

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

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**TEXT OF THE SPEECH OF THE UNION FINANCE AND DEFENCE MINISTER  
SHRI ARUN JAITLEY AT THE NATIONAL CONFERENCE OF STATE TOURISM MINISTERS**

**New Delhi, August 21, 2014**

**Shravana 30, 1936**

Following is the Text of the Speech of the Union Finance and Defence Minister Shri Arun Jaitley at the National Conference of State Tourism Ministers here today:

“It is a very important occasion that we have all assembled here for the meeting of the State Tourism Ministers . If India is to grow, if Indian economy is to grow, tourism is certainly one of the low hanging fruits, which is more easily achievable. I have the least hesitation in saying that it is one of the underachieved sectors in India.

A country of India’s size should have ordinarily everything going for tourism. It should have been crowded with tourist arrivals. Why do tourists visit any part of the world? India is a country which has a large coastline, some of the best beaches in the world. We have huge mountain ranges in various parts of the country. We have seasonal variations in terms of weather. We have some of the most beautiful rivers which add to the natural beauty. We have concentrated forests spread-out in different parts of India. We have archaeological monuments which are of great global interest. We have some of the best pilgrim centres in the country and some of the pilgrim centres that have great attractions world over. We have a large cultural heritage. We have great metropolitan cities which are competitors among the best in the world. So in terms of variety of what we have to offer, we have a great history, we have nature, we have culture, we have large geography and all that the world has been extremely curious to come and see what is in India.

Tourism is not the sector of rich. Some of the tourists may be rich. The economic principle in which tourism functions is the man who has the wealth spends and the others get the job. So tourism industry is one of the largest employers in the world. Tourism is one of the greatest economic resources. There are countries which have one or two of these tourist attractions and they market them or brand them all over the world in such a manner that the world arrives to see these one or two branded image makers of that country.

City States, single City States which have created global quality of infrastructure utilized that infrastructure to offer something of interest to the visitors. So if you look at the entire basket that we have in India, seven million tourists is an inadequate figure. Actually this seven million may be an act of self deception because the country has one of the largest expatriate population. So all the expatriates when they come back home here, we start considering them as tourists and five million probably become seven million. This is certainly not an occasion for us to pat our backs but start introspecting to where we are up to and I think unless we ask the right questions, we won’t get the right answer. You need to lay down a red carpet otherwise the tourists won’t come. Just as to say to sell products, we say ‘Consumer is the king’; today the ‘Tourist is the King’. He has to choose where to visit. We are at his mercy and therefore, our ability to attract him must be adequate and sufficient.

What is the kind of infrastructure that we offer to a tourist when he visits India, what is the kind of airline connectivity that we give him, that is the first question we have to ask. Fortunately the number of international airports has increased, international flight connections have also increased. These things will always help. The quality of airports, I am quite willing to introspect and say that in last few years, this is one sector where there has been some improvement and huge scope for further improvement exists. We need to progress and I think we have progressed to work little faster in this. Our domestic connectivity both in terms of rail and road, I think rail connectivity is something predominantly the responsibility of the Government of India. But we think, the greatest achievements of Railways is, if the Railway Minister at the end of the year gets up and make a speech and say “my best achievement is I am not increasing the fares”. The British built Indian Railways. Are we aware of the fact that the rail tracks that they left behind in 1947, we barely added 15% or 20% extra rail tracks to that. So we have not added the much desired length of railway tracks in terms of connectivity. Our rolling stocks quality needs to improve and come-up to international standards. In fact, our commitment to maintain only the monopoly of the State in Railways may have contributed to it. Fortunately, the Government few days back announced the first step towards radical change in the functioning of Railways. We opened-up at least the infrastructure part for 100% FDI and we have to look forward for many more reforms or changes at least in the Railways. Internationally railway travel particularly in the European continent for a tourist is matter of delight but if we have unacceptable levels at Railway station or railway compartments, these are not areas that are going to attract too many tourists.

We started about 14-15 years ago, the highway camp programme, which slowed down a little. So road transportation has to increase. The highways are one of the relatively more success stories of India. But there have been few issues, if not mismanagement that the process has slowed down now that it needs to be expedited again. And I think the crucial part particularly for all States to realize, and in last three months that I have got my personal responsibility, I have said it on more than one occasion that the present Government in the Centre believes and is committed to the idea that they are a low taxation Government. We are not a high taxation Government and I said this in the context of product. If you leave more money in the hands of tax payers, he spends more and the economy expands more. If you load your products with lower taxes then the products are cheaper, their salability increases much more than that this principle applies to hotels and the tourism industry. So if your airlines are going to be costlier, if your hotels are going to be costlier, compared to the rest of the world, our tourist volumes will never be able to grow.

Therefore, whenever either in Delhi or at the States, we believe in allocating costly lands for the hotels. Costly lands means costly hotel rooms rates. Costly room rates means less tourist and less tourist actually means lower revenue for the Government. Higher taxation on tourism means less tourist which in turn means lower earning. It is a comparison you can draw from one of our experiences and that is relatively a success story of the telecom sector.

We started the telecommunication sector with somewhat ill advised policy which used to be called the ‘License Fee’. So the license fee resulted in the mobile telephony costing Rs.16 per minute. So there would have been no mobile telephony in India or few of them today. The moment we shifted to revenue sharing, the rates dropped hugely. The volumes increased and the earning of the Government increased manifold than the ill advised license fee. Do the State Governments or the Centre or the State are willing to follow the same principle or policy in case of the tourism industry,. When we are loading the tourism industry with higher taxes, there is going to be a lesser occupancy and effectively lesser collections. Countries like Thailand are the examples that you need to emulate in this regard which provide relatively and globally cheaper hotel accommodation to its tourists. As a result, the volumes grew and the tourism traffic grew and today Indians, at least the wealthier section of Indians are finding it cheaper to get their children married there than in Indian hotels. It is the hard reality. What is the direction therefore in which we want to take the tourism industry. It is an economic resource as far as the country is concerned. It’s a gateway where the world sees all of us and therefore, the red carpet laying for the tourist is the

need of the hour. A law and order problem, one incident of rape in Delhi advertised world over is enough to cost us millions of dollars in terms of lower tourism. So we have a national responsibility especially when God has blessed us with everything, which a tourist wants to see. We just have to catalyze that process and make sure that we take the right steps.

Visa on arrival and concept of Electronic visa is only a measure to facilitate easy entry to tourists to India. The more they come, the more they spend. The more they spend, the more Indians will get jobs and the more Indian economy will grow. I think this is the principle we have to keep in mind and if we are short sighted to load the few, who come with high taxation, you may transiently deceive yourself by saying that we are collecting more from them but in a long run, we will under exploit our potential, which is neither good for the economy of the States or the country as a whole.

It is a great occasion where all the Tourism Ministers of Centre and the States are here, all the officials are here. If cooperative federalism can be seen in play, it is really in the Tourism sector. It is a sector which can create win- win situation for every Government. I think if we are able to interact and learn for ourselves, and implement the right message, then seven million figure is under achievement.

This has to grow many more times and tourism therefore, has the potential to contribute much higher as far as national exchequer is concerned. I am sure your discussions in the course of the day will be extremely fruitful, beneficial for tourism industry in India, which I said is a low hanging fruit. With a little bit of planning, we can achieve far greater advantages as far as tourism is concerned.

I wish today's meeting is great success.”

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