

Chapter 2

Performance Audit

2.1 Promotion and Development of Tourism in Karnataka

CHAPTER 2

PERFORMANCE AUDIT

Department of Tourism

2.1 Promotion and Development of Tourism in Karnataka

Executive Summary

Tourism has become priority sector for its contribution to economic and human development. Direct or indirect participation by multiple stakeholders in tourism generates economic activity and benefits the local community. Karnataka is bestowed with lush tropical forests, relaxed coastline, hill stations and has rich culture to showcase ornate temples, pilgrim centres, heritage, fort, palaces, ruins, *etc.*, and hence promoted under the tag line “One State, Many Worlds”. Karnataka is home to two UNESCO world heritage sites and has 319 identified tourist destinations.

Department of Tourism was established during 1974 after its bifurcation from Department of Information for development of tourism in the State. It was decided in 1982 to frame Tourism Policy for every five year period for comprehensive development of tourism in the State. Tourism Policy of 2009-14 envisioned to make tourism as State’s principal and largest economic activity as an employer, revenue generator and engine of growth and amongst top two tourism destinations in India by 2016-17.

During 2009-14, Department of Tourism incurred ₹ 1,330.89 crore towards promotion and publicity, development of infrastructure and for providing basic amenities, incentives/subsidies, *etc.* A Performance Audit covering 2010-15 period was conducted and major findings are given below:

- ❖ Actionable plans to achieve the objectives were not prepared though tourism policy of 2009-14 advocated for its preparation. Neither the tourist destinations nor tourism products were identified which would contribute to the tourist growth.
- ❖ Though Department statistics showed increase in growth in domestic tourist arrivals but lacked credibility as figures were not compiled as per the method prescribed by Government of India.
- ❖ Foreign tourist arrivals to Karnataka grew by six *per cent* only in a span of ten years (2004-14) though foreign tourist arrivals to India had doubled during the same period and State’s share constituted 7.5 *per cent* of the total foreign tourist arrivals to India during 2014.
- ❖ Though the PPP model was adopted to boost tourism, investments from the private sector suffered setback as entrepreneurs backed out from 35 projects which involved ₹ 21,673.67 crore of investments (76.5 *per cent*) out of the total approved investments of ₹ 27,550 crore from 512 projects. The expected employment generation was overestimated as employment generation created was 0.06 lakh (below one *per cent*) as against targeted

potential employment generation of 29 to 41 lakh. Thus the objective of making tourism the principal and largest economic activity could not be achieved.

- ❖ Projects assisted by Government of India were not completed within the stipulated period which resulted in loss of central assistance of ₹ 17.95 crore in seven cases.
- ❖ The mega project at Hampi taken up in 2008 was still under progress and Theme Park estimated at a cost of ₹ 50 crore was shelved which resulted in wasteful expenditure of ₹ 1.41 crore. Tourism potential of Pattadakal was not tapped and separate management authority was not established as done in case of Hampi.
- ❖ Seventy seven Yatrivas/dormitories constructed for the benefit of tourists at a cost of ₹ 51.63 crore were not put to use due to delay in identifying authority for its management.
- ❖ Eco and adventure tourism, sound and light show and coastal tourism projects were not completed as planned or several components were shelved on account of various reasons which were indicative of weak appraisal of projects.
- ❖ Norms for providing basic amenities were not finalised and basic amenities were lacking at identified tourist destinations including world heritage sites.
- ❖ Thirteen departmentally owned facilities like hotels and restaurants could not become operational due to non-handing over of facilities by DoT to private players after entering into lease agreements with them in six cases and delay in tendering which resulted in idling of assets.

2.1.1 Introduction

Karnataka is bestowed with lush tropical forests, a long coastline, numerous hill stations and a rich culture, showcasing ornate temples, pilgrim centres, forts, palaces, ruins, *etc.* Karnataka is home to two UNESCO World Heritage Sites (Hampi, Pattadakal) and has 319 identified tourist destinations. Given the variety of the tourism attractions, Karnataka is promoted under the tagline “One State, Many Worlds”. The State is one amongst the top ten tourist destinations in the country both under domestic and foreign tourist arrivals.

The Government of Karnataka (GoK) formed an exclusive Department in 1974 to popularise the State as a priority destination and preferred choice of travelers by providing suitable tourist infrastructure, besides promotion and publicity. The Department takes up infrastructure works such as yatrivas, wayside facilities, lodges, *etc.*, and promotes tourism through publicity, participation in travel expos, *etc.* To facilitate these, the Department has to work along with various other agencies (ASI⁷, State Archaeology, *etc.*), departments (Public Works, Forest) and other bodies (municipalities, *etc.*) in

⁷ Archaeological Survey of India

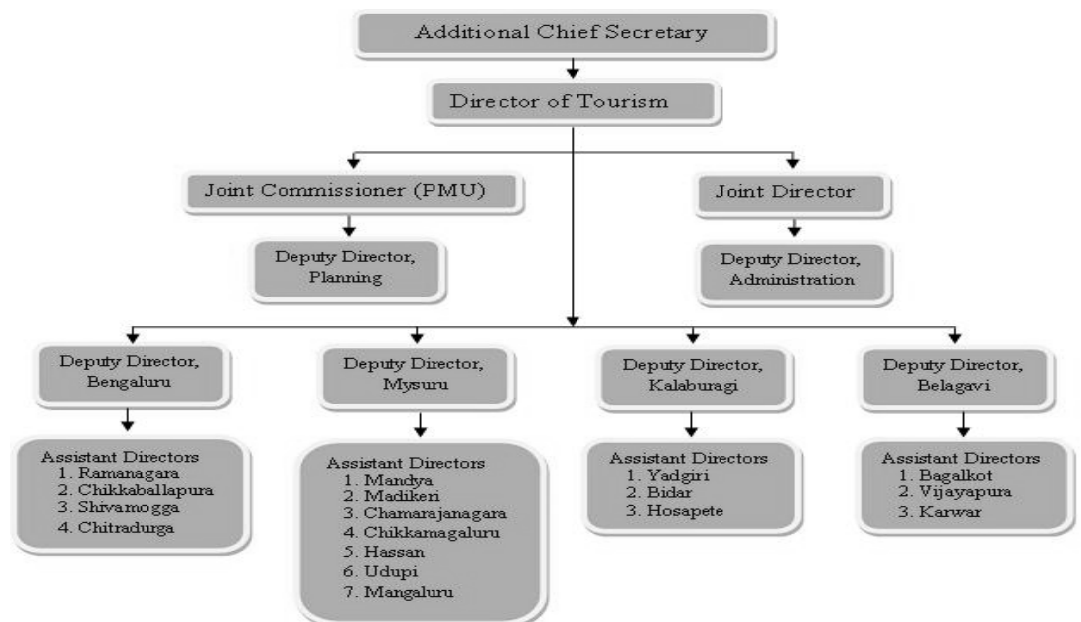
order to give the tourists a feel of ease of travel, comfort of stay and a unique travel experience to make the State their favored tourist destination.

To promote tourism in the State, a Tourism Policy is prepared on a five-yearly basis. The Karnataka Tourism Policy (KTP) of 2009-14 was approved by Government during October 2009.

2.1.2 Organisational setup

The Additional Chief Secretary, Department of Tourism (DoT), GoK is the administrative head of DoT. The Directorate of Tourism, with its headquarters at Bengaluru, administers tourism-related activities along with promotional and developmental activities. The organisation chart of DoT is given in **Chart 2.1**:

Chart 2.1: Organisation Chart



DoT is supported by two Government undertakings, viz., Karnataka State Tourism Development Corporation Limited (KSTDC) and Jungle Lodges and Resorts Limited (JLRL).

2.1.3 Audit objective

The objective of the Performance Audit (PA) was to seek an assurance as to whether the State has been able to plan and implement its Tourism Policy.

This was to be ascertained by a study of whether:

- ❖ Strategies were developed to realise the objectives of KTP 2009-14; and
- ❖ Tourism development projects were effectively implemented and managed during the currency of KTP 2009-14;

2.1.4 Audit criteria

The audit criteria adopted for assessing the achievement of the audit objectives were:

- ❖ KTP 2009-14 and Annual Action Plans of DoT;
- ❖ Tourism India Statistics published by Ministry of Tourism (MoT) of Government of India (GoI); and
- ❖ Guidelines, instructions, sanctions, *etc.*, issued by GoI and GoK from time to time.

2.1.5 Scope of audit and methodology

Performance Audit was conducted covering the period 2010-15 in selected 10 districts⁸ (out of a total of 30) based on stratified random sampling method. The records of the implementing agencies, KSTDC and JLRL, were also examined. Survey of domestic and foreign tourists was conducted at Belur, Halebidu, Hampi and Pattadakal by issue of questionnaire and responses obtained. The Entry Conference for the PA was held with DoT on 17 April 2015 wherein audit objectives, audit criteria, *etc.*, were explained and their co-operation was sought for conducting audit. The audit findings were discussed in the Exit Conference held on 21 December 2015.

2.1.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation extended by Tourism Department in conducting this PA.

Audit findings

Significant audit findings noticed during the PA are brought out in the succeeding paragraphs.

2.1.7 Planning

Planning is an essential process to develop strategies and schedule tasks to accomplish the objectives of the policy, which requires framing well thought out action plans with proper linkages to each objective. The detailed action plans help in achieving each of the objectives after analysing the strengths and the constraints of the organisation in the given scheme of things.

2.1.7.1 Non-preparation of strategic Action Plans

The KTP 2009-14 approved by GoK during October 2009 sought to make tourism the State's principal economic activity, as an employer, revenue

⁸ Bagalkot, Ballari, Bengaluru (Rural), Chickballapur, Davanagere, Hassan, Kodagu, Mysuru, Uttara Kannada and Vijayapura

generator and engine of growth and one of the top two tourism destinations in India by 2016-17. The customer growth was to be achieved by targeting more markets through focused campaigns through private sector participation. KTP also advocated preparation of short, medium and long term actionable plans and identification of key performance indicators which could be measured and monitored.

Audit scrutiny showed that detailed action plans as envisaged in KTP to implement the vision was not prepared by the DoT. Annual Action Plans, which broadly comprised of infrastructure and destination development activities under Central/State schemes, promotion and publicity, incentives, *etc.*, were available. The Annual Action Plans were drawn up based on availability of budget grants but had no linkages to the vision. In the absence of the necessary overall strategic plan identifying the actions to be undertaken to promote the State's tourism potential, there were no benchmarks to measure whether the activities undertaken by DoT for the years 2009-14 effectively met the requirements of the stated objectives of KTP.

DoT replied (December 2015) that KTP relied on Public Private Partnership (PPP) model for development of tourism infrastructure and hence specific plans were not included in the KTP.

The reply is not acceptable as KTP required preparation of short, medium and long term actionable plans for growth of tourism in the State which required identification of projects under varied tourism products for attracting private sector investments. The reply clearly indicates lack of clear road map with suitable time lines for achieving the stated objectives.

2.1.7.2 Tapping tourism potential

Karnataka is promoted as "One State, Many Worlds" with different tourist segments such as places of worships, heritage monuments, hill stations, beaches, national parks and wildlife sanctuaries, *etc.* As per the Annual Report of DoT for 2011, heritage and religious tourism accounted for 65 *per cent* of tourists while the remaining 35 *per cent* was shared among leisure tourism (14 *per cent*), eco-tourism (13 *per cent*), wildlife tourism (2 *per cent*), coastal tourism (2 *per cent*), adventure tourism (2 *per cent*) and Entertainment Parks (2 *per cent*).

As heritage and religious tourism garner the main share, the scope for growth could have been maximised by attracting visitors through sustained promotion and publicity measures in other areas and by providing the necessary infrastructure. The KTP relied on PPP model for delivering tourism growth but the DoT had not identified the projects/areas which could be projected for development under the PPP model to realise the tourism potential.

The DoT replied (December 2015) that Karnataka has a variety of tourism destinations/products and the Department was making efforts for development of tourism. DoT stated that the Karnataka Tourism Vision Group recommendations (January 2014) were being considered for implementation.

It was however seen that the recommendations of the earlier Karnataka Vision Group (2010) on preparation of guidelines for providing basic amenities at all tourist sites had not been implemented.

Recommendation-1: A well defined road map may be drawn to tap the tourism potential of a wide array of tourist destinations existing in the State to realise the “One State, Many Worlds” objective of the KTP.

2.1.8 Tourism as a major contributor of economic growth

2.1.8.1 Share of Tourism in Gross State Domestic Product

KTP aimed at making tourism the State’s principal economic activity. The share from tourism sector in the Gross State Domestic Product (GSDP) is represented by the sub-sector “Trade, Hotels and Restaurants”, as envisaged in the Vision Document (2010).

The three major sectors which contributed to GSDP during 2010-15 are as shown in **Table 2.1:**

Table 2.1: Sectoral composition of GSDP at factor cost by industry of origin – At current prices

Industry	2010-11	2011-12	2012-13	2013-14	2014-15
Real estate, Ownership of dwellings and Business services	66,502 (16.2)	78,845 (17.3)	95,025 (18.2)	1,16,340 (18.9)	1,39,834 (19.9)
Agriculture	62,440 (15.2)	61,985 (13.6)	70,848 (13.6)	87,716 (14.3)	1,03,574 (14.8)
Trade, Hotels and Restaurants	58,421 (14.2)	61,754 (13.6)	69,089 (13.2)	74,790 (12.2)	80,369 (11.4)
Total GSDP	4,10,703	4,55,212	5,22,673	6,14,607	7,02,131

(Source: Economic Survey Reports of the State) (Figures in brackets indicate percentage)

It may be seen from above Table that though the contribution to GSDP by “Trade, Hotels and Restaurants” sub-sector remained as third largest, it has actually decreased from 14.20 *per cent* to 11.40 *per cent* during the above period. While the overall growth in other sub-sectors has nearly doubled in the last five years, this subsector has registered only half of the overall growth rate. Thus, the measures taken by DoT were not sufficient to make tourism as a principal economic activity of the State.

The DoT replied (December 2015) that the role of hotels and restaurants in the growth of tourism is significant and hence concessions/rebates amounting to ₹ 11.77 crore were provided to 48 hotel/restaurant projects with a total investment of ₹ 982.24 crore which would positively impact contribution to GSDP in future.

The Audit however observed that the present statistics do not support the reply as the contribution to GSDP from the identified sector to assess the tourism growth is showing a declining trend.

2.1.8.2 Capital investments from private sector

The tourism policy had laid stress on attracting private sector investments to achieve its goal. The Economic Survey Report (2010-11) of GoK had estimated ₹ 25,000 crore of private investment in the tourism sector with potential employment generation of 29 to 41 lakh during the policy period.

During 2010-15, 512 projects involving investment of ₹ 27,550 crore with potential to generate employment for 0.55 lakh were approved⁹. The projects mainly comprised of construction of hotels and resorts.

Audit observed that 477 projects involving investment of ₹ 6,056.33 crore, with employment generation potential for 6,000 people, were implemented or were under progress during 2009-14. However, 35 major projects involving investment of ₹ 21,673.67 crore and employment generation potential of 25,955 people, were dropped as of May 2015 as the concerned entrepreneurs did not show interest in taking up the projects. Out of these, one mega project 'Tourism based Comprehensive Infrastructure Development Project' proposed in Chickballapur district at an investment of ₹ 18,400 crore sanctioned during 2010-11 was not taken up by the promoter and hence considered as non-responsive during 2014-15. Thus, investments made on committed projects were only 23.5 per cent and employment generation was not even one per cent of the target fixed under the policy.

DoT replied (December 2015) that response was poor despite the efforts to attract private investments by providing incentives, assisting in getting clearances from the agencies concerned, etc.

Thus, neither the quantum of investments nor creation of employment opportunities as promised by private sector had translated into reality.

2.1.9 Tourism growth

2.1.9.1 Tourist Arrivals

KTP envisaged bringing the State to one of the top two tourist destinations in the country. As at the beginning of 2009, the State stood at fifth position nationally in respect of Domestic Tourist Arrivals (DTA) and 11th position in respect of Foreign Tourist Arrivals (FTA). Details of year-wise tourist arrivals in the State during 2009-14 are as shown in **Table 2.2:**

⁹ Projects with investment cost up to ₹ 3 crore are approved by DoT; projects with investment cost above ₹ 3 crore and up to ₹ 50 crore are approved by State-level committee and projects with investment cost above ₹ 50 crore are approved by the High-level committee

Table 2.2: Year-wise tourist arrival details

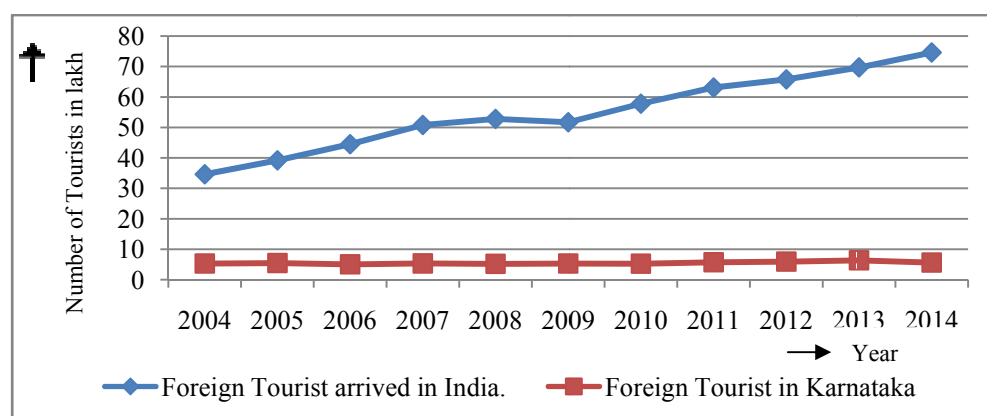
Calendar Year	Number of tourists visiting the State (in lakh)				Total
	Domestic tourists	Increase over previous year (in per cent)*	Foreign tourists	Increase over previous year (in per cent)*	
Tourists Arrivals based on 29 destinations					
2009	327.02	-	3.27	-	330.29
2010	382.03	16.82	3.81	16.51	385.84
Tourists Arrivals based on 149 destinations					
2011	841.07	-	5.74	-	846.81
2012	940.53	11.83	5.95	3.66	946.48
2013	980.10	4.21	6.36	6.89	986.46
2014	1,182.83	20.68	5.62	-11.64	1,188.45

(Source: Information furnished by DoT)

* Years 2010 and 2011 were not comparable as the arrivals were obtained only for 29 destinations till 2010

Under DTA, the State had remained at fourth position during three years from 2011 to 2013 whereas it moved to third¹⁰ position during 2014. The jump in the position is however found to be due to exhibiting of statistics of erstwhile Andhra Pradesh State under two separate States from 2014 onwards, on account of formation of Telangana State. To maintain uniformity for the purpose of comparison of tourist arrivals for the year 2014, the Karnataka State still remains at fourth position as the combined domestic tourist arrivals of Andhra Pradesh and Telangana was 16.57 crore against 11.83 crore domestic tourist arrivals to the State.

In respect of FTAs, the State stood at ninth¹¹ position attracting 7.5 per cent of total FTAs into the country. While FTA to India almost doubled from 34.60 lakh in 2004 to 74.62 lakh in 2014 (116 per cent growth), FTAs to the State has only marginally increased from 5.30 lakh (15 per cent) in 2004 to 5.62 lakh (7.5 per cent) in 2014 (6 per cent growth in a decade) as shown in **Chart 2.2:**

Chart 2.2: Foreign Tourist arrivals

(Source: Information furnished by DoT and India Tourism Statistics 2014)

¹⁰ Followed after Tamil Nadu and Uttar Pradesh

¹¹ After Tamil Nadu, Maharashtra, Delhi, Uttar Pradesh, Rajasthan, West Bengal, Kerala and Bihar

It therefore appears that the promotional measures taken by DoT to attract foreign tourists have not yielded the desired results. With the current levels of achievement in attracting foreign tourists, it will not be sufficient to achieve the objective of making Karnataka as one of the top two tourism destinations in India by 2016-17.

DoT replied (December 2015) that the tourist arrivals to the State is showing increasing trend due to participation in travel marts, road shows, international fairs, *etc.*, but there was no method to measure the impact of participation in these events.

2.1.9.2 *Publicity and promotion*

Publicity and promotion for marketing tourism products is very important for expanding and increasing tourism growth. DoT should have framed a policy for promotion and publicity to effectively market the State as “One State, Many Worlds” in the national and international arena. No such policy was in place along with action plan. The grant towards publicity and promotion was allocated by GoK without any rationale as could be seen from the year-wise details of grant and expenditure for the years 2010-15 as per **Table 2.3** below:

Table 2.3: Details of original grant, revised and expenditure

(₹ in crore)

Year	Original grant	Supplementary grant + Re-appropriation	Total Grant	Expenditure
2010-11	13.15	-	13.15	13.15
2011-12	15.00	10.36	25.36	25.36
2012-13	10.00	13.25	23.25	23.01
2013-14	10.00	10.00	20.00	19.47
2014-15	47.03	20.00	67.03	56.73

(Source: Information furnished by DoT)

Audit observed that supplementary grants were released in all years except during 2010-11. From the year 2013-14 and onwards, expenditure towards subsidy for purchase of taxis, conducting tour programme for children and conducting hospitality courses in respect of OBC beneficiaries were met under publicity and promotional head though they do not form part of publicity and promotion activities. Thus, expenditure on publicity and promotion was inflated.

DoT participates in various national/international events, road shows, *etc.*, to showcase the tourism potential of the State, as well as to network with foreign tourism groups to advocate the State’s Unique Selling Propositions and get business through negotiations, Memoranda of Understanding and contracts. During 2012-15, DoT had participated in 24 international and 43 domestic travel fairs/events to undertake promotional measures and had won several awards in the category of publicity material and erection of stalls. DoT had, however, not maintained data regarding nationality-wise break up of foreign tourists visiting Karnataka and efforts were also not made to assess the impact of such participations.

DoT replied (December 2015) that there was no mechanism to measure the impact of participation in international fairs.

Recommendation-2: The Department may draw up performance indicators to measure effectiveness of promotion and publicity activities undertaken.

2.1.9.3 Computation of tourist arrival statistics

Audit noticed that DoT compiles domestic tourist arrivals data from the sale of entry tickets, pooja/prasadam tickets at temple *etc.*, at each tourist spot. As several tourist spots existed or were located in a place, the adding up of tickets sold at each place would present a distorted data. Then, the method of compilation was not in conformity with the domestic tourist as defined¹² by MoT, GoI. DoT should collect tourist arrival data as prescribed, for proper planning of tourist facilities/amenities. DoT replied (December 2015) that GoI norms would be followed for preparing tourism related statistics.

2.1.10 Tourism development works

Investments by Government are quite necessary at places where private sector investments are not forthcoming in providing tourist infrastructure facilities, destination improvement/enhancement works and for providing basic facilities. Such activities are then undertaken by DoT out of GoI and State funds.

2.1.10.1 Idling of funds in deposits

For effective creation of infrastructure, DoT should ensure that tourist locations are identified after involving stakeholders like District Tourism Committee (DTC), local bodies, *etc.* in detailed discussions. The selection of projects should be made only after conducting feasibility studies.

During 2009-14, the plan expenditure of DoT for implementation of various infrastructure projects was to the extent of ₹ 1,330.89 crore, constituting 98.78 *per cent* of the total expenditure of ₹ 1,347.23 crore which was released to various implementing agencies.

Audit scrutiny revealed the following:

- ❖ In the 10 test-checked districts, ₹ 33.71 crore (including ₹ 2.05 crore realised towards interest) remained unutilised in Savings Bank (SB) accounts and ₹ 3.04 crore was kept in fixed deposits;

¹² “domestic tourist” is a person who travels within the country to a place other than his usual place of residence and stays at hotels or other accommodation/establishments run on commercial basis or in dharmashalas/ sarais/ musafir khanas/ agrashalas/ choultries, *etc.*, for a duration of not less than 24 hours or one night and for not more than 12 months at a time for the purpose of (i) Pleasure (holiday, leisure, sports, *etc.*); (ii) Pilgrimage, religious and social functions; (iii) Business conferences and meetings and (iv) Study and health. Persons visiting their hometowns or native places on leave or a short visit for meeting relations and friends, attending social and religious functions, *etc.* and staying in their own homes or with relatives and friends and not using any sight-seeing facilities are not treated as domestic tourists.

- ❖ ₹ 21.65 crore was released to KRIDL¹³ in the last fortnight of 2014-15 to take up 81 works estimated to cost ₹ 42.22 crore. Similarly, ₹ 15 crore was drawn on 31 March 2015 and kept in the Personal Deposit Account for implementation of suggestions made by Karnataka Tourism Vision Group. The amount remained unutilised as of June 2015 as no specific activity or programme was identified.

Thus, funds meant for improvement of tourist infrastructure at destinations were kept idle in deposit accounts due to inadequate planning. DoT accepted (December 2015) the audit observation and stated that the implementing agencies had been instructed not to keep the grant in bank accounts and to complete the works.

2.1.10.2 Delay in development of tourist destinations and circuits¹⁴

Based on the proposals submitted by GoK, various tourism projects were approved by GoI, consequently releasing necessary amounts through the Central Financial Assistance (CFA). The CFA stipulations require commencement of work within six months of the receipt of grant and completion within 12 to 24 months, failing which the State has to refund the unspent balance unless otherwise permitted by GoI for extension/diversion to other CFA projects.

DoT did not maintain a comprehensive database of projects sanctioned by GoI. Records relating to implementation of 13 projects (involving one mega project, four circuit development projects and eight destination development projects) sanctioned by GoI at a cost of ₹ 83.89 crore, for which funds of ₹ 67.11 crore were released between 2007 and 2013 were verified in Audit. It was observed that there was delay in release of funds in all the cases and none of the projects were completed. Consequently, unutilised funds amounting to ₹ 11.55 crore in respect of seven projects were refunded to GoI due to non-availability of land and delay in clearance by ASI, etc., as shown in **Table 2.4**. There was further loss of ₹ 6.40 crore as balance grants were not released by GoI for these projects.

Table 2.4: Details of delay in completion of projects

No. of projects	Reason
4	Non-availability of land
1	Delay in preparation of estimate/entrustment of work
2	Delay in clearance by ASI

(Source: Information furnished by DoT)

While deficiencies noticed in implementation of one mega project at Hampi have been brought out vide paragraph 2.1.10.4 below, deficiencies noticed in implementation of the other 12 projects have been brought out in **Appendix 2.1**. In brief, projects were taken up without necessary approvals resulted in loss of central grants for tourism development works.

¹³ Karnataka Rural Infrastructure Development Limited.

¹⁴ 'Tourist circuit' is a route on which at least three major tourist destinations are located.

DoT replied (December 2015) that grants were refunded to GoI to obtain sanction for new works and the time limit of 24 months prescribed for completion of projects is general and relaxed by GoI in many cases. The completion of projects was delayed due to shortage of technical staff in DoT and also time consumed for obtaining mandatory permissions from various agencies.

The reply is not acceptable as the reasons attributed to delay were already known to DoT. Suitable action should have been taken right from the beginning to ensure completion of works in time.

2.1.10.3 World Heritage Sites

Karnataka has two of the 32 World Heritage Sites in India recognised by UNESCO¹⁵ viz., Hampi (1986) and Pattadakal (1987) and thus would be a much preferred destination for foreign tourists. The heritage tag would also help in promoting the State as an attractive destination in international campaigns. The State has to observe the requirements as specified to retain the heritage tag which is being regularly inspected by UNESCO authorities.

The details of tourist arrivals at both the destinations during 2010-2014 were as shown in **Table 2.5:**

Table 2.5: Tourist arrivals

Year	Hampi (in lakh)		Pattadakal (in lakh)	
	Domestic	Foreign	Domestic	Foreign
2010	13.25	0.25	2.98	0.06
2011	14.16	0.70	3.34	0.06
2012	15.03	0.79	3.59	0.06
2013	16.11	0.66	3.34	0.07
2014	31.48	0.39	3.75	0.07

(Source: Information furnished by DoT)

In Pattadakal which is merely 140 km away from Hampi, tourist arrivals under both the domestic as well as foreign categories were almost stagnant during 2010-14 and only 10 to 25 *per cent* under domestic and 8 to 10 *per cent* under foreign category had visited Pattadakal when compared to Hampi. This indicated that the tourism potential of Pattadakal was not tapped effectively compared to Hampi and number of foreign visitors to Pattadakal had remained low, which calls for effective promotional measures.

DoT replied (December 2015) that Hampi and Pattadakal were not comparable by any means. However, no valid reasons were given as to why they were not comparable.

¹⁵ United Nations Educational, Scientific and Cultural Organisation

The reply is not acceptable, as both are UNESCO recognised World Heritage Sites and situated within 140 km distance of each other and could be covered within three hours with well-connected roads. Efforts towards circuit development, promotional measures and awareness would attract foreign tourists to visit both the sites which belong to two different eras of Vijayanagara empire (14th century to 16th century) and Chalukyan empire (7th to 8th century).

2.1.10.4 Tourist infrastructure at World Heritage Sites

The infrastructure facilities available and proposed to be created in the two World Heritage Sites *i.e.*, Hampi & Pattadakal are discussed below:

Hampi

(a) For management of the World Heritage Site, the Hampi World Heritage Area Management Authority had been constituted (Hampi Authority) in March 2002. GoI had approved (September 2008) development of tourist infrastructure at an estimated cost of ₹ 81.91 crore with CFA of ₹ 32.84 crore, with a condition that GoK should also provide the same amount and get the project implemented through the Hampi Authority. The main components under the Project were “Improvement of surrounding of the destination, public amenities related to municipal services, illumination, road connectivity, refurbishment of the monuments, signages, *etc.*” and were to be completed by September 2009.

Audit scrutiny of records revealed that GoI had released ₹ 26.27 crore up to the end of June 2011 and ₹ 12.20 crore of that was utilised (till May 2015). The total expenditure incurred by Hampi Authority was ₹ 23.16 crore. Though completion period was extended till March 2013, many components were not completed as shown in **Appendix 2.2**.

The DoT replied (December 2015) that necessary action would be taken to complete the works.

(b) GoK proposed a Theme Park at Hampi to depict the glory of the Vijayanagara dynasty and make Hampi a Cultural Tourism Centre at a cost of ₹ 50 crore. Accordingly, ₹ 10 crore was provided in 2010-11 budget. A Trust was formed in January 2010 for implementation of the ‘Theme Park’, besides other development works in and around Hampi. DoT entrusted (November 2010) the work of preparation of Detailed Project Report (DPR) for ₹ 10 crore to the “Trust” and released ₹ 50 lakh towards preliminary expenses. Further, ₹ 12 crore was released in two installments (January 2011 and March 2012) and ₹ 1.41 crore was incurred towards preliminary expenses. The Trust submitted (December 2011) a DPR for ₹ 385 crore for implementation of the project in three phases. However, the Trust later expressed (May 2012) its inability to implement the project and GoK dissolved (June 2012) the Trust. GoK also ordered the Trust to refund the balance amount.

As a local authority for exclusive management of heritage site at Hampi was established by GoK, Audit observed that constitution of a separate Trust for the purpose was injudicious. Further, GoK released funds to the Trust in excess of its requirement. GoK decided to dissolve the Trust later but it is not clear why GoK did not consider handing over of the project to Hampi Authority for implementation as DPR had already been prepared.

DoT replied (December 2015) that the Trust was formed for implementing the 'Theme Park' with dedicated approach and that the balance amount held by the Trust has been refunded (February 2015) along with interest to Government. Thus, the establishment of the Theme Park, which was an added attraction, could not become reality as it was taken up without proper planning.

(c) To reduce the hazardous impact on monuments at the World Heritage Site, movement of tourist vehicles were banned in the 1.3 km stretch between Gejjala Mantap and Vijaya Vittala Temple complex at Hampi. Hence, 20 battery-operated vehicles were procured (2011) at a cost of ₹ 2.01 crore to ferry tourists in that stretch. Audit observed (June 2015) that 17 of these battery operated vehicles were under repairs and action was not initiated to get these vehicles repaired. The failure resulted in defeating the very objective of protecting the monuments as the movement of regular motor vehicles had to be allowed in the above stretch on account of non-availability of battery-operated vehicles.

DoT replied (December 2015) that tenders were invited (October 2015) to get vehicles repaired and orders have been placed (October 2015) to purchase 10 new battery operated vehicles. The action to get vehicles repaired was initiated after it was pointed out (July 2015) by Audit and the process has not been completed even as of November 2015.

Pattadakal

Though Pattadakal is the only other World Heritage Site in Karnataka, it has not gained the same popularity as Hampi in terms of tourist arrivals. Integrated development of Badami-Aihole-Pattadakal-Mahakoota circuit was sanctioned (2004-05) at a cost of ₹ eight crore by GoI. An amount of ₹ 6.40 crore was released (2004-05) and the work was only partially implemented (2009-10) to the extent of ₹ 4.50 crore. The work could not be completed due to abandonment of work by the contractor. Consequently, ₹ 1.90 crore was refunded (September 2013) to GoI and no action was taken to complete the balance works. DPR for development of Badami-Pattadakal-Aihole circuit out of central grants at a cost of ₹ 143 crore under Mega Project was submitted to GoI during 2010-11 but was not approved by GoI on the ground that the utilisation certificates in respect of the projects sanctioned by it during VIII to IX five-year plan period have not yet been submitted by GoK. Thus, Pattadakal which is a UNESCO site, could not be developed and promoted in a manner befitting its status due to lack of seriousness on the part of DoT.

DoT stated (December 2015) that the project was not sanctioned due to various reasons and ₹ 1.90 crore was refunded as GoI insisted to submit utilisation certificates or refund the amount for sanctioning new projects. DoT further stated that an Information Centre at Pattadakal had been constructed, two battery-operated vehicles were procured and 24 acres of land near Pattadakal acquired for constructing a Tourist Plaza.

The reply does not address the key issues of why promotional activities to develop the circuit including Hampi had not been taken up, why the local authority for proper management and development of heritage site has not been formed.

2.1.10.5 Non-availability of basic facilities at tourist spots

Providing and improving basic amenities at tourist sites would enhance overall tourism experience and also build a favourable perception in the minds of tourists. The Vision Group recommended (March 2010) DoT to develop guidelines regarding basic amenities that were needed to be provided at tourists sites. The Vision Group had also recommended conducting survey to assess the existing facilities, their condition and amenities required to be provided, so as to plan and prioritise the works. It was seen that no guidelines were prepared by DoT and prioritisation cannot be planned only on the basis of availability of funds as basic amenities are an absolute necessity at the tourist sites. The delay of more than a year in this regard reflects that DoT has not given the due importance to this vital issue as it deserves.

DoT replied (December 2015) that action would be taken to provide the facilities as per the report submitted by the consultants.

With an intention to put in a system for creating a central repository of data on tourism infrastructure, DoT appointed (May 2014) iDeCK¹⁶ to assist in developing the required systems including deployment of necessary manpower to carry out the identified activities. Accordingly, 30 Tourism Consultants were appointed by iDeCK and posted (September/October 2014) in each district. The monthly report submitted by these consultants to iDeCK exhibited *inter alia* the status of availability of basic facilities at the respective tourist destinations (including nearby located spots). Verification of such reports in nine sample districts¹⁷ involving 98 tourist spots (plus 97 spots located nearby) revealed that:

- ❖ Water facilities were not available at 68 spots;
- ❖ Toilet facilities were not available at 97 spots;
- ❖ Signages were not available at 101 spots;
- ❖ Police outposts were not available at 158 spots.

¹⁶ Infrastructure Development Corporation (Karnataka) Limited

¹⁷ Except Kodagu district where the information was not available, as the consultant left the job midway

In Hampi heritage site involving nine tourist spots¹⁸ spread over different locations, it was observed that water facilities were not available at three spots, toilet facilities were not available at four spots, signages were not available at two spots and information kiosks were not available at eight spots. In Pattadakal heritage site, police outposts and information kiosks were not available.

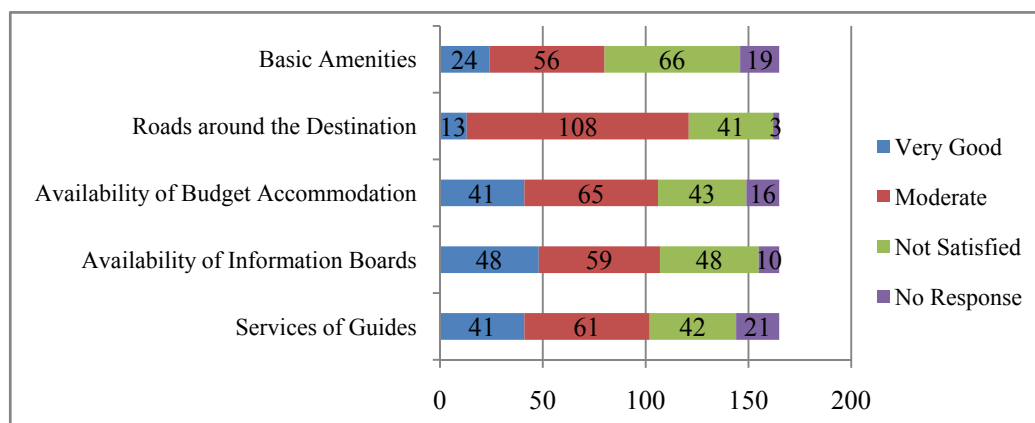


Toilet at Hampi with missing doors and not easily accessible

Audit conducted a survey of 165 tourists¹⁹ at Hampi, Pattadakal, Belur and Halebidu to assess the opinion of tourists regarding availability of basic facilities at these spots.

The details of the survey on the availability and lack of facilities is indicated in **Chart 2.3**:

Chart 2.3: Survey on satisfaction of tourists on various facilities at destinations



Audit also conducted a joint survey, along with the DoT representative, of the licensed tourist guides (25 numbers) at Hampi who expressed that, basic facilities such as drinking water, toilet, restaurants and maintenance were lacking. The interviewed guides also expressed their concern that rampant existence of unlicensed tourist guides affected their credibility. Forty two tourists responded about the unsatisfactory service of the guides, as indicated in **Chart 2.3** above.

¹⁸ Lotus Mahal, Queen’s Bath, Shri Hazare Rama temple, Gejjale mantap, Vijayavittala temple, Virupaksha temple, Kodandarama temple, Sasive Kalu Ganapa and Ugra Narasimha temple

¹⁹ A survey of tourists was conducted at Hampi (90), Pattadakal (33), Halebidu (20) and Belur (22) by eliciting their response to a questionnaire.

Lack of such basic amenities at the tourist destinations will have a negative impression on the minds of tourists which may adversely affect the growth of tourism.

DoT stated (December 2015) that basic facilities like drinking water, roads, sign boards, *etc.* would be provided on priority based on availability of funds.

Recommendation-3: The Department may address the issues brought out in the survey regarding basic amenities, connectivity, information, availability of guides, *etc.*, by involving local authorities, Road Transport Corporations, State Archaeological Department, Public Works Department, *etc.*

2.1.10.6 Construction of yatrivas/dormitory

DoT undertakes construction of yatrivas/dormitory near temple/mutts for accommodation of tourists. Creation of infrastructure should be based on the assessed requirement and mechanism for management of facilities created should be in place as soon as the infrastructure was created.

In 10 test-checked districts, 131 yatrivas/dormitory costing ₹ 87.48 crore were taken up (2009-14) at the instance of the local representatives without an independent assessment of the need by DoT. Construction of 66 buildings (₹ 33.81 crore) were completed but authority for its management was not finalised at approval stage.

As DoT had not identified authorities for management of these buildings, Deputy Commissioners (DC)/Assistant Directors (ADs) of Tourism of 18 districts sought (June 2012 and May 2014) directions for maintenance of 77 yatrivas/dormitory buildings which were completed between 2007 and 2014 (₹ 51.63 crore). Government issued instructions (July 2014) for handing over the same to the Temple/Mutt authorities on lease basis at a nominal lease rent of ₹ 1,000 per annum but the process of handing over was not completed as of September 2015.

The possibility of providing lodging facility for tourists by the prospective lessees in these yatrivas/dormitories is highly remote as the furniture/fittings were not provided in these buildings. Records showed that 17 buildings (₹ 5.15 crore) were being used for other purposes *viz.*, school, hostel, marriage hall, *etc.*, instead of being used as yatrivas/dormitory to promote tourism.

Evidently, failure to identify the authorities responsible for management of yatrivas/dormitory before sanction and diversion of facilities for other purposes reflect that suitable planning in this regard was deficient.

Some illustrative examples of having taken up works without assessing necessity and feasibility are brought out below:



Dormitory at Galiyamma temple in Hosapete taluk remaining unused



Dormitory at Ukkadakei Huchangamma temple in Hosapete taluk remaining unused

In Hosapete, joint inspection of 11 dormitories/yatrinivas buildings already completed was conducted (December 2015) by Audit team along with the representatives of KRIDL and DoT. Out of these, nine buildings were found locked whereas marriage function was underway in two buildings.

The representative of KRIDL stated that these buildings were already completed and keys had been handed over to the temple authorities. The representative of DoT however stated that all these 11 buildings were not yet handed over by KRIDL to Tourism Department and completion reports were also not submitted by KRIDL.

- ❖ In Davanagere, four dormitories constructed during 2011 and ordered to be handed over to Temples/Mutts in July 2014 were not yet taken over by the concerned despite issue of reminders. In addition, the yatrinivas at Shantisagar Lake completed (March 2011) at a cost of ₹ 1.29 crore was not put to use. DoT replied (December 2015) that the facility had been handed over on Renovate, Operate, Maintain & Transfer (ROMT) basis for 30 years at an annual rent of ₹ 5.58 lakh but was done after a lapse of more than four years.

In Chickballapur, three yatrinivas buildings completed during 2014 were not yet put to use as the authority to take over the same is not yet decided.

- ❖ In Mysuru district, DC reported (January 2015) that the work of providing infrastructure facilities (including dormitories at a cost of ₹ 97 lakh and providing lighting at ₹ 41 lakh) taken up near a temple spot and completed one year back at a cost of ₹ 1.73 crore were not put to use and exposed to damages as the spot was located in hilly forest area. DoT replied (December 2015) that the facility would be completed and handed over for use by Tourists.



Yatrinivas at Gadidam temple in Chickballapur district remaining unused

DoT replied (December 2015) that 21 buildings had been handed over. The Department does not maintain the facilities on its own due to shortage of staff and hence their maintenance were entrusted to the Temple Trusts/Committees. DoT also stated that utilising the facilities for other purposes is not objectionable.

The reply was not acceptable as 56 buildings have not been handed over even 17 months after issue of Government Order. Moreover, these buildings have not been utilised for their intended purpose even after spending ₹ 51.63 crore.

2.1.11 Creation of additional tourist attractions

The KTP 2009-14 had emphasized development of tourism products such as wellness tourism, homestays, sound and light shows, eco and adventure tourism, *etc.* It was observed in audit that insignificant efforts have been made towards conceptualising, planning and development of these products as detailed below:

2.1.11.1 Wellness Tourism²⁰

Realising that many of the Wellness Centres were not following the original concepts and practices of Ayurveda and were being manned by unqualified persons without basic knowledge of Ayurveda, *etc.*, GoK decided (October 2009) to adopt guidelines approved by GoI for accreditation of Wellness Centres. Subsequently, modifications in the guidelines were suggested (May 2010) by the Ayush authorities and stakeholders. Despite lapse of more than five years, the guidelines have not yet been finalised by GoK and 17 applications received (2009-10 to 2012-13) for accreditations have been kept pending for the past two to five years. Though wellness tourism was one of the thrust areas among tourism products identified in KTP, in the absence of accredited centres, DoT may not be able to promote the State as a destination for wellness tourism in domestic and international arena. Operating of non-accredited centres would also affect credibility of the State as there would be no way of monitoring the quality of services provided.

DoT replied (December 2015) that approval for Wellness Centres could not be sanctioned as there was delay in framing the guidelines and a committee would be formed to scrutinise the applications as per the new policy.

Recommendation-4: Guidelines may be finalised on priority for granting accreditation to Wellness Centres as the matter is pending since year 2010.

²⁰ Wellness Centre is defined as a facility that provides specialized therapy to tourists through alternate system of medicine such as AYUSH (Ayurveda, Yoga, Naturopathy, Unani, Siddha and Homoeopathy) through professionally qualified personnel

2.1.11.2 Eco-tourism²¹ and Adventure Tourism²²

Apart from environmental benefits, the educational and recreational aspects of forests have gained importance amongst general public and DoT has made it a thrust area to promote eco-tourism by permissible activities in the national parks, wild life sanctuaries, reserve forests, *etc.*

Five works under eco-tourism were sanctioned at a cost of ₹ 13.65 crore between March 2007 and December 2010. Audit scrutiny revealed instances of curtailment in approved components, abandoning of project, changes in scope of work after entrustment, *etc.*, affecting completion of projects as scheduled.

DoT also sanctioned (2008-09) three Adventure Tourism projects at a cost of ₹ 14.65 crore. One project was shelved after incurring an expenditure of ₹ 77 lakh and the other two projects were not completed as scheduled.

Deficiencies noticed in implementation of the above projects are shown in **Appendix 2.3**. Expenditure of ₹ 20.25 crore on these projects thus brought no lasting benefit in improving the State's tourism potential.

DoT replied (December 2015) that eco-tourism components were implemented as per the sanction and modifications were done as per site conditions. DoT also stated that trekking paths are being identified at 20 locations for promotion of Adventure-tourism.

The fact remains that all the projects could not be completed and suffered on account of various reasons and one project was shelved, which is indicative of weak appraisal of projects before their sanction.

2.1.11.3 Training in Adventure and Water sports

Based on the proposal (July 2012) of JLRL for imparting training in Adventure and Water Sports under Special Component Plan/Tribal Sub-Plan programme, GoK released (2013-14) ₹ 2.75 crore towards purchase of equipments for water sports to impart training to the SC/ST candidates during 2013-14. While a committee was constituted (August 2013) for selecting the beneficiaries, the selection of candidates has not yet been finalised (June 2015).

DoT replied (December 2015) that adventure sports locations are in forest areas and individuals are not permitted to operate adventure sports facilities.

²¹ Tourism which is ecologically sustainable and subsumes the environmental carrying capacity of a given area

²² Involves infrastructure and activities that provide the tourists with an opportunity to explore adventure and includes activities such as mountaineering and trekking, river running, kayaking, river rafting, scuba diving, water skiing, surfing, paragliding, parasailing and bungee jumping, *etc*

Hence, this course is proposed (July 2015) to be modified as “Orientation programme in Eco-Tourism” and implemented after approval.

The reply is not tenable as the scheme was not implemented even after two years of release of funds and the JLRL was well aware of the restrictions in forest areas even at the outset.

2.1.11.4 Coastal Tourism

Coastal Regulation Zone (CRZ) Rules notified during 2011 prohibits taking up construction activities up to a distance of 500 metres from the High Tide Line (HTL) of the sea in CRZ I category.

GoK approved (December 2009) ‘Comprehensive improvement of Tagore Beach in Karwar’ comprising 15 components at an estimated cost of ₹ five crore for execution through *Nirmithi Kendra*. As of March 2015, works to the extent of ₹ 1.86 crore were completed against release of ₹ three crore. The components of providing parking of vehicles, adoption of high mast lights, and fencing around the defence zone were dropped due to CRZ regulation and widening of road by NH authorities. The main component of providing toy train estimated to cost ₹ one crore was also not taken up and the DC had directed (December 2014) the implementing agency to consult Konkan Railway regarding the component of toy train as the *Nirmithi Kendra* lacked necessary expertise in that regard.

Thus, the destination improvement project that was sanctioned nearly six years ago is still far from completion without bringing any of the intended benefits.

DoT replied (December 2015) that discussions for relaxing CRZ norms were held with GoI nominated committee. DCs of Uttara Kannada and Dakshina Kannada have been instructed to provide facilities for Surfing and Scuba diving in the coastal areas.

Thus, inspite of the State having a long coastline, coastal tourism has failed to take off mainly because of lack of seriousness of the Government and DoT in handling the public issues.

Recommendation-5: The destination management involving multiple stakeholders would help in achieving the objective of the policy to make State a preferred tourist destination.

2.1.11.5 Promotion of Homestay Scheme

To increase the room capacity to accommodate tourists and encourage private stakeholders, GoK promoted (July 2007) implementation of ‘Homestay Scheme’ especially in posh bungalows, heritage homes, farm houses, *etc.*, and set a target of 1,500 classified homestays by 2012 in the tourist spots all over the State. The homestays were required to be registered with DoT under

‘Gold’ and ‘Silver’ categories and required to pay an annual fee of ₹ 15,000 and ₹ 10,000 respectively. The registration was valid for three years and had to be renewed by paying a prescribed fee (₹ 3,000 and ₹ 2,000) subject to fulfillment of certain conditions. The homestays registered with DoT were treated as non-commercial activity, entitled for using Karnataka Tourism Brand for marketing, and Departmental assistance for obtaining loan. The non-commercial tag enables payment of electricity tariff, water rates and property tax at concessional rates as applicable to domestic purposes.

There were 306 registered homestays in the State as of March 2012. New proposals were received between the years 2011-12 and 2014-15 for establishment of 524 new homestays in 16 districts but they were not finalised. The DoT appointed an agency for conducting site inspection, train homestay owners and classification only during January 2015 and the process was not completed as of June 2015. Further, 306 homestays continued to run by paying annual fee though their registration period had expired.

DoT replied (December 2015) that the nominated agency had submitted the report and certificate of registration would be issued to 233 applicants found qualified and deficiencies noticed in other applicants have been intimated to them for rectification. DoT also stated that rating agencies were empanelled (March 2015) for assessment of facilities provided by the homestays.

Thus, failure of DoT in not finalising the process of registration of homestays even after four years rendered unauthorised running of homestays which discourage genuine entrepreneurs in taking up business.

To assess the impact of the initiative taken by GoK for promotion of homestay scheme, Audit sought response from homestay owners from Kodagu district by forwarding a questionnaire through e-mails. The homestay owners reported about poor road conditions, lack of internet/phone connectivity, inadequate signages, functioning of unauthorised homestays.

Recommendation-6: The Department may streamline and expedite homestay registration and popularise the scheme effectively by uploading the ratings in the departmental website.

2.1.11.6 Sound and Light Shows

As a measure to enrich tourism experience, DoT undertook to provide Sound and Light Shows at historical monuments to narrate their glorious past, the history and folk tales of the region/State, etc. During 2008-10, GoK approved four Sound and Light Show projects at a cost of ₹ 9.36 crore. These monuments were under the jurisdiction of ASI and required their approval before commencement of any such Sound and Light Project. As funds were released before obtaining the mandatory approval, none of the projects could be taken up by the implementing agencies. Details were as shown in **Appendix 2.4.**

2.1.12 Management of State- owned tourist infrastructure

KSTDC and JLRL were operating hotels and lodges and occupancy ratio of these accommodation units had shown negative trend during 2010 to 2015. There were also lapses such as delay in handing over of properties to lessees on ROMT basis coupled with lack of monitoring of properties by KSTDC resulting in idling of infrastructure as brought out below.

2.1.12.1 *Decreasing trend in occupancy percentage in respect of hotels run by KSTDC/JLRL*

KSTDC was operating 17 hotels consisting of 324 rooms whereas JLRL was operating 11 lodges consisting of 177 rooms as of 1 April 2011. The percentage of occupancy in respect of KSTDC hotels went down from 46 in respect of 17 hotels operational in 2010-11 to 38 in 2014-15. In respect of JLRL, the percentage of occupancy of 11 lodges which was operational during 2010-11 to 2014-15 went down from 57 during 2010-11 to 48 during 2014-15. It was observed that four units at Pilikula, Hampi, Bidar and Gokarna recorded poor occupancy which was below 20 per cent.

Since there was 40 per cent increase in the number of tourist arrivals into the State during the period between 2011 and 2014, decrease in the percentage of occupancy indicate that proper strategy was not put in place by KSTDC/JLRL to attract more tourists to the Hotels/Jungle Lodges being operated by them. Further, reasons for decrease in the occupancy ratio were also not analysed periodically by the respective managements for taking timely remedial measures to improve the occupancy.

Thus, despite increase in the number of tourists, the occupancy ratio in KSTDC hotels/ JLRL lodges had decreased which is a matter of concern for the Government.

DoT replied (December 2015) that action would be taken to analyse reasons for decrease in occupancy rate and ensure increased occupancy rate in future.

2.1.12.2 *Leasing of properties*

KSTDC leased 30 properties (Hotels/Wayside facilities) on ROMT basis to various agencies for a period of 25/30 years. Out of the above, four²³ properties were surrendered (between 2011-12 and 2013-14) by the lessees and KSTDC returned (June 2014/May 2015) the properties to DoT. In two²⁴ cases, the lease agreement was cancelled due to non-payment of lease rent of ₹ 30.74 lakh, which was yet to be recovered. The Yatrivas at Jog Falls was handed over to Jog Management Authority and three properties had been

²³ Wayside facility at Lakkundi, Hotel Mayura Malaprabha at Belagavi, Mayura Yatrivas at Aihole and Yatrivas at Jog Falls

²⁴ ₹ 23.82 lakh (Hotel Mayura Malaprabha at Belagavi) and ₹ 6.92 lakh (Mayura Yatrivas at Aihole)

leased on ROMT in July 2015 but properties had not been handed over to the lessees to renovate and operate the facilities.

DoT replied (December 2015) that the properties would be handed over after conducting joint inspection. The reply was not acceptable as no reasons were furnished for non-conducting of joint inspection. No details were furnished by DoT regarding recovery of outstanding lease rent of ₹ 30.74 lakh.

DoT also owned 13 non-operational facilities which included three facilities constructed between 2012 and 2013 and five facilities were in dilapidated condition. In order to manage these facilities through private players, DoT appointed iDeCK to assess cost of renovation for entrustment on ROMT basis which submitted the report during September 2014. DoT entrusted three properties on ROMT basis in July 2015. There was no response in respect of other properties. The details are shown in **Appendix 2.5**.

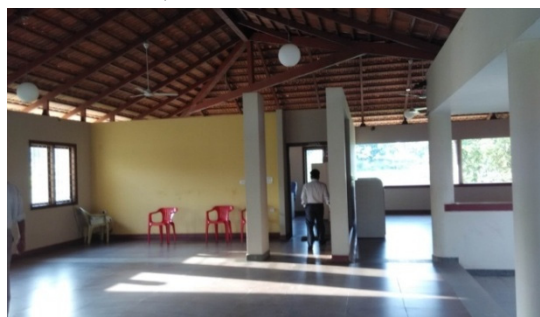
Audit scrutiny showed that no response was received in respect of newly constructed facilities at one place. Further, DoT had not handed over three properties for which lease agreements were signed in July 2015.

DoT replied (December 2015) that three properties would be handed over to lessees after conducting joint inspection and tenders would be invited again in respect of other properties. The reply was not acceptable as no reasons were furnished for not conducting joint inspection which had delayed in undertaking renovation and commissioning by the lessees. Further, it was not clarified as to why tenders were not reinvited by the DoT.

Lack of seriousness on the part of DoT to take necessary steps resulted in non-availability of facilities to the tourists and delay in leasing of properties would result in further deterioration of infrastructure.

2.1.12.3 *Diversion of newly constructed International Hotel for other purposes*

With the objective of providing accommodation facilities to tourists visiting Heritage sites at Belur and Halebidu, GoI sanctioned (December 2004) construction of an International Hotel at Belur, at a cost of ₹ 3.60 crore and released ₹ 2.88 crore for the purpose. Due to delay in identification of suitable land, the work was entrusted (January 2009) after a delay of five years at a cost of ₹ 4.32 crore and completed (January 2012) at a cost of ₹ 4.99 crore. The entire



building was handed over to Food Craft Institute (FCI) in October 2012 for using it temporarily until proposed new building for FCI was completed. FCI trained 333 students during 2013-15 using only one room for

conducting practical training. The remaining 19 rooms were kept vacant for almost three years, thus defeating the very objective for which the hotel was constructed. GoK ordered (March 2015) handing over the building to KSTDTC after vacation by FCI. The building was still under the possession of FCI (November 2015).

DoT replied (December 2015) that the building, though not used for tourist purposes, was used for training 330 students. However, action would be taken to use it as a hotel after shifting of FCI to Hassan.

The reply of the DoT is not acceptable because FCI is using only one room and DoT can use all other 19 rooms as hotel as is being done by the other hotel managements.

Audit survey indicated that there were only three hotels available in Belur and by not operationalising this hotel three years after its construction, the tourists were being denied appropriate facilities, which was detrimental to tourism of the place.

2.1.13 Capacity building

Manpower such as tourist guides and personnel for hotel industry are essential components of tourism sector and DoT undertakes measures to meet the needs of the tourism industry by releasing subsidies under various beneficiary-oriented schemes. Audit scrutiny revealed that these schemes were not effectively implemented as funds were released before identification of beneficiaries resulting in non-achievement of the objectives of these schemes as detailed below.

2.1.13.1 Distribution of taxis

The GoK launched (2009-10) a scheme for distribution of taxis to unemployed youth under SC/ST category with subsidy of ₹ two lakh for each beneficiary. The taxis should be in the name of the beneficiary for five years. The beneficiary would be required to submit copies of all the documents to DoT immediately after purchase and registration of the vehicle. The scheme was extended to OBC beneficiaries also during 2013-14. The details of release and its utilisation during 2010-15 were as shown in **Table 2.6:**

Table 2.6: Release and utilisation

Year	Physical (in numbers)			Financial (₹ in lakh)		
	Target	Achieved	Balance	Target	Achieved	Balance
2010-11	1,143	1,119	24	2,002	1,958	44
2011-12	1,201	1,064	137	2,402	2,128	274
2012-13	745	578	167	1,490	1,156	334
2013-14	4,700	1,841	2,859	9,400	3,682	5,718
2014-15	772	44	728	1,544	88	1,456
TOTAL	8,561	4,646	3,915	16,838	9,012	7,826

(Source: Details furnished by DoT)

As may be seen from the **Table 2.6**, the cumulative utilisation was only 54 per cent of the target fixed and ₹ 78.26 crore was lying idle in the bank accounts of the DCs which was due to release of funds every year without ensuring utilisation of funds released previously. The balance available at the end of 2013-14 was ₹ 57.18 crore which was more than the requirement for 2014-15 but DoT released ₹ 15.44 crore during the year which lacked justification.

Further, the copies of documents were not obtained from the beneficiaries. Audit cross verified the details of 517 beneficiaries with the RTOs and found that in 33 cases the vehicles were transferred to other persons, within five years. DoT accepted (December 2015) the audit observations and stated that efforts are being made for speedy implementation of the scheme.

The Government does not have any system to see whether the scheme was serving the purpose of increasing the tourism in the State.

2.1.13.2 Short term courses on hospitality and allied programmes

A scheme for conducting short term courses for SC/ST and OBC students on hospitality and allied sectors through private institutions was undertaken by DoT by providing funds to colleges at different²⁵ rates during 2010-14. As per guidelines issued at the time of release of funds, the colleges were required to intimate DoT about (i) details of students enrolled within 15 days of the commencement of course, (ii) the details of students who completed training and (iii) and the details of their placement after completion of training to the Department. The details of colleges and students trained during 2010-15 are shown in **Table 2.7**:

Table 2.7: Number of students proposed to be trained by colleges and amount released

(₹ in crore)			
Year	No. of colleges	No. of students	Amount released
2010-11	3	1,126	1.60
2011-12	3	843	1.20
2013-14	10	1,492	2.98
2014-15	7	690	1.38

(Source: Information furnished by DoT)

Audit scrutiny revealed that the requisite details were not furnished by the colleges but DoT continued to release funds to these colleges in subsequent years.

Audit sought information from nine colleges (where 3,562 students were trained) out of which only four colleges could furnish information regarding employment of 1,386 students (39 per cent) after completion of their training whereas the remaining five colleges (where 2,176 students were trained) did not have any information regarding employment of the trainees after completion of training.

²⁵ At the rate of ₹ 12,000, ₹ 14,200 and ₹ 20,000 per student per course during 2010-12, 2013-14 and 2014-15 respectively

DoT replied (December 2015) that the details of candidates trained and utilisation certificates were obtained from three colleges and the same would be obtained from the remaining colleges.

The reply was not acceptable as the colleges which furnished details to Audit also furnished details to DoT, which had been made available while giving reply to audit. This evidently shows that no monitoring was done by DoT and funds were released without obtaining details envisaged in Government Order.

2.1.14 Conclusion

Measures taken by DoT were inadequate to enhance the status of tourism as the principal and largest economic activity of the State as no actionable plans were prepared though envisaged in the policy. Neither the quantum of investments nor creation of employment opportunities as promised by private sector had translated into reality as investments of ₹ 21,673.67 crore out of ₹ 27,550 crore sanctioned did not take off and creation of additional jobs was over estimated as not even one *per cent* of the target could be achieved. The growth rate in tourist inflow to the State remained static. Omissions such as taking up projects without necessary approval from Departments concerned, delay in release of funds, non-identification of land, *etc.*, resulted in loss of central assistance of ₹ 17.95 crore in seven cases. The mega project at Hampi taken up in 2008 was still under progress and Theme Park estimated at a cost of ₹ 50 crore was shelved after incurring expenditure of ₹ 1.41 crore. Tourism potential of Pattadakal was not tapped effectively compared to Hampi and separate management authority like in Hampi was not established. Seventy seven Yatrivas/dormitories constructed for the benefit of tourists at a cost of ₹ 51.63 crore were not put to use due to delay in identifying authority for its management. Eco & adventure tourism, sound and light show and coastal tourism projects were not completed as planned or several components were shelved on account of various reasons which were indicative of weak appraisal of projects before their sanction. Norms for providing basic amenities were not finalised and basic amenities were lacking at identified tourist destinations including at world heritage sites. Thirteen departmentally owned facilities like hotels and restaurants could not become operational due to non-handing over of facilities by DoT to private players after entering into lease agreements with them in six cases and delay in tendering which resulted in idling of assets.