India

Basic Tourist Facilities Project

Report date: March 2001
Field survey: July 2000

1. Project Profile and Japan's ODA Loan

Project Site: Bihar State, Uttar Pradesh

Photo: The entrance gate at Nalanda

1.1. Background

Although the number of foreign tourists to India stagnated after reaching 850 thousand in 1981, the years 1986 and 1987 saw rapid increases in numbers to 1.08 million and 1.16 million, respectively. Moreover, notwithstanding the fact that the numbers of foreign tourists were approximately half those of Japan, Thailand and Malaysia, because the average number of days that such foreign tourists spent in India was longer, the revenue from tourism was equivalent to that in Japan and Thailand.

In view of the perceived potential for high level growth in the tourist industry, the government of India adopted various policies targeting a 7% annual increase in foreign tourists in its 7th Five-Year Plan (April 1985 ~ March 1990), which was enacted in 1985.

U.P. State (Uttar Pradesh) and Bihar State, the two regions covered by this project, are endowed with numerous Buddhism-related heritage sites; however, with the exclusion of Sarnath, tourist numbers had reached a plateau. Inadequate road transport facilities for accessing the various tourists sites, a lack of basic infrastructure including water supply and electric power facilities to ensure comfort at the locations and inadequacies in the tourist attractions themselves were considered to be major factors underpinning this situation.

1.2. Objectives

To activate the promotion of industry within the regions and to improve the standard of living for local residents based on the creation of tourism-related infrastructure in the states of Uttar Pradesh and Bihar, which are enriched by numerous Buddhism-related heritage sites.

1.3. Project Scope

The project involved the creation of tourism-related infrastructure at Buddhist tourist locations in the states of Uttar Pradesh and Bihar, and specifically: (1) road and bridge maintenance and the provision of transport facilities for tourists; (2) construction of rest facilities; (3) creation of infrastructure at Buddhism-related heritage sites; and (4) the provision of water supply and electric power facilities. The ODA loan covered the entire foreign portion and part of the local currency portion of the project.

1.4. Borrower/Executing Agency

President of India / Ministry of Tourism and Culture

1.5. Outline of Loan Agreement

Loan amount/Loan disbursed amount	¥9.244 billion/¥6.617 billion
Exchange of notes/Loan agreement	October 1988/December 1988
Terms and conditions	Interest Rate: 2.5%, Repayment period (grace period): 30 years (10 years), LDC untying
Final disbursement date	January 1999

2. Results and Evaluation

2.1. Relevance

In line with the its goal of utilizing the strong potential for growth in tourism, the government of India promoted the following tourism promotion policies in its 7th Five-Year Plan (April 1985 ~ March 1990):

- Ensuring accessibility to tourist sites, creation of infrastructure to encourage private investment.
- Restoration and conservation of heritage sites, landscaping and expansion of public facilities in order to improve convenience and enhance the appeal of tourist sites.

This project was in line with the policies to promote tourism and is thus considered to have been relevant. Moreover, in light of the fact that the 1.16 million foreign tourists to India recorded at the time of appraisal in 1987, had reached 2.29 million in 1998 and that tourism continued to be a means of acquiring valuable foreign capital, the project has maintained its relevance to the present day.

2.2. Efficiency

(2.2.1.) Project Cost

Despite the fact that approval was obtained for the budget for this project, there were substantial delays in the budget disbursement on the part of the Indian government, which had a major impact on the start and progress of construction.

As a result of changes made by the Indian government to its plan regarding the separate procurement of passenger vehicles and buses, etc., foreign capital

achievements were approximately half the level estimated at the time of appraisal (6.471 billion yen → 3.343 billion yen), and of the portion covered by the ODA loan, the loan amount of 9.244 billion yen, remained at 71.6% or 6.617 billion yen.

(2.2.2.) Implementation Schedule

The project was scheduled to be completed by June 1992, but was delayed by six years to June 1998. There were three main reasons for the delay: (1) the drafting of the detailed design (D/D) was highly time-consuming; (2) the execution of the project involved 12 organizations and 41 businesses resulting in a complicated execution system, which meant that a great deal of time was needed to make adjustments among the organizations and to obtain approval for individual projects; and (3) there were inadequacies in the technical level of some consultants, which pushed back the progress of construction.

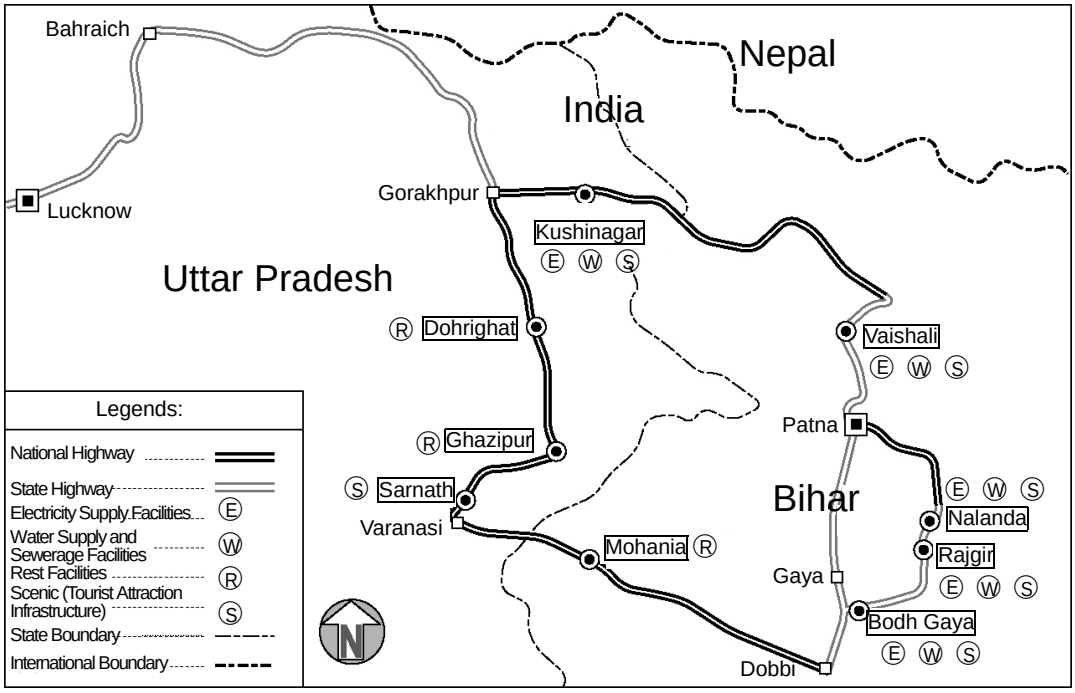

Figure 1 Location Map of Project Sites

2.3. Effectiveness

(2.3.1.) Improved Convenience for Tourist Visitors to Buddhism-related Heritage Sites

In addition to expanding the width and improving the road surfacing of 446-km of national highway and 781-km of state highway in the states of Uttar Pradesh and Bihar, this project also contributed to expediting transport and reducing transfer times between tourist sites via the construction of two-lane bridges in a total of nine locations in the two states.

The project also involved the construction of access roads from trunk roads to the

ancient monuments at Sarnath and Rajgir and expansion and resurfacing on a total of 27.3-km of roads within the national parks, thereby facilitating access to the monuments and easing movement within the respective park areas.

Moreover, the provision of water supply and electric power facilities in five locations at Kushinagar, Rajgir, Naranda, Vaishali and Bodhgaya, rendered it possible to supply sufficient volumes of water and electricity to tourists, thereby contributing to their comfort for the duration of their stay in these areas. Among these five locations, the electric power facilities at Kushinagar in Uttar Pradesh are supplying 15,000 households, whilst the water facilities provide 6.5 millionm^3 of clean water per day to 31,600 households. Furthermore, the public water mains that have been installed at each of the tourist sites not only provide drinking water to the domestic and foreign pilgrims[*1] who visit the sites, but are also utilized for numerous purposes including washing clothing and bathing.

Under the project, rest facilities have been constructed on the route between Sarnath and Kushinagar at Dohrighat and Ghazipur, and at Mohania, which lies between Sarnath and Bodhgaya[*2]. Each of the facilities has 18 bedrooms, a restaurant with a seating capacity of 100, kitchens, toilets, parking, a forecourt and fountains. These facilities are predominantly used by foreign tourists, including Japanese tour members. Some 5,400 people per year use the restaurant at the Mohania rest facility, whilst approximately 1,500 people make use of the accommodation facilities at the Ghazipur rest facility on an annual basis.

*1 Rajgir is not only the seat of Buddhism, it is also a sacred Jainism and Hinduism monument and is visited by large numbers of Indian pilgrims.

*2 Despite the reductions in transit time that have been brought about by the improvements made to roads between these destinations under this project, it still takes in the region of 10 hours to travel between them.

(2.3.2.) Increased Numbers of Tourists

Table 1 shows changes in the numbers of tourists visiting sites within the project area.

Despite regional fluctuations in tourist numbers produced by differences in the numbers of hotels submitting data for each year, it is possible to infer a general increase in the numbers from the table. As a result of this lack of systematic data, a 1~2 year observation period will be necessary to determine whether the present project has been effective in increasing the overall numbers of tourists since its completion. In this context, the IRR (internal rate of return) has not been recalculated.

Table 1 Changes in Tourist Numbers for Project Areas

(Unit: thousand people)

	1993	1994	1995	1996	1997	1998	1999
Vaishali[*1]	3.7	3.2	17.8	16.3	21.6	37.3	64.8
Nalanda[*1]	146.5	151.1	152.1	154.3	154.9	318.1[*3]	959.8[*3]
Rajgir[*1]	529.4	597.1	11.2	56.6	283.6		
Bodhgaya[*1]	407.9	331.5	135.5	139.9	118.8	98.6	345.3
Sarnath[*2]	N.A	1349.4	1459.4	1605.4	1765.9	1942.3	2136.7
Kushinagar[*2]	N.A	59.4	76.4	84.0	92.4	101.7	111.8

[*1] Source: Bihar State Tourism Development Corp. Ltd.
[*2] Source: U.P. State Tourism Development Corp. Ltd.
[*3] Source: Cumulative total number of tourists for both states

(2.3.3.) Beautification of Tourist Areas

This project included beautification of parks and the construction of entrance gates, and the construction of bus waiting rooms at individual tourist sites including Bodhgaya and Sarnath. In the case of Sarnath for example, the ground was predominantly bare prior to project execution. Under the project, however, turf was laid throughout the park area around the monument as part of the provision of infrastructure for tourist attractions, roads within the park were block-surfaced and greening was executed along the roadside; trees were planted and flower beds laid, landscaping was executed around the lake and sweeping improvements made to the scenery within the park.

2.4. Impact

(2.4.1.) Promotion of Industry in Project Areas

No data is available on tourism-related revenue for the areas covered by this project. Accordingly, we have utilized the data from Uttar Pradesh state, which is comparatively more reliable, to estimate the income from tourism for Sarnath and Kushinagar, both of which are in the state.

Assuming tourist expenditure by visitors to both regions to be the same as that by those visitors to Uttar Pradesh, income from the tourist industry for the two regions is as shown in Table 2, with increases for both Sarnath and Kushinagar being apparent from the figures. These increases in tourist numbers and revenue are considered to be contributing to the promotion of tourist-related industries and the creation of employment within the region.

Table 2 U.P. State Estimated Revenue from Tourism for Project Areas

(Unit: million Rp)

	1994	1995	1996	1997	1998
Sarnath	836.9	866.5	955.2	1052.3	955.7
Kushinagar	36.8	45.4	50.0	55.1	50.1
Total	873.8	911.9	1005.1	1107.4	1005.8

* The above tourism revenue figures are compiled utilizing the consumer price index as of 1995.

(2.4.2.) Improved Standards of Living in Project Areas

The provision of roads and bridges under this project has facilitated access to commercial cities in the vicinity and is contributing to the swifter transport of agricultural products to markets within the project areas. Moreover, the provision of water mains, which has enabled a safe supply of clean water to the project areas and to residents living in surrounding areas, has resulted in a reduction in the time required by local residents to draw water.

Electric power facilities have contributed to electrification within the project areas and have allowed street lamps to be installed at bus stops and on streets thus making it safer to go out at night. In this way, the basic infrastructure that has been provided under this project – roads, bridges, electric power facilities, water supply facilities, etc. – has broadly improved the level of convenience both in the tourist industry and for residents in the project areas, where such infrastructure was formerly underdeveloped.

(2.4.3.) Impact on Society and the Environment

Notwithstanding the impact that expansion work to roads and bridges has had on the environment and relocation of residents in the states of Uttar Pradesh and Bihar, reports from the executing agencies indicate that such impact has been on a small scale and that the work has generated no specific environmental issues.

2.5. Sustainability

(2.5.1.) Operation and Maintenance Management System

Facilities maintenance work is basically being carried out by the organizations responsible for execution. The organizations responsible for operation and maintenance are as shown in the table below.

Table 3 Organizations Responsible for Operation and Maintenance (O/A)

	Uttar Pradesh	Bihar
National Highways	U.P. State Public Works Department	Bihar State Public Works Department
State Highways	U.P. State Public Works Department	Bihar State Public Works Department
Water Supply & Sewerage Facilities	Public Health Engineering Department	Public Health Engineering Department
Electric Power Supply Facilities	U.P. Power Corporation Ltd. *	Bihar State Electricity Board
Tourist Attraction Infrastructure	Forest Department	Forest Department
Rest Facilities	U.P. State Tourism Development Corp. Ltd.	Bihar State Tourism Development Corp. Ltd.

* The Town Area Committee is responsible for maintaining street lamps in Kushinagar.

(2.5.2.) Operational Budget and Maintenance Conditions

The operational budgets for water mains and electric power supply facilities are furnished by the charges levied on these utilities and subsidies from the state governments. The tourism development corporations in the two states, which are responsible for maintaining the rest facilities, appropriate revenue earned from operating state-owned hotels and rest facilities, car rental and tour operations to fund the maintenance of these facilities. Otherwise, all maintenance costs for roads and tourist attraction infrastructure are covered by budgetary allocation from the state governments.

In Uttar Pradesh, a budget of 500-million Rp was allocated to works under this project in fiscal 1999. Two thirds of this was appropriated for repayment of the principal and interest (on the ODA loan), whilst the remaining was allotted to the maintenance of facilities. According to the results of a questionnaire survey conducted on the organizations responsible for maintenance works related to this project, all organizations in Uttar Pradesh, with the exclusion of the Forest Department, which is responsible for maintaining tourist attraction infrastructure, responded that they were satisfied with (the budget for) facilities operations and maintenance expenses. In Bihar State, however, all organizations other than the Forest Department expressed dissatisfaction with the budget for such expenses. Political confusion in Bihar coupled with deteriorating financial conditions in the state is considered to be having a negative impact on the budgetary expenditure of the various organizations.

Insufficient spare parts for electric power facilities means that it will not be possible to provide a stable supply of electricity to some areas in Bihar State as of 1999; whilst these electricity shortages will generate frequent periods during which the use of some water mains facilities will not be possible.

As cited above, the maintenance operations being conducted by the various organizations in Uttar Pradesh are being satisfactorily undertaken. On the other hand, whilst financial difficulties in the state of Bihar are generating some problems, particularly in terms of electricity and water supplies, overall facilities maintenance operations are, on the whole, being adequately executed. However, it will be necessary to resolve these insufficiencies in maintenance budgets in order to maintain the sustainability of this project in the medium and long term.

3. Training

No specific training activities implemented.

(The following is not for publication)

4. Suggestions

(Suggestions to JBIC)

The goal of this project was to activate the promotion of industry within the regions and to improve the standard of living for local residents based on the creation of tourism-related infrastructure in the states of Uttar Pradesh and Bihar, however, there are almost no systematic data available for this analysis and evaluation by which to determine the relative success of these goals. In order to improve this situation, it will be necessary to set up appropriate results indicators to confirm the degree of target achievement at the time of future project formation, and to ensure that borrowers and executing agencies collect valid data by making the submission of such data to JBIC part of the collateral on the loans and the approval decision process.

Figures for tourist numbers (foreign and domestic) and revenue from tourism are available for the last 10 years, together with data on admission numbers for some national parks for the two regions evaluated (Chieng Mai and Phuket) in the Basic Tourist Facilities Project (post evaluation conducted in 1999) implemented in Thailand, which included the provision of tourist-related infrastructure in eight regions and a total of 70 locations. These have been sufficiently effective for measuring the results of the project.

Comparison of Original and Actual Results

Item	Plan	Results
1. Project scope		
	Road maintenance (national highways: 407-km; state highways: 900-km)	National highways: 446-km; state highways: 781-km
	Bridge construction/improvements (10 locations)	9 locations
	Construction of rest facilities (3 locations)	Not implemented (separate provision by private sector)
	Construction of road-side rest facilities (3 locations)	3 locations. However, Hisua was changed to Mohania.
	Procurement for rest facilities (telephones, heating facilities, etc.)	Not implemented (separate provision by private sector)
	Communication facilities	Not implemented (separate provision by private sector)
	Procurement of transport facilities for tourists (150 passenger vehicles; 40 buses)	Not implemented (separate provision by private sector)
	Maintenance of water facilities (5 locations)	As left.
	Maintenance of electric power facilities (5 locations)	As left.
	Tourist attraction infrastructure (6 locations)	As left.
	Consulting services (total: 296 M/M)	Total: 654 M/M
2. Implementation schedule	January 1989 ~ June 1992 (42 months)	October 1988 ~ June 1998 (116 months)
3. Project cost		
Foreign currency	6.471 billion yen	3.343 billion yen
Local currency	15.131 billion yen	5.019 billion yen
	(1.544 billion Rp)	(1.547 billion Rp)
Total	21.602 billion yen	8.362 billion yen
ODA loan portion	9.244 billion yen	6.617 billion yen
Exchange rate	1.0 Rp = 9.8 yen (1988)	1.0 Rp = 3.2 yen

Source: Indian Ministry of Tourism and Culture data