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KSTDC hopes cut in entry tax will boost tourism in south

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THE Karnataka State Tourism Development Corporation (KSTDC) is hoping that a planned common proposal to promote tourism across the four southern states by cutting entry taxes will lure more visitors and turn the entire region into a vibrant destination.

The proposal, currently being discussed by the southern governments, is aimed at creating a partnership, which will ultimately lead to common promotion and lower entry taxes. This in turn will create a situation under which tourists can travel to different destinations with maximum ease. Entry tax now varies from state to state.

Sources said that while each state currently competes to market its tourist locales, this partnership could see them working together. "Such a conclave could work at making the rates uniform or completely doing away with it so that tourists can travel seamlessly," said Vinay Luthra, MD, KSTDC.

This could result in joint marketing promotions for south Indian tourism abroad by creating mutually benefitting circuits such as Bangalore-Ooty-Mysore, Hyderabad-Bidar, Bangalore-Kabini-Wayanad, Bangalore-Tirupati or Bandipur-Mudumalai. Such an arrangement could also see states pooling together budgets for common stalls at international trade shows or road shows.

"Official talks at the tourism department level of neighbouring states including Goa, Andaman Nicobar Islands and Lakshadweep Islands have already begun and it is expected to graduate to the ministerial level shortly. By creating a separate conclave in south India each state can complement the other's business," Mr Luthra added.

Meanwhile, one year after commissioning the luxury train Golden Chariot, KSTDC says it has already gained a market share of about 18% compared with 2% enjoyed by four-year-old Deccan Odyssey, Mr Luthra said. The Palace on Wheels continues to hold the rest of the market share.

KSTDC is now firming up plans to charter the train for private operators and to extend the run to Tamil Nadu and Kerala for a limited period starting October 2009.

Unlike competitors such as the 25-year-old Palace on Wheels and Maharashtra's Deccan Odyssey, which do not run in the international off-season of April-August, Golden Chariot will remain operational by targetting the expatriate and non-residential Indian population in the Middle East.

Besides this, a rise in the tourism budget from Rs 140 crore to Rs 180 crore this year will serve as a bonus to cover the costs incurred by the KSTDC.

Golden Chariot is expected to break even after the third year of its operations once it achieves 50% occupancy. Until then, the government of Karnataka will allocate a proportion of the state tourism budget towards the luxury train. "From about Rs 3 crore last year, including Rs 1 crore for marketing activities, allocated for the Golden Chariot we expect the funding to grow to Rs 5 crore this year," Mr Luthra said.

The Golden Chariot has registered an occupancy of 35% in the first year of operations, which is much better than the projected targets. "As opposed to this, the Deccan Odyssey in its fourth year of operations has only registered about 25% occupancy," Mr Luthra said. The Golden Chariot runs at a capacity of 88 travellers at Rs 1, 15, 000 per ticket.

According to Mr Luthra, though the terrorist attacks caused a dip in bookings till the month of February, the economic downturn is not expected to affect the train bookings. "It is the jungle lodges and hotels which have seen a drop of 20-25% in occupancy as they are frequented by business travellers who have seen a cut in corporate budgets. The luxury train, on the other hand, attracts holiday travellers which will continue," he added.

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