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Sub : Request for comments/ suggestions on draft river cruise policy

Inland Waterways Authority of India (Ministry of Shipping, Govt. of India) is formulating 'River Cruise Policy' to promote River Cruise activities on Inland Waterways in the country by providing policy support and fiscal incentives for creation of state of art infrastructure, and fleet augmentation of inland tourism vessels in a sustainable manner. The draft of the River Cruise Policy is attached for suggestions/ comments, if any, from the Tourism Industry/Tour Operators or beneficiary.

The suggestions/Comments may be sent to Member (Cargo), Inland Waterways Authority of India, A-13, Sector-1, Noida - 201301 (Gautam Budh Nagar) Uttar Pradesh latest by 6.12.2009.

Director (P&C)

## DRAFT RIVER CRUISE POLICY

### 1.) Objective:

To promote River Cruise activities on inland waterways of the country by providing policy support and fiscal incentives for creation of state of art infrastructure, and fleet augmentation (of inland tourism vessels) in a sustainable manner.

### 2) Background:

2.1 Every civilization of the world originated and developed along the bank or rivers. Therefore banks of the rivers all over the world are endowed with very rich cultural heritage and symbols. Indian civilization is one of the oldest civilizations of the world having rich cultural heritage. In India too, every river attracts huge number of tourists both domestic as well as foreign.

2.2 The Inland Water Transport (IWT) sector remained grossly neglected in the country and lost its significance in the overall transport mix. Inland waterways based tourism also perished in the country. However, the river cruise has the potential to become an attractive component of the tourism industry and to attract both domestic and foreign tourists. Even without a clear cut policy in this area river Cruise have been flourishing in some parts of the country, viz Kerala, Goa, Assam and West Bengal.

2.3 River cruising vessels with state of art facilities for restaurant and recreation facilities and resting will resemble a floating picnic spots. This sector is needed to be developed with policy support due to its inherent attraction of being pleasurable and comparatively free from pollution, busy schedules and other cumbersome activities at most of the tourist centers whether it is pilgrims centre or picnic spot. River cruising can also earn considerable foreign exchange and employment to the rural folk.

2.4 Both the Central as well as the State Govt's should therefore take interest in developing this neglected sector as it is felt that if developed systematically, IWT sector will not only provide a supplementary mode of transport for passengers and goods, it will also provide ample scope for development of river Cruise based tourism all over the country.

2.5 It is therefore, logical to develop IWT sector and promote river cruise based tourism also as one of the focus areas. This sector will provide ample opportunity to private and public sectors to develop this very potential but highly neglected area so far. Hence, the need for promulgating a specific policy to promote inland waterway based tourism and cruises in India cannot be over stated.

### 3) Current Status and potential ;

3.1 Waterways based tourism is well developed in the State of Kerala where backwaters have become extremely famous and popular not only in the country but abroad also and a good number of domestic as well as foreign tourists are always eager to spend some quality

time in these backwaters and this has resulted into hundreds of inland vessels getting converted into House Boats of special appearance which have now become symbol of tourism sector in the State of Kerala.

3.2 The State of Goa is one of the most developed State of the country in terms of tourism and is know for its beaches and rivers all over the world. Almost every tourist which comes to Goa enjoys river cruises on Mandovi and Zuari rivers.

3.3 In Assam, river based tourism service was started on Brahmaputra river by a private company a few years back. This company presently operates two inland vessels on specific circuits. In these tourism circuits the tourists enjoy not only the cruise on the mighty Brahmaputra but they are also elaborately exposed to the culture of the North East. This blend of cultural and eco tourism has made this company very successful and both their vessels are booked for atleast a year in advance. Besides, several floating restaurants are already thriving on the banks of Brahmaputra in an around Guwahati.

3.4 Inspired by the success of these tourism vessels in Assam a few private companies in West Bengal have also recently built river Cruise vessels for operation between Kolkata and Sunderbans as well as between Kolkata and Farakka.

3.5 There are innumerable sites along several rivers of the country which can be developed for inland waterways tourism. Such sites may include Allahabad, Vindhyachal, Chunar, Varanasi, Buxar, Patna, Bhagalpur, Vikramshila, Mayapur, Nabadweep, Kolkata, Haldia etc on Ganga; Kaziranga, Tejpur, Manas, Sualkuchi Tea gardens etc on Brahmaputra, the entire National Waterway no.3 and every other backwater in Kerala, Vijayavada, Dhawaleshwaram, Bhadrachalam, Mahabaleswaram along National Waterway-4 in Andhra Pradesh and Tamilnadu. River Narmada and Shipra in Madhya Pradesh, Godavari and Krishna in Maharashtra and Andhra Pradesh, Kaveri in Tamil Nadu and Karnataka etc have unlimited potential for development for tourism purposes.

3.6 But most of the inland waterways of the country suffer from lack of IWT infrastructure namely navigational channel, terminals, and navigational aids. Out of these basic IWT infrastructure while the terminals and the navigational aids can be provided with relatively less capital investment, the development of navigational channel with adequate depth for navigation is more challenging since it mainly depends on the availability of water in the waterway, particularly during the lean water months. It is primarily because of this difficulty in providing navigable channel with targeted depth and width that many of the smaller waterways could not be developed for cargo transportation. However, the passenger inland vessels generally require less depth of water as compared to big cargo vessels. Therefore, in practical terms, development of even smaller rivers for tourism purposes becomes feasible since most of the smaller waterways can be made navigable with depth of the order of 1.2 meters. Moreover, the tourism activity as such is perceived to be a seasonal activity. Therefore, even if tourism on a particular waterway thrives only in particular seasons in a year, it will not make a big negative impact. Taking these aspects into view, it becomes obvious that the development of inland waterways for tourism purposes has enormous potential in the country.

4) **Socio-economic benefits:**

4.1 If developed with adequate IWT infrastructure namely navigational channel, terminals and navigational aids, the IWT has the potential to provide an environmental friendly, fuel efficient and cost effective mode of transport compared to rail and road modes. This evident from the following parameters mentioned in the report prepared by National Council of Applied Economic Research (NCAER) in 2006:-

- On an international standard, the operating cost of IWT is 1 cent as compared to 2.5 cent by rail and 5.3 cents by road. It provides higher fuel efficiency as compared to either rail or road; 3.8 litres (1 gallon) of fuel transports one tonne of freight through 827 km by a barge in comparison to 325 km by train and 95 km by truck.
- Water transport is also the safest mode of transporting large quantities of chemicals and toxic materials with least danger to the surrounding cities.
- It is also environment friendly and creates less noise pollution and reduces pollutant levels in the air.
- Moving freight through barges also helps in reducing the level of congestion on road and rail tracks, resulting in less accidents as well.

4.2 In addition, every inland waterway/river of India passes through under developed hinterland which otherwise lack proper connectivity with economic centers and therefore if these under developed areas are provided with good connectivity, it will help greatly in their social and economic development. In this respect also, the report of the NCAER cited above, presents following features of IWT sector :-

- The economic yield of investment is estimated at 17 per cent.
- Roughly 3000 new jobs are created for every km of operation of waterways. In man years of employment every kilometer generates 44,000 man years of employment in the influence area or a total of 80 million man years of employment over a 300 years of gestation and operation period for a combined length of 1815 km. These norms can be used to aggregate for all inland waterways transportation based on kilometer norms.
- Inland Waterways is the most employment intensive mode of transportation service, as per the latest input-output table (1998-99 prices) released by the Central Statistical Organisation in the year 2005, as well as survey of Inland Waterways by National Sample Survey Organization (NSSO) (unorganized service sector 2001-02). For instance, Rs.1 lakh revenue collection (in 1998-99 prices in the Inland Waterways mode result in 6.5 man years of employment, while that in railways results in a mere 0.58 man years, in other transport modes (average of all excluding railways) 0.87 man years.

- Inland Waterways revenue collection of Rs.11 lakhs results in 11 times the employment that is generated in railways or roughly 8 times employment than that is generated in all other modes of transportation, such as HCV, trawlers, air services etc (CSO : Input Output Table, 1998-99 price Basis & NSSO Survey)

4.3 Therefore, the development of IWT infrastructure for freight as well as passenger transport should be given adequate policy thrust. An IWT policy was earlier promulgated in 2001 and various actions envisaged therein are already underway. However, focus area of this policy was the development of IWT sector for transportation of bulk cargo and therefore, it is necessary to have a separate policy focusing on tourism aspects of IWT sector.

4.4 Here it may also be noteworthy to mention that the sea cruises/tourism has already developed as an important sector in many countries. Ministry of Shipping is also developing one specific 'Cruise Shipping Policy' and since all the rivers are connected with the sea ports as well as coastal shipping, the sea cruises can effectively be integrated with river tourism providing complementary benefits to each other. With the integration of sea cruise, coastal shipping with corridors, foreign tourists would be encouraged to venture into economically under developed though historically and culturally rich hinterland and this will obviously provide positive impetus to the socio-economic growth of the hinterland.

#### 5) **Problems and bottlenecks :**

5.1 Having remained neglected for a number of decades, IWT sector in India lost significance in overall inland transport sector compared to road and rail sectors which continued to be developed continuously. Increase in population along the banks of rivers, deforestation in the catchments areas and withdrawal of water for drinking and agricultural needs actually led to degeneration of waterway for transportation purposes. In other words, while rail and road modes developed with substantial capital investment, there was insignificant investment for developing IWT sector resulting in a scenario that instead of developing, this sector deteriorated. In physical terms such a state resulted in less depth in the rivers during low water months, many cross structure (e.g. bridges) having inadequate horizontal and vertical clearances, total absence of berthing facilities and passenger amenities along the banks and no navigational aids. No wonder that except in a few areas no person wish to use inland waterways as a means of transport, let alone tourism. Therefore, the basic bottlenecks in utilization of a waterway for tourism is lack of IWT infrastructure. Major bottlenecks identified includes:

- (i) Insufficient fairway with depth less than 1.2 m in many waterways.
- (ii) Lack of safe landing facilities
- (iii) Inadequate shore facilities like ticket booking centers, information bureaus, rest rooms, restaurants etc.
- (iv) Non availability of amenities like toilet facilities, drinking water facility etc.
- (v) Absence of Night navigation aids.
- (vi) Bridges/Structure with insufficient clearances.
- (vii) Non availability of sufficient Inland River Cruise vessels with State of Art facilities.

5.2 The foremost requirement for inland navigation is a fairway with adequate depth and width. Due to a neglect for a long time in the country, many waterways deteriorated resulting in reduction in their navigational potential. However, the passenger/tourism inland vessels do not require, as much depth in a waterway as the cargo transportation and therefore, on many waterways it will not be very difficult to develop a fairway for tourism purpose. However, for safe and easy passage of tourism vessels it will be desirable to provide assured least available depth of atleast 1.2 to 1.5 m in all the stretches where tourism potential through inland waterways is envisaged. Since the waterways which are not declared as National Waterway come under the purview of respective State Govts., it will therefore be necessary that State Govts are encouraged for procurement of dredgers, training of rivers, cleaning of rivers etc. so that if a river passes through a city it should be developed to be a tourist attraction for which the river will have to be kept clean & tourist eco-friendly.

5.3 The other important IWT infrastructure is navigational aids for day and night navigation. Technical expertise for this aspect is already available with IWAI but State Govts would need to be encouraged for including this aspect in their overall development plan of IWT sector.

5.4 In respect of tourism vessels and tourism activities on inland waterways, another critical infrastructure requirement is “tourism terminals” providing safe and easy landing/embarking facilities for tourists along with State of Art shore facilities (e.g. waiting halls, shops, toilets etc) with good road and rail connectivity and attractive terminal building with architecture commensurate with local heritage. In this respect, it is felt that while the basic berthing / landing facilities should be developed by the respective State Govt, the development of shore facilities should be aimed to be provided by private sector. The operation and maintenance of the berthing and shore facilities are proposed by private sector.

5.5 The last but equally critical requirement is encouraging private sector in owning and operating State of Art tourism vessels providing safe vessels with modern facilities to attract domestic as well as foreign tourists. This can be done by introducing an Inland Vessel Building Scheme specifically for tourism vessels for operation all over the country.

5.6 The financial assistance for such infrastructure development i.e. development of navigational channel, navigational aids and tourism terminals by the States can be provided by introducing a suitable Centrally Sponsored Scheme for the entire country.

6) **Policy issues :**

Given the rich cultural heritage, a number of scenic spots and variety of flora and fauna in proximity to the waterways, India is a potential candidate for destination brand development as well. Given the vastness of the country and the fact that Indian economy is growing at an impressive annual average growth rate of more than 8% per year, as also the fact that India is the 4<sup>th</sup> largest economy in PPP terms, the country is poised to become a major source market for river cruise provided, of course, right policy environment is in place. This India should be promoted both as destination and source market.

Importance and potential of India as a destination market to be driven home through India's participation in international exhibitions and trade fairs on river cruise on a continuous basis. Destination brand development need to be attempted by promoting India as a region.

Source market development may take place through Economic survey, proper segmentation of market, marketing efforts, positioning of Cruise as a aspirational product, proper pricing of this product etc within the country by ensuring

- i) Development of waterways for tourism and cruise services.
- ii) Well developed river terminal infrastructure and connectivity.
- iii) Phased programme for development of facilities at terminal for river cruise.

In the above background, the issues relevant in the context of a national River Cruise Policy are:-

6.1 A detailed study should be carried out to estimate the river Cruise potential of important inland waterways stretches of the country. This study in turn will suggest the types of IWT infrastructure required to be developed on specific stretches along with mode of implementation (i.e. public funding or PPP) and incentives to be provided by the Central Govt. to the State Govt and private sector.

6.2 IWAI shall consider tourism component in land acquisition while acquiring the land for setting up IWT terminals for cargo transportation. For land requirement at other specified locations along NWs and others waterways, for construction of berths for tourist activities, the State Govt. shall formulate proposals and submit to Ministry of Tourism.

6.3 On National Waterways, the river Cruise related infrastructure (berthing jetty and maintenance of navigational channel and navigational aids) could be developed by the IWAI while on the waterways other than National Waterways these will be developed by the respective State Govts.

6.4 Embarking/disembarking facilities and other shore structure e.g. waiting halls with tourists/passenger amenities, shops etc should be provided by the private sector for which some fiscal incentives would be provided by Central Govt. ( in case of National Waterways) and State Govts (in case of waterways other than National Waterways under Centrally Sponsored Schemes)

6.5 A Centrally Sponsored Scheme for providing financial assistance by the Central Govt to the State Govts in developing river Cruise specific IWT infrastructure may be formulated.

6.6 Ownership and operation of inland tourism/cruise vessels will primarily be by the private sector. However, to encourage them for this purpose, an Inland Vessel Building Subsidy Scheme will be promulgated to provide capital subsidy of 30% for construction of vessels by an Indian entrepreneur for river Cruise purposes.

6.7 Safety will be given high priority while constructing and operating river cruise vessels. For this purpose design of every such vessel shall be approved by respected classification society such as IRS.

6.8 Cruise vessels shall be equipped with necessary life saving and fire fighting appliances. These vessels will also be fitted with adequate communication facilities.

6.9 Every tourist traveling on these vessels should be insured by the operator.

6.10 Central Govt. (in case of National Waterways) and State Govt. (in case of other waterways) shall have facilities of salvage and rescue of vessel, men and material before permitting operation of river Cruise vessels.

6.11 The Indian Ports (having IWT link) would develop a jetty exclusively for berthing of River Cruise vessels so that tourists can visit the scenic spots and variety of flora and fauna in the hinterland connected with the Port through inland waterways.

6.12 concerted efforts will be made to include passenger/tourist traffic under Indo-BanglaDesh Protocol. The protocol provides IWT connectivity between NW-1 and NW-2. Thus inclusion of passenger traffic under the protocol will give a boost to the river Cruise activities in the region.

6.13 To avoid pollution of the waterways due to tourism activities, the tourism vessels will be mandatorily asked to be equipped with pollution control requirement.

6.14 The terminals to be developed/upgraded for tourism facilities will be allowed to avail the financial assistance, which is available under the scheme of Department of Tourism (DOT) for funding of tourism projects, wherein assistance up to 25% of the project cost subject to a ceiling of Rs.50 crores is provided by DoT.

6.15 Notwithstanding the above, if any terminal is able to attract a BOT operator to invest in infrastructure facilities, the port be encouraged to develop such facility. Such Terminal shall augment financial resources to develop cruise terminals/infrastructure in order to have more calls from cruise vessels. Private agencies interested in developing cruise terminals shall also be encouraged to do so at destination.

6.16 Necessary infrastructure like Rail and Road Connectivity will be developed.

6.17 Efforts shall be made for the development of Marina for Yachts and small boats at all important river tourist destinations based on BOT/PPP model.

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