

## Karnataka tourism policy 2002-2007

➤ VISION STATEMENT

➤ MISSION STATEMENT

➤ PREAMBLE

➤ GOVERNMENT ORDER NO. ITKC/296/TTT/2000, BANGALORE, DATED 20 JANUARY 2003

### TOURISM WILL BE KARNATAKA'S TOP PRIORITY

Worldwide, Karnataka is famed as the IT capital of India - the Silicon Valley of the East. And quite rightly so.

However, I believe, it is tourism that will transform the very face of Karnataka across the 21st century. Tourism will make our towns, villages, heritage centers, and people prosperous. In another 10 years time, tourism will be Karnataka's most important economic activity: the largest employer, revenue earner, and tax-generator. And I believe, Karnataka will play a key role in enlarging the tourism market of India itself.

The Karnataka Tourism Policy 2002-07 is a road map to the future. Our Government will take up tourism as a top priority - and will work very closely with Private enterprise, international resources, local bodies and all segments of the tourism sector to make **tourism Karnataka's number one industry**. And **Karnataka, India's number one destination**.

Thank you,

**S M Krishna**

Chief Minister

Government of Karnataka

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### KARNATAKA TOURISM WILL REIGN SUPREME

Tourism is now recognised as the sunrise industry of Karnataka - an industry that can bring prosperity to the far-flung villages and people of Karnataka.

Nature and history have blessed our golden land with a wealth of attractions including the World Heritage Sites - Hampi and Pattadakal. Hampi alone could match the grandeur and mythical proportions of some of the world's wonders. Properly developed and professionally marketed, Karnataka could rival several of the leading destinations of the world. That is precisely what we intend to do.

The Karnataka Tourism Policy 2002-07 consolidates existing legislation, along with several new initiatives that will take tourism in Karnataka to world-class standards - on par with top contemporary global tourism destinations. The time has come to benchmark ourselves with the world's leaders and to be ranked among the best.

I am convinced that this Tourism Policy will lead Karnataka from its current position of **strength to supremacy**.

Thank you,

**D B Inamdar**

Minister of State for Tourism and Information Technology

Government of Karnataka

## **KARNATAKA - INDIA'S THEATRE OF INSPIRATION**

For the world-weary traveler, Karnataka's dramatically different theme destinations will be a perennial source of inspiration. In fact, Karnataka is Little India -this State has everything that India has to offer. World heritage sites. Breathtaking hill stations. Spectacular waterfalls. Exotic wildlife. Gripping adventure options. Sensational beaches. Renowned pilgrim centres. Colourful festivals. Throbbing nightlife. India's most well kept secret so far as tourism goes, Karnataka is all set to draw the curtain on a mind-boggling spread of experiences.

The success of the Theatre of Inspiration will be a thoroughly researched, painstakingly crafted script. A script that details out the vision, the mission, the long term marketing and promotional strategies and the plan for sustainable destination development. This script is ready. The stage is set. The private-public players know their roles. Together, let's win the world over.

### **I M Vittalamurthy IAS**

Commissioner of Tourism  
Government of Karnataka

## **VISION STATEMENT**

- To be among the pre-eminent tourist destinations in Asia, with market leadership and dominance in the following segments:

- **Upscale tourism (both national and international)**
- **Heritage tourism**
- **Ecotourism**
- **Conventions and conferences**
- **Exhibitions**
- **Cruises**
- **Theme Parks**

- To be on par with the best in the world; to excel in every facet of the tourism industry; to emerge as a benchmark for other destinations.

## **MISSION STATEMENT**

- Completely 'delight and satisfy' customers across defined segments, through providing world-class facilities and services in the medium to long-term
- To emerge as a gateway and hub linking Europe to Asia as well as the Far East to Middle East and Asia; and as a transit hub between East and West
- To develop world-class infrastructure and connectivity; including South Asia's most modern airport, supported with a Bangalore-headquartered airline
- To develop as a 'boutique destination' through private-public initiatives
- To drive investments into the tourism sector from across the world, into existing and potential tourism centres.

## **PREAMBLE**

Karnataka was among the first States in the country to bring out a progressive Tourism Policy as early as June 1992. This had the twin objective of promoting tourism-related activities and enhancing employment and income-generation among all sections of the society to further promote tourism in the State. The Government announced an updated tourism policy with effect from June 1997 for a period of five years with certain modifications vide Government Order No. ITY/137/TTM/96 Bangalore dated 4 July 1997.

The above policy generated considerable flow of investment from the private sector and also led to several other developments in the tourism sector. Today, the State Government is giving new thrust to promote tourism in the State. All bona fide tourism related enterprises are duly recognised and given special incentives and concessions. Areas that need rapid development have been identified. Infrastructural facilities need considerable investment and the private sector is invited to participate in such areas. They are encouraged to invest in hotels, beach resorts, eco-friendly resorts, wayside facilities, adventure/recreation centers like golf courses, aero sports, amusement parks and other tourism related activities.

Tourism being a major engine of economic growth, the State Government constituted a Sub-Committee of the Cabinet to make suitable recommendations for comprehensive development of tourism in Karnataka vide official memorandum No. DCA(CSC)/24/2000 dated 16 November 2000.

The Cabinet Sub-Committee met several times and held discussions with the ministers and secretaries of all departments connected with tourism. All the recommendations of the Sub-Committee were approved by the Cabinet at its meeting held on 18 April 2002 with certain modifications. A preliminary Government order was issued vide No ITY296 TTT 2000 4-5-2002. In continuation of this, a final and detailed Government order has been issued as follows:

## **GOVERNMENT ORDER NO. ITKC/296/TTT/2000, BANGALORE, DATED 20 JANUARY 2003**

After careful consideration, the Government is pleased to order the following priorities for the State Government Departments and concessions and incentives to the private sector with a view to enhance tourism potential and attract more private investment into the tourism sector in the State:-

1. Tourism is heavily dependant on the coordinated performance of many departments and agencies. Hence, a State Tourism Council headed by the Chief Minister, with all stakeholders represented in it, to take decisions on policy and strategy, is hereby constituted.
2. A State Level Co-ordination Committee under the Chairmanship of the Chief Secretary with Secretaries of tourism-related departments as members, is set up for effective implementation of the Tourism Policy.
3. The District Tourism Councils headed by the Deputy Commissioner are reactivated with General Manager, District Industries Centre and the Assistant Director of tourism assisting the Council.
4. The Department of Tourism, to prepare comprehensive development plans for the development of major tourist spots in a phased manner and also assign activities which have to be taken up by the Government as well as by the private sector. In the first phase, the Department of Tourism shall prepare a comprehensive development plan for the following key destinations: Nandi Hills, Brindavan Gardens, Kemmannagundi, Jog Falls, Badami, Aihole, Pattadakal, Belur, Halebid, Shravanabelagola, Bijapur, Hampi, Gokarna, Karwar, Mysore, Hesaraghatta, Agumbe and Nehruoka.
5. The Department of Tourism shall prepare and implement a comprehensive infrastructural plan for providing connectivity and common facilities at major tourist destinations in the State with an initial outlay of Rs. 125 Crores. The funds for this plan are to be availed from financial institutions after getting the projects prepared and vetted by professionals and agencies. The major components of this infrastructural plan are:

## **A Air Connectivity**

### **i) Airports:**

Providing new airstrips/improving existing airstrips to increase accessibility to the following places: Hampi, Mysore, Hassan, Bijapur, Shimoga, Belgaum, Hubli, Bidar, Bellary, Gulbarga, Raichur, Mangalore, Karwar, Shimoga and Kodagu.

### **ii) Heli Services:**

Identify locations and prepare plans for potential areas where heli services are possible and provide landing and other facilities.

### **iii) Encouragement to Private Air Operators**

To encourage private air operators to reach out to various tourist destinations. The tax on aviation turbine fuel is reduced to 4% and underwriting 50% tickets of private airlines for an initial period of three years.

## **B Roads**

In order to improve the road connectivity to tourist destinations, the roads leading to such destinations which are neither National or State Highways, a plan would be prepared by the Department of Tourism on priority basis and implement them with needed signages and wayside facilities.

## **C Public and Civic Amenities**

Prepare a comprehensive plan for providing common public and civic amenities at important tourist destinations and implement general up-keep of their surroundings.

## **D Preparation of Comprehensive Plan & Acquisition of Land**

The department of Tourism, with the assistance of experts, will identify the requirement of tourism facilities in major tourist destinations and prepare comprehensive plans. The Department will also identify the locations where these would come up and acquire lands through KIADB to make them available to entrepreneurs in the future at a cost. Wherever Government lands are available, they are to be offered to private entrepreneurs at 50% of its market value.

6. To encourage private sector participation in the various facets of tourism, the following Departments are mandated to streamline their policies and procedures. This is to ensure concerted efforts in upgrading infrastructure and making available better opportunities for the private sector in the field of tourism:

### **A PWD, RDPR and Urban Development Departments**

The Departments PWD, RDPR and UD are mandated to invest and improve roads leading to identified important tourist destinations, which has already been done by the Department of Tourism. These three Departments shall develop these roads on priority basis in the coming financial years through appropriate budgetary allocations.

### **B Forest Department**

Extensive tree planting in all tourist spots to be taken up by the Forest Department. The Forest Department is to have a clear policy, based on carrying-capacity studies of forest areas for private investors wishing to set up resorts, with access for their guests into forests.

## **C Ecology and Environment Department**

Implementation of Coastal Zonal Regulation to be simplified with more delegation of powers to the State Environment Department authorities and quick processing by the Department. Zonal mapping on relevant scale to be completed to facilitate private investors. Permission to be given for some beachfront activities requiring temporary structures.

## **D Finance Department**

Finance Department to augment the budgetary allocations to the Department of Tourism keeping in view the enhanced activities in the current policy period. To further augment the resources of the Department of Tourism, 50% of the revenue generated through gate and other collections in important tourist destinations are to be deposited in a fund and used for maintenance and development of those facilities.

## **E Transport Department**

A separate queue for tourist vehicals at the time of checking by Transport Department at State borders is to be ensured.

## **F Home Department**

**Facilitate new concept of multiplexes by having a policy that provides for:**

- i) Cinema hall beyond the first floor.
- ii) Multi-entertainment activities in the same building.
- iii) Any number of shows within a 15-hour time span.
- iv) Exemption from having a middle aisle in I-max theaters.
- v) Entertainment tax exemption of 100% for the first 3 years and 75% for next 2 years for I-max theaters only.

## **G Tourism Department**

- i) The existing accommodation and other facilities of both Government and Karnataka State Tourism Development Corporation are to be usefully and optimally utilised by inviting private sector partners in management of these properties in a phased manner.
- ii) The Department of Tourism is to provide land for following facilities:
  1. Food Craft Institute
  2. Tourism Complex
  3. Information Centre
- iii) Take up the following specific projects
  - Place oon Wheels
  - Night safari in Bannerghatta National Park
  - Develop Badami, Aihole and Pattadakal circuit
  - Develop a Coastal Circuit in North Canara
  - Provide world-class facilities in Brindavan Gardens through private participation.
  - Comprehensive developments of Jog Falls area
  - Develop area around important ancient and historical monuments

- Private management of Government accommodation

- iv) Develop Bangalore as a major tourist destination through adventure sports and high-end accommodation in Nandi Hills with private sector participation. Make available tanks like Ulsoor, Sankey, Madiwala, Bellandur etc, to private parties for boating and maintenance. Plant trees extensively to beautify Bangalore. Civic amenities to be given for maintenance to corporate houses. Motor racing track outside Bangalore, city walks, lighting up heritage buildings, craft bazaars etc.
- v) Trained tourist guides are to be made available at all major tourist locations.
- vi) The department will avail the help of consultants, wherever necessary, in order to prepare, design and implement tourism projects.

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7. To encourage private sector participation in all tourism-related activities in the State, the following incentives and concessions are offered in the policy period:
- a. All concessions offered under the Industrial Policy of the state (2002-07) are made available for private investments in the tourism sector.
  - b. Luxury Tax to be charged only on room tariff above Rs. 400 (Rupees Four Hundred) and to be charged only on actual tariff collected. A cap of 10% to be placed on it.
  - c. Additional state excise duty of 66% on imported liquor to be reduced to 25% or levied on basic rate.
  - d. Motor Vehicle Tax levied on tourist vehicle plying between States to be rationalized on a reciprocal basis.
  - e. 50%/100% stamp duty exemption for investment below/above Rs. 50 (Rupees Fifty) crores.
  - f. Concessional registration charges of Re.1 (Rupee One) per Rs. 1,000 (Rupees One Thousand)
  - g. Waiver of Conversion Fee
  - h. Entry Tax exemption during implementation of project for a period of three years
  - i. Entertainment Tax exemption of 100% for first three years and 75% for next two years for I-Max theatres only.
  - j. Tax on aviation turbine fuel is reduced to 4% and underwriting 50% of tickets of private airlines for an initial period of three years.
  - k. Government land will be offered at 50% of its market value to entrepreneurs.

BY ORDER AND IN THE NAME OF THE GOVERNMENT OF KARNATAKA  
Sd./- (C.S.KEDAR)  
Secretary to Government  
Information, Tourism,  
Kannada and Culture Department.

## **A OBJECTIVES**

1. Encourage private participation for the development of infrastructural facilities
2. Promotion of ecotourism with the intention of enabling tourists to appreciate the flora and fauna of the State
3. Promotion of tourism-related activities
4. Development of travel circuits and diversification of tourist attractions with a view to increase tourist arrivals into the State
5. Creation of new tourism products that meet global standards of quality
6. Fully tap the tourism potential of the State

7. Promotion and marketing of Karnataka's tourism products in national and international Markets
8. Promotion of adventure sports/entertainment activities of Highway Tourism

## **B ELIGIBILITY**

New Tourism projects which are approved by the Department of Tourism, Government of Karnataka, on or after 1-6-2002 and on or before 31-5-2007 and expansion projects of approved units are eligible for incentives and concessions under the New Tourism Policy 2002.

## **C COVERAGE**

All the projects that are approved by the Department of Tourism.

## **D PENALTY FOR DEFAULT**

Entrepreneurs of tourism projects/units who violate the terms of the agreement with the Tourism Department will be liable to refund the amount taken in the form of Incentives and Concessions in one lump sum along with penal interest @18%. Entrepreneurs who do not refund the money to the State Government on the issuance of notice by the Department of Tourism will be liable for being proceeded against under the provision of Karnataka Land Revenue Act and the arrears shall be recovered as arrears of land revenue.

## **E TOURISM UNITS**

Tourism units are those units that are commercial establishments open to Public in Karnataka providing facilities/services to the tourists and will include the following:

1. Hotels
2. Tourist resorts
3. Wayside facilities
4. Amusement parks
5. Houseboats
6. Adventure/Recreation activity centre
7. Heritage hotels
8. Tourist village
9. Dormitory
10. Any other tourism related projects at the discretion of the Department of Tourism.

### **1 Hotel**

Hotel means a boarding and lodging unit providing a minimum of 20 fully furnished beds in 10 double-rooms, each attached with sanitary fitted toilets and bathrooms, in addition to a restaurant, reception and public area, and sufficient parking area. The hotel may also have a cluster of huts/cottages with a minimum of 20 fully furnished beds with attached bathrooms along with other facilities mentioned above.

### **2 Tourist Resorts**

Tourist Resorts are those units which have minimum of 10 double rooms/cottages, with sanitary fitted toilets and bathrooms, restaurant, reception, parking slot, two shops etc., preferably with the following

activities/facilities:

1. Health club/Nature cure facility
2. Swimming pool
3. Indoor games
4. Children's park

### **3 Wayside Facilities**

Wayside facilities are those located on National, State and District highways in Karnataka providing lodging and boarding, fast food, and general toilet facilities. They should have five double rooms and one dormitory which can accommodate 25 persons, with attached bathrooms and toilet facilities, sufficient parking area, three shops and STD facility for group tourists/motorists travelling by road. The minimum land requirement is half an acre.

### **4 Amusement/Water Parks**

Amusement Parks refers to an open area developed for recreational facilities for people of all ages. They should contain various kinds of fun/joy rides, water slides etc. They should contain facilities for entertainment activities permissible under law, magic shows, science fiction shows, restaurant, toilets, telecommunication, first aid, adequate parking etc. They should also contain two shops and residential accommodation with a minimum of 10 double rooms attached with sanitary fitted toilets and bathrooms.

### **5 Houseboats**

A houseboat means a boarding-cum-lodging facility available on a water body such as a lake, backwater or river system, having at least two properly furnished bedrooms with attached sanitary fitted bathrooms and toilets, and independent dining and drawing rooms with a separate kitchen.

### **6 Adventure/Recreation Activity Centre**

Adventure/Recreation activity centre means a facility for learning as well as undertaking various adventure activities such as rock climbing, para sailing, hang gliding, hot air ballooning, rafting, kayaking, yachting, water skiing, angling, golfing and all other adventure-related activities. The centre must provide complete technical equipment, expert instructors and rescue arrangements for the activities that it offers. The activity centre should be operated in accordance with international safety standards and regulations for these activities. It may provide in-house boarding and lodging facilities for at least 20 persons.

### **7. Heritage hotels**

Heritage hotels are hotels run in heritage buildings built prior to 1950 and approved by the Department of Tourism as per its guidelines.

### **8. Tourist Village**

A Tourist Village should provide glimpses of the rich heritage, art and culture, handicrafts, folklore, lifestyle, and cuisine of the State. It should also comprise of a minimum of 10 double rooms attached with sanitary fitted toilets and bathrooms, restaurant, two shops and a stage to perform various forms of art.

### **9 Dormitory**

It is a boarding and lodging unit catering to the needs of mass tourists with a minimum bed capacity for 50 persons, a floor area of 1000 sq.ft with separate sections for males and females, and separate toilet and bathroom facilities attached to the dormitory. It should have a kitchen, dining hall and sufficient parking area. Minimum requirement of the site is 10,000 sq.ft.

## **F NORMS AND CONDITIONS FOR GETTING APPROVAL FOR PROJECTS**

### **I. Hotels**

**1. Site:** The site of the hotel should be in a suitable location and it should be easily accessible. Minimum requirement of the site is 6,000 sq.ft.

#### **2. Rooms/Bathroom sizes (carpet area)**

- a. Double Room – 150 Sq.ft.
- b. Bathrooms – 40 sq.ft.

#### **3. Facilities**

- a. **Rooms:** Minimum of 10 rooms with 20 beds capacity and all rooms should be attached with bathrooms
- b. **Restaurant with kitchen :** All hotels should have a restaurant with a kitchen.
- c. **Conference Hall:** A conference hall is a must for hotel projects put up in District Headquarters.
- d. **Shops:** At least one shop and a maximum of two.
- e. **Parking area:** Minimum-parking area should be 1,000 sq.ft.
- f. **Lift:** Lift is essential if is more than ground + two floors.

#### **4. Documents required**

Before commencing the project work, approval has to be obtained from the Department of Tourism, which will make sure that it will fit into the overall development plan of the tourist destination. For getting approval for the hotel project, the following documents have to be submitted along with the application to the concerned competent authority.

- a. Project Report
- b. Original Plan approved by Gram Panchayat/Municipality/Corporation
- c. Estimates of the project prepared by the authorized registered engineer
- d. License obtained for construction of the hotel from Gram Panchayat/Municipality Corporation.
- e. Title deed of the land
- f. Registered Partnership deed if the project is with partners
- g. Latest Khata extract
- h. Encumbrance Certificate
- i. No Objection Certificate (NOC) from Fire Force Department is required if the building has more than four floors i.e. ground floor + three floors and above.

### **II. Other Tourism Units:**

For getting approval for

- 1) Tourist Resorts
- 2) Wayside Facilities
- 3) Amusement Parks
- 4) Houseboats
- 5) Adventure/Recreation Activity Centres

- 6) Heritage Hotels
- 7) Tourism Village
- 8) Dormitory, documents to be submitted as mentioned above.

#### **G NORMS & CONDITIONS FOR GETTING COMPLETION CERTIFICATE**

After completion of the Tourism Project and opening to tourists, the promoters should get Completion Certificate from the Department of Tourism. To obtain this certificate, the following documents have to be submitted along with application:

1. Occupancy/Completion Certificate obtained from the Gram Panchayat/Municipality/Corporation
2. Copy of the approval letter issued by the Department of Tourism
3. Copy of the first bill of lodging and restaurant
4. Karnataka Power Transmission Corporation Limited (KPTCL) Bill

#### **H CONSTRUCTION**

The construction of all Tourism Units should be as per the approved plan. If any changes have to be made in the approved plan, approval has to be obtained from the Department of Tourism. In the event of making any changes in the interior utilization of the hotel project, special permission has to be obtained from the Department. Otherwise, Completion Certificate will not be issued.

## **I STAFF**

The promoter should engage trained staff, trained in Hotel Management and Catering Technology or any other competent certification and 80% of the staff should be Kannadigas. SC/ST candidates should be employed as per Government notification, failing which incentives or concessions will not be given.

## **J OBLIGATION ON THE PART OF PROMOTERS**

- a. The promoter should recycle water
- b. The promoter should tap non-conventional energy resources like solar energy, bio-gas energy, etc.
- c. The promoter should use vermin-compost technology
- d. The promoter should co-operate with the Department of Tourism, in its promotion and publicity activities
- e. The promoter should legibly write "Approved by the Department of Tourism, Government of Karnataka" in the hotel sign boards

## **K APPROVAL AUTHORITY**

- a. Tourism Projects with investment up to Rs. 3.00 (Rupees Three) Crores:-  
Department of Tourism, Government of Karnataka, No. 49,  
Second Floor, Khanija Bhavan, Race Course Road,  
Bangalore – 560 001
- b. Tourism Projects with investment up to Rs. 50 Crores:-  
The State-level single window agency under the Chairmanship of the Additional Chief Secretary to Government of Karnataka and Karnataka Udyog Mitra shall be the Nodal Agency.
- c. Tourism Projects with investment more than Rs. 50 Crores: -  
The High Level Committee chaired by the Honourable Chief Minister of Karnataka. Karnataka Udyog Mitra shall be the nodal agency.

## **L REJECTION**

All projects that are not eligible for approval shall be deemed to have been rejected in the absence of any communication.

## **M INCENTIVES AND CONCESSIONS**

To encourage private sector participation in all the tourism related activities in the State, the following incentives and concessions are offered in the policy period.

1. All concessions offered under the Industrial Policy of the state (2002-07) are made available for private investment in the tourism sector
2. Luxury Tax to be charged only on room tariff above Rs. 400 (Rupees Four Hundred) and to be charged only on actual tariff paid. A cap of 10% to be placed on it
3. Additional state excise duty of 66% on imported liquor to be reduced to 25% or levied on basis rate
4. Motor vehicle tax levied on tourist vehicle plying between State to be rationalized on a reciprocal basis
5. Waiver of conversion fee
6. Entry tax exemption during implementation of project for a period of three years
7. Entertainment tax exemption of 100% for first three years and 75% for next two years for I-Max theatres only
8. Tax on aviation turbine fuel is reduced to 4% and underwriting 50% of tickets of private airlines for an initial period of three years
9. Government land will be offered at 50% of its market value to the entrepreneur.

**For queries relating to investing in Karnataka, Please Contact:**

**Project Monitoring Unit Karnataka Tourism  
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