

# TOURISM POLICY 2012

## 1. Vision Statement

To promote balanced and sustainable tourism which enables socio-economic development and to establish Madhya Pradesh as a destination that provides a complete tourism experience.

## 2. Guiding Principles

- 2.1 Set up an institutional mechanism to promote private investment.
- 2.2 Set up an effective regulatory mechanism for sustainable tourism.
- 2.3 Provide reception, assistance, information, amenities, hygiene, security and infrastructure for the tourists.
- 2.4 Adopt the principle of “First Conservation Later Tourism” for Cultural Heritage.
- 2.5 Make eco-tourism an effective tool to sensitise masses regarding environmental conservation.
- 2.6 Ensure active and coordinated participation of Government departments, voluntary organizations, community and all other stakeholders of tourism sector.
- 2.7 Develop tourism through Public Private Partnership (PPP).

## 3. Strategy

- 3.1 Transparent guidelines and procedures shall be laid down to attract private investment.
- 3.2 Necessary database shall be prepared and research conducted for destination marketing.
- 3.3 Comprehensive feedback mechanism of tourist experience shall be developed.
- 3.4 Development of basic infrastructure such as roads, drinking water, power, hygiene, transport, and solid waste management shall be ensured.
- 3.5 “Special Tourism Zones” shall be notified and developed to encourage investment in identified areas.
- 3.6 Sensitization of local bodies towards tourism needs and their active participation shall be ensured.
- 3.7 Rural Tourism shall be promoted to market fairs, local cuisine, costumes, products, art, handicraft and heritage.
- 3.8 Highest priority shall be accorded to conservation and preservation of natural resources and beauty at eco-tourism destinations.

- 3.9 Comprehensive plans shall be prepared for destinations of religious tourism.
- 3.10 Development of tourist facilities near water bodies shall be ensured.
- 3.11 Efforts shall be made to provide enhanced air connectivity between major cities of the State.
- 3.12 Necessary steps shall be taken to promote adventure tourism with the help of local administration and local bodies.
- 3.13 Manpower in tourism shall be trained to create a “Tourist Friendly” image of the State.
- 3.14 Qualitative training shall be imparted to youth to enhance employment opportunities.
- 3.15 Land Bank Policy shall be further strengthened.
- 3.16 Entertainment facilities shall be developed at all tourist destinations.
- 3.17 A chain of budget hotels shall be set up at destinations of religious tourism.
- 3.18 Tourism Department shall ensure coordination of the concerned departments to promote Medical Tourism.
- 3.19 “Tourism Plan” shall become an integral part of the plans of various departments.
- 3.20 To promote and develop heritage tourism.
- 3.21 MICE & conference facilities will be developed across the state.
- 3.22 Tourism shall be granted the status of Industry.
- 3.23 Subsidies & exemption on the construction of Hotels/resorts at selected destinations.
- 3.24 24X7 electricity at major tourist destinations.
- 3.25 Single window facility for fast track clearance to projects with capital investment of more than Rs. 10Cr. shall be set up.

#### **4. Role of MP State Tourism Development Corporation Ltd.**

The role of MP state Tourism Development Corporation Ltd. shall be as follows:-

- 4.1 Continue providing tourist facilities as before.
- 4.2 Redefine its commercial activities and play a major role in attracting private-sector investment by acting as a facilitator.
- 4.3 Disinvest in such of its properties which have not become satisfactory profit centres and give them out on management or short-term lease to the private-sector.
- 4.4 Continue its responsibility to promote the tourism industry and tourist attractions of the State, and not focus merely on marketing its commercial units.
- 4.5 Coordinate and network on a regular basis with all the stake holders of the tourism industry in the State to sort out all their problems.

- 4.6 Invest in such new areas which are hitherto undeveloped to pave the way for the private-sector players.
- 4.7 Corporation will not finish its ownership but, these units can be expanded as per need.
- 4.8 Profit generated from establishment of new units and their expansions at major cities and already well developed major tourist destinations, will be invested for the development of new tourism sectors.
- 4.9 The objectives of the tourism corporation shall not be limited only to its self sustainment.
- 4.10 Public Private Partnership modules will be encouraged for the new tourism projects.
- 4.11 Strengthen the MP Institute of Hospitality Training.
- 4.12 Continue its pivotal role in obtaining financial assistance from the Ministry of Tourism, Government of India, and loans from other financial institutions.
- 4.13 The corporation will establish a cell for the effective implementation of PPP modules across the tourism sector.

## **5. Special Provisions**

With the view to encourage setting up of tourism projects, the following facilities shall be provided:

### **A. Luxury Tax**

- A1. Rates of Luxury Tax: No Luxury Tax shall be payable on room rent of Rs. 2000/- per day. Where room rent is Rs. 2001/- and above, 10% Luxury Tax shall be payable.
- A2. Exemption in Luxury Tax during “off-seasons”: There shall be complete exemption from Luxury Tax during off-seasons. The period shall be for 3 months. There shall be no “off-season” for hotels located in the Municipal Corporation limits of Bhopal, Jabalpur, Indore and Gwalior.
- A3. Exemption in Luxury Tax on New Hotels: All new hotels in Bhopal and Indore shall be exempted from Luxury Tax for 5 years and for 8 years if located in rest of the State. A minimum investment of Rs. 1.00 Crore shall be mandatory. Any extension/expansion of existing hotels with a minimum investment of Rs. 50.00 Lakh shall also be exempted from Luxury Tax for a period of 5 or 8 years depending on location (for the extended portion only). It is clarified that only construction of new rooms shall constitute expansion. While computing investment, the cost of land shall be limited to 20% of the total amount invested.
- A4. Exemption in Luxury Tax on Bed & Breakfast Units: Units registered under “Bed & Breakfast Scheme”, having a maximum of 5 rooms, shall be exempted from Luxury Tax.

## **B. Heritage Hotels**

B1. Definition and Features of Heritage Hotel: Definition of a Heritage Hotel shall be as follows:-

“All those buildings, forts, havelis, kothis and castles that have been

- (I) Constructed before 1950
- (II) The architectural features of the building should be maintained in harmony with the original architectural design.
- (III) Immediate surroundings of the Heritage Hotel should be in consonance with the architectural features of the original building.
- (IV) Front elevation, architectural style and general construction practice should exemplify local cultural traditions and features.
- (V) Cuisine and catering services of the Heritage Hotel should be clean, hygienic and of good standards, and it should give the flavour and taste of local traditions, services, facilities and immediate surroundings of high quality and standards.

Any extension, improvement, renovation, change in the existing structures should be in keeping with the traditional architectural styles and constructional techniques harmonising the new with the old. After expansion/renovation, the newly built-up area added should not exceed 50% of the total built-up (plinth) area including the old and new structures. For this purpose, facilities such as swimming pools, lawns, etc. will be excluded”.

B2. Exemption in Luxury Tax on Construction of New Heritage Hotels: All new heritage hotels set up after 01/04/2006 shall be exempted from Luxury Tax for a period of 10 years subject to an investment of Rs. 1.00 Crore. Similarly, any extension/expansion of such existing heritage properties which had been used at least in part as heritage hotels earlier with a minimum investment of

Rs. 50.00 Lakh shall also be exempted from Luxury Tax for a period of 10 years for the extended portion only. While computing investment, the cost of land shall be limited to 20% of the total amount invested.

B3. 25 % capital subsidy subject to a maximum ceiling limit of Rs. 1.5 Cr. (not including the cost of the land) will be provided for renovation of the property. The subsidy will be provided only after a service period of 1 year is completed, and the property has been awarded Heritage hotel status by the HRACC (Hotel & Restaurant Classification Committee). Evaluation of subsidy will be done by a committee comprising representatives of the departments of Archaeology and Tourism.

Technical knowhow to the owners of Heritage properties shall be provided free of cost by the Tourism department.

### **c. BUDGET HOTELS**

To promote construction of Budget Hotels at places of religious and tourist importance that are declared by the State Government, the following subsidies shall be made available:-

- C1. Budget hotels on land provided by MPSTDC from their land bank will be entitled to 10% capital subsidy subject to a maximum ceiling of Rs. 50.00 lakh. Moreover, 50% subsidy on the upset price of land shall also be provided.
- C2. Budget hotels on privately owned land, will be entitled to 20% capital subsidy subject to a maximum ceiling of Rs. 50.00 lakh.
- C3. Subsidy will be available only when the Budget hotel comprise a minimum of 50 rooms and the tariff of each room does not exceed Rs. 2000/- per day.
- C4. The subsidy for construction of dormitory will be available only when a minimum of 100 beds are available and the tariff of each room does not exceed Rs. 200/- per day.
- C5. For a minimum of 5 years (after the hotel is commissioned) there will be no increase in tariff over the ceilings indicated above.
- C6. The State Government shall notify & declare places of religious and tourist importance for this purpose from time to time.

### **D. HOTELS & RESORTS**

New Hotels and resorts at selected tourist destinations where appropriate tourist facilities are yet to be developed can avail the following capital subsidy

- D1. On investment of Rs. 3.00 Cr., 25% subsidy subject to a maximum ceiling of Rs. 75.00 Lakh.
- D2. On investment ranging from 3.00 Cr. to Rs. 5.00 Cr., 20% subsidy subject to a minimum of Rs. 75.00 Lakh and a maximum of Rs. 1.00 Cr.
- D3. On investment of more than Rs. 5.00 Cr., 15% subsidy subject to a minimum of Rs. 1.00 Cr. and a maximum of Rs. 1.50 Cr.
- D4. The State Government shall notify and declare such destinations from time to time.

### **E. MICE (Meetings, Incentive, Conference & Exhibitions)**

E1. In Bhopal & Indore large convention centres of more than 1000 capacity and in Gwalior and Jabalpur medium sized convention centres with capacity of more than 500

persons are to be constructed. International standard convention centres with a capacity of more than 500 persons shall be entitled to 25% capital subsidy (excluding the land cost) with a maximum ceiling of Rs. 10.00 Cr.

E.2 The subsidy can be availed only if the convention centres are constructed on the land provided by the State Tourism department.

## **F. TO PROMOTE WEEK-END TOURISM**

There has been a growth in the number of tourists coming from different parts of the Country. Therefore, keeping this in view 'week-end tourism' will be promoted and for this purpose, Caravan buses will be exempted from road tax for a period of 5 years from the date of commencement of operation.

## **6. EXCISE DUTY**

The subsidy on licence fee for liquor licences that are currently available to the units of the MPSTDC shall also be made available to the units that are hereafter given on management contracts by the MPSTDC to private operators.

## **7. Entertainment Tax**

New tourism projects shall be exempted from Entertainment Tax for 10 years on all such items of entertainment that are of permanent nature, and for 6 years on entertainment programmes which are temporary in nature. In addition the State Government may notify certain areas, other than special tourism zones, wherein there shall be a complete holiday from entertainment tax for a period of 10 years.

## **8. Registration and Stamp Duty Fees**

8.1 All new Heritage Hotel projects shall be exempted from paying Registration Fee and Stamp Duty for the built-up area and one hectare of appurtenant land. This exemption shall be in the form of refund by the Tourism Department after the project has been commissioned.

8.2 No Registration or Stamp Duty shall be payable on Government land being allotted by Tourism Department to private-sector investors through 90-years lease or through the Development Agreement.

## **9. Transport**

Transport Department's notification No. F-22-45-2005-8 dated 22/11/2005 provides exemption to Tourist Vehicles from Motor Vehicle Tax for 2 years on designated tourist routes as given below: -

BHOPAL: -

1. Bhopal Darshan
2. Bhopal – Islamnagar – Sanchi – Udaigiri – Gyarpur – Bhopal

3. Bhopal – Bhojpur – Bhimbetka – Pachmarhi – Bhopal
4. Bhopal – Ujjain – Indore – Omkareshwar – Maheshwar – Mandu – Bhopal
5. Bhopal – Khajuraho – Satna – Bhopal (Via Sagar)
6. Bhopal – Pachmarhi – Bhedaghat – Jabalpur – Kanha – Bandhavgarh – Bhopal
7. Bhopal – Bhedaghat – Jabalpur – Bhopal
8. Bhopal – Shivpuri – Gwalior- Bhopal
9. Ujjain Darshan
10. Pachmarhi Darshan

Gwalior: -

1. Gwalior Darshan – Tighra Fort – Museum
2. Gwalior – Shivpuri – Chanderi – Orchha – Khajuraho – Panna – Chitrakoot – Satna – Bandhavgarh – Amarkantak – Jabalpur – Gwalior
3. Gwalior – Morena – Chambal Ghadiyal Sanctuary – Gwalior
4. Gwalior – Shivpuri – Ujjain – Indore – Mandu – Omkareshwar – Maheshwar – Indore – Ujjain – Gwalior

Jabalpur: -

1. Jabalpur – Bhedaghat – Jabalpur
2. Jabalpur – Bhedaghat – Kisli – Amarkantak – Bandhavgarh – Jabalpur
3. Jabalpur – Seoni – Chhindwara – Pachmarhi – Jabalpur
4. Jabalpur - Seoni – Pench National Park – Jabalpur
5. Jabalpur - Kanha – Kisli – Mukki – Balaghat – Seoni – Pench Udyan – Jabalpur

Satna: -

1. Satna – Chitrakoot – Satna – Panna – Khajuraho – Dhubela – Orchha – Gwalior
2. Satna – Chitrakoot – Bandhavgarh – Amarkantak – Kanha – Pachmarhi – Jabalpur
3. Khajuraho Darshan

Indore

1. Indore Darshan
2. Indore – Mandu –Indore
3. Indore – Omkareshwar – Burhanpur – Indore
4. Indore – Omkareshwar – Maheshwar – Indore
5. Indore – Dhar – Bagh Caves – Bawangaja – Khalghat – Maheshwar - Indore

This facility shall continue and the following routes shall also be included:-

1. Pench-Bhedaghat-Jabalpur-Maihar-Chitrakoot
2. Indore-Ujjain-Badnagar-Ratlam-Mandsaur-Neemuch

## 10. Land Allotment

10.1 Land Bank Policy dated 23/2/2008 shall continue. Under this policy, identified plots of Government land (including buildings/other properties located on it) are made available on lease for 90 years through open competitive bidding.

10.2 The Department may instead of leasing out the land on 90 years grant development rights on identified plots of land for a period of 30 years, renewable by another 30 years, through the instrument of Development Agreement.

## 11. Diversion Tax

Diversion Tax is payable on land when it is diverted from agricultural to tourism use. In the case of new tourism projects or when additional land is acquired for old projects, the following procedure shall be adopted:-

11.1 Diversion Premium and Fee shall be assessed at 20% of that payable for residential purpose as prescribed under section 59 of MP Land Revenue Code 1959.

11.2 A Committee comprising Principal Secretaries Tourism, Revenue, Urban Administration, and Managing Director, MP State Tourism Development Corporation Ltd. as Member Secretary shall grant this concession on application.

## 12. Ecotourism and Adventure Tourism

12.1 Ecotourism and Adventure activities on all forest land shall be organised through State Ecotourism Development Board in accordance with the guidelines of the Forest Department. Tourism Department may permit ecotourism/ adventure activity on non-forest Government/revenue land in any part of the State. The activities shall include inter-alia:-

- Camping
- Trekking
- Angling
- Water Sports
- Elephant Safari
- Cycle Safari
- Riding Trail
- Photo Safari
- Canoeing Safari
- White Water Rafting
- Rock Climbing/Mountaineering
- Para Sailing/Para Gliding
- Hot Air Ballooning

12.2 Applications shall be invited by the Tourism Department from private-sector investors for undertaking such activities.

12.3 Government land required for such activity shall be made available on license for a nominal fee for a period of 5 to 15 years.

12.4 If the proposed activity demands significant construction of a permanent nature, the proposed investment shall be considered long term and land shall be made available through the Development Agreement.



12.5 Duration of license, fee and other terms and conditions shall be finalised by a Committee constituted by Finance department, order number: F-1/42/04-B.M.U. 2097 dated 4/9/10 para. number 3.1 (A).

### **13. Concessions from Energy Dept**

- 13.1 If any Tourism Project or Heritage Hotel sets up a captive power plant, it shall be exempted from Electricity Duty & Cess.
- 13.2 24x7 electricity supply will be provided at major tourist destinations across the State.

### **14. Film Tourism**

Film producers have shown keen interest for location shooting in Madhya Pradesh. Producers face a lot of difficulties in coordinating with various Departments for permissions and clearances. Henceforth, MPSTDC shall coordinate with various Departments for their permissions and clearances on a best-effort basis.

### **15. Tourism Development Council**

- 15.1 State Tourism Development Council: To provide vision, leadership and ensure convergence, State Tourism Development Council shall be set up under the Chairmanship of the Hon'ble Chief Minister of Madhya Pradesh. Ministers and officers of other Departments, representatives from the tourism sector, voluntary organizations and other stakeholders shall be nominated as members of this apex body.
- 15.2 District Tourism Promotion Council: Efforts are being made at the local level by District Collectors and others to promote tourism related activities with local synergy. In some districts, Collectors have registered Societies to enable these activities. To bring about uniformity, Tourism Department shall prescribe the constitution of these societies and the manner in which they shall discharge their responsibilities. The Minister in-charge of the concerned district shall chair the Council.

### **16. Water Tourism**

Madhya Pradesh has a large number of dams/water bodies with beautiful forests and landscape around them. So far they have not been developed from the tourism point of view. The Water Tourism Policy envisages grant of monopoly to MP State Tourism Development Corporation Ltd. to develop water sports in the identified reservoirs and tourist infrastructure on the banks and the Islands therein primarily through private initiative. Plans for developing Indira Sagar (Khandwa), Ban Sagar (Rewa), Gandhi Sagar (Mandsaur) and Madikheda (Shivpuri) are under way.

## **17. Air Connectivity**

Madhya Pradesh has 5 commercial airports at Indore, Bhopal, Khajuraho, Jabalpur and Gwalior. Further spots are also identified to develop a runway for charter flights. However, to further improve air connectivity within the State, Tourism Department shall encourage underwriting seats for private operators and grant 100% concession on VAT on ATF.

## **18. Interdepartmental Coordination**

An empowered Committee shall be set up under the Chairmanship of the Chief Secretary comprising Principal Secretary Finance, Tourism, and the Secretaries of the concerned departments to resolve such matters that may require interdepartmental coordination.

## **19. To Promote Sustainable Tourism**

Department of Tourism shall undertake necessary studies to identify such tourism activities which adversely impact sustainability and wherever necessary take steps to regulate them. To ensure community participation, effective strategy of IEC (Information, Education and Communication) shall be used. State Tourism Development Council shall play the crucial role of ensuring joint participation of all the Departments and stakeholders in this endeavour.

## **20. Skill Development and Training for Youth**

MP Institute of Hospitality and Training (MPIHT) at Bhopal organises vocational training programmes for youth in Front Desk Management, House Keeping and Food & Beverage Services. Besides obtaining financial assistance under Capacity Building for Service Providers (CBSP) Scheme of GOI, courses for SC, ST and OBC youth shall be conducted by collaborating with respective State departments. Self financing courses shall be launched in consultation with the local hospitality industry.

## **21. Special Tourism Zones**

Many regions in the State have huge tourism potential. It is proposed to notify such regions as "Special Tourism zones". Enormous tourism potential of many regions in the State has remained untapped for want of adequate private and public investment. The State Tourism Development Council shall identify and notify such regions as "Special Tourism Zones (STZ)". The State Government shall develop infrastructure in such zones through convergence.

Tourism Projects in the STZ shall be eligible for the following exemptions:-

- Exemption from Registration Fee and Stamp Duty for tourism projects. The same shall be refunded by the Department of Tourism after the commencement of the project.
- Full exemption from Luxury and Entertainment Tax for 10 years.
- Discount up to 75% on prevailing license fee for FL-2/3 Liquor License and the condition of minimum Guarantee shall be waived for 10 years.

- Exemption from Diversion Premium and Tax.
- Exemption from Motor Vehicle Tax for 5 years for a maximum of three vehicles (out of which two should be of 5-seater capacity and one of 12-seater capacity) owned by the project.

**22. “New Projects”** mentioned in this Policy means all such tourism projects that have either been set up or have commenced operations after the 03<sup>rd</sup> September 2012 i.e. the day on which the New Tourism Policy 2012 came into effect

**23. MP State Tourism Development Corporation Ltd.** shall act as a Single Window for implementing the provisions of the policy.