

Executive Summary

As part of Integrated Tourism and Environmental Development Programme (ITEDP), the Department of Tourism, Government of Karnataka has entrusted the task of preparing a project profile for the “Economy Hotel Project at Shravanabelagola and 3 Star Hotel Project at Belur”, the important tourist spots of the state in Hassan district.

1. Objectives of the Study

The main objectives of the study are :

- to prepare a techno-economic feasibility report to attract private entrepreneurs for the development of tourism industry in three places, viz., Shravanabelagola, Belur and Halebid in particular and district of Hassan in general;
- to place Shravanabelagola, Belur and Halebid on the tourist map as an important national and international tourist and pilgrim areas;
- to assess the requirements of tourist facilities and services for promoting tourism; and
- to facilitate Tourism Department to approach the financing agencies and investors for funding the development projects.

2. Volume of Tourist Traffic

During 1996-97, about 3.5 lakhs domestic and about 10,000 foreign tourists visited Shravanabelagola, 24 lakhs domestic tourists and 15,000 foreign tourists visited Belur. 10 lakhs domestic and 30,000 foreign tourists visited Halebid. The projected tourist traffic in the three tourist spots together for the year 2005 AD would be about 76 lakhs. Belur is expected to attract about 48 lakhs followed by Halebid (20.6 lakhs) and Shravanabelagola (7 lakhs).

3. Projects at a Glance

A) Economy Hotel at Shravanabelagola

1. Project	:	Economy hotel at Shravanabelagola
2. Total area of the project	:	7 acres
3. Facilities to be developed	:	Different types of accommodation facilities. Restaurant, community hall, open air theatre and health club.
4. Cost of the project	:	Rs.57.94 Million US \$ 1.45 Million

5. Funding pattern	:	Rs. Million	US \$ Million
Debt (60%)		34.76	0.87
Equity (40%)		23.18	0.58
Total		57.94	1.45

6. Project viability
- a) Return on Investment(ROI) : 30% after taxes
(Average for ten years)
 - b) Return on Equity (ROE) : 75% after taxes
(Average for ten years)
 - c) Pay Back Period : 4 Years 6 Months
 - d) Cash accumulation : Rs.179.86 Million
(at the end of ten years of operation) US \$ 4.50 Million
 - e) Internal Rate of Return : 19%
(IRR)

Note : US \$ 1 : Rs.40/-

B) 3 Star Hotel at Belur

- 1. Project : **3 Star hotel at Belur**
- 2. Total area of the project : 5 acres
- 3. Facilities to be developed : 3 Star hotel with 75 Rooms
- 4. Cost of the project : Rs.99.2 Million
US \$ 2.48 Million

5. Funding pattern	:	Rs. Million	US \$ Million
Debt (60%)		59.52	1.49
Equity (40%)		39.68	0.99
Total		99.20	2.48

6. Project viability
- a) Return on Investment(ROI) : 24.37% after taxes
(Average for ten years)
 - b) Return on Equity (ROE) : 60.93% after taxes
(Average for ten years)
 - c) Pay Back Period : 5 Years 1 Month
 - d) Cash accumulation : Rs.256.50 Million
(at the end of ten years of operation) US \$ 6.41 Million
 - e) Internal Rate of Return : 20%
(IRR)