh will be in the region of Rs 15 crores.

**Funding**

**It is recommended that Chandigarh Tourism tenders the entire project to private sector. There a variety of ways this can be done from JV to various types of leases.**

**Marketing**

This will be done by the amusement park operator.

<p style="text-align: center;"><b><u>Project 9</u></b> <b><u>Linking the sightseeing</u></b></p>
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Chandigarh Tourism has recently introduced the Hop-on Hop-off bus linking the sightseeing of Chandigarh in an extremely user-friendly manner. This works very well for attractions that are fairly wide spread from each other where customers are willing to wait the 15 minutes to half an hour for the next lift. However, when attractions are relatively close together, waiting for the bus versus walking to the next attraction becomes a dilemma and an irritant.

The main case in point is the 1 km distance between the Rock Garden and Sukhna Lake, both 'must see' attractions of Chandigarh. The walk versus the wait for the bus, specially with children, are both unattractive options! The other alternative option is to pay a hefty fare to the auto rickshaws

It is understood that Chandigarh Town Planning has proposed leisure activities in the area beyond the Lake and between the existing Golf Course and Kishangarh. These are

- ❑ A sports complex
- ❑ Health resort/ picnic huts
- ❑ Amusement park

This, along with the activities already existing in the Sukhna Lake area, make this area a hub of leisure activities, visited by all Chandigarh tourists and most Chandigarh residents.

There are several possible solutions to ease this situation for the Chandigarh tourist.

- ❑ Regulate the auto rickshaws to charge the official fares
  - Auto rickshaws will probably boycott the stand as the potential fare is the minimum drop of flag amount.
- ❑ Increase the frequency of the Hop-on Hop-off service
  - It is probably not economically viable to increase the number of buses that would be required to increase frequency over the entire circuit.

- ❑ Introduce a shuttle bus between the two places
  - This would require one more bus to shuttle every 10 minutes
  - Customers may not be willing to pay any amount over and above the basic Hop-on Hop-off fare for a bus service that is seen to be part of the same system.
- ❑ Introduce a novel form of cheap transport between the two locations. Some alternatives
  - Animal drawn buggies
    - The number to move peak load volumes would be substantial
    - Horse drawn buggies would lead to the spoiling of one of Chandigarh's premier roads.
  - An elevated monorail/ rail system
    - It has been indicated that a 2 Km elevated track would be extremely costly. The monorail is necessarily electric
  - A conventional rail track with 'antique' engines and coaches in miniature. This would be like the narrow gauge railway to Matheran/ Darjeeling. The engine would be a diesel/ electric engine and could be designed like the 'Fairy Queen'. This would be an attraction in it's own right.
    - A diesel/ electric train can be run very cost-efficiently.
    - Pollution versus a steam train is minimal

### **Recommendation**

**It is recommended that a narrow gauge track and rake be commissioned to the private sector.**

### **Revenues**

#### **From ticket sales**

The Rock Garden receives an average of 3,000 – 5,000 visitors a day. All visitors to the Rock Garden also go to Sukhna Lake. With the development of the Recreational Area,

the Sports complex, the Tourist & Health Resort and the Amusement park, the number of visitors can only increase.

If 35 -40% of the visitors use the transport, which is an attraction in itself, this is roughly 1500 passengers a day @ Rs 5/ passenger = Rs 2.25 lakhs/ month. If running/ maintenance costs are 50%, net profits are Rs 1 lakh a month for a 70 month breakeven. If the Amusement Park and Tourist Health and Sports Centre are developed in Kishangarh, the numbers will rise dramatically.

In addition, there will be opportunity of generating revenues from advertising on the train.

### **Costs**

The estimated cost for setting down 2 Km of track is Rs 20 lakhs and the cost of the train, 4 coaches with 50 passenger capacity is Rs 20 lakhs. The engine is Rs 30 lakhs **for a total project cost of Rs 70 lakhs**

### **Sources of funds**

It is recommended that this project be funded by Chandigarh Tourism. The Indian railways may be approached to set up a mini rail museum in this area.

### **Marketing**

There is no marketing and promotion necessary and hence no specific marketing costs.

<p style="text-align: center;"><b>Project 10</b></p> <p style="text-align: center;"><b><u>Conference Centre for Business Travel</u></b></p>
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Businessmen travel to

- ❑ Meet buyers
- ❑ Meet suppliers
- ❑ Visit Home/ branch offices
- ❑ Incentive travel – where the travel is an incentive reward for better performance
- ❑ Attend conferences – own company and business associations

The first three reasons for travel cannot be influenced by third parties.

Business travel however can be generated to particular destinations through incentive travel and through conferences, conventions and exhibitions. Apart from road, rail and air access which is a common essential to develop these activities, and which is adequate in Chandigarh, each of the above also has its own requirements.

#### Incentive Travel

Incentive destinations are typically not those with cultural attractions but those with a wide range of leisure activities and nightlife. The participants of an incentive group are all prize winners of performance awards and are looking for a fun time in a place that ordinarily would be out of reach of their pockets or regular family holiday destinations. Chandigarh is not suited for incentive travel.

#### Meetings, Conventions and Exhibitions

##### Meetings and conferences

These are traditionally organized by companies for their own staff, distribution chain and, occasionally, suppliers. They are company need-based to communicate messages that require some interaction to a medium sized audience. The size of the company in terms of number of people and the spread of distribution are the prime drivers of meetings and conferences.



Apart from companies headquartered in Chandigarh, those headquartered in the surrounding districts of the Punjab and Haryana are also candidates for holding meetings and conferences in Chandigarh.

A listing of such companies is attached.

### Conventions and Seminars

These are meetings held for multiple organizations interested in the same topic. They are usually organized by industry associations, professional associations, management associations, universities and NGOs to discuss topics of common interest. Among the more common conventions are various medical disciplines, religious, environmental subjects etc.

However, the local chapter of the association needs to drive the organization of conventions and seminars. Typically, a bid document is put up to the national body that then may make an inspection trip to view facilities.

The bid is normally submitted with comprehensive back-up documentation which apart from the core expertise is exhibited, the documentation covers extra-curricular activities during the day for spouses and evening and night entertainment, accommodation facilities, transportation etc.

The local chapter must also organize the convention/ seminar. This can be fairly complicated and many organizations do not have in-house expertise. Successful conventions require that organizers are educated in meetings management.

Cities that have evolved as convention destinations generally have a dedicated 'Convention Visitors Bureau' that works with local organizations to generate conventions. The Bureau has full time employees and a committee made up of representatives from the local tourism, hospitality, transport facilities as well as Associations.

The attachment gives some organizations that can generate conventions in Chandigarh.

### Exhibitions

Exhibitions are held to display products. These may be organized by

- ❑ Companies – A launch of new products is usually accompanied by an exhibition
- ❑ Associations – Manufacturing associations, agricultural associations and other industry associations including travel, automobile, job fairs all require exhibition area.

Exhibition halls, typically being unfurnished have multi usage potential such as marriages, concerts and other social events.

It appears that there is scope for a meetings facility in Chandigarh. Given that hotel capacities, both current and in the future, will be contained by town planning, the conference facility should not be too large.

**Chandigarh Town Planning has already identified a 7 acre plot in Sector 31, next to the CII Northern region Headquarters.**

### **Recommendation**

It is suggested that this offers

- ❑ A venue for General Body meetings of 600-800 persons (Approx 600-800 sq.mtr).  
This would be auditorium seating
- ❑ 3-4 break-out rooms. These are not with any fixed seating but should have capacities ranging from 50 to 150 persons theatre style.( Approx 400 sq.mts)
- ❑ Exhibition area of approximately 1500 sq.mtr

- ❑ Business center facilities
- ❑ Restaurant and snack Bar
- ❑ Parking

### **Visitor numbers**

Typically, utilization of convention and exhibition area space is taken at 25% of capacity, even though it is possible to use spaces more than once a day. Exhibition area space may be better utilised as it has multi-functionality for social occasions.

A 600 seat auditorium with break out rooms should see a throughput of roughly 55,000 persons a year.

The exhibition space will have utilization for both exhibits and social functions. These are mutually exclusive. If the space is used 25% for exhibitions - 90 days a year including set up and knock down times – in other words exhibits available for 60-65 days, throughput of visitors will be 60-65,000.

Of the 270 days available for social functions, we can take a utilization of 40% or 100 days with an average marriage attendance of 500 pax, this will be 50,000 pax.

### **Visitor revenues**

#### **❑ Revenues from conference hall**

- Rentals per event @ Rs 20,000/event x 90 days = Rs 18 lakhs
- F&B on attendance of 55,000 x Rs 200 = Rs 110 lakhs

#### **❑ Revenues from exhibition hall**

- Rentals per event @ Rs 20,000 x 90 days = Rs 18 lakhs
- F& B on attendance of 60,000 x Rs 25 = Rs 15 lakhs

#### **❑ Revenues on Social functions**

- Attendance 50,000 x Rs 200 = Rs 100 lakhs

Total = Rs 261 lakhs

### **Cost**

The total cost of construction of approximately 3000 sq.mtrs convention center will be in the region of Rs 8-10 crores. Landscaping 7 acres with parking will be around Rs 15 Lakhs.

Profitability of rental income is around 80% - Rs 29 lakhs - and F&B income around 50% - Rs 112 lakhs for a total profitability of Rs 140 lakhs approx. Project viability break even in 5 –7 years.

### **Funding Sources**

Part of the cost of construction can be de-frayed by Corporates paying to have some of the break-out rooms and possibly the main auditorium named after their company/founder. ASSOCHAM has done this successfully with their HQ in Delhi.

### **Marketing**

A convention promotion bureau should be set up. Potential clients for conferences and conventions both in India and abroad are easily identified from ICCA and other association lists. The convention bureau will need to work with their India Chapters to prepare attractive bid documents.

<p style="text-align: center;"><b><u>Project 11</u></b> <b><u>Energising the City Centre</u></b></p>
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Sector 17 is the City Centre of Chandigarh. While most sectors have their own markets for daily essentials, Sector 17 is where aspirational 'Lifestyle' products are retailed. The market has been designed with vast pedestrian spaces and is eminently suitable to be developed as a social and entertainment hub.

Apart from the months of May & June, Chandigarh weather is suitable for outdoor activities

- ☐ Evenings - Mid March to end April, July to November
- ☐ During the Day - December to mid March

A social and entertainment hub would require

- ☐ Shopping for aspirational items. This trend already exists in Sector 17.
  - **Opening hours should allow for late shopping.**
  - **Night market stalls of handicraft items should be allowed**
  - **Special Sales periods/ Shopping Carnivals should be announced in advance**
- ☐ Range of F&B outlets. There is a reasonable range of outlets. These should be encouraged.
  - **Liquor licences should be made more easily available and extension of service should be allowed till 1am.**
- ☐ Entertainment
  - Movie Halls/ multiplexes/ open air movies and documentaries
  - Video parlours/ Bowling alleys/ slot machines
  - Street entertainment. Local performing artists and those performing at Kalagram,
  - All the Chandigarh festivals could be moved to Sector 17 – April Fools Day, Mango Festival, Indo-Pak Mushaira, Chrysanthamum Show

**Administration**

Energising the City Centre would require the active involvement of the Sector 17 shop keepers who have the most to gain from this initiative. They should be brought into the very initial planning stages. These activities do not require large funding, but coordination is crucial for success. Committees comprised of shop keepers and Chandigarh Administration should be formed for various types of activities.

**Funding**

As noted, large funds are not required. It should be possible to levy a small cess on shop turnover to fund activities.

**Marketing**

This is aimed to provide a focal point for Chandigarh residents. Communicating events will not require more than posters in Sector 17 and other sector markets.

## Attracting Private Sector Investment In Tourism Sector

### 1. Taxes

#### 1.1 *Rationalisation of taxes*

Expenditure tax is imposed by National Government while Luxury tax by State Governments. With the Expenditure tax, which is being levied at 10% where room charges are Rs. 3000 or more, being discontinued from 1 June 2003 as per the Union Budget 2003 and no Luxury tax levied, Chandigarh has an advantage over its neighbouring States. Incase in future Expenditure tax or any other tax is levied, then it is preferable to review the effect of total tax while calculating the taxes to be levied on the hotel industry. Moreover these taxes may be charged on the actual room tariff rather on published tariff rate card.

#### 1.2 *Other taxes*

In addition Service tax by Center and Entertainment tax by UT are also being imposed on the hotels. In the Union Budget 2003 services provided by the Hotels are exempted from Service tax. The rates of these taxes, together with expenditure tax and luxury tax, may be decided considering the composite tax (indirect taxes) rate for the hotel industry. The composite tax on hotel industry in India vis-à-vis neighbouring countries is presented in the table below:

Country	Composite Tax on Hotel Industry (%)
India	30*
Indonesia	21
Thailand	17
Malaysia	15
Singapore	14

Source: PHDCCI

\* Estimation includes 10% expenditure tax.

### **1.3     *Sales Tax***

The Sales tax on beverages and liquor is 12% in the UT, which is moderately higher, compared to other states like Uttar Pradesh, Himachal Pradesh, Punjab, Delhi, etc. Keeping in view the tax structure of other States and especially neighbouring States, Chandigarh may reconsider the sales tax rates for these.

### **1.4     *Transport tax***

Chandigarh has no transport tax while its neighbouring states Punjab and Haryana are charging the same. A single point tax collection system may be implemented in order to simplify the procedure and ensure smooth movement of tourist inter-states. Further, the tax rate per quarter levied on air-conditioned and non air-conditioned tourist vehicles may be limited by an overall cap amount for the country.

### **1.5     *Power***

The cost of electricity is a major component in the overall cost structure for a hotel and hence may need to be maintained in line with other comparative States.

### **1.6     *Foreign exchange earnings***

The UT may consider requesting the Centre for the extension of the time frame of income tax exemption on export earning under section 80HHD of the Income Tax Act 1961. The tourism sector may be granted this extension as like other exporters they too export their services and earn foreign exchange for the country. However, we may mention that it is unlikely that Centre will agree to this request as it has announced phasing out of such incentives.

### **1.7     *Income Tax***

The UT may also request Centre for providing investments in hotels as well as other industry in the tourism sector with Tax Holiday for a pre-determined period which can be decided in consultation with the various departments and the private sector participants. In order to promote new investments in a particular industry, request for tax holiday for about 5 years for new investments, applicable



for 2 year from the current financial year, may be sought. This may likely create positive interest among private sector to invest in these industries with in 2 years to avail the tax holiday. Here too, we may like to mention that the Centre providing such benefits is very unlikely.

## **2. Investment**

### **2.1 *Land rates***

The Government may consider providing land at concessional rates for construction of hotels and other infrastructure for tourism by private investor. Alternatively, Government may provide land free of cost and acquire stake in the new project constructed on it by private sector through a joint venture. The Government has draft a joint venture policy for attracting private sector, a review of which is also incorporated in this report.

### **2.2 *Stamp duty***

Chandigarh may consider reducing the stamp duty levied especially in the area related to pilgrimages, rural area, etc.

### **2.3 *One window clearance***

Chandigarh may provide one window clearance to the prospective private sector willing to invest in the UT. This will ensure speedy and efficient investment procedure for the private sector thereby attracting necessary investments.

## **3. Administrative Structure**

### **3.1 *Tourism Advisory Board***

The UT may strive towards constituting a board or a council comprising members from Tourism Development Corporation, Investment Promotion Board, Industrial Development Corporation, National Tourism Corporation/Department, etc. which will be primarily responsible for co-ordination and monitoring of tourism related activities and projects to ensure proper implementation of Tourism Policy. A detailed suggestion is set out in this report earlier.

### **3.2 *Tourism Development Fund***

The UT may implement Targeted Funding approach by creating Tourism Development Fund (TDF) which will be recipient of all revenues generated from tourism and tourism related businesses. The Fund will be created by raising low interest loans from multilateral agencies that are actively involved in providing financial assistance to public/private sectors for infrastructure development. A Special Purpose Vehicle may be created where all the funds raised will be parked and a deployed in developing infrastructure to enhance tourism sector. The identification of infrastructure for the development can be done in consultation with other administrative bodies, which are also responsible in developing infrastructure of the state to ensure proper co-ordination between all such bodies.

## **4. Infrastructure**

The Government may try to identify areas of strategic importance and involve private sectors in non-strategic areas. Further it may try to segregate core and non-core activities involved in the areas of strategic importance e.g. maintenance of railway platform, maintenance of bus station, etc. and allow private sectors in these activities. Such activities may be provided on a license basis, lease basis, etc. as decided after a proper study of the same. The funds raised by disinvesting of these non-core activities can be utilised in developing infrastructure of the UT.

## **5. Promotion**

Chandigarh may plan for an advertising strategy, which will attract tourist from the desired regions and thus benefiting the tourism industry in the UT. This will increase the interest of the private sector in investing in the tourism sector in the UT. The advertising strategy may include amongst others:

- Shopping festivals,
- Fun and Fair festivals,
- Rural art and handicraft festivals, etc.

## **Options for Attracting Private Sector Participation**

The projects in tourism, like infrastructure projects, too have long gestation period and requires huge capital investment initially. Further, the feasibility of tourism related projects are contingent on development and quality of infrastructure of the region like power, road, railway, water and communications.

No single individual agency either the private sector or the Government could finance the sector all alone as the investment required are large and the risk too is relatively higher. Hence part of the load of development of tourism sector may be shared by the inclusion of private sector. There are primarily two ways of sharing the responsibility with the private sector:

- Attracting Private Sector for new projects on all alone basis,
- Creating Public Private Partnership for new projects,
- Creating Public Private Partnership for existing projects owned by Government bodies, and
- Privatisation of existing projects to private sector.

A brief note on each method of involving private sector is set out below:

### **1. Attracting Private Sector for new projects:**

The private sector may be attracted towards new projects related to tourism like Leisure centers, entertainment parks, theatres, health spa, hotels, etc. by providing incentives for such investments. The list of incentives, applicable period, industry, investment amount, etc may be decided once the type of industry in the tourism sector is identified where Government would like the private sector to accept the responsibility.

### **2. Creating Public Private Partnership for new projects:**

The strategy to encourage Public Private Partnership include creating a Tourism Development Finance Company and developing alternative options for partnerships.

### **2.1 *Tourism Development Finance Company***

A TDFC may be formed with the investment from various state as well as centre owned financial institutions and inviting private sector and international agencies too may be considered. The main role of TDFC will to promote investment in tourism sector by providing long term debt and equity for the same.

### **2.2 *Alternative Models***

The alternative models for Public Private Partnership for new projects is set out below:

➤ **Build Operate Transfer (BOO)**

The private participant invest, executes the project, runs the business and transfer the property to the Government after the agreed span of period is over.

➤ **Build Operate Lease Transfer (BOLT)**

The private sector will invest, execute the project, operate the business and then transfer the assets to the Government on completion of agreed span of time. After the hand over of the assets to the Government the private participant will get fixed income by way of lease, which is agreed during the inception.

➤ **Build Own Operate and Transfer (BOOT)**

The private sector will invest, execute the project, own the assets created, operate the business and then transfer the assets to the Government on recovery of investments made at a designated rate of return. Until such time the hand over of the assets to the Government is completed, the private participant is responsible for maintenance and operation of the assets.

### **3. Creating Public Private Partnership for existing projects owned by Government bodies:**

The private sector may be interested in few existing projects owned by the Government, which the latter may like to share the responsibility of day-to-day-operation of the business but at the same time would also like to retain stake in the assets. We may like to mention that such properties may be spun-off as a separate entity and private sector may be invited to run the business in following two ways:

➤ **Formation of Joint Venture by inclusion of a private strategic partner:**

The private participant will invest funds in the new entity (existing project spun-off) and in return the Government will provide stake in the entity. While the private participant will be primarily be responsible for operating and strategic management decisions, approval of key decisions will required an concurrence from the Government.

➤ **Issuing license for management control to private parties and retaining ownership with the Government:**

The private participant neither provides any fund to the Government nor invests funds in the existing project. The ownership of the entity lies with the Government whereas the day-to-day operations are carried out by the private participant for a fixed fee or a revenue sharing model as agreed upon.

### **4. Privatisation of existing projects to private sector:**

The step wise strategy for privatisation of the tourism related properties is set out below:

#### **4.1 *Setting up a Commission***

The UT/Center may initiate the process of privatisation by setting up a Privatisation Commission (or Disinvestment Commission) for the purpose of privatisation of Government owned Tourism related properties. The commission will be primarily responsible for reviewing all properties with respect to the

financial status of the properties, priority of privatisation, the strategic importance of the property, etc.

#### **4.2 *Identification of Tourism Properties***

Subsequently, the commission will identify the Government owned properties related to tourism to be disinvested and the approach in which the privatisation process will be adopted. The various strategies, which may be considered for the privatisation, are set out below:

- a. The related properties may be clubbed together and privatised,
- b. Create chain of hotels, chain of restaurants, chain of dhabas, etc and privatise each chain,
- c. Sell certain properties on stand alone basis, etc.
- d. Create a trail and sell the trail, etc.

We may mention that the Government may appoint an advisor at this stage to assist in the process of formulation of detailed property-wise strategy, implementation of the strategy, structuring of the deals in terms of creation of Special Purpose Vehicles, spun-off of units, regulatory requirements, etc. marketing of the transactions and advise Government in the process till the transactions are completed. A detailed scope of work for the advisor may be drafted once the list of properties to be privatised in prepared.

## **Funding Of Tourism Projects**

### **Type of Funds**

The funds required to be raised for projects can be categorised broadly under three heads:

- Equity,
- Quasi equity, and
- Loans.

The mix of funding will depend upon the nature of project undertaken, the risk involved, the cash flows envisaged in future, creation of physical assets in order to leverage the project, etc.

### **Source of Fund**

Most of the Financial Institutes provide all kinds of plain vanilla funds, which are set out above. In addition, they also provide funds such as syndicate loans, Interest rate hedging/swaps, currency hedging loans, etc. in order to match the requirements of the projects.

An indicative list of Financials Institutions who may be approached for assistance in investments in Tourism sector are set out below:

#### **1. Domestic**

##### **Financial Institutes**

Tourism Finance Corporation of India  
Infrastructure Leasing Finance of India  
Industrial Development Bank of India  
Industrial Finance Corporation of India  
ICICI Limited  
Industrial Development Finance Corporation Limited

##### **Investment Institutes**

Life Insurance Corporation of India  
General Insurance Corporation of India  
United Trust of India

**State Financial Institutes**

Haryana State Industrial Development Corporation

Haryana Financial Corporation

**2. International Financial Institutes**

International Monetary Fund

World Bank

Asian Development Bank

International Finance Corporation(only to private sector)

KFW Line of Credit

International Bank of Reconstruction

Overseas Private Investment Corporation



## Application for Fund

There is no standard application form for financing a project as it varies from one Financial Institution to another. A company or entrepreneur, foreign or domestic, seeking to establish a new venture can approach the FI by submitting an Investment Proposal. The proposal submitted to FI for consideration should include the preliminary information as set out in **Annexure A**.

## Terms and conditions of Funding

### Terms

A list of terms, which are usually a part of any funding agreement, is set out below:

Currencies	The currency of the loan/fund to be disbursed by the Lender, payment of interest and repayment of the principal amount to the Lender is specified under this head.
Lending Rate	Lending rate can be broadly of three types: <ul style="list-style-type: none"><li>➤ Floating rate: 6-month London Interbank offered rate (LIBOR) for the US dollar and Japanese Yen and 6-month euro interbank offered rate (EURIBOR) for the euro plus a lending spread.</li><li>➤ Fixed rate : The cost of Bank's fixed rate borrowing of US dollars, Japanese yen or Swiss francs plus a lending spread.</li><li>➤ Resetter : Its is similar to fixed rate loans for the initial period which is tailored to the borrower's need after a specified period.</li></ul>
Commitment Fee	It is charged as a % per annum on progressive amount of undisbursed loan balance.
Front-End Fee	Its is a flat percentage fee of the loan amount
Maturity	As may be determined based on project needs and could comprise of a grace period and a repayment period with final maturity.
Loan Conversion	Following conversion options would be available subject to the Bank's conversion procedures as may be applicable at the time of conversion.

Options	<ul style="list-style-type: none"> <li>➤ Currency Conversion: The undisbursed amounts/disbursed amounts in whole or part of the undisbursed balance/disbursed amount of the loan may be converted into the three offered currencies.</li> <li>➤ Interest Rate Conversion: The floating lending rate on the whole or part of the disbursed balance may be converted into a fixed-rate at the prevailing market rate or vice versa for whole or part of the loan's residual maturity.</li> </ul> <p>Interest Rate Caps and Collars: A cap or collar on the floating lending rate may be purchased for up to the entire disbursed amount, for the whole or part of the residual maturity.</p>
Transaction Fees	A transaction fees may be charged pertaining to the above referred loan conversion.
Disbursement schedule	Amount and timing of loan disbursement are structured as per the project needs.
Prepayment	All or part of the disbursed and outstanding loans may be prepaid. Floating rate loans could be prepaid on an interest payment due date without a prepayment premium. Prepayment of floating rate loans on a date other than the interest payment due date will attract payment of a premium based on the difference, if any, between the rate at which the proceeds from the prepayment could be reinvested and Bank's funding cost for the prepaid amount. Prepayment of fixed rate loans or floating rate loans that involve conversion and a corresponding hedge requiring termination will attract payment of hedge unwinding costs, if any.
Cancellation	Borrower may cancel all or a part of the undisbursed balance at any time.
Repayment	Equal principal or annuity repayments.
Lending Rate Reset / Payment Dates	<ul style="list-style-type: none"> <li>➤ Lending rate for floating rate loans are generally reset every six months on an interest payment date.</li> <li>➤ Interest payment are generally due either on the 1st or 15th day of a calendar month and semiannually thereafter.</li> </ul>

## ***Conditions***

The primary objective of introducing conditions while providing loan/funds is to ensure that the proceeds of the loan are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency. Thus, the Lender's loan documents (e.g., loan agreement, guarantee agreement, where relevant project agreement, etc.) stipulate the loan covenants that are considered necessary to ensure the efficient implementation of, and the full realisation of benefits from, projects financed by Lender.

The loan covenants can be divided broadly into two categories: general covenants and special covenants:

### ***(i) General Covenants***

General covenants are standard assurances and undertakings that the Lender requires from all borrowers, guarantors, if any, and executing agencies for projects financed by the loans regardless of the special features of a particular project. General covenants include obligations on the part of the borrower, guarantor, if any, and the executing agency:

- to carry out the project with diligence and efficiency;
- to repay the loan;
- to procure goods and services and engage consultants in accordance with specified procedures;
- to maintain project records and accounts;
- to provide local currency funds, facilities, and other resources required for carrying out the project;
- to submit financial statements/ progress reports; and
- to establish and maintain adequate auditing arrangements with the provision that the Lender will retain the option to communicate directly with the auditors.

### ***(ii) Special Covenants***

Special covenants are those assurances and undertakings which the Lender considers necessary or desirable to obtain from the borrower, guarantor, if any, and the

executing agency for each project, having regard to the special features, identified difficulties, and reference points for monitoring of each project.

Special covenants are an important part of the loan documents and are so designed that compliance with these covenants will further ensure the successful implementation of the project, sustainable operation of the facilities, and full realization of its benefits. They also provide a basis for the Lender to monitor project implementation and performance. To facilitate monitoring of compliance, special covenants should indicate, wherever possible, the dates by which compliance is expected of various items therein, on the basis of a realistic assessment of project-specific requirements and the related government policy and procedure. Where special circumstances so warrant, special covenants may be used to require the borrower, if any, or the executing agency/guarantor to undertake necessary action even after completion of project implementation so as to ensure sustainability of project benefits.

### ***Compatibility of Loan Covenants with Local Laws***

Covenants are generally compatible with local laws, administrative practices and procedures, sectoral/subsectoral requirements, and socioeconomic conditions of developing member countries.

<b>Sr</b>	<b>Suggestions</b>	<b>Interventions required</b>	<b>Agencies Involved</b>
1	Taxation	Rationalisation, reduction and tax holidays.	SEB, Finance Department and Government of India
2	Land rates	Concession	CITCO
3	One window clearance	Creation of a body for one stop processing	CITCO and SEB
4	Structure	Creation of a Tourism Advisory Body	Government of Chandigarh
		Creation of Tourism Development Fund	Finance Department and CITCO
5	Infrastructure	Development of infrastructure and involvement of private sector	CITCO, PWD, Finance Department.
6	Marketing	Promotion of Chandigarh Tourism	CITCO
7	Attracting Private Sector Participation	Providing incentives	SEB, Ministry of Finance and Government of India, L&DO
		New Joint Ventures (PSP)	CITCO, Finance Department
		Joint Ventures for existing projects	CITCO
		Privatisation	CITCO and Finance Department

## **INDICATIVE INVESTMENT PROPOSAL OUTLINE**

There is no standard form for applications. This is an indicative framework providing key heads to be covered in an Investment Proposal to be submitted for funding.

### **1. Executive Summary**

Summarise all the important points of the proposal.

### **2. Lender's role**

Propose an equity, debt, or cofinancing arrangement.

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- Brief introduction and history of the borrower
- State the need to undertake the project.
- Briefly describe the project, including the implementation and operation philosophy.
- Specify the support obtained from government, lending institutions and investors for the project.
- State the need for the assistance required from the Lender.

### **4. The Market**

Describe the market and marketing arrangements. Include all the following:

- Basic market orientation: local, national, regional, or export.
- Projected production volumes, unit prices, sales objectives, and market share of proposed venture.
- Potential users of products and distribution channels to be used. Present sources of supply for products.
- Future competition and possibility that market may be satisfied by substitute products.
- Tariff protection or import restrictions affecting products.
- price sensitivity

- market risks
- Critical factors that determine market potential.

## **5. Feasibility Study**

Present a feasibility study establishing the technical, financial, economic, and environmental viability of the project, prepared by a reputable consultant.

### **5.1 Technical feasibility, manpower, resources, and environment:**

- Brief description of the process.
- Availability of manpower and of infrastructure facilities (transport and communications, power, water, etc.).
- Breakdown of projected operating costs by major categories of expenditures.
- Proposed location in relation to markets, infrastructure and manpower.
- Proposed capacity in comparison with other known competitors.
- Potential environmental issues and how these issues are addressed.

### **5.2 Cost Estimates**

Provide cost estimates for the project, analyzed two ways:

- major cost category
- local and foreign currency cost.

### **5.3 Investment requirements, project financing, and returns:**

- Estimate of total project cost, broken down into land, construction, installed equipment, and working capital, indicating foreign exchange component.
- Proposed financial structure of venture, indicating expected sources and terms of equity and debt financing.
- Type of financing (loan, equity, quasi-equity, a combination of financial products, etc.) and amount required from the Lender.
- Projected financial statement, information on profitability, and return on investment.
- Critical factors determining profitability.

#### **5.4 Financial and Economic Evaluation**

Calculate the economic and financial rates of return as well as return on the equity investment.

#### **5.5 Analysis**

Analyze the risks in implementing and operating the project with the accompanying mitigating measures showing which party will bear the risk and/or pay for the mitigating measures. The risk analysis should be accompanied by a list of proposed insurance coverages for both implementation and operation of the project.

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#### **7. Government support and regulations:**

- Project in context of government economic development and investment program.
- Specific government incentives and support available to project.
- Expected contribution of project to economic development.
- Outline of government regulations on exchange controls and conditions of capital entry and repatriation.

#### **8. Environmental Aspects**

Provide a site-specific environmental impact assessment report, highlighting environmental impacts and mitigating measures, prepared by an acceptable consulting firm in accordance with Lender's guidelines.

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List all permits and clearances required for implementing and operating the project, the issuing authority, and the date of issue or expected issue.



## **10. Implementation Arrangements**

Explain the implementation and contractual arrangements for the project, including the construction and supervision methodology.

Make sure the followings are included:

- a bar chart showing major scheduled achievements and completion for each of the major components of the project
- draft construction contracts
- sources of possible cost increases and delays
- Detailed description of liquidated damage provisions and performance bond requirements.

## Attracting Private Sector Investment In Tourism Sector

### 1. Taxes

#### 1.1 *Rationalisation of taxes*

Expenditure tax is imposed by National Government while Luxury tax by State Governments. With the Expenditure tax, which is being levied at 10% where room charges are Rs. 3000 or more, being discontinued from 1 June 2003 as per the Union Budget 2003 and no Luxury tax levied, Chandigarh has an advantage over its neighbouring States. Incase in future Expenditure tax or any other tax is levied, then it is preferable to review the effect of total tax while calculating the taxes to be levied on the hotel industry. Moreover these taxes may be charged on the actual room tariff rather on published tariff rate card.

#### 1.2 *Other taxes*

In addition Service tax by Center and Entertainment tax by UT are also being imposed on the hotels. In the Union Budget 2003 services provided by the Hotels are exempted from Service tax. The rates of these taxes, together with expenditure tax and luxury tax, may be decided considering the composite tax (indirect taxes) rate for the hotel industry. The composite tax on hotel industry in India vis-à-vis neighbouring countries is presented in the table below:

Country	Composite Tax on Hotel Industry (%)
India	30*
Indonesia	21
Thailand	17
Malaysia	15
Singapore	14

Source: PHDCCI

\* Estimation includes 10% expenditure tax.

### **1.3 Sales Tax**

The Sales tax on beverages and liquor is 12% in the UT, which is moderately higher, compared to other states like Uttar Pradesh, Himachal Pradesh, Punjab, Delhi, etc. Keeping in view the tax structure of other States and especially neighbouring States, Chandigarh may reconsider the sales tax rates for these.

### **1.4 Transport tax**

Chandigarh has no transport tax while its neighbouring states Punjab and Haryana are charging the same. A single point tax collection system may be implemented in order to simplify the procedure and ensure smooth movement of tourist inter-states. Further, the tax rate per quarter levied on air-conditioned and non air-conditioned tourist vehicles may be limited by an overall cap amount for the country.

### **1.5 Power**

The cost of electricity is a major component in the overall cost structure for a hotel and hence may need to be maintained in line with other comparative States.

### **1.6 Foreign exchange earnings**

The UT may consider requesting the Centre for the extension of the time frame of income tax exemption on export earning under section 80HHD of the Income Tax Act 1961. The tourism sector may be granted this extension as like other exporters they too export their services and earn foreign exchange for the country. However, we may mention that it is unlikely that Centre will agree to this request as it has announced phasing out of such incentives.

### **1.7 Income Tax**

The UT may also request Centre for providing investments in hotels as well as other industry in the tourism sector with Tax Holiday for a pre-determined period which can be decided in consultation with the various departments and the private sector participants. In order to promote new investments in a particular industry, request for tax holiday for about 5 years for new investments, applicable

for 2 year from the current financial year, may be sought. This may likely create positive interest among private sector to invest in these industries with in 2 years to avail the tax holiday. Here too, we may like to mention that the Centre providing such benefits is very unlikely.

## **2. Investment**

### **2.1 Land rates**

The Government may consider providing land at concessional rates for construction of hotels and other infrastructure for tourism by private investor. Alternatively, Government may provide land free of cost and acquire stake in the new project constructed on it by private sector through a joint venture. The Government has draft a joint venture policy for attracting private sector, a review of which is also incorporated in this report.

### **2.2 Stamp duty**

Chandigarh may consider reducing the stamp duty levied especially in the area related to pilgrimages, rural area, etc.

### **2.3 One window clearance**

Chandigarh may provide one window clearance to the prospective private sector willing to invest in the UT. This will ensure speedy and efficient investment procedure for the private sector thereby attracting necessary investments.

## **3. Administrative Structure**

### **3.1 Tourism Advisory Board**

The UT may strive towards constituting a board or a council comprising members from Tourism Development Corporation, Investment Promotion Board, Industrial Development Corporation, National Tourism Corporation/Department, etc. which will be primarily responsible for co-ordination and monitoring of tourism related activities and projects to ensure proper implementation of Tourism Policy. A detailed suggestion is set out in this report earlier.

### **3.2 *Tourism Development Fund***

The UT may implement Targeted Funding approach by creating Tourism Development Fund (TDF) which will be recipient of all revenues generated from tourism and tourism related businesses. The Fund will be created by raising low interest loans from multilateral agencies that are actively involved in providing financial assistance to public/private sectors for infrastructure development. A Special Purpose Vehicle may be created where all the funds raised will be parked and a deployed in developing infrastructure to enhance tourism sector. The identification of infrastructure for the development can be done in consultation with other administrative bodies, which are also responsible in developing infrastructure of the state to ensure proper co-ordination between all such bodies.

## **4. Infrastructure**

The Government may try to identify areas of strategic importance and involve private sectors in non-strategic areas. Further it may try to segregate core and non-core activities involved in the areas of strategic importance e.g. maintenance of railway platform, maintenance of bus station, etc. and allow private sectors in these activities. Such activities may be provided on a license basis, lease basis, etc. as decided after a proper study of the same. The funds raised by disinvesting of these non-core activities can be utilised in developing infrastructure of the UT.

## **5. Promotion**

Chandigarh may plan for an advertising strategy, which will attract tourist from the desired regions and thus benefiting the tourism industry in the UT. This will increase the interest of the private sector in investing in the tourism sector in the UT. The advertising strategy may include amongst others:

- Shopping festivals,
- Fun and Fair festivals,
- Rural art and handicraft festivals, etc.

## **Options for Attracting Private Sector Participation**

The projects in tourism, like infrastructure projects, too have long gestation period and requires huge capital investment initially. Further, the feasibility of tourism related projects are contingent on development and quality of infrastructure of the region like power, road, railway, water and communications.

No single individual agency either the private sector or the Government could finance the sector all alone as the investment required are large and the risk too is relatively higher. Hence part of the load of development of tourism sector may be shared by the inclusion of private sector. There are primarily two ways of sharing the responsibility with the private sector:

- Attracting Private Sector for new projects on all alone basis,
- Creating Public Private Partnership for new projects,
- Creating Public Private Partnership for existing projects owned by Government bodies, and
- Privatisation of existing projects to private sector.

A brief note on each method of involving private sector is set out below:

### **1. Attracting Private Sector for new projects:**

The private sector may be attracted towards new projects related to tourism like Leisure centers, entertainment parks, theatres, health spa, hotels, etc. by providing incentives for such investments. The list of incentives, applicable period, industry, investment amount, etc may be decided once the type of industry in the tourism sector is identified where Government would like the private sector to accept the responsibility.

### **2. Creating Public Private Partnership for new projects:**

The strategy to encourage Public Private Partnership include creating a Tourism Development Finance Company and developing alternative options for partnerships.

### **2.1 *Tourism Development Finance Company***

A TDFC may be formed with the investment from various state as well as centre owned financial institutions and inviting private sector and international agencies too may be considered. The main role of TDFC will to promote investment in tourism sector by providing long term debt and equity for the same.

### **2.2 *Alternative Models***

The alternative models for Public Private Partnership for new projects is set out below:

➤ **Build Operate Transfer (BOO)**

The private participant invest, executes the project, runs the business and transfer the property to the Government after the agreed span of period is over.

➤ **Build Operate Lease Transfer (BOLT)**

The private sector will invest, execute the project, operate the business and then transfer the assets to the Government on completion of agreed span of time. After the hand over of the assets to the Government the private participant will get fixed income by way of lease, which is agreed during the inception.

➤ **Build Own Operate and Transfer (BOOT)**

The private sector will invest, execute the project, own the assets created, operate the business and then transfer the assets to the Government on recovery of investments made at a designated rate of return. Until such time the hand over of the assets to the Government is completed, the private participant is responsible for maintenance and operation of the assets.

### **3. Creating Public Private Partnership for existing projects owned by Government bodies:**

The private sector may be interested in few existing projects owned by the Government, which the latter may like to share the responsibility of day-to-day-operation of the business but at the same time would also like to retain stake in the assets. We may like to mention that such properties may be spun-off as a separate entity and private sector may be invited to run the business in following two ways:

#### **➤ Formation of Joint Venture by inclusion of a private strategic partner:**

The private participant will invest funds in the new entity (existing project spun-off) and in return the Government will provide stake in the entity. While the private participant will be primarily be responsible for operating and strategic management decisions, approval of key decisions will required an concurrence from the Government.

#### **➤ Issuing license for management control to private parties and retaining ownership with the Government:**

The private participant neither provides any fund to the Government nor invests funds in the existing project. The ownership of the entity lies with the Government whereas the day-to-day operations are carried out by the private participant for a fixed fee or a revenue sharing model as agreed upon.

### **4. Privatisation of existing projects to private sector:**

The step wise strategy for privatisation of the tourism related properties is set out below:

#### **4.1 *Setting up a Commission***

The UT/Center may initiate the process of privatisation by setting up a Privatisation Commission (or Disinvestment Commission) for the purpose of privatisation of Government owned Tourism related properties. The commission will be primarily responsible for reviewing all properties with respect to the



## **Funding Of Tourism Projects**

### **Type of Funds**

The funds required to be raised for projects can be categorised broadly under three heads:

- Equity,
- Quasi equity, and
- Loans.

The mix of funding will depend upon the nature of project undertaken, the risk involved, the cash flows envisaged in future, creation of physical assets in order to leverage the project, etc.

### **Source of Fund**

Most of the Financial Institutes provide all kinds of plain vanilla funds, which are set out above. In addition, they also provide funds such as syndicate loans, Interest rate hedging/swaps, currency hedging loans, etc. in order to match the requirements of the projects.

An indicative list of Financials Institutions who may be approached for assistance in investments in Tourism sector are set out below:

#### **1. Domestic**

##### **Financial Institutes**

Tourism Finance Corporation of India  
Infrastructure Leasing Finance of India  
Industrial Development Bank of India  
Industrial Finance Corporation of India  
ICICI Limited  
Industrial Development Finance Corporation Limited

##### **Investment Institutes**

Life Insurance Corporation of India  
General Insurance Corporation of India  
United Trust of India

financial status of the properties, priority of privatisation, the strategic importance of the property, etc.

#### **4.2 Identification of Tourism Properties**

Subsequently, the commission will identify the Government owned properties related to tourism to be disinvested and the approach in which the privatisation process will be adopted. The various strategies, which may be considered for the privatisation, are set out below:

- a. The related properties may be clubbed together and privatised,
- b. Create chain of hotels, chain of restaurants, chain of dhabas, etc and privatise each chain,
- c. Sell certain properties on stand alone basis, etc.
- d. Create a trail and sell the trail, etc.

We may mention that the Government may appoint an advisor at this stage to assist in the process of formulation of detailed property-wise strategy, implementation of the strategy, structuring of the deals in terms of creation of Special Purpose Vehicles, spun-off of units, regulatory requirements, etc. marketing of the transactions and advise Government in the process till the transactions are completed. A detailed scope of work for the advisor may be drafted once the list of properties to be privatised in prepared.

**State Financial Institutes**

Haryana State Industrial Development Corporation

Haryana Financial Corporation

**2. International Financial Institutes**

International Monetary Fund

World Bank

Asian Development Bank

International Finance Corporation(only to private sector)

KFW Line of Credit

International Bank of Reconstruction

Overseas Private Investment Corporation

## Application for Fund

There is no standard application form for financing a project as it varies from one Financial Institution to another. A company or entrepreneur, foreign or domestic, seeking to establish a new venture can approach the FI by submitting an Investment Proposal. The proposal submitted to FI for consideration should include the preliminary information as set out in **Annexure A**.

## Terms and conditions of Funding

### Terms

A list of terms, which are usually a part of any funding agreement, is set out below:

Currencies	The currency of the loan/fund to be disbursed by the Lender, payment of interest and repayment of the principal amount to the Lender is specified under this head.
Lending Rate	Lending rate can be broadly of three types: <ul style="list-style-type: none"><li>➤ Floating rate: 6-month London Interbank offered rate (LIBOR) for the US dollar and Japanese Yen and 6-month euro interbank offered rate (EURIBOR) for the euro plus a lending spread.</li><li>➤ Fixed rate : The cost of Bank's fixed rate borrowing of US dollars, Japanese yen or Swiss francs plus a lending spread.</li><li>➤ Resetter : Its is similar to fixed rate loans for the initial period which is tailored to the borrower's need after a specified period.</li></ul>
Commitment Fee	It is charged as a % per annum on progressive amount of undisbursed loan balance.
Front-End Fee	Its is a flat percentage fee of the loan amount
Maturity	As may be determined based on project needs and could comprise of a grace period and a repayment period with final maturity.
Loan Conversion	Following conversion options would be available subject to the Bank's conversion procedures as may be applicable at the time of conversion.

Options	<ul style="list-style-type: none"> <li>➤ Currency Conversion: The undisbursed amounts/disbursed amounts in whole or part of the undisbursed balance/disbursed amount of the loan may be converted into the three offered currencies.</li> <li>➤ Interest Rate Conversion: The floating lending rate on the whole or part of the disbursed balance may be converted into a fixed-rate at the prevailing market rate or vice versa for whole or part of the loan's residual maturity.</li> </ul> <p>Interest Rate Caps and Collars: A cap or collar on the floating lending rate may be purchased for up to the entire disbursed amount, for the whole or part of the residual maturity.</p>
Transaction Fees	A transaction fees may be charged pertaining to the above referred loan conversion.
Disbursement schedule	Amount and timing of loan disbursement are structured as per the project needs.
Prepayment	All or part of the disbursed and outstanding loans may be prepaid. Floating rate loans could be prepaid on an interest payment due date without a prepayment premium. Prepayment of floating rate loans on a date other than the interest payment due date will attract payment of a premium based on the difference, if any, between the rate at which the proceeds from the prepayment could be reinvested and Bank's funding cost for the prepaid amount. Prepayment of fixed rate loans or floating rate loans that involve conversion and a corresponding hedge requiring termination will attract payment of hedge unwinding costs, if any.
Cancellation	Borrower may cancel all or a part of the undisbursed balance at any time.
Repayment	Equal principal or annuity repayments.
Lending Rate Reset / Payment Dates	<ul style="list-style-type: none"> <li>➤ Lending rate for floating rate loans are generally reset every six months on an interest payment date.</li> <li>➤ Interest payment are generally due either on the 1st or 15th day of a calendar month and semiannually thereafter.</li> </ul>

## ***Conditions***

The primary objective of introducing conditions while providing loan/funds is to ensure that the proceeds of the loan are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency. Thus, the Lender's loan documents (e.g., loan agreement, guarantee agreement, where relevant project agreement, etc.) stipulate the loan covenants that are considered necessary to ensure the efficient implementation of, and the full realisation of benefits from, projects financed by Lender.

The loan covenants can be divided broadly into two categories: general covenants and special covenants:

### ***(i) General Covenants***

General covenants are standard assurances and undertakings that the Lender requires from all borrowers, guarantors, if any, and executing agencies for projects financed by the loans regardless of the special features of a particular project. General covenants include obligations on the part of the borrower, guarantor, if any, and the executing agency:

- to carry out the project with diligence and efficiency;
- to repay the loan;
- to procure goods and services and engage consultants in accordance with specified procedures;
- to maintain project records and accounts;
- to provide local currency funds, facilities, and other resources required for carrying out the project;
- to submit financial statements/ progress reports; and
- to establish and maintain adequate auditing arrangements with the provision that the Lender will retain the option to communicate directly with the auditors.

### ***(ii) Special Covenants***

Special covenants are those assurances and undertakings which the Lender considers necessary or desirable to obtain from the borrower, guarantor, if any, and the

executing agency for each project, having regard to the special features, identified difficulties, and reference points for monitoring of each project.

Special covenants are an important part of the loan documents and are so designed that compliance with these covenants will further ensure the successful implementation of the project, sustainable operation of the facilities, and full realization of its benefits. They also provide a basis for the Lender to monitor project implementation and performance. To facilitate monitoring of compliance, special covenants should indicate, wherever possible, the dates by which compliance is expected of various items therein, on the basis of a realistic assessment of project-specific requirements and the related government policy and procedure. Where special circumstances so warrant, special covenants may be used to require the borrower, if any, or the executing agency/guarantor to undertake necessary action even after completion of project implementation so as to ensure sustainability of project benefits.

### ***Compatibility of Loan Covenants with Local Laws***

Covenants are generally compatible with local laws, administrative practices and procedures, sectoral/subsectoral requirements, and socioeconomic conditions of developing member countries.

<b>Sr</b>	<b>Suggestions</b>	<b>Interventions required</b>	<b>Agencies Involved</b>
1	Taxation	Rationalisation, reduction and tax holidays.	SEB, Finance Department and Government of India
2	Land rates	Concession	CITCO
3	One window clearance	Creation of a body for one stop processing	CITCO and SEB
4	Structure	Creation of a Tourism Advisory Body	Government of Chandigarh
		Creation of Tourism Development Fund	Finance Department and CITCO
5	Infrastructure	Development of infrastructure and involvement of private sector	CITCO, PWD, Finance Department.
6	Marketing	Promotion of Chandigarh Tourism	CITCO
7	Attracting Private Sector Participation	Providing incentives	SEB, Ministry of Finance and Government of India, L&DO
		New Joint Ventures (PSP)	CITCO, Finance Department
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- Proposed capacity in comparison with other known competitors.
- Potential environmental issues and how these issues are addressed.

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Provide cost estimates for the project, analyzed two ways:

- major cost category
- local and foreign currency cost.

### **5.3 Investment requirements, project financing, and returns:**

- Estimate of total project cost, broken down into land, construction, installed equipment, and working capital, indicating foreign exchange component.
- Proposed financial structure of venture, indicating expected sources and terms of equity and debt financing.
- Type of financing (loan, equity, quasi-equity, a combination of financial products, etc.) and amount required from the Lender.
- Projected financial statement, information on profitability, and return on investment.
- Critical factors determining profitability.

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Make sure the followings are included:

- a bar chart showing major scheduled achievements and completion for each of the major components of the project
- draft construction contracts
- sources of possible cost increases and delays
- Detailed description of liquidated damage provisions and performance bond requirements.

**Prioritisation of selected projects**

<b>Activity</b>	<b>Short term 1-5 years</b>	<b>Medium term 5-10 years</b>	<b>Long term 10-20 years</b>
<b>Basic Tourism Infrastructure Projects</b>			
1. Setting up a system of coordination between Departments through a “Mission Approach”	✓		
2. Assessing the economic impact of tourism in Chandigarh through annual surveys and the use of multipliers	✓		
3. Setting up police outposts in the new concept “Cultural/ Tourism Centre”	✓		
4. Setting up a system for accreditation of shops and transportation	✓		
5. Creating Tourist/ Cultural center	✓		
<b>Visitor generating projects</b>			
6. Promoting traditional cuisine	✓		
7. Horse Race track	✓	✓	
8. Amusement Park	✓	✓	
9. Linking the sightseeing	✓		
10. Conference center to attract business travelers	✓	✓	
11. Developing the City Centre	✓		
12. Adventure tourism & Wildlife Tourism			

### **Job creation Potential of Projects**

<b>Activity</b>	<b>Total Project cost</b>	<b>Direct jobs created</b>	<b>Indirect jobs created</b>
<b>Basic Tourism Infrastructure Projects</b>			
1. Setting up a system of coordination between Departments through a “Mission Approach”	Nil		
2. Assessing the economic impact of tourism in Chandigarh through annual surveys and the use of multipliers	Rs 10 lakhs per year	50	50
3. Setting up police outposts in the new concept “Cultural/ Tourism Centre”	Nil	5	20
4. Setting up a system for accreditation of shops and transportation	Nil	5	20
5. Creating Tourist/ Cultural center	Rs 75 lakhs	350	1000
<b>Visitor generating projects</b>			
6. Promoting traditional cuisine	Nil		
7. Horse Race track	Rs40 –50 crores	1000	4600
8. Amusement Park	Rs 30 crores	1000	4000
9. Linking the sightseeing	Rs 70 lakhs	100	400
10. Conference center to attract business travelers	Rs 10 crores	300	1200
11. Developing the City Centre	Nil	?	
12. Adventure tourism & Wildlife Tourism	Nil	-	

**Funding of Projects**

<b>Activity</b>	<b>Total project cost</b>	<b>Cost to Govt</b>	<b>Other funding sources</b>
<b>Basic Tourism Infrastructure Projects</b>			
1. Setting up a system of coordination between Departments through a “Mission Approach”			
2. Assessing the economic impact of tourism in Chandigarh through annual surveys and the use of multipliers	Rs 10 lakhs/yr	Rs 10 lakhs/year	
3. Setting up police outposts in the new concept “Cultural/ Tourism Centre”	Nil	Nil	
4. Setting up a system for accreditation of shops and transportation	Negligible	Negligible	
5. Creating Tourist/ Cultural center	Rs 75 Lakhs	Rs 75 lakhs	Corporate
<b>Visitor generating projects</b>			
6. Promoting traditional cuisine	Nil		
7. Horse Race track	Rs 40-50 crores	Variable	Pvt Sector
8. Amusement Park	Rs 30 crores	Variable	Pvt Sector
9. Linking the sightseeing	Rs 70 lakhs	Rs 70 lakhs	Lease
10. Conference center to attract business travelers	Rs 10 crores	Rs 10 crores	Some Corporate
11. Developing the City Centre			
12. Adventure tourism & Wildlife Tourism	Nil		

**Economic impact of short term projects**

<b>Activity</b>	<b>Total Project Cost</b>	<b>Potential Ongoing Revenues</b>	<b>Multiplier Effect</b>
<b>Basic Tourism Infrastructure Projects</b>			
1. Setting up a system of coordination between Departments through a “Mission Approach”			
2. Assessing the economic impact of tourism in Chandigarh through annual surveys and the use of multipliers			
3. Setting up police outposts in the new concept “Cultural/ Tourism Centre”			
4. Setting up a system for accreditation of shops and transportation			
5. Creating Tourist/ Cultural center	Rs 75 lakhs	Rs 42 lakhs	Rs85 lakhs
<b>Visitor generating projects</b>			
6. Promoting traditional cuisine	Nil	Rs 33 lakhs	Rs70 lakhs
7. Horse Race track	Rs 40-50 crores	Rs 3.13 crores	Rs 6.5 crores
8. Amusement Park	Rs 30 crores	Rs 10 crores	Rs 20 crores
9. Linking the sightseeing	Rs 70 lakhs	Rs 27 lakhs	Rs 55 lakhs
10. Conference center to attract business travelers	Rs 10 crores	Rs 2.6 crores	Rs 5.5 crores
11. Developing the City Centre			
12. Adventure tourism & Wildlife Tourism			



Name of Project	Financial Parameters	Rate	Annual Growth rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Cultural/ Tourist centres</b>	<b>Project Funding-Rs lakhs</b>	<b>75</b>											
	Funding Yrs 1-5	75											
	Funding Yrs 6-10												
	Funding Yrs 10-20												
	<b>Revenues</b>												
	Rental/ lease- Rs.lakhs		5%		42.4	44.52	46.75	49.08	51.54	54.11	56.82	59.66	62.64
	<b>Operational Costs</b>		5%		24	25.2	26.46	27.78	29.17	30.63	32.16	33.77	35.46
	<b>Operating profits</b>				<b>18.4</b>	<b>19.32</b>	<b>20.29</b>	<b>21.3</b>	<b>22.37</b>	<b>23.48</b>	<b>24.66</b>	<b>25.89</b>	<b>27.19</b>
<b>Traditional Cuisine</b>	<b>Project Funding-Rs lakhs</b>	<b>Nil</b>											
	<b>Revenues</b>												
	Visitor numbers 000's		5%	45000	47250	49613	52093	54698	57433	60304	63320	66485	69810
	Visitor spends-Rs.lakhs	Rs 60/	5%	27.02	28.37	29.79	31.28	32.85	34.49	36.21	38.02	39.92	41.92
	Rental/ lease- Rs.lakhs		5%	6.75	7.09	7.44	7.81	8.20	8.61	9.05	9.50	9.97	10.47
	<b>Total Revenues</b>			<b>33.77</b>	<b>35.46</b>	<b>37.23</b>	<b>39.1</b>	<b>41.05</b>	<b>43.1</b>	<b>45.26</b>	<b>47.52</b>	<b>49.9</b>	<b>52.39</b>
	<b>Operational Costs-Rs lakhs</b>		5%	24	25.20	26.46	27.78	29.17	30.63	32.16	33.77	35.46	37.23
	<b>Operational Profits</b>			<b>9.77</b>	<b>10.26</b>	<b>10.77</b>	<b>11.31</b>	<b>11.88</b>	<b>12.47</b>	<b>13.10</b>	<b>13.75</b>	<b>14.44</b>	<b>15.16</b>
<b>Name of Project</b>	<b>Financial Parameters</b>	<b>Rate</b>	<b>Annual Growth rate</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Horse Race Track &amp; Club</b>	<b>Project Funding-Rs lakhs</b>	<b>5,000</b>											
	Funding Yrs 1-5	4,000											
	Funding Yrs 6-10	1,000											
	Funding Yrs 10-20												
	<b>Revenues- Rs lakhs</b>												
	Visitor numbers 000's		5%				105.0	110.3	115.8	121.6	127.6	134.0	140.7
	Club Memberships		25/yr		600	625	50	50	50	50	50	50	50
	Monthly dues		5%				4.2	4.41	4.63	4.86	5.11	5.36	5.63
	Corporate Boxes		5%				50	52.50	55.13	57.88	60.78	63.81	67.00

[illegible]

	Funding Yrs 6-10												
	Funding Yrs 10-20												
	<b>Revenues</b>												
	Conference visitors 000s		5%		55	57.75	60.64	63.67	66.85	70.2	73.71	77.39	81.26
	Visitor spends-Rs.lakhs	Rs200/	5%		110	121.3	127.3	133.7	140.4	147.4	154.8	162.5	170.6
	Rentals -Rs lakhs		5%		18	18.9	19.85	20.84	21.88	22.97	24.12	25.33	26.59
	Exhibition visitors 000s		5%		60000	63000	66150	69458	72930	76577	80406	84426	88647
	Visitor spends-Rs.lakhs	Rs 25/	5%		15	16.54	17.36	18.23	19.14	20.1	21.11	22.16	23.27
	Rentals- Rs lakhs		5%		18	18.9	19.85	20.84	21.88	22.97	24.12	25.33	26.59
	Social function visitors 000s		5%		50000	52500	55125	57881	60775	63814	67005	70355	73873
	Visitor spends-Rs.lakhs	Rs200/	10%		100	115.5	121.3	127.3	133.7	140.4	147.4	154.8	162.5
	Total Revenues				261	291.1	305.7	321	337	353.8	371.5	390.1	409.6
	<b>Operational Costs-Rs lakhs</b>		5%		112	117.6	123.5	129.7	136.1	142.9	150.1	157.6	165.5
	<b>Operational Profits</b>				<b>149</b>	<b>173.5</b>	<b>182.2</b>	<b>191.3</b>	<b>200.9</b>	<b>210.9</b>	<b>221.5</b>	<b>232.5</b>	<b>244.1</b>

