

DRAFT
THE MEGHALATA STATE TOURISM POLICY, 2007

1. Background

The 1st Meghalaya Tourism Policy of the State of Meghalaya was framed in 2001 which was published in Govt. Notification. No.Tourism.136/96/264 dated – 15th February, 2001 but remains inoperative due to absence of approval of the Govt. It has been formulated to attract more tourists from India and abroad and at the same time allow benefits to reach the grassroots of the populace thereby mitigating innumerable interlinked problems being faced presently.

Potential for tourism growth in Meghalaya is considerable by utilizing the natural attractions like landscapes, mountains and peaks, beaches, rivers, waterfalls, flora and fauna. It also applies to a multitude of man-made attractions like monuments, places and unique rural and city environment. However, economic gains are always in the forefront. A balanced approach to such gains is considered vital in the development process of Meghalaya. The basic principle being the regulation of tourism growth with a vision of safeguarding the interests of the nation before economic gains.

We recognize the fact that tourism in Meghalaya today is more significant as it has been in other States of India where it has grown into a promising industry. The preparation of long-term perspective State tourism development master plan is proposed to be taken up in the coming Eleventh Five Year Plan with support from the Ministry of Department of North-Eastern Region and Ministry of Tourism, Govt. of India and engaging for technical inputs of the professional Tourism Resource Consultants.

MEGHALAYA TOURISM - SWOT ANALYSIS

Strengths

- Nature – Beauty and Climate
- Low Costs-Budget
- Unique Culture/Traditions
- Unexplored Destinations
- Cherrapunjee is renowned for being the wettest place on earth

Weaknesses

- Perception – Peace
- Infrastructure
- Connectivity To/Within
- Lack of Local involvement
- Private Sector Investment
- Land Issues
- Limited Local Enterprise
- Lack of Trained Manpower

Opportunities

- Growth Prospect
- Globalisation/Travel Barrier
- Employment Potential
- Improved Law and Order
- Private Sector-Incentives
- Central Policy-Look East/NE
- Marketing Unexplored Destination
- Govt. Infrastructure Pvt. Management
- Assistance-NEC/Doner/Ministry
- Sustainable Tourism

Threats

- Law and Order situation
- Challenge – other destinations
- Non Local participation
- Stake for local youths
- Ecological Problems
- Social Problems
- Uneven growth

2. OBJECTIVE OF THE POLICY:

In line with National Tourism Policy, 2002 the State Tourism Policy shall have the key elements with the new directions and priorities as below: -

- Positioning tourism as a major engine of economic growth.
- Harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism.
- Focus on both international and domestic tourism.
- Position Meghalaya as a global brand to take advantage of the burgeoning global trade and the vast untapped potential of Meghalaya as a destination.
- Acknowledges the critical role of the private sector with government acting as facilitator and catalyst.
- Create and develop integrated tourism circuits and destinations based on Meghalaya's unique heritage and scenic beauty with private sector and other agencies on a Public Private Participation (PPP) model.
- Ensure that the tourist gets physically invigorated, mentally rejuvenating, culturally enriched and spiritually elevated.
- Encourage domestic tourism with special emphasis on inter- state tourism to disseminate geographical and cultural diversity of the State as well as aspirations of people from outside to bring about a greater national integration and cohesion.
- Ensure of greater emphasis on capacity building training to local youths and tourism stakeholders in the State by acknowledgement with accreditation for registration by Tourism Department.

3. KEY UNITS OF THE POLICY: -

- Incentives under North East Industrial and Investment Promotion Policy (NEIPP), 2007 will be applicable to service sector activities in tourism units e.g. hotels (not below Two Star Category), adventure and leisure sports including ropeways.

Tourism units are defined under Micro, Small and Medium Enterprise Development (MSMED) Act,2006 as 'commercial establishments providing public facilities/ services to the tourist and will include as; -

1. Accommodation units including hotels and restaurants, wayside amenities, apartments, hotels, and other facilities like telephone, toilets, parking area, etc.
"Hotel means a boarding and lodging unit providing adequate finished beds in double and single rooms attached with sanitary fitted toilets and bathrooms, dining room, reception and public lobby, vehicular parking area, etc."
2. Tourist Resorts comprising of accommodation at least 10 (ten) rooms with attached bathrooms/ toilets in urban areas and 5 (five) in the rural areas, full fledged restaurant with modern kitchen, pantry and room service, health club facilities, convention/ conference facilities, auditorium, library, shopping arcade and open air recreation.
3. Paying Guest House / Bed & Breakfast / Home stays Accommodation : -
4. Amusement parks and adventure sports : - It is an open area development for recreational facilities for people of all ages consisting of fun / joy rides, magic shows, toilets, telecommunication, first aid, adequate parking, restaurants with attached toilets facilities.
5. Travel and Tour Operators ; - They are agencies who are provided transport services to the tourists in the form of luxury / deluxe coaches/ cruise buses having special permits recommended by Tourism Department for Airport/ Railway transfer to the places of tourist destinations in the State equipped with package tours facilities.

4. THRUST AREAS OF THE POLICY: -

- I. Nature Tourism (Flora & Fauna) ; - Special thrust of development of tourism based on wildlife in the State particularly in Balpakram, Siju Wildlife Sanctuary, Nokrek Biosphere reserve, Nongkhylllem & Mawphlang sacred groove in coordination with Forest Department.
- II. Adventure and Sports Tourism; - Emphasis on trekking, caving, water sports, rock climbing and hang gliding will be promoted with recognized adventure and sports associations.

- III. Cultural Tourism (Fairs and Festivals) ; - Cultural Centres will be developed in the major districts of East Khasi Hills, West Garo Hills and Jaintia Hills which will boost tourism potential in both domestic and international markets.
- IV. Health Resort Tourism; - Promotion of Health Resort Tourism through development and encouragement of natural and herbs medicines which are abundantly produced in the State.
- V. Golf Tourism; - The sublime climate of the State have tremendous potential for development and up gradation of the Shillong Golf Course and other places.
- VI. Convention Tourism; - The salubrious climate and beautiful natural setting are a comparative advantage which could make Shillong in particular an important convention centre.
- VII. Arts & Crafts Tourism ; - Tourism Department in association with Arts and Culture Department will hold annual festivals and exhibitions for promoting specific destinations and Tourists Reception Centre will be set up in the State to provide recreation as well as to encourage local cuisine and village arts and crafts.

5. Tourism Development through Public – Private Partnership (PPP):

Public – Private Partnership shall be the preferred mode of planning and development of new tourism projects in the State. Government shall consider making land available wherever is feasible and expect private entrepreneurs to plan, execute and operate the tourist infrastructure and products. In all exceptional cases Government shall consider granting incentives in the nature of capital subsidy and other feasible concessions to make Public- Private Partnership (PPP) viable. The preferred methods of Public- Private Partnership (PPP) shall be by way of ;

- 1) Grant of Land on long lease.
- 2) Granting Management Contract for the facilities built up Government or MTDC, and
- 3) Joint Venture in cases where unique products involving special proprietary information or brand image are needed to be introduced to a location.

6. Human Resources Development in Tourism Sector is an integral part of attracting tourist and raising their satisfaction. Staff in the hotels and restaurants, hospitality and entertainment sector, tour guides, taxi drivers and tourist bus drivers etc., employees in tourism department need an expert training to learn the nuances of hospitality and customer satisfaction. Private hotel management and catering institute

have to improve their quality in curriculum and liaise with the hotels and restaurants industry to define the area which needs attention. Short term training course and licensing system for young people to induct them as tour guides. As tourism industry is growing, the need for specialized guide will also increase and create job opportunities. All efforts will be made to conform the degree course of Hotel Management of Institute of Hotel Management and Hospitality () to international standards. Further, short-term courses will be run for in-service personnel and also fresher in subjects of contemporary interest in tourism and hospitality sector.

7. Single Window Clearance System: The single window clearances to entrepreneurs following the NEIPP Act, 2007 shall be implemented efficiently. Due co-ordination amongst various departments will be obtained through State Tourism Promotion Committee (STPC), Empowered Committee and District Tourism Promotion Committee (DPTC) shall be the registering authority for the projects costing Rupees one crore while for those below this limit, it shall be the Director of Tourism.

8. FISCAL INCENTIVES AND SUBSIDIES

“The Meghalaya Tourism Incentives Scheme, 2007” will provide a package of subsidies, incentives and assistance to the micro, small and medium Service Enterprises as categorized in the MSMED Act – 2006 of Government of India.

Service Enterprises have been defined in terms of investment in equipment and further classified into; -

- Micro Enterprises - - investment up to Rs. 10.00 lakhs
- Small Enterprises - - investment up to Rs. 10.00 Lakhs and up to Rs. 2.00 Crores.
- Medium Enterprises - - investment above Rs. 2.00 Crores and up to Rs. 5.00 Crores.

9. DURATION AND VALIDITY PERIOD

This new package of incentives herein referred to as ‘Meghalaya Tourism Incentive Scheme, 2007’ shall remain in operation for a period of 10 (ten) years commencing from 1st January, 2007 to all new units as well as existing units which go for substantial expansion unless otherwise specified and which commence commercial services within the 10 year period from the date of Notification of Meghalaya State Tourism Policy, 2007 or till such time as the Government may deem fit and also reserves the right to make any amendments to the scheme from time to time.

10. DEFINITION AND ELIGIBILITY

- (a) Only new units set up and commences operation on or after 1st January, 2007 with prior approval from Director of Tourism and existing units undertaking expansion (minimum 50%) modernization or diversification at the same
- (b) location or at any place in the State of Meghalaya will be eligible for incentives under Meghalaya Tourism Incentives Scheme 2007 provided that ; -
- (c) A unit employs local tribal (Khasi/ Garo / Jaintia) people of not less than 60 % of the total employee strength of the enterprise and duly paid Employees Provident Fund (for not less than one year) for these 60 % of the tribal employees will be eligible for State subsidies. The enterprise will have to follow the Minimum Wage policy of the Government.
- (d) (i) New Enterprise: A Tourism enterprise which has taken all the initial effective steps on or after 1st January, 2007 will be considered as a new enterprise.
(ii) Existing Enterprise: A Tourism enterprise which is or was in commercial operation after 15th August, 2005 but prior to 1st January 2007 will be

considered as an existing enterprise for the purpose of the Meghalaya Tourism Incentive Scheme 2007.

- 10.1 Effective Steps: - Effective steps for implementation of the project will comprise of initial effective steps and final effective steps:
- (i) An enterprise will be deemed to complete the initial effective steps if all the following have been achieved:
 - a. Effective possession of land.
 - b. Registration of the enterprise with the Director of Tourism.
 - c. Provisional registration with Director of Tourism.
 - d. Preparation of detailed project report.
 - e. Sanction of power connection.
 - f. Settlement of the means of finance for the project including sanction of the term loan.
 - (ii) An enterprise will be deemed to have completed the final effective steps if the following have been achieved:
 - a. Total disbursement of term loan.
 - b. Receipt of all relevant approvals and clearance from appropriate authorities.
 - c. Connection of power.
 - d. Sanction and commissioning of the project.
 - e. Receipt of local employment certificate.
- 10.2 The incentives under the Scheme for any category of enterprise cannot be claimed unless the 'Final Eligible Certificate (FEC)' has been issued by the Director of Tourism.
- 10.3. Disbursement of all State subsidies will be done through the Meghalaya Tourism Development Corporation (MTDC).

11. PACKAGE SCHEME OF INCENTIVES – 2007

CATEGORY:: Micro and Small Enterprises

1. State Capital Investment Subsidy

a .State Capital Investment Subsidy on cost of land, buildings and equipments will be provided to micro & small enterprises at the rate of 20 % (twenty per cent) of the fixed capital subject to a ceiling of Rs.25.00 lakhs including connection of water supply.

2.. Subsidy on the cost incurred on Feasibility study and project report: Subsidy will be provided at 100 (hundred) per cent for meeting the cost incurred on the preparation of feasibility / project report subject to a maximum of Rs.25, 000 for Micro enterprise and Rs. 75,000 for small enterprises provided that the report is prepared by a Consultancy Firm approved by the financial institutions.

3. Interest Subsidy : A subsidy on interest payments to banks/ financial institutions will be provided at the rate of 3 % (three percent) on term loans (excluding working capital loans) availed by an entrepreneur for setting up approved micro and small enterprises for a period of 5 (five) years from the date of disbursement of loans.

(a).. Additional interest subsidy @ 2 % will be available for Micro & Small Enterprises which are very sound in paying loan installment in time.

(b) These subsidies (i.e. 3 + 2 = 5 % interest subsidy) will be available to credit disciplined enterprises and will be in the form of re-imbusement of actual repayments made and will be credited directly to the concerned Bank/financial institution.

4. Subsidy on Power: (a) Subsidy on power tariff will be provided at the rate of 30 % (thirty percent) for loads up to 2 MW for a period of 5 (five) years from the date of commercial consumption. This subsidy will be granted on the basis of actual consumption of power for an enterprise substantiated with requisite details and vouchers.

(b) Subsidy up to 50 % (fifty percent) of the cost of generating sets including non - conventional energy generating sets subject to a ceiling of Rs. 75,000/- per unit will be granted to all categories of enterprises in the rural areas provided the unit produces a Certificate from M.S.E.B.

(c) In case of project is located in an area which requires the drawal of power line of 1 KV and above, the Government will reimburse the cost incurred on the drawal of such a power line including the cost of transformer, if any subject to a maximum limit of Rs. 2.00 (two) lakhs and provided that the location has been approved by the Government.

(d) 50 (fifty) per cent of the cost incurred on service connection will be reimbursed subject to a maximum of Rs. 30,000/- for each tourism unit.

12. EXEMPTION FROM STAMP DUTY:

An exemption on 75 (seventy five) per cent of the applicable Stamp Duty for Micro & Small Enterprises only will be provided to assist an entrepreneur in executing deed (s) for financial assistance from banks and financial institutions.

13. EXEMPTION ON LUXURY TAX:

All new units will be entitled for exemption from luxury tax for a period of 5 (five) years from the date of commencing operation.

14. INCOME TAX EXEMPTION;

100% Income Tax exemption will be provided as under NEIPP, 2007 as was available under NEIPP, 1997.

15. REIMBURSEMENT OF VALUE ADDED TAX;

25% of the Value Added Tax paid during one financial year will be reimbursed by the Government towards the payment of tax during the next year. Benefit will be available for 5 tears from the date of commencement of operation.

16. COMPREHENSIVE INSURANCE;

New tourism units as well as the existing units on their substantial expansion will be eligible for reimbursement of 100 % insurance premium.

17. ENTERTAINMENT TAX;

25% of entertainment tax shall be reimbursed for multiplexes in theme parks and urban entertainment centers for a period of 5 years subject to the condition that the total benefit on this count does not exceed 100% of the project cost. The benefit is applicable for projects more than Rs. 5.00 crores.

17. PAYING GUEST HOUSE ACCOMMODATION ; Maximum of 2 (two) double bedded rooms with attached latrines, bathrooms and separate well laid out and hygienic kitchen in all district towns (excepting Shillong) as well as in places adjacent to tourist locations within the State.

Paying guest/Home stays/ bed & breakfast accommodation has to be attached with own house of the entrepreneur so that the family as well as some of the members from the adjacent families are self employed. The idea is to promote ethnic – tourism so that the tourist also get the experience of living with a tribal family, experience our rich , culture and cuisines.

The scheme is limited to micro & small enterprises only. The quantum of incentives will be:

- (a) 20 % of Land and building cost with maximum limit of Rs. 5.00 lakhs
- (b) 30 % of the kitchen equipments like washing machine, micro – ovens, and other kitchen furnishings with maximum limit of Rs. 1.00 lakh.
- (c) 50 % of the generating set of maximum 500 KW capacity with incentive maximum limit of Rs.
- (d) Interest subsidy for both term loan from State and working capital loan from the Central Subsidy schemes.
- (e) Credit discipline subsidy from the State will be available to such units.
- (f) 50 % one time subsidy of setting up of a PCO facility with maximum limit of Rs. -----

CATEGORY : : MEDIUM SERVICE ENTERPRISES

1. Local Employment Promotion Grant

Government will reimburse annually up to thirty per cent of the realistic wage bill for local tribal employees over and above the stipulated number of local tribal employees in the tourism policy as specified in the eligibility criteria. This will be for three years from the date of entertainment. The maximum limit of such subsidy is Rs. Five lakhs.

1.1 Twenty percent of the cost incurred on training of local tribal employees will be reimbursed subject to the following:

- (a) Such trained person being absorbed in the unit, failing which the unit will refund the subsidy amount paid for the same.
- (b) Training is conducted in an Institute approved by the State Government.

2. Subsidy on Cost of Purchase and Installation of Generating Set

Subsidy will be provided at the rates of 50 % (fifty percent) for purchase and installation of Generating Set with loads above 2 MW.

3. Refund on Central Sales Tax (CST)

Enterprises will be reimbursed 100 % (hundred percent) on the amount of CST actually paid on purchase of such machinery and equipments as is installed upto the date of commissioning of the unit.

4. Exemption from Stamp Duty

Approved projects with fixed capital investment above Rs. 2.00 crores will be exempted from Stamp Duty up to 75 % of the applicable amount to assist execution of deeds of conveyance / mortgage pertaining to loans from financial institutions and banks

18. RULES AND PROCEDURES OF IMPLEMENTING AUTHORITY

A. Before the Registration of Tourism Units.

- I. Effective possession of land by an eligible unit free from all encumbrances.
- II. Registration in respect of company / co-operative society / trust in respect of a partnership deed, and filing of requisite application with payment of necessary fees with the Registrar of Firms.
- III. Submission of project report specifically mentioning the category of tourism activity (coverage) and incentives that are proposed to be availed of by the eligible unit with all relevant details.
- IV. Copy of application duly acknowledged by all statutory and executives authorities from whom permission is required.

B. Thereafter

- I. Clearances, if any from the Central / State Government and other authorities concerned with implementing the project.
- II. Tying up of the means of finance for the project to the satisfaction of the incentive sanctioning authority.
- III. Acquisition of fixed assets at the site to the extent of 10% of the total fixed assets as envisaged for the project.
- IV. Evidence regarding expenditure on the project including advances and pre-operative expenses paid, aggregating to at least 25% of the capital cost envisaged for the project.

C. Registration.

The tourism unit after taking initial effective steps will apply to the Director of Tourism for registration for incentives in the prescribed form.

D. Procedure for Registration of Tourism Units for incentives and for claiming incentives.

All tourism units eligible for the scheme will apply to the Director of Tourism in a prescribed form. The Directorate of Tourism will scrutinize the application and will issue temporary and permanent registration adopting the following procedure :

- a) Director of Tourism shall give provisional registration in the first instance up to 2 years to the eligible unit after scrutinizing the application received by him under the scheme.
- b) If such a unit is not in a position to start commercial operations during the initial validity period, the unit will have to apply with the progress report to the State Tourism Promotion Committee / Empowered Committee, which is authorized to grant an extension of up to six months at a time for a total period of 2 years after examining the difficulties experienced by the individual unit in implementing the project and also record the reasons thereof in writing.
- c) The units which are unable to go operational after they are given extension under para (b) above will have to explain to the Government the reasons for the delay.

This explanation will have to be forwarded to the Director of Tourism, who will carry out physical inspection of the projects and report to the Government. The Government will then take a decision based on this report. If the Director of Tourism is satisfied that the steps to implement the project are adequate, he shall inform the Government about the same.

d) The State Government, on examination of details made available by the Director of Tourism, may decide to extend or reject the registration depending upon the merit of each case. The decision of the Government in this regard will be final and binding on the concerned party.

e) The unit will become eligible to apply for provisional or temporary registration only after taking the initial steps

f) The eligible unit will be registered permanently only after the commencement of commercial operations and completion of the project.

E. Procedure for claiming incentives

The units eligible for incentives under the scheme and which have been accorded temporary registration by the Director of Tourism shall apply to the District Collector in case of tiny/small tourism units and to the Director of Tourism in case of medium, large and mega tourism units within 180 days of the commencement of commercial operation. The competent authority/sanctioning authority on receiving the application will scrutinize the application and will issue an 'eligibility certificate' to enable the unit to obtain the benefits.

F. Other conditions

The tourism units which will be granted incentives under the scheme will be subject to the following conditions and on breach of any of these conditions, the incentives granted will be withdrawn with immediate effect.

a) The unit availing of the incentives under the scheme shall install, effectively operate and maintain pollution control measures as per the standards prescribed by the competent authority in this regard.

b) The unit will remain in commercial operation continuously for at least five years after it has been commissioned. However, in cases where the operation is discontinued due to reasons beyond the control of the unit, the State Tourism Promotion Committee may examine individual cases and condone the period of discontinuation based on the guidelines to be issued by the Government.

c) The unit will furnish details regarding commercial operation, employment or any other point, which the State Government may require from time to time. The unit will have to follow the guidelines of the employment policy of the Government regarding employment of local people.

d) The unit, after getting the eligibility certificate, has to submit the format to be decided with details of incentives availed during the period to the Director of Tourism who, in turn, will cross check the details. All excess claim committed by a unit in claiming more incentive than allowed will be chargeable at the rate of interest of 2% per month.

e) All matters of interpretation, dispute or contention under the scheme will be referred to State Tourism Promotion Committee whose decision will be final and binding on the applicant unit.

f) The Director of Tourism will be responsible for administration and implementation of this scheme

g) Department related to various tax exemptions will issue Government Orders required for granting such exemptions.

G. Sanctioning Authority

- a) For all cases of tiny and small unit, the eligibility certificate will be issued by the District Tourism Promotion Committee/Council
- b) For medium, large scale and mega tourism units, the eligibility certificate will require the clearance of the State Tourism Promotion Committee.
- c) Projects will be eligible for incentives subject to their completion as stipulated in each case.