



RURAL TOURISM

Introduction

Rural tourism has emerged as a new concept of holiday wherein tourists from the urban areas visit the rural areas to take a break from the fast-moving city life and to witness the beauty of Mother Nature. Rural tourism also helps in developing the economy of the village areas by inviting tourists from all over the world and also helps in conserving the nature and natural resources. It also paves the way for restoration of the native culture, generates employment, helps in developing the infrastructure and also spreads awareness with regards to the protection of the environment. It creates a special bond between the people of the urban and rural regions. Tourists can expect to experience the native culture, rural life, the heritage, and the flora-fauna of these regions.

Market Potential

India has always been a tourist attraction for people all over the globe. However, rural tourism has gained popularity in the past few decades. It is a mode of recreation for the people living in the cities to take a break from their daily lives and to experience the beautiful nature and natural beauty. Rural tourism, as the name suggests, takes place in the countryside. It is very effective in developing the economy of the rural areas and the country as a whole. The villagers gain a lot of benefit from tourism and are in some way protected against the threat of losing their rural identity. It provides immense opportunities to the villagers for marketing their agricultural produce as well as handicrafts, textiles and other products.

The states like Manipur, Nagaland, Andhra Pradesh, Uttar Pradesh, are very popular for providing rural tourism facilities in India.

Features

- Rural Environment
- Low Population Density Area
- Sharing of space between guest and host
- Homely environment
- Personalized service
- Less expensive
- Experiencing Cultural activities, sporting activities of rural people etc.
- Homely Food

Assumptions

Model DPR has been prepared based on following assumptions:

- The proposed DPR has been prepared keeping in mind the growing demand of rural tourism. The tourists shall be able to experience the local routine, culture, tastes, environment, etc. by staying in the rural area with the rural people.
- The rural residence shall constitute of the following:
 - 3 Rooms (6 Beds) (1000 sq. ft.)
 - Attached Washroom (600 sq. ft.)
 - Living cum Dining Room (Capacity 8)
- Area: 3000 sq. ft.
- Provision for a Community Hall has also been made for group get together, lunch, dinner, etc.
- Tariff for the rooms shall be on per day or per month basis.
- Capacity utilization for the first year shall be 60% and the same shall increase at the rate of 5% in the following years.
- Implementation Period is assumed to be 3 months.
- Working Capital requirement is assumed to be 5,000 and doesn't require Working capital loan.
- The houses are already existing which shall be extended for guests and such houses are made of mud, straws and bamboo, etc.
- The rooms shall be constructed showcasing the rural residence including Flooring, Walls, Ceiling, Doors, Windows, Electrical connections, etc.
- Such ambience is provided that one can easily experience the rural lifestyle and environment. They can relax, take a break from their busy schedules and have a peaceful vacation.

Cost of Project

Particulars	Amount (Rs. in Lakhs)
Land and Site Development Cost	0.08
Civil works and Buildings	10.25
Miscellaneous Fixed Assets	0.47
Escalation & Contingencies (5% on construction costs)	0.54
Preliminary & Preoperative Expenses	0.17
Sub-total (A)	11.51
Total Project Cost	11.51
Total Working Capital Required (B)	0.05
MEANS OF FINANCE	
Total funds required (A+B)	11.56
<u>Loan component-</u>	
Term loan (60% of A)	6.91
TOTAL	6.91
Equity	4.65
TOTAL	11.56

Detailed Cost Element

Sl. no.	Particulars	Amount (Rs. in Lakhs)
1	Kitchen Equipment	0.10
2	Utensils for Cooking and Serving	0.05
3	Bathroom Fittings	0.15
4	Furniture	0.05
5	LCD TV (common)	0.10
6	Miscellaneous Items including Electrical Load Security	0.03
	Total	0.47

Contingencies and Escalations

It has been assumed at approximately 5% at cost.

Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Preliminary expense	0.08
Interest Cost during Preoperative Period	0.10
Total	0.18

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
House Keeper	1	0.60

Profitability Statement

Particulars	Amount (Rs. in lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Maximum Capacity (No. of rooms per annum)	3	3	3	3	3
Capacity utilisation	60%	65%	70%	75%	80%
Annual turnover	7.49	8.11	8.74	9.36	9.98
Total income during the year	7.49	8.11	8.74	9.36	9.98
<u>B. OPERATING EXPENSES</u>					
Raw Material	1.36	1.50	1.65	1.80	1.95
Toiletries consumables, line/laundry	0.13	0.14	0.16	0.17	0.19
Cost of Breakfast	0.39	0.43	0.47	0.52	0.56
Cost of Meal	0.78	0.86	0.94	1.03	1.12
House-keeping and Kitchen assistance	0.60	0.61	0.62	0.64	0.65
Salary	0.60	0.61	0.62	0.64	0.65
Repair & Maintenance	0.07	0.08	0.09	0.09	0.10
Power & utilities	0.20	0.20	0.20	0.21	0.21
Depreciation and Amortisation	0.44	0.44	0.44	0.44	0.44
Total Operating Expenses	4.57	4.88	5.20	5.53	5.87
Operating Profit (A-B)	2.92	3.23	3.53	3.83	4.11
<u>C. FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.55	0.46	0.38	0.30	0.21
<u>D. Other Expenses</u>					
Administrative and general Expenses	0.04	0.04	0.04	0.04	0.05
Total Expenses	0.59	0.50	0.42	0.34	0.25
Profit Before Tax	2.33	2.73	3.11	3.49	3.86
Provision for Tax	0.58	0.68	0.78	0.87	0.96
Profit after Tax (PAT)	1.75	2.05	2.33	2.61	2.89
Dividend Declared	0.00	0.00	0.00	0.00	0.00
Retained Profit	1.75	2.05	2.33	2.61	2.89

Breakeven Point

Break Even Point (BEP)		Amount (Rs. In Lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	7.49	8.11	8.74	9.36	9.98
B.	Variable Cost					
	Raw Material	1.36	1.50	1.65	1.80	1.95
	Toiletries consumables, line/laundry	0.13	0.14	0.16	0.17	0.19
	Cost of Breakfast	0.39	0.43	0.47	0.52	0.56
	Cost of Meal	0.78	0.86	0.94	1.03	1.12
	House-keeping and Kitchen assistance	0.60	0.61	0.62	0.64	0.65
	Power and Utility	0.20	0.20	0.20	0.21	0.21
	Total Variable Cost	3.45	3.74	4.05	4.36	4.68
C.	Contribution (A-B)	4.04	4.37	4.69	5.00	5.30
D.	Fixed and Semi-Fixed Cost					
	Salary	0.60	0.61	0.62	0.64	0.65
	Repair & Maintenance	0.07	0.08	0.09	0.09	0.10
	Interest on term Loan	0.55	0.46	0.38	0.30	0.21
	Depreciation & Amortization	0.44	0.44	0.44	0.44	0.44
	Total Fixed Cost	1.67	1.60	1.54	1.47	1.40
E.	Breakeven Point	41%	37%	33%	29%	26%
F.	Cash BEP	30%	27%	23%	21%	18%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	1.75	2.05	2.33	2.61	2.89
ii	Depreciation	0.44	0.44	0.44	0.44	0.44
iii	Interest	0.55	0.46	0.38	0.30	0.21
A	Total (i + ii + iii)	2.74	2.96	3.16	3.36	3.54
i	Interest	0.55	0.46	0.38	0.30	0.21
ii	Principal repayment	0.99	0.99	0.99	0.99	0.99
B	Total (i + ii)	1.54	1.45	1.37	1.28	1.19
	DSCR (A / B)	1.79	2.04	2.31	2.61	2.97

Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 7 years, Rate of interest being 8.5% p.a. with the moratorium period of 3 months.

Address of Vendors

Name of the Vendor	Address and Contact Number
Alfa Enterprises	Bindapur, New Delhi Ph No. 09711198237
Aahar Kitchen Equipments	Peeragarhi, New Delhi Ph No. 08071676858
Balaji Kitchen Industries	Delhi Ph No. 07065531310

ANNEXURE - 1

Year	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annually
I													
Principal													
Opening	6.91	6.83	6.75	6.66	6.58	6.50	6.42	6.33	6.25	6.17	6.09	6.01	
Repaid	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.99
Closing	6.83	6.75	6.66	6.58	6.50	6.42	6.33	6.25	6.17	6.09	6.01	5.92	
Interest	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.55
II													
Principal													
Opening	5.92	5.84	5.76	5.68	5.59	5.51	5.43	5.35	5.26	5.18	5.10	5.02	
Repaid	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.99
Closing	5.84	5.76	5.68	5.59	5.51	5.43	5.35	5.26	5.18	5.10	5.02	4.94	
Interest	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.46
III													
Principal													
Opening	4.94	4.85	4.77	4.69	4.61	4.52	4.44	4.36	4.28	4.20	4.11	4.03	
Repaid	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.99
Closing	4.85	4.77	4.69	4.61	4.52	4.44	4.36	4.28	4.20	4.11	4.03	3.95	
Interest	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.38
IV													
Principal													
Opening	3.95	3.87	3.78	3.70	3.62	3.54	3.46	3.37	3.29	3.21	3.13	3.04	
Repaid	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.99
Closing	3.87	3.78	3.70	3.62	3.54	3.46	3.37	3.29	3.21	3.13	3.04	2.96	
Interest	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.30
V													
Principal													
Opening	2.96	2.88	2.80	2.71	2.63	2.55	2.47	2.39	2.30	2.22	2.14	2.06	
Repaid	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.99
Closing	2.88	2.80	2.71	2.63	2.55	2.47	2.39	2.30	2.22	2.14	2.06	1.97	
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.21
VI													
Principal													
Opening	1.97	1.89	1.81	1.73	1.65	1.56	1.48	1.40	1.32	1.23	1.15	1.07	
Repaid	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.99
Closing	1.89	1.81	1.73	1.65	1.56	1.48	1.40	1.32	1.23	1.15	1.07	0.99	
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.12
VII													
Principal													
Opening	0.99	0.90	0.82	0.74	0.66	0.58	0.49	0.41	0.33	0.25	0.16	0.08	
Repaid	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.99
Closing	0.90	0.82	0.74	0.66	0.58	0.49	0.41	0.33	0.25	0.16	0.08	0.00	
Interest	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04