Study to Evaluate the Plan Schemes of 'Large Revenue Generating Projects'

Ministry of Tourism

Government of India

By

Final Report

nielsen

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Executive Summary

The scheme for Assistance to Large Revenue Generating Projects under the 11th Plan aimed for large investment to improve tourism infrastructure and services in the country. The scheme was formulated to attract private investment and participation for tourism projects. It aims to facilitate tourism attractions by promoting projects like tourist trains, cruise vessels, cruise terminals, convention centers, golf courses, health and rejuvenation facilities, etc., promoted by central / state government agencies, projects under PPP model, etc.

The present study was assigned to Nielsen India in order to evaluate the implementation of three large revenue projects sanctioned during the 11th plan period. All the three projects have been successfully implemented and are presently in operation generating revenue from tourist activities. The projects have been completed on time. However, the fund utilization of the total outlay of budget has been quite low. Projects sanctioned are limited to introducing luxury trains and transport vehicles. The project implementation was hassle free for the projects. The impact of projects has been positive in increasing tourism potential for the concerned destinations. Project maintenance costs and profitability of projects are some of the challenges incurred for successful operation.

It was observed that in case of tourist trains introduced the revenue generation is highly dependent on foreign tourist arrivals. Thus there is need for aggressive and targeted marketing in the international and domestic markets. The participation of private investors is negligible; the scheme needs to be promoted and publicized using clear cut marketing strategy for increased visibility and participation. The role and functions of the Project Monitoring Group (PMG) should be clearly defined. The PMG should also include technical expert's specific to projects for assistance and evaluation to projects.

Further, timely monitoring, approvals should be stringently followed. Similar projects along similar routes should be avoided. Convergence of resources, efforts and planning with nodal agencies and state tourism bodies should be carried out. Detailed market viability of projects based on demand supply ratio and economic-social-environmental impacts should be carried out prior to project implementation.

Contents

Chapter One

ABOUT THE STUDY

Tourism in today's times is the most competitive sectors with 155 countries around the world bracing up to welcome tourists. The UNWTO estimated 4% growth in 2011 to 982 million tourists worldwide, generating US$1,030 billion in export earnings. India ranks 38 in world tourist arrivals[1]. As per the Tourism Satellite Account for India (2002-03), the contribution of tourism in the Gross Domestic Product (GDP) and employment of the country, in 2007-08, has been estimated to be 5.92% and 9.24% respectively. There has been a concerted effort by the government of India to consolidate and encourage tourism industry in India through projects involving infrastructure development, mass publicity and awareness generation campaigns. The benefits of tourism to various stakeholder's in generating revenue as well as improved lifestyles is reiterated with the Planning Commission estimating 78 jobs per million rupees of investment in tourism related activities. The Planning Commission highlights the need to adopt "pro-poor tourism" for increasing net benefits to the poor[2].

An interplay of various factors make tourism growth possible which demands for goods and services, which includes tourism infrastructure and quality services to provide comfort and amenities to tourists. Tourist destination development impacts tourist inflow and its success as a frequently visited destination. Tourism infrastructure is one of the important factors which influence tourist perceptions to a particular destination. Towards this end, the government of India in the Eleventh Plan period emphasized on schemes to develop and enhance tourist facilities and amenities while improving quality of service provided in the sector. Some of the major schemes run by the government are:

i. Product Infrastructure Development for Destination and Circuits (PIDDC)
ii. Overseas Promotion and Publicity Including Market Development Assistance
iii. Assistance to IHMs / FCI / IITTM / NIWS / NIAS / NCHMCT and Capacity Building for Service Providers
iv. Domestic Promotion and Publicity
v. Assistance to Large Revenue Generating Projects
vi. Incentives to Accommodation Infrastructure

[1] UNWTO Tourism Highlights, 2012 Edition, Pg -2

[2] Report of the Working Group on Tourism, 12th Five Year Plan

vii. Creation of Land Banks
viii. Assistance to Central Agencies
ix. Market Research including Twenty Years Perspective Plan.
x. Computerization and Information Technology
xi. Others (Externally Aided Projects and Construction of Building for IISM)

The present study has been assigned to evaluate and assess the scheme for **'Assistance to Large Revenue Generating Projects'** under the Eleventh Plan to improve tourism infrastructure and services in the country.

1.1 REVISED SCHEME OF ASSISTANCE FOR LARGE REVENUE GENERATING PROJECTS

1. Preamble:

It is recognized that the development of tourism infrastructure projects requires very large investment that may not be possible out of the budgetary resources of the Government of India alone. In order to remove these shortcomings and to bring in private sector, corporate and institutional resources as well as techno-managerial efficiencies, it is proposed to promote large revenue generating projects for development of tourism infrastructure.

2. Scope of the Scheme:

Large revenue generating project, which can be admissible for assistance under this scheme, should be a project, which is also a tourist attraction, or used by tourists and generates revenue through a levy of fee or user charges on the visitors. Projects like Tourist trains, Cruise vessels, Cruise Terminals, Convention Centres, Golf Courses open for both domestic and international tourists, Health and Rejuvenation facilities and last mile connectivity to tourist destinations (air and cruise including heli tourism) etc. would qualify for assistance. However, this is only an illustrative list and Ministry of Tourism will examine all such cases critically and will have the final say on whether or not the project under consideration has a tourism impact.

Hotel & Restaurant component will not be eligible for assistance under the scheme either on a stand-alone basis or as an integral part of some other project. However, catering facility (not open for general public) as integral part of the project to meet the in house needs could be eligible for assistance. Procurement of vehicles and sports facilities like stadiums will also not be eligible for assistance under the scheme.

3. Promoters of Project:

The projects promoted by Public Sector Undertakings, Agencies, or Autonomous Bodies of Central/State Governments as well as projects promoted by private sector / PPP Projects recommended by the State Governments/UT Administrations will be eligible for assistance.

4. Eligibility for assistance:

Justification for providing assistance/subsidy would be ascertained on the basis of feasibility study/DPR at the stage of consideration of the project by the Competent Authority. The projects selected for assistance under this scheme would not be eligible for subsidy from other schemes of Central Government or State Governments. Similarly, the projects which have already availed subsidy/financial assistance from any other scheme of the Central or State Govt., would not be eligible for Government of India assistance under this scheme.

5. Requirement of a Special Purpose Vehicle (SPV):

A SPV would have to be set up by the implementing partners in case a private party is promoting the project on its own or in PPP mode, prior to the consideration of their project under this scheme. However, where the promoter of the project is a State PSU, Agency, Autonomous Body or Central Govt. PSU, Agency or Autonomous Body, a separate SPV need not be required. In both the cases, a separate Project Management Group would be required and separate accounts would be maintained for the project. The Project Management Group, where SPV has to be set up will consist of,

a) MD/CEO of the SPV
b) Project Director/Manager
c) Finance Director
d) A representative of the State Govt. to be nominated by them. In the other cases, the Project Management Group will consist of
    - MD/CEO of State PSUs/Central PSUs/Statutory Body,
    - State Tourism Secretary(where State Govt. is directly involved),
    - Project Director/Manager
    - Finance Director of the Central/State PSU/Statutory Body or the Director-Finance, Department of State Government.

6. Appraisal/Feasibility Report:

All project proposals under this scheme must be accompanied by project appraisal carried out by an independent public financial institution. The public financial institution should clearly state that the project is financially viable. In case of private sector/PPP projects the financial institutions should also indicate their willingness to provide loan for the project. In case the promoter wants to take loan from another financial institution/bank, their appraisal and a letter from them clearly indicating willingness to grant loan for the project should be enclosed with the proposal.

Grant-in-aid for preparation of DPR would be admissible at 50% of the actual cost subject to a maximum of Rs.25 lakh per project. No Grant-in-aid would be admissible for preparation of Feasibility Report. Public financial institutions, in this case, will include a public financial institution under Section 4A of the Companies Act, 1956 and any institution notified by the Government as authorized to discharge the functions of a public financial institution under this Scheme. Anyone of these institutions could also fund the large revenue generating projects admissible under the scheme.

7. Norms for funding:

The amount of assistance under the scheme would be released to Public Sector Undertakings, Agencies or Autonomous Bodies of Central/State Governments if the project is promoted by them. In case of private sector / PPP project, the assistance would be released to SPV through the financial institutions. The quantum of subsidy for Private Sector/PPP projects will be determined through a competitive bidding process undertaken by the concerned State Governments/UT Administrations. Specific reasons will be required to be brought on record in case competitive bidding process is not adopted for determining the quantum of subsidy. In such cases a High Level Committee constituted by the Ministry of Tourism will recommend the exemption from competitive bidding process as well as quantum of subsidy. There should be a minimum loan component of 25% in the case of private sector/ PPP projects. The subsidy under the scheme will have a cap of Rs.50 Cr. subject to a maximum of 25% of total project cost or 50% of equity contribution of the promoters, whichever is lower.

The total project cost in this case will mean the total of:

i. Capital cost of the project, including cost of land, material, labour, transport, consumables, testing, commissioning, overheads, contingencies, interest during construction, insurance and supervision (including any taxes and levies);
ii. Pre-operative cost such as formulation, development, design and engineering;
iii. Expenses related to fund mobilization if required, such as fees for financial services and brokerage.

In case of Public Sector projects the first instalment, limited to 25% of the assistance to be provided by the Ministry, will be released only after 25% of the total cost of the project has been contributed by the promoter and the implementation of the project has started. The second instalment, limited to 50% of the assistance to be provided by the Ministry, would be disbursed only after 50% of the promoter's amount is contributed. The last instalment of balance 25% of the assistance, to be provided by the Ministry, will be released after the project is fully functional.

In case of private sector/PPP projects the assistance would be credit linked. The first instalment, limited to 25% of the assistance to be provided by the Ministry will be released only after 25% of the total cost of the project has been contributed by the promoters and proportionate loan amount has also been disbursed.

The second instalment limited to 50% of the assistance to be provided by the Ministry would be disbursed only after 50% of the promoter's amount is contributed and proportionate amount of loan is also disbursed. The last instalment of balance 25% of the assistance, to be provided by the Ministry, will be released after the project is fully functional.

Release of funds for projects sanctioned till 31.3.2007 will however; be in accordance with the guidelines in operation from 2.11.2006 to 31.3.2007.

8. Recovery of Government Grant:

In case the project is not completed after release of one or more instalments of grant due to some reasons including omissions and commissions of the promoters, the amount of grant will be recoverable. The amount of grant will also be recoverable for failure on the part of promoters to comply with the terms and conditions specific to tourism development in each case. Recoveries will be with penal interest.

9. Approval procedures:

The project proposals will be appraised by SFC/EFC depending upon the cost of the project before obtaining approval of the competent expenditure sanctioning authority.

10. Monitoring and Evaluation:

The financial institution, which is funding the project, will be responsible for regular monitoring and periodic evaluation of project compliance with agreed milestones and performance levels. In case there is no financial institution involved in the project then an agency will be designated while sanctioning the project for regular monitoring and evaluation as stated above and the cost for the same will be met out of the scheme. Ministry of Tourism will have a separate Monitoring Group consisting of the concerned Joint Secretary & Director in charge of the scheme along with Financial Advisor to regularly monitor and review the sanctioned projects.

1.2 Scope of the Study

Large Revenue Generating Projects

1. Evaluating whether the scheme has been able to meet its objective of promoting large scale revenue generating projects for development of tourism infrastructure through public-private partnership and in partnership with other Government / Semi-Government agencies;
2. To assess the progress of selected projects and their performance in terms of revenue generation and usage of assets. The assessment would also identify the constraints and difficulties faced in the implementation of the projects, if any, and the specific sources / reasons for such constraints; and
3. Based on such evaluation, formulate specific recommendations for bringing about improvements / modifications in the scheme for facilitating increased participation by various public and private sector organization in the implementation of the scheme.

Coverage:-

All three projects sanctioned, during the 11th Five Year Plan (FYP), under the scheme have to be covered.

1.3 Research Approach and Methodology

The study is a pan India study covering various projects sanctioned by the Ministry of Tourism for development of infrastructure facilities at the destinations. The research methodology included secondary as well as primary research. Secondary research was conducted prior to collection of data from respondents. Primary research was carried across the various field sites using interview and focused group discussions to collect information. In order to collect comprehensive information a structured questionnaire was designed to capture qualitative and quantitative inputs. Face to face personal interviews and FGDs were conducted by AC Nielsen ORG MARG executives among various stakeholders as per the questionnaire. The data collected was scrutinized and validated to ensure the quality of the data collected prior to data entry and collation.

1.4 Operational Methodology

AC Nielsen ORG MARG carried out personal interviews and FGDs among various stakeholders, policymakers, policy implementers and experts to get qualitative inputs. This enabled the acquisition of firsthand accounts of problems experiences and opinions of stakeholders and beneficiaries and the performances of services delivered at the destination. It helped in highlighting the specific shortcomings, problem issues and policy/governance related recommendations.

SURVEY FINDINGS

Assistance for Large Revenue Generating Projects

The scheme in the Eleventh plan received an allocation of Rs.69.2 cr. The utilization under the scheme in the first four years of the plan period amounted to 29.46%; amounting to Rs. 20.39 cr. Introduced in the Tenth plan, the scheme of Large Revenue Generating Project was formulated to attract private investment and participation for tourism projects such as tourist trains, convention centers, cruise vessels, golf courses etc. The project funds the state and the institutional bodies to improve amenities and facilitate tourist infrastructure at destinations.

The three projects sanctioned and evaluated in the study during the Eleventh Plan were:

1. CFA for launching of Pan India Luxury Tourist Train through Indian Railway Catering and Tourism Corporation Limited (IRCTC)
2. Royal Rajasthan on Wheels: The agency which undertook this project was Rajasthan Tourism Development Corporation Limited
3. Purchase of Ferries for Kanyakumari: This project was undertaken by TTDC

S. No	Year	Project Name	Type of Project	Executing Agency	Amount Sanctioned (in lakhs)	Amount Released (in lakhs)	Amount Used (in lakhs)
1	2008 - 09	New BG-II Palace on Wheels train	Luxury Train	Rajasthan Government	750	750	750
2	2008 - 09	Purchase of Ferries for Kanyakumari	Ferry Service	Tamil Nadu Government	52.7	52.7	52.7
3	2009 - 10	CFA for launching of Pan-India Luxury Tourist train	Luxury Train	IRCTC	1237.00	1229.95	1229.95

Table 2.1: Overview of Projects in Eleventh Plan

2.1 Evaluation of the Project

- The Ministry of Tourism has been the funding agency for all the three projects.
- All the three projects sanctioned have been completed on time and are in use for the purpose specified generating revenue to the concerned tourism bodies.
- The project was exclusively designed to attract private investment to large revenue projects. As the above table shows involvement or investment by the private sector is negligible.
- The number of projects is limited in distribution to the different states.
- The type of project is limited to introducing luxury trains and transportation facilities
- The state government tourism bodies the projects reported no problems in implementation

2.2 Project-wise Evaluation

The evaluation of the projects as per the scope of the study has been carried out on the basis of detailed information available from the Central and State government departments involved in the implementation of the projects. The projects are:

i) Royal Rajasthan on Wheels

ii) Purchase of ferries for Kanyakumari

iii) CFA for launching pan-India Luxury Tourist train

A detailed assessment of the projects is given below:

i) Royal Rajasthan on Wheels

The Rajasthan Tourism development Corporation (RTDC) introduced 'Palace on Wheels' in 1982 on meter gauge, which was later upgraded to broad gauge in 1995. 'Royal Rajasthan on Wheels' was launched in 2009, to meet the demand of luxury travel that the Palace of Wheels had introduced. The project was funded by the Ministry of Tourism (MoT) of India under the Large Revenue Generating Scheme. The train was launched by RTDC, which also looks after its maintenance and operations. The train after its introduction has been in great demand, highlighting Rajasthan while covering Khajuraho, Varanasi and Agra before finally arriving at Delhi.

- ***Impact of Project:***

The Royal Rajasthan is a prelude to the highly demanding and appreciated Palace on Wheels that originally covered the famous Golden Triangle circuit in India. While maintaining the quality and standards maintained by Palace on Wheels. Royal Rajasthan on Wheels has furthered in attracting tourists to different facets of royalty in the heart of Rajasthan. The train is expected to further increase tourism revenue to the state and overall tourism growth for the state, by presenting its history of valor and hospitality at the same time.

- ***Project Details***:

The project was sanctioned by the MoT in 2008 and the targeted time for completion was by January 2009. The train was completed on time. The following activities were undertaken in the project:

- Refrigeration, power and audio system for the train
- Curtain, wooden flooring and furniture
- Fixtures and electric items
- Epoxy painting
- Tiles and sanitary
- Pictures and paintings

- ***Project Cost & Financing:***

The total cost of the project has been Rs. 750 lacs. The total cost of the project was met with CFA from the Ministry of Tourism, which was handed over to RTDC in two installments. Government of Rajasthan has not contributed to the project and RTDC stands at implementation of the project.

- ***Performance:***

The Royal Rajasthan on Wheels exemplifies luxury true to its name. The train has had a four year run since 2008-09. The occupancy rate and increase in revenue is given as below:

Year	No. of Tourists	Increase in Revenue (in %)
2008-09	126	30.73
2009-10	749	45.67
2010-11	890	47.18

2011-12	773	48.19

The train in addition to displaying Rajasthan's royalty also presents the rustic charm and engages the local people creating employment opportunities through higher tourist visits. The project is focused on growth of tourism industry in the state.

- ***Review:***

The project has so far been successful in attracting tourists and increasing tourism revenue to the state.

- ✓ The review team received satisfactory responses from the various stakeholders with respect to project initiation and implementation.
- ✓ There were no hurdles in project finalization, take off and disbursement of financial assistance to the implementing organization, i.e., RTDC. However, it was suggested that the project maintenance should be undertaken continuously and costs met accordingly.
- ✓ Market viability of the project should be carried out prior to undertaking such large-scale schemes.
- ✓ Aggressive and targeted marketing is highly required for the project.

ii) Pan-India Luxury Train: The Maharaja Express

The Maharajas' Express was started in March 2010 and is owned and exclusively run by the Indian Railway Catering and Tourism Corporation Limited (IRCTC). The Maharaja Express is the most expensive luxury train in India catering to traveling experiences of foreign as well as domestic tourists. The train was named to the 2011 list of World's Top 25 Trains by The Society of International Railway Travelers and was praised for its onboard accommodation and dining facilities, service, and off-train excursion program after its review in fall of 2010.

- ***Impact of Project:***

The Maharaja Express redefines luxurious train travel offering a fascinating voyage across some of India's most sought after destinations. The train is often compared to the legendary Orient Express of the West in its grandeur and refinement to detail. The train runs for a limited period and is thus in great demand.

The impact of this project has been primarily on the foreign tourists visiting India. The number of tourists opting for luxury train travel has increased. Apart from growth in tourists, the project has been effective in terms of spreading the information and reputation of luxury train travel in India, worldwide. The project has defined tourism and travel industry in the country.

- ***Project Details:***

The project was sanctioned by Ministry of Tourism under the LRGP scheme in 2009 and completed in March 2010. The activities undertaken in the project are:

- Construction of a new train consisting of 23 coaches
- Furnishing the train as per 5 star luxury standards
- Providing all modern amenities and features in the train for tourists

- ***Project Cost & Financing:***

The total project cost of the project was Rs. 49.48 cr. The project costs included a CFA from the MoT to the tune of Rs. 12.37 cr. The remainder project cost of Rs. 37.11 cr was borne by IRCTC.

Sl No.	**Project Heads**	**Total Costs**
1.	Cost of Coaches from ICF+Excise+VAT	Rs. 35.1 0cr
2.	Insurance, Consultancy & Publication of Notices	Rs. 7.91 lac
3.	Cost of Interior	Rs. 95.54cr
4.	Controlled discharge Toilet system	Rs. 6.53cr
5.	Windows	Rs. 3.33cr
6.	Air-Conditioning	Rs. 35.36cr
7.	Inter-Vehicular Coupler	Rs. 2.69cr
	Total	Rs. 49.48cr

- ***Performance:***

The train runs through October to March. Although, it has been received well, the bookings are completely dependent on foreign tourists.

- ***Project Review:***

The Maharaja is being run by the IRCTC which manages the operational details of the train. As per information received from the respondents the project was completed on time.

- An important hurdle was taking approval and completion for formalities which take a lot of time. Although the amount of paperwork required was necessary, the completion of formalities is a lengthy and time consuming process.
- Assistance on technical aspects also takes a lot of time and budget is also a constraint if external experts are to be hired for consultancy.
- During discussions it was put forward that the amount of financial assistance should be enhanced to meet the project costs keeping in view the inflationary increases in costs, materials and labour inputs.

iii) Purchase of Ferries for Kanyakumari:

The project was implemented by the 'Poompuhar Shipping Corporation Ltd.'. The ferry service was implemented to offer better traveling services to tourists to the Vivekanand Rock Memorial in Kanyakumari.

- ***Project Cost and Financing:***

The project was sanctioned in 2008. The project was operational by March 2009, after purchase of ferries after disbursal of funds. The total cost of the project was met with CFA from the Ministry of Tourism. The state has no component in the same. The total cost of the project was Rs. 52.7 lacs.

- ***Impact of Project:***

The ferry service has made travel easier and convenient for tourists. The ferry service has efficiently reduced the time for travel to the Rock Memorial, while increasing the number of passengers who can travel to the site. The ferry service also makes it safer for tourists for travel, as they are bigger than the locally available boat services. The number of tourists visiting the site has also gone up, increasing the monthly revenue of the tourism corporation. The revenue generated from the project is given as follows:

Year	No. of Tourists	Revenue (in cr)
2010-11	4.98 lakhs	1.49
2011-12	5.52 lakhs	1.65




	

2.3 *Conclusion – Overview of the Scheme:*

1. **Coverage of the Scheme**:

The scope of the scheme is limited to introducing tourist trains and cruise vessels. The projects are limited to the states of Rajasthan, and Tamil Nadu and the IRCTC. There is a lack of participation from states with high tourist inflow such as Uttar Pradesh, Kerala, Madhya Pradesh, etc. The promoters for all the three projects in the scheme are central and state government bodies. The schemes for eligibility criteria are satisfactory, balancing opportunities for a variety of projects.

2. **Project Implementation**:

The implementing organisations have highlighted the constraint of delays in processing and acquiring approvals and completion of formalities, which are lengthy and often time consuming as cited in the case of 'Pan-India Luxury Train'. The Rajasthan Tourism Development Corporation officials did not have any issues or constraints in the implementation of the programme. The programme has been highly beneficial to tourism development in the state of Rajasthan.

3. **Financial Limits**:

The project funding pattern and cap for funding as specified have been beneficial for effective implementation of the scheme as informed by the implementing agencies. The overall utilisation of the funds for project activities has been satisfactory in all the three projects. However, it has been observed during the study that the costs of implementation are dependent on the inflatory situation in the country, which affects the total cost of the project. During the discussion with the implementing agency in case of all the 3 projects, none of the project is running in loses and are able to meet the running as well as maintenance expenses. It was also mentioned that during certain peak seasons /weekends there is no idle time especially in case of ferries. The Maharaja express has been only introduced in 2010 end, it is just the 2nd year of operation so the profitability shall be seen only after the 3rd year of running. In case of Royal Rajasthan, its similar to Palace on wheels which is making an operating profit.

4. **Procedural Aspects**:

The three projects sanctioned under the study have been completed and implemented on schedule as per the revised guidelines mentioned under the scheme. Any delay caused in paper work as informed in the case of 'Pan-India Luxury train' affects the overall budget of the project.

2.4 *Recommendations for Scheme* for "Assistance to Large Revenue Generating Projects"

The scope of Large Revenue Generating Projects (LRGP) is to provide financial assistance to high revenue generating projects. The projects thus identified should have a pan-India presence and explore possibilities of developing destinations in different parts of the country.

1. A detailed market strategy / effective dissemination methods need to be put in place to increase the visibility of the scheme. Promotion of the idea / concept of the scheme is a necessary prerequisite to attract private investors and partners to increase participation.

2. Priority should be given to identify and finance projects on Public-Private partnership model. The maintenance of the projects should be undertaken by private companies/groups to ensure sustainability of the projects and continuous revenue flow from the projects.

3. As observed in the Tenth and Eleventh plan the fund utilization for the scheme has been limited to tourist trains such as the Royal Rajasthan on Wheels and the Maharaja Express and Cruise vessel at Kanyakumari. The nature of projects should be expanded during the Twelfth plan period to include high end & multi-speciality destination development such as ethnic model villages, theme parks, resorts, etc.

4. The projects undertaken are by the state governments while the financing for the projects is by the Ministry of Tourism. There is a need to converge resources and efforts through an integrated approach for development of destinations in cooperation with state governments and nodal agencies across the country to avoid procedural delays and escalation of costs. Financial disbursement could be made directly available to the implementing organisation (as a separate account has to be maintained for the project as mentioned in Clause 5 of the revised guidelines) under the supervision of the Project Monitoring Group and the state department of tourism and Ministry of tourism.

5. It has been observed in the 10th and 11th plans the participation of state departments and nodal agencies in the scheme has been negligible. The utilization rate for the plan scheme budget is only 29% and limited to very few projects. The approving committee and Ministry of Tourism should undertake concerted efforts to invite bids and tenders from states for higher participation.

6. Clause 5 in the revised guidelines outlines the appointment of a separate Project Monitoring Group (PMG) for monitoring the project. The role and functions of the Project Management Group should be clearly defined. The PMG should include an independent expert / group / firm with technical experts to provide technical assistance to evaluate the proposals and projects being implemented.

7. Besides the financial feasibility of the projects, market viability study based on the demand-supply ratio for economic benefits, as well as taking a holistic view of the economic-social and environmental impacts and benefits of the project on local community/population and tourists, prior to planning and execution of projects. The studies should be broad-based increasing the tourism potential of the destination, while enhancing employment opportunities for the local populations of the identified destination. The study should also identify the measures to be taken to meet the project maintenance costs for a period of three to five years.

8. The various state and national level tourist bodies and associations should also be consulted in the process of identification and finalization of projects. The involvement of various stakeholders' ensures successful operations and revenue generation of a project.

9. Time-bound approvals within 90-120 days should be the norm. Necessary paperwork and formalities including giving approvals should be made time bound for the project including the approving committee state and central tourism bodies involved. The customary delays in acquiring approvals and completing formalities in the course of implementation of projects can thus, be curtailed.
10. The financial assistance to each project should be timely reviewed to meet the inflationary changes at the then current period. The projects under the scheme are highly capital intensive and hence the cap may be considered to be accordingly upped. Presently, the inflationary changes are not accounted for in the scheme, which if included, will help in better implementation of the schemes with desired features. The projects should also include budget allocation for technical experts in case external experts are to be hired for consultancy. As observed in the case of ferry service project implemented in Kanyakumari, the project management costs should also be planned and included in the project proposals.
11. The scheme should lay emphasis on timely completion of projects, violation of which the implementing body should be liable to penalty to the Ministry of Tourism. The projects monitoring should be undertaken at regular intervals commensurate to the project period, such as quarterly for one year projects. The Project Monitoring Group appointed for every project could be responsible for the monitoring of the project. The success of a project highly depends on active involvement and monitoring of stakeholders including the central and state government bodies involved in implementation. Local participation should be highly emphasized in each of the projects sanctioned during the implementation stage to ensure smooth functioning and success of a project. The maintenance of projects could be assigned to local groups/personnel to increase employment opportunities for the people.
12. The differential pricing for luxury tourist train should be reviewed keeping in view domestic tourists as well as the off season traffic that the trains might receive. For example, ‘The Golden Chariot’ offers differential pricing of tickets for Indian nationals; ‘The Blue Train (South Africa) offers differential pricing in terms of low season and high season journeys. The differential pricing patterns shall increase the number of months the trains ply thus increasing / generating revenue to take care of the running & maintenance expenses.

13. Similar projects along similar routes conflicting / encroaching tourism possibilities should be avoided.

ANNEXURE I – Questionnaire

ASSISTANCE FOR LARGE REVENUE GENERATING PROJECTS

1. Name of the Agency:
   ____

2. Title of the Project:
   ____

3. How did you come to know about this scheme:

☐ MOT Website ☐ Cir☐ Newspaper ☐ By ☐
Beneficiaries

4. Please give a detailed description of the Project:

➢ Funding Agency:

____
____

➢ Expected Users & Revenue:

____
____

➢ Collaborating Agencies, if any:

____
____

5. Please mention the activities undertaken for this Project:

a.____

b.____

c.____

d.____

e.____

f.____

h.____

i.____

j.____

6. Please give details of cost estimates:

Estimate Head	**Amount (in INR)**	**Estimate Head**	**Amount (in INR)**
Land		Insurance	
Material		Supervision	
Labour		Taxes	
Transport		Formulation cost	
Consumables		Development Cost	
Testing		Design cost	
Commissioning		Engineering expenses	
Overheads		Financial services cost	
Contingencies		Brokerage costs	
Interest during construction		Other costs	

7. Please give details of implementation:

Sl. No.	**Activity Name**	**Target Date/ Expected Date (For ongoing)**	**Actual Date Completion**	**Reason for Delay**
1				
2				
3				

4				
5				
6				
7				
8				

8. How would you describe the Impact of this project, in general? Please give reasons.

____
____
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9. Did you face any problem in any the following categories, while implementing the project/ scheme?

Category	**Faced Problem (Yes/No)**	**Exact Problem Faced**	**Suggested Solution**
Assistance on the Scheme			
Completion of Formalities			
Meeting conditions of the scheme			
Receiving Financial assistance			
Assistance on technical aspects			
Receiving critical inputs			
Getting required			

equipments/supplies			
Any Other (Please specify)			
Any Other (Please specify)			

10. What is your opinion on the following aspects?

Attribute	**Views of the Respondent**
Scope & Coverage of the Scheme	
Time taken for approval	
Limit of Financial Assistance	
Amount of Paper Work Required	
Is the scheme hassle free	
Merits /Demerits of the scheme	
Any other	

11. Please suggest changes or modification in this scheme to make it better (in regards to scope, eligibility, financial assistance, implementation procedure, etc.). Please provide your reasons for the suggestions.

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ADDENDUM TO THE FINAL REPORT- 'Study to Evaluate the Plan Scheme of Large Revenue Generating Projects'

i. Pan-India Luxury Train: The Maharaja Express

The Maharaja Express was started in March 2010 and is owned and exclusively run by the Indian Railway Catering and Tourism Corporation Limited (IRCTC). The train has been effective in bringing luxury train travel in India's tourism on the world map. It targets and attracts foreign tourists. The train was sanctioned by the ministry of Tourism under the LRGP scheme in March 2010. A new train consisting of 23 coaches was constructed providing 5 star luxury standards and all modern amenities in the train.

The total cost of the project was Rs. 49.48cr of which CFA from MoT included Rs. 12.37cr and remainder cost of Rs. 37.11cr was borne by IRCTC. The train runs through October to March during peak tourist season. Although, it has been received well, the bookings are completely dependent on foreign tourists. The total revenue generation and asset utilisation is given below:

Year	No. of trips Operated	No. of Passengers Carried	Revenue Net of Commission (in Crore)
2010-11	30	920	26.62*
2011-12	27	1113	47.78*
2012-13	26	746	19.95
2013-14	28	865	28.5

*Accounts not finalised for 2010-11 & 2011-12 due to dispute in the joint venture company M/s Royale India Rail Tours Ltd. a JV between M/s C&K and IRCTC and the resulting court cases.

ii. Royal Rajasthan on Wheels

The Rajasthan Tourism development Corporation (RTDC) introduced 'Palace on Wheels' in 1982 on meter gauge, which was later upgraded to broad gauge in 1995. 'Royal Rajasthan on Wheels' was launched in 2009, to meet the demand of luxury travel that the Palace of Wheels had introduced. The project was funded by the Ministry of Tourism (MoT) of India under the Large Revenue Generating Scheme. The train was launched by RTDC, which also looks after its maintenance and operations. The train after its introduction has been in great demand, highlighting Rajasthan while covering Khajuraho, Varanasi and Agra before finally arriving at Delhi.

The total cost of the project has been Rs.750 lacs. The total cost of the project was met with CFA from the Ministry of Tourism, which was handed over to RTDC in two instalments. Government of Rajasthan has not contributed to the project and RTDC stands at implementation of the project.

The revenue generation is given as follows:

Year	No. of trips Operated	No. of Passengers	Net Earnings (in Rs.)	Net Earnings (in US $)
2008-09	5	48	70,34,819	143,866.28
2009-10	20	706	8,54,98,529	18,44,375.83
2010-11	23	843	11,13,78,555	24,66,642.91
2011-12	16	761	11,49,09,124	23,36,281.76
2012-13	23	928	16,94,17,521	31,50,140.44
2013-14	22	679	14,07,01,101	23,01,140.19