CHAPTER-III
TOURISM POLICIES IN INDIA

3.1. Introduction

This chapter makes a brief review of the recommendations of various committees, plans and policies on Tourism of the Union and State Government.

Mr. Pandit Jawaharlal Nehru, the first Prime Minister of Independent India, was the first person to notice the importance of tourism in the country. According to him, it was not only an instrument of earning foreign exchange but also a means of seeking international cooperation, understanding and peace between the nations.

Tourism as an economic term in India was emerged only after Second Five year Plan (1956). Initially going on a pilgrimage or visiting your friends and relatives is what was meant to be Tourism in India. It was only after October 1966 when INDIA TOURISM DEVELOPMENT CORPORATION (ITDC) was setup and India was promoted as a tourist destination not only for pilgrimage or visiting friends and relatives but as a holiday destination. The main important objective of ITDC was rendering proper consultancy services and promotes Tourism in India for developmental purpose.

In 1982, the Indian Government approved the National Tourism Policy which gave a six point plan for Tourism development of Swagat, Suchana, Suvidha, Suraksha, Sahyog and Samrachana, meaning Welcome, Information, Facilitation, Safety, Cooperation and Infrastructure Development respectively. The main aim of this policy was to promote balanced socio-economic development, promote and preserve the rich heritage and culture of India and also create employment opportunities. Later on, Government of India initiated took several measures like the National Committee on Tourism was set up in 1988, setting up of the Tourism
Finance Corporation in 1989 to finance tourism projects, the National Action Plan in 1992, the 1996 National Strategy for Promotion of Tourism and a new Tourism Policy in 1997 have all aimed to promote the fast growth of Indian Tourism sector.

3.2. Recommendations of the National Level Tourism Policies and Programs

A review of policies and programs of tourism in India is made in two sections.

- In first section at national level and
- In the second section at the state level is discussed.

Various Committees on Tourism

Sir John Sergeant Committee (1945)

The first straightforward effort to promote tourism in India was made in 1945, when a committee was set up by the Government of India under the chairmanship of Sir John Sergeant.

The main recommendations of the committee were the following:-

1. Setting up a separate representative organization of tourism with regional offices in metropolitan cities.

2. The promotion of tourist traffic was a matter of great national importance and therefore, deserves the whole-time attention of separate organizations which should take initiative in such matters as:-

(a) Publicity both in India and abroad;

(b) Preparation and Production of suitable literature such as guide books, folders, posters, etc;

(c) Provision for training of tourist guides;

(d) Liaison with other government departments responsible for providing facilities required by tourists;

(e) Liaison with the travel agencies, who provide travel services to tourists;
(f) Liaison with the hotels and catering institutions;

(g) Collection of tourist statistics;

(h) Co-ordination with air and train services to make it comfortable in India;

(i) Provision of a chain of first class hotels of international standard; and

(j) Starting publicity bureau in London and New York; and in the capitals of other countries, from where large number of tourists might be coming.

**L. K. Jha Committee Recommendations (1963)**

Government of India appointed an ad-hoc committee on tourism in March 1963, to investigate the reasons for decline in tourist arrivals in 1962. The committee came out with the following suggestions:

1. Grant of landing permits on arrival to tourists coming without visa for more than seventy two hours;

2. Opening of additional tourist offices abroad;

3. Provision of shopping and entertainment facilities;

4. Setting up three government corporations to develop hotel, Transport and entertainment facilities;

5. Need to build 5500 additional hotel rooms within the next five years;

6. Official approval of restaurants, shops and guides;

7. Improvement of facilities at airports;

8. Provision of adequate facilities by the Indian Airlines;

9. Introduction of permit room system in Delhi

10. Import of cars;

11. Training of immigration and customs staff;

12. Increase tourist publicity;

13. Integrated development of selected tourist centres; and
14. Establishment of a standing committee of main departments dealing with tourism for reviewing inadequacies.

**Report on Cultural Tourism (1968)**

In order to investigate the potentialities of cultural and monumental heritage of India for tourism development, the DOT obtained the service of a tourism expert named Dr. F. R. Allchin, through UNESCO in 1968. The recommendations made by his committee were the following:-

1. Provide standardized facilities at all significant monumental sites.

2. All the monuments other than those controlled by the Archaeological Survey of India (ASI) should be scheduled and preserved.

3. Areas surrounding the monuments should be protected by creating 'National Parks' around them.

4. The Tourism department should publish popular folders, tourist post cards, popular city guide books and regional hand books; while the ASI may bring out more scholarly guide books on monuments.

5. There should be close co-ordination between the DOT and ASI.

6. Tours should be built around specific themes or aspects of India's culture based either upon a selection of monuments or upon some aspect of art or craft or upon some aspect of natural history.

7. Provide improved facilities at selected wildlife sanctuaries and 'photo-safari' should be encouraged.

8. A number of projects for protection, preservation and conservation of monuments were suggested.
Estimates Committee of the Parliament (1969)

The committee was of the opinion that the organizational set up of the Department was not satisfactorily functioning. It stated that "an effective and efficient central organization has to be set up to create a strong tourism consciousness at all levels of administration and to formulate well-thought out proposals and policies for the development of tourism in the country".

The committee again urged the government "to ensure that people of right caliber are selected to run the Department of Tourism, which has to perform predominantly commercial functions as the efficiency of an organization depends largely on its staff and structural soundness."

Indian Institute of Public Administration Study on Models of Tourism (1970)

The DOT authorized the Indian Institute of Public Administration (IIPA) to conduct a study on the type of organization and staffing pattern required in the department. The report of IIPA was submitted to the Department in July 1970. The chief points were:

1. The present departmental set up with all its bureaucratic rules, procedures and financial constraints clearly does not permit initiative in undertaking the dynamic promotional activities, and putting Indian Tourism on the world map. The organizational structure should combine the flexibility of commercial organization with the legal authority of Government for regulating the tourist industry and ensuring co-operation of other Central departments, State Governments and local administration.

2. It suggested two quite different models for a re-organized tourism organization. The first on a 'public sector model' and the second a 'model for re-organizations' to perform more aggressively.
3. The report said "what is needed is a single National Tourist Authority (NTA) primarily designed for a marketing and sales approach".

4. Form an advisory group called the India Tourism Council to advice on all matters concerning tourism.

   The Government did not consider the recommendations of the IIPA. Instead, a National Tourism Board was created under the Chairmanship of the Minister of Tourism and Civil Aviation to advise him on all matters.

**UNDP Study on Tourist Organization (1970)**

With a view to make the tourist organization a more effective wing of the government, the Government of India invited a UNDP team in 1970. The team was led by Dr. Timothy O'Driscoll, a former Head of NTO of Ireland to study the tourist set up of India. The task of making detailed recommendations was assigned to the Indian Institute of Public Administration in 1972. The main recommendations were:

1. Setting up a 'National Tourist Authority', with a marketing and sales approach to sell the Indian tourist product in the world market.

2. Provide encouragement through vigorous incentives to trade and travel agencies.

3. A master national plan on tourism is required and it must be based on an insight into the market structure.

4. The volume of accommodation must be substantially increased.

5. The existence of reasonable good facilitation for tourists (immigration, health, travel agency, customs, currency controls etc.) is a significant factor in creating impressions and can be a very positive or very negative element in determining later traffic.

6. There is an urgent need for rendering training facilities to create skilled man-power required for the future.
National Committee on Tourism (1986)

In order to achieve long-term objectives in the tourism sector, a National Committee on Tourism was constituted in 1986 by the planning commission. The committee comprised twelve eminent persons in the fields of hotels, travel trade, commerce and arts besides the Secretary, Ministry of Tourism, a former Secretary in that Ministry, representative of ITDC and the advisor (Transport and Tourism) in the planning commission. The committee was headed by the Chairman of the Trade Fair Authority of India. The main recommendations of the committee were:

1. "The State should concentrate on planning broad strategies of tourism development, provision of fiscal and monetary incentives to catalyze private sector investment and devising an effective regulatory and supervisory mechanism to protect the interests of the industry and the consumer. Tourism is a national product that is not limited by state or regional boundaries or other barriers. This realization is necessary to avoid distortions in our perceptions and policies"

2. The development strategy for the tourism sector should be based on the principle of Low-cost economy, higher levels of productivity, improvement in efficiency of infrastructure and promoting competitions. In view of the scarcity of capital, a selective approach should be adopted instead of "spread approach". In determining the spread of funds over different tourism development projects, capital-labor ratio and capital- resource cost per dollar earned and per tourist served may be worked out.

3. For a balanced development of tourism in India, it is necessary to (i) develop selected tourist circuits and identified centre’s instead of spreading limited resources thinly over a large number of circuits (ii) diversify tourism to India
from traditional sight-seeing tours, (iii) develop non-traditional areas such as trekking, winter sports wildlife tourism, beach resort tourism etc., (iv) restore and develop national heritage projects and (v) explore new tourist generating markets.

4. A package of monetary, fiscal and other incentives should be offered to provide the desired stimulus for investment in the accommodation sector. Starting a Tourism Finance Corporation, promoting the setting up of supplementary accommodation and encouraging youth tourism are other welcome steps.

5. The travel trade is eligible for incentives which are already available to the export industry.

6. Introduce professionalism, create a national image building and launch marketing plan. Update and modernize tourism information services.

7. It is necessary to adopt a liberal policy to allow foreign airlines to operate in India and also Air Charter services.

8. Revamp the existing organizational structure of the DOT and create an apex body, namely National Tourism Board.

9. Ensure quality of training and retraining by restructuring the teaching programmes and introducing new tourism courses.

10. IIITM should be effectively developed as an apex body in travel trade education development.

11. Ensure eco-friendly tourism and preserve the environment from the possible damage.

However, the Action plan did not specify the infrastructural requirements and the investment needs of the sector to come up to the targets and the sources of funding the targets. The year 1999 was observed as "VISIT INDIA YEAR" plans were drawn
on the basis of tourism policy of 1997. But lack of budgetary support was a major handicap as it came up to 0.056% of the plan outlay.

The National Action Plan 1992

In 1992 a National Action Plan 1992 was announced. It was regarded as an emerging action plan to set things right in some key areas, and to provide directions to achieve quick results. The objectives set out rightly stroked at the perceived inadequacies of the system and incorporate all those areas which have been identified as the weakness of India’s tourism development policy. The strategies outlined in the Action Plan for achieving these objectives were as follows:

1. Socio-economic development of areas;
2. Increasing employment opportunities;
3. Developing tourism facilities for budgetary category;
4. Preservation of national heritage and environment;
5. Development of international tourism and optimization of foreign exchange;
6. Diversification of tourism products; and
7. Increase India's share in world tourism from the present 0.4 per cent level to 1 percent within the next 5 years.

The National action plan also mentioned area of action which were important for tourism development but which fall under the control of different ministries of the government of India like improvement in facilities at international airports, liberalized chartered flights and open sky policy for routes on which Air India does not operate or operates in a limited fashion. These were important issues and most of them still need to be addressed.
3.3. Promotion of Tourism in India under Five Year Plans

Tourism in India, in an organized fashion is of very recent origin. It began to develop only from the 1950’s. Yet in about just four to five decades, it took a firm shape and began to influence the behavior, the perception, the activity and the economics of millions of people. The progress of its development can be tracked with the progress of Five Year Plans.

India adopted a policy of planned approach to the national development. It was through Five Year Plans initiated in 1952, when the First Five Year Plan was formulated. However tourism did not receive much attention in the First Five Year Plan, as the focus of the government at that time was self-sufficiency and self-reliance. The notable work related to tourism during the first plan period was upgrading of tourist traffic branch of Ministry of Transport as The Tourist Traffic Division in 1955-56. This up-gradation consequently helped in opening the India Tourist Offices at London in July 1955, at Paris in February 1956, at Melbourne in September 1956, and at Colombo in October 1956.

Starting from the Second Five Year Plan (1956–1961) Tourism received considerable attention at the national level. The plan outlay for tourism during that period was Rs.1.58 Crore which funded two types of schemes, namely the development of facilities at a few places of tourist interest for foreigners and for the development of homes for the domestic low and middle income groups at places of religious importance.

The Third Five Year Plan (1961–1966) programme concentrated largely on the provision of accommodation and transport facilities. The Central schemes catered to foreign tourists while the schemes of the states focused on domestic tourism at a plan outlay of Rs. 4 crores. The important milestone establishment during the plan
period was setting up of India Tourism Development Corporation (ITDC) in 1966 by unifying the Hotel Corporation of India, India Tourism Transport Undertaking and India Tourist Corporation. This was followed by another significant move when the Ministry of Civil Aviation and Tourism was formed in 1967.

The Fourth Five Year Plan (1969-1974) looked at foreign exchange earnings as the prime objective of tourism development with an additional benefit of employment generation at a plan outlay of Rs. 25 crore.

In the Fifth Five Year Plan (1974–1977), tourism seems to have suffered a setback in both in respect of resource allocation and clarity of objectives. The Plan outlay got dropped to Rs. 23.62 Crores. However, tourism had a fortune during the Sixth Five Year Plan (1980–1985), with an increase in allocation to Rs. 72 Crores for the plan outlay. The focus of tourism development shifted to social and economic benefits like promotion of national integration and international understanding, creation of employment, support to local handicrafts and cultural activities, sources of tax revenue for Government. This could be termed as the beginning of new thinking for tourism in India.

Accordingly, the National Policy on Tourism formulated in 1982 with the following vision:

- Tourism becomes a unifying force nationally and internationally fostering a better understanding.
- It helps preserving Indian heritage and culture and projecting the same to the world.
- Tourism brings socio–economic benefits in terms of employment, income generation, revenue generation, foreign exchange, etc.
• It gives direction and opportunity to the youth of the country in national integration.

• Tourism offer opportunities to the youth in employment, nation building and character building through sport, adventure and so on.

**The Seventh Five Year Plan (1985–1990)** improved the allocation to tourism further to Rs.138.68 Crores. The important thrust areas for action were development of tourist circuits, diversification of tourism product with an expansion of its base from cultural tourism to other forms of holiday tourism.

Added to this, there were developments of non-traditional areas such as trekking, winter sports, wildlife tourism, beach resort, etc. This clearly marks the organized approach to the development of tourism. Another notable feature of this plan period was setting up of Tourism Finance Corporation in 1989 for extending financial assistance to tourism related activities and services. In this regard, the government had rightly taken the efforts to develop various sectors of tourism namely attraction, accessibility and amenities.

**The Eight Five Year Plan (1992–1997)** saw an outlay of Rs. 272.00 Crores for tourism promotion and development. Introduction of Special Tourism Areas (STA) which was aimed at providing full-fledged infrastructural facilities, tourism development programmes for backward areas and the call for the states to formulate Master Plans for tourism with coordinated approach with all related sectors marked the launch of this Eight Five Year Plan. The Government firmly viewed that as industry tourism is equipped with reasonable infrastructure and is poised for a self-sustained growth. To realize this objective the Government revolved that:

• Future growth of tourism should be achieved mainly through private initiative,
The states should confine its role to planning broad strategies of development, providing fiscal and monetary incentives to create a dynamic private sector and devising regulatory and supervisory mechanism.

Accordingly in May 1992, Department of Tourism formulated an action plan called ‘National Action Plan for Tourism’ (NAPT) with the twin objectives of increasing India’s share in world tourism from 0.4 percent to 1 percent and foreign exchange earnings from Rs. 2440 Crores to Rs. 10,000 Crores by turn of the century.

In the case of the Ninth Five Year Plan (1998–2002), the approach was be to concentrate on the development of selected centers and circuits through effective coordination of public and private efforts, so as to achieve synergy in the development of tourism. It also proposed certain thrust areas of tourism such as Indigenous and Natural Health Tourism, Rural and Village Tourism, Pilgrim Tourism, Adventure Tourism, Heritage Tourism and Youth and Senior Citizens Packages. The most memorable event of the ninth five year plan was the launching of the Incredible India campaign during 2002 that heralded the era of the branding of the product of Indian Tourism.

During the Tenth Five Year Plan (2002–2007), the strategy is to work towards a national consensus on the role of tourism in national development and to focus on the removal of barriers that hamper its growth. To make public sector investment more effective, it is necessary to work towards the inter-sectoral convergence of policies and programmes that could benefit tourism. The New Tourism Policy envisages a framework, which is Government-led, private sector driven and oriented towards community welfare, with the Government creating the legislative framework and basic infrastructure for tourism development, the private sector providing the quality product and the community providing active support. The
overall vision of the development of tourism embodied in the new policy will be achieved through five key strategic objectives. These are:

- Positioning and maintaining tourism development as a national priority activity.
- Enhancing and maintaining the competitiveness of India as a tourist destination.
- Improving India’s existing tourism products and expanding these to meet new market requirements.
- Creation of World Class infrastructure and develop sustained and effective market plans and programmes.
- Special thrust was made on to rural and small segment tourism.

**In the Eleventh Five Year Plan (2008–2012)** achieving International tourist arrivals of 10 million by the end of the 11th Plan through diversification of source markets, increase in the per capita spending and length of stay of international visitors and by reducing seasonality. The plan also proposes to achieve a target of 760 million domestic tourists by 2011 at an annual growth rate of 12% and to increase accommodation units. To accomplish the targets set forth in the 11th FYP the Ministry of Tourism (MOT) implemented following schemes during 2007-12.

i) Product Infrastructure Development for Destination and Circuits (PIDDC)

ii) Overseas Promotion and Publicity Including Market Development Assistance.

iii) Assistance to IHMs / FCI / IITTM / NIWS / NIAS/ NCHMCT and Capacity Building for Service Providers.

iv) Domestic Promotion and Publicity

v) Assistance to Large Revenue Generating Projects

vi) Incentives to Accommodation Infrastructure

vii) Creation of Land Banks

viii) Assistance to Central Agencies
ix) Market Research including Twenty Years Perspective Plan.
x) Computerization and Information Technology
xi) Others (Externally Aided Projects and Construction of Building for IISM)

As Tourism Sector is one of the major component of the service sector in India, its growth targets has to be linked to the targeted growth of service sector during the Twelth Five Year Plan (2012-2017). Indian economy is expected to grow at the rate of 9%. To achieve this, services sector as well as the tourism sector has to grow at the rate of 12 % per annum. The current rate of growth in tourism sector is about 9 %. For improving the growth in tourism sector, persistent and concerted efforts have to be made during the 12thPlan.

Implications of the targets

Following are the implications of the targets to be achieved in respect of FTAs and Domestic Tourism during 12th Plan.

(i) Foreign Tourist Arrivals

Number of FTAs in 2016 is estimated to be 11.24 million. Number of Foreign Tourist Visits (FTVs) in 2016 will be 35.96 million.

(ii) Domestic Tourism

Number of Domestic Tourist Visits (DTVs) in 2016 is estimated to be 1451.46 million.

(iii) Additional Foreign Exchange Earnings from tourism

The Foreign Exchange Earnings from Tourism will increase from Rs. 64889crore (US$ 14.19 Billion) in 2010 to Rs. 134383crore (US$ 30.3 Billion) in 2016. Additional FEE from Tourism during 2010-16 are estimated to be Rs. 69494crore (US$ 15.7 Billion).
(iv) Employment Generation

Using the data on share of tourism in the total jobs in the country available from Tourism Satellite Accounts (TSA) for 2002-03 and estimated for years till 2007-08, the total number of jobs (direct and indirect) in the tourism sector in 2016 are estimated to be 77.5 million as compared to 53 million in 2010. Therefore, an additional employment of 24.5 million (direct and indirect) is likely to be created during 2010 to 2016.

3.4. An Overview of Indian Tourism Policies

The Ministry of Tourism headed by the ‘Union Minister for Tourism’ is the nodal agency for the formation of national policies and programs related to tourism. It also coordinates all the activities of the central government agencies, state government undertakings and the private sector for the development and promotion of tourism. The administrative head of the ministry is the secretary (tourism) who also acts as the Directorate General (DG) tourism. Directorate General of tourism has 20 offices within India and 13 offices overseas. The work of the ministry is divided into 10 divisions which are headed by either a Director or Deputy Secretary level officer. These include administration, public sector undertakings (PSU) planning & coordination, division, publicity, international cooperation and IT & Events divisions, market research division, overseas marketing division, hotels and restaurants division, travel & trade division, integrated finance, e-governance division, official language division, human resource development and domestic tourism division and parliament vigilance, administration & public grievances divisions. The first conscious and organized efforts to promote tourism in India were made in 1945 when a committee was set up by the government under the chairmanship of Sir John Sargent, the then Educational Advisor to the government of India (Krishna, A.G., 1993). Thereafter, the
development of tourism was taken up in a planned manner in 1956 coinciding with the second five year plan. The approach has evolved from isolated planning of single unit facilities in the second and third five year plan. The sixth plan marked the beginning of a new era when tourism began to be considered as a major instrument for social integration and economic development. But it was only after the 80s that tourism activity gained momentum. The government took several policy initiatives explained below:

**Tourism Policy of 1982**

Tourism policy of the Ministry was presented for the first time in both Houses of Parliament on November 3, 1982. The policy statement contained five main objectives of the tourism policy of the Government of India. According to it, The Government objectives are to develop tourism that:

(i) It becomes a unifying force nationally and internationally fostering better understanding through travel.

(ii) It helps to preserve, retain and enrich the county's world view and lifestyle, its cultural expression and heritage in all their manifestations. The prosperity that tourism brings must cause accretion and strength rather than damage to the social and cultural values and depletion of the county's natural resources.

In Tourism India must present itself on its own terms - not as an echo or imitation of other countries, other cultures and lifestyles.

(iii) It brings socio-economic benefits to the community and the State in terms of employment opportunities, income generation, revenue generation for the States, foreign exchange earnings and, in general causes human habitat improvement.
(iv) It gives a direction and opportunity to the youth of the country both through international and domestic tourism to understand the aspirations and viewpoints of others and thus to bring about a greater national integration and cohesion.

(v) It offers opportunities to the youth of the country not only for employment but also for taking up activities of nation building character like sports, adventure etc and for the molding of the youth of the country.

The policy statement states that high priority would be accorded to the development of international tourism and increasing attention to foster regional tourism. Due emphasis is given to the development of cultural tourism and efforts to provide adequate tourist facilities at major cultural centre’s in a planned manner in co-ordination with other agencies. Another attention given was to develop backward areas having ancient monuments, natural scenery, festivals and local arts etc. Efforts will be made to construct youth hostels to facilitate the movement of youth from different parts of India and abroad.

To achieve the objectives, the document states that selected travel circuit approach would be followed and matching facilities would be provided.

In regard to marketing strategy, the policy statement suggests the necessity of exploring new markets and the development of tourist traffic from West Asia and North African Countries. It also refers to the need to develop Buddhist Centre’s with a view to attract larger number of Buddhist travellers from the Far East.

Since cultural and natural heritage constitutes the major tourism resource of the country, the need to maintain a judicious balance between conservation and development is stressed by educating the people in appreciating their rich heritage and eliciting co-operation in preserving and protecting it.
The policy statement also stressed the need for co-ordination among the various public-private sector undertakings. "International tourism will be mainly the responsibility of Central sector; the Centre would play a coordinating role supplementing the State effort wherever necessary. The combined effort will be directed towards achieving a comprehensive well-rounded and integrated development enabling tourism to make a positive and effective contribution to the economic growth of the country." It also clarifies that sufficient incentives would be provided to the private sector to play a more dynamic role in the development and promotion of tourism.

**National Tourism Policy of 1997**

The main features:-

1. Identification of domestic tourism, inbound tourism and outbound tourism besides seeking to pamper domestic tourism along with inbound tourism.

2. Focus on the significance of tourism in poverty alleviation and employment generation. Nevertheless, policy acknowledges the information gap in the perception of the economic and social import of tourism.

3. In addition to spelling out an all-inclusive of tourism product, the policy emphasizes diversification of the product in the form of going for nab destinations to reinforce the main stream of cultural tourism. It further pinpoints the need for improving facilitation services.

4. The preservation and protection of natural resources, environment and ecology becomes imperative and has been incorporated as one of the main objectives of tourism development.

5. The policy supports sustainable development of tourism within the carrying capacity of the area.
6. Foreign collaboration and investment in tourism industry especially in view of the liberalization and globalization are encouraged through a package of physical and financial incentives for the setting up of new enterprises and their spreading.

7. There is need for introducing plan restrictions anti educating rile people to tone down the adverse impacts of tourism.

8. Adopt new technology greatly in the promotion of tourism

9. The policy identifies the distinct role of the Central and State governments, public sector enterprises and private sector in tourism development. The policy underlined the merit of local governments, Non-Governmental Organizations (NGOs) and the local youth in the creation of awareness amongst people and facilities for tourists.

10. The policy centre’s on creating awareness, ensuring effective co-ordination by setting up a ‘Board of Tourism Industry and trade’ involving institutions at the grass root level for the creation of tourist facilities. Developing eco-tourism in the North-East implementing integrated development of tourist destinations as per carrying capacity and local aspirations and providing a package of assistance and facilitation services to domestic and foreign investors.


In 2002, the action plan was finally translated into a tourism policy and it officially became a joint central-state government concern. The policy document attempted to establish tourism’s great contribution in national development and its role as an engine of growth. It suggested that tourism not only generates government revenue, foreign currency, but also provides an optimal use of India’s scarce resources, sustainable development, high quality employment (especially to youngsters, women and disabled people), and finally peace, understanding, national unity and stability. The policy aimed at increasing the number of domestic and
international tourists. In order to do this, the government proposed to diversify the Indian tourism products and substantially improve the quality of tourism infrastructure, marketing, visa arrangements and air travel. In 2002, Government of India launched an international marketing campaign named as Incredible India to promote tourism in India to global audience. The Incredible India campaign projected India as an attractive tourist destination by showcasing different aspects of Indian culture and history like yoga, spirituality, etc. The campaign was conducted globally and received appreciation from tourism industry observers and travelers. However, the campaign was substantially criticized from some quarters. Some experts criticized it on its failure to cover several aspects of India which could have been attractive to the average tourist.

In 2009, the Ministry of Tourism launched a campaign titled ‘Atithi Devo Bhava’ targeting the local population to educate them regarding good behavior and etiquettes while dealing with foreign tourists. ‘Atithi Devo Bhava’ aimed at creating awareness about the effects of tourism and sensitizing the local population about preservation of India's heritage, culture, cleanliness and hospitality. It also attempted to re-instill a sense of responsibility towards tourists and reinforce the confidence of foreign tourists towards India as a preferred holiday destination. The concept was designed to complement the ‘Incredible India’ Campaign.
Table 3.1: Major Tourism Promotion Campaigns and Initiatives at a Glance

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<td>Sir John Committee Suggestions, Govt. started branches of Tourism in Delhi, Calcutta Bombay and Madras</td>
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<td>First Five Year Plan, No allotment for tourism development</td>
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<tr>
<td>2009</td>
<td>Another campaign titled as Athithi Devo Bhava</td>
</tr>
<tr>
<td>2009-10</td>
<td>Hunar Se Rozgar Programme launched</td>
</tr>
<tr>
<td>2010-11</td>
<td>The Ministry launched its International TV Campaign 2010-11-Europe</td>
</tr>
<tr>
<td>2013</td>
<td>“Clean India” campaign launched</td>
</tr>
</tbody>
</table>
3.5. Recommendations of the State Level Tourism Policies and Programs

Evolution of Karnataka Tourism Policy

Karnataka was among the first States in India to bring out a progressive Tourism Policy as early as June 1992. This had two-fold objectives of promoting tourism-related activities and enhancing employment and income generation among all sections of the society to further promote tourism in the State. This in turn will give the required entrepreneurial thrust in tourism activities.

The Government of Karnataka announced an updated tourism policy with effect from June 1997 for a period of five years; this policy generated considerable flow of investment from the private sector and also led to several other developments in the tourism sector. The major objectives of the revised tourism policy are mainly promotion of tourism policy, enhancement of employment and income generation, diversification and development of identified tourism sectors and encouraging more and more private participation for development of infrastructure facilities.

The salient features of the revised Tourism Policy are as follows:

(i) Classification of Potential Tourism Areas

(a) Based on the relative potential of tourism, the places of Karnataka have been re-classified under categories A, B, C, D and E.

(ii) Investment Subsidies

(b) Based on the different categories, the investment subsidy has been revised from 10% to 35% of the fixed assets, subject to a maximum, (from the existing Rs. 10.00lakh to Rs. 35.00lakh).

(c) All tourism units, both new and existing, which install equipment for the utilization of nonconventional energy sources shall be eligible for an additional 15% investment subsidy on the cost of such of equipments, subject to a ceiling of Rs.
10.00lakh. This subsidy shall be over and above the investment subsidy on fixed assets.

(d) An additional subsidy of 5% of the value of fixed assets is to be given to SC/STs, minority communities, women, physically handicapped and Ex-servicemen subject to a ceiling limit of Rs. 1.00lakh and an additional subsidy of 10% of investment is to be given to SC/ST Entrepreneurs subject to a maximum ceiling limit of Rs. 2.00lakh in all categories of Hotels in all locations.

(e) Investment subsidy of 20% value of the fixed assets subject to a maximum of Rs. 10lakh to Choultries, Dormitory accommodation and an investment subsidy of 20% for house boats subject to maximum ceiling of 20lakh.

(f) Any registered organization involved exclusively in adventure activities are eligible for the incentives for the building and infrastructure facilities. The investment subsidy would be 30% of investment made for this purpose subject to a maximum of Rs. 30.00lakh.

(g) Subsidy for development of private owned museums, which are kept open to the tourists, will be given 25% subsidy for infrastructure development subject will be given to a maximum of Rs. 25,000.00.

(iii) Tax and Tariffs

(a) The Sales Tax is exempted in respect of new tourism units from 3 years to 7 years from the date of commencement of the tourism services.

(b) The Luxury Tax is exempted in respect of new hotels from three years to seven years from the date of commencement of the tourism services.

(c) Exemption of Stamp Duty and concession in registration charges to all tourism related undertakings in category B,C,D and E area are given by charging One Rupee per thousand rupees for availing financial assistance from the State Government.
(d) All new Tourism units approved by Department of Tourism after this policy comes into being shall be charged electricity tariff at the rate applicable for industrial undertakings in category B, C, D, E. The time period shall be as mentioned against category in the case of Sales Tax exemption specified.

(iv) Land Policy

(a) Waiving of fee for conversion of land from agricultural use to industrial / commercial use to all tourist units barring 5 and 4 star hotels in category ‘B’ location and for all tourism units without exception in Category C, D and E locations.

(b) Formation of tourist villages in C, D and E areas on the lines of industrial layouts. For this purpose, the Department of Tourism would plan and acquire the land and private entrepreneurs should be asked to establish tourism projects tourist projects in such Tourist villages.

(v) Incentives

(a) An incentive upto Rs. 10,000.00 to new travel agency in category C, D and E areas will be sanctioned towards setting up and running of a Travel Agency office.

(b) Development of tourism depends on good communication. The State Level Committee has been constituted to work out a package of incentives for development of Airlines / operation of Air Taxis. The financial commitment could be a maximum upto 20% of real investment upto a ceiling of Rs. 20.00lakh in each case. Such cases are to be examined on a case to case basis on merits.

(c) Proposals for Non-Government Organizations for preservation and development of monuments are to be examined on a case to case basis and their involvement is to be encouraged by giving incentives upto 20% of actual investment (subject to a maximum of Rs. 20.00lakh made by them for preservation, projection of monuments and propagation of culture of people).
(vi) **Human Resource Development**

(a) Part of the expenses will be shared by the Tourism Department if Diploma in Tourism and Hotel Management is conducted by I.T.I. Government Polytechnics and Aided Institutions.

(b) Guides / Staff: For training the staff of Hotels / Guides, half of the expenditure will be borne by the Department if such courses are conducted in association with the Department.

(c) All other provisions of the Tourism policy now in force and that are not changed in this policy and are not contradictory to New Tourism policy shall continue to be in force.

(d) The revised Tourism Policy shall remain in force from 1.6.97 to 31.5.2002 A.D.

(e) Eligibility to tourism projects: Only the projects that are approved under this policy after 1.6.1997 shall be eligible for incentives and concessions under the revised Tourism Policy.

**Coastal Regulation Zone (CRZ)**

Central government has declared the coastal stretches of the sea, bays, creeks, which are influenced by the tidal action upto 500 meters from the High Tide Line (HTL) and the land between the Low Tide Line (LTL) and HTL as coastal regulation zone and put restriction on setting up and expansion of industries, operations or processes in the coastal regulation zone. For regulating development activities etc, the coastal stretches within 500 meters of HTL on the landward side are classified into four categories. CRZ-III (3rd Category) is more relevant for the tourism industry. The area upto 200 meter from HTL is to be remarked as ‘No Development Zone’.
No construction shall be permitted with in this zone. The development of vacant plots between 200 meter and 500 meter of HTL in designated areas of CRZ-III can be undertaken with the prior approval of Ministry of Environment and Forests for the construction of hotels, beach resorts etc.

**Karnataka Tourism Policy 2002-2007**

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.

Today, Karnataka Government is giving new thrust to promote tourism in the State. All bona fide tourism related enterprises are duly recognized 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; 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 in April 2002 with certain modifications, followed by the preliminary issuance of a Government order.
Infrastructure development for Entrepreneurs and the Private Sector

The researcher based his study on the secondary data derived from the sources of the government. To encourage private sector participation in the various facets of tourism, the following departments namely, public works, urban development, Forests, Ecology, Transport, Finance etc of the state government 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:

Fiscal Incentives for Entrepreneurs

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

- All concessions offered under the Industrial Policy of the state are made available for private investments also in the tourism sector.
- 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.
- Additional state excise duty of 66% on imported liquor to be reduced to 25% or levied on basic rate.
- Motor Vehicle Tax levied on tourist vehicle plying between States to be rationalized on a reciprocal basis.
- 50%/100% stamp duty exemption for investment below/above Rs.50 (Rupees Fifty) crores.
- Concessional registration charges of Re. 1 (Rupee One) per Rs.1000 (Rupees One Thousand)
• Waiver of Conversion Fee. Entry Tax exemption during implementation of project for a period of three years.

• Entertainment Tax exemption of 100% for first three years and 75% for next two years for I-Max theatres only.

• Tax on aviation turbine fuel is reduced to 4% and underwriting 50% of tickets of private airlines for an initial period of three years.

• Government land will be offered at 50% of its market value to entrepreneurs.

   In accordance with the policy declaration, the following business/commercial establishments of tourism are eligible for incentives and subsidies fund by the Karnataka government:

   • Hotels
   • Tourist resorts
   • Wayside facilities
   • Amusement parks
   • Houseboats
   • Adventure/Recreation activity centre
   • Heritage hotels
   • Tourist village
   • Dormitory

   Any other tourism related projects at the discretion of the Tourism Department.
Specification of Hotels eligible for incentives

Entrepreneurs of hotel and lodging business were given a number of incentives. The government was particular in promoting certain specific types of accommodation and thus stipulated the norms.

Hotel

According to the tourism policy nomenclature, 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.

Tourist Resorts

Tourist resorts were identified as 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:

i. Health club/Nature cure facility

ii. Swimming pool or games

iii. Children's park

Wayside Facilities

The policy also identified 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.
traveling by road. The minimum land requirement is half an acre. These projects proved to be relatively less capital intensive for the entrepreneurs.

**Amusement Water Parks**

Proposal of Amusement Parks, offered to the entrepreneurs, refer 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.

**House boats**

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.

**Adventure/Recreation Activity Centre**

A rather innovative venture proposal was offered as Adventure/Recreation activity center which 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 center 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.
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.

Tourist Village

A Tourist Village project 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.

Dormitory

This 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.

Karnataka Tourism Policy at present (2009-2014)

The current National Tourism Policy by the Government of India has recognized the power of “Brand Positioning” and “Source Marketing” as part of the “Incredible India” strategy. The Karnataka Tourism Policy is significantly aligned with it to ensure international, national and regional focus in attracting foreign and domestic tourists in large numbers, for extended stay and higher share of their wallet. The Unique Selling Proposition of Karnataka Tourism is that it is a “Mini Incredible India” in its tourism offerings. One state encompassing the spectrum of many worlds of tourist interest under one roof - be it the heritage and pilgrim centers of the old world, or the Hi-tech IT and Bio-tech of the modern world. At one end it is recognized as the “Cradle of stone architecture” of the old civilization and
contrastingly on the other, as the “Silicon Valley of India” of the modern e-civilization. While foreign tourists may be charmed by the culture and heritage of Karnataka and enjoy adventure tourism, it is the hill-stations, pilgrim centre’s and wildlife sanctuaries which hold the interest of domestic tourists.

The previous Tourism Policy (2002-2007) with an “inside-out” view began the development of tourism in Karnataka with a congenial environment for private investors. The present Karnataka Tourism Policy reshapes the same by incorporating an ‘outside-in’ view to cover larger markets and higher share of the tourist’s wallet. This necessitates listening to the “Voice of the Tourist” and working towards “Exceeding tourist expectations”. Accordingly, the emerging trends of MICE (Meetings, Incentives, Conferences and Exhibitions) Health tourism, Wellness tourism, Cruise tourism, Adventure tourism, Heli-tourism, Wilderness tourism, etc., should be understood and developed meaningfully. At the same time, the present policy would reinforce the good aspects of the earlier policy.

Thrust Areas

For the purpose of the present study, the researcher is focusing on these new thrust areas.

1. Standardization and Classification

a. To ensure that quality standards are established across major categories of tourism assets, the following will be classified under:

i. Health and Wellness Centers

ii. Hotels and Resorts

iii. Home Stays

b. The existing Star categorization will be maintained, but an additional sub classification of
Heritage Hotels and Resorts will be developed for properties that are over 50 years old and/or display the traditional and architectural characteristics of Karnataka.

c. Health and Wellness Centers will be classified and accredited.

d. Categorization and classification will be preferably done by a rating agency. Classifications are voluntary.

2. Culture / Heritage Tourism

a. Culture and heritage will form the cornerstone of Karnataka Tourism with the tourism and Culture Departments working closely.

b. Heritage zones will be formed around the heritage sites of Hampi, Pattadakal, Badami, Aihole, Bidar, Bijapur, etc. which will be developed according to master plans.

c. Integrated Tourism Management plans will be developed for cities like Mysore, Bijapur and Bidar, as well as other smaller towns with heritage value.

3. Home Stays

a. The “Athithi” Home Stays will be encouraged to develop across the state and aggressively marketed.

b. The Home Stays will be minimally regulated and will be treated as a non-commercial venture.

c. Up to 5 rooms will be considered as a Home Stay.

d. A minimal standardization and classification program will be established.

e. Any inspection of a Home Stay by any Government agency will have to be authorized by the District Magistrate.
4. Bangalore Tourism
a. Karnataka Tourism will work with the BBMP and BDA to develop the Bangalore Tourism Master Plan to ensure that the city re-generates itself into one of India’s best tourist destinations.
b. The Bangalore Tourism Master Plan will be jointly implemented by the Department of Tourism, BDA and BBMP through a joint committee.

5. Public Accommodation
a. All accommodation available with the Government which is not exclusively meant for the use of Government officials will be consolidated from the PWD, Irrigation, Forests and Tourism Departments into a Public Accommodation Network.
b. The rooms will be made available to tourists as per availability. The rooms and their availability will be made known over the internet to ensure fairness in allotment.

6. Exhibition Complexes
a. Adequate number of world-scale, world-class exhibition and convention complexes through appropriate PPP model will be promoted and established in Bangalore and other important cities in Karnataka.
b. Private enterprise, in collaboration with international exhibition companies, will be encouraged through appropriate PPP model to establish these exhibition complexes with strong Government support and incentives.

7. Exhibition and Convention Complexes
a. Adequate number of world-scale, world-class exhibition and convention complexes will be promoted in Bangalore and in other important cities in Karnataka.
b. Private enterprise will be encouraged to establish these complexes with strong government support and incentives with appropriate PPP model.
8. Theme and Entertainment Parks
a. Theme and Entertainment parks will be promoted and established in Bangalore and other places in Karnataka.
b. Private enterprise will be encouraged to establish such entertainment parks through appropriate PPP model.

9. Cruise Tourism
a. Mangalore and Karwar will be developed into major Cruise tourism hubs through the development of international standard dedicated cruises on a Public Private Partnership (PPP) initiative.

10. Wayside Amenities
a. Wayside amenities including gender distinct toilets, cafeteria, mini store/ pharmacy and an information / souvenir booth will be established at an intervals of about 150 km along the highways leading to major tourist destinations. This will be developed through private entrepreneurs / franchisees.
b. Available Government land will be leased out to franchisees at reasonable lease rentals. In areas where land is not readily available, the Government will acquire land and lease out.
c. The amenities will be promoted on the Karnataka Tourism website as well as through other media.

11. Eco Tourism
a. Eco Tourism will be developed and promoted as a core activity and could also be done through Public Private Partnerships (PPP). This will be done in close collaboration with the Forest Department.
b. An eco-tourism zone stretching from Coorg to Karwar will be declared and a chain of nature camps will be established and branded as Jungle Trails.
c. Locations suitable for development will be identified and mapped, including excess land available with the Government. The Wilderness Tourism Policy of 2004, issued by the Department of Forest, Ecology and Environment, Government of Karnataka, shall form a part of this policy.

d. Private sector players will be invited to develop themed projects that will have minimal impact on the environment and on projects that will help nurture the existing environment.

12. Health and Wellness Tourism

a. Karnataka will be positioned and promoted as India’s premier Health and Wellness destination.

b. A virtual Healthcare and Wellness City will be developed in the form of a grid that links all major existing facilities with international standards. The proposed Health City will be integrated into the grid and the major facilities will be inter-linked through high speed transit systems.

c. Karnataka’s potential in traditional systems of wellness and medicines like Ayurveda, Unani, Siddha and Yoga, etc. will be leveraged and the state will be projected as a unique destination for spiritual healing.

d. Accreditation guidelines will be issued in consultation with the National Board of Hospitals and Ayush, and certification will be done with two or three levels of classifications. Only certified centres will be eligible for incentives that are available for tourism projects.

13. Adventure Tourism

a. The Government will rope in national and international adventure tourism and activities operators to establish a presence in Karnataka.
b. Renowned operators will be invited to establish themselves in Karnataka, especially for activities such as trekking, mountaineering, rappelling, angling, river rafting, para-gliding, water sports, scuba diving, nature walks, etc., and will be provided long-term utilization rights in designated areas.

14. Heli-Tourism

a. The Government will rope in national and international Heli-Tourism operators for establishing and promoting tourism in Karnataka.

b. Special incentives will be worked out to promote Heli-Tourism.

15. Tourism Education

a. The Department of Tourism will bring together various institutions in Karnataka that offer programs in tourism and tourism related programs, including language centres such as Alliance Francaise, Max Mueller Bhavan, etc. Syllabus will be developed for a comprehensive range of programs and contact classes will be held in affiliated educational/training institutions. Degrees and Diplomas will be awarded by accredited institutions and universities.

16. Safety and Security

a. Working closely with the State Police, the Tourism Police Force will be established for visible policing in key tourism areas.

b. The Tourism Police will be provided with adequate training program to equip them with the sensitivities required for proactive tourism policing. Use of Real-time MIS would be considered.

c. The Tourism Police will act closely with the local police in case of tackling cases of offences against tourists and also to facilitate quick responses.
Entertainment Tax

100% exemption for all cinema theatres newly constructed, including any new I-Max or Multiplex theatres situated within the limits of the local authority other than the Corporation of the City of Bangalore, for a period of three years is allowed. Entry Tax as exempted in the Industrial Policy 2009-14.

Investment Subsidy

Category A: 10% of the fixed assets subject to a maximum of Rs.10 lakhs
Category B: 15% of the value of fixed assets subject to a maximum of Rs.15 lakhs
Category C: 25% of the value of fixed assets subject to a maximum of Rs.25 lakhs
Category D: 35% of the value of fixed assets subject to a maximum of Rs.35 lakhs
Category E: 30% of the value of fixed assets subject to a maximum of Rs.30 lakhs

Tourism Zones

To offer entrepreneurial scope to a large section of people of varied backgrounds, the Department of Tourism, Government of Karnataka for the first time created four Tourism Zones in order to effectively analyze the demand and develop these zones with concentrated effort. The zones are identified as follows:

Zone 1: Within Bangalore city limit. This will be a low priority zone with few tax benefits.

Zone 2: Bangalore Metropolitan and Rural Development Authority (BMRDA) This zone will be priority zone for attracting destination projects and act as a national hub for global events and activities.

Zone 3: Mysore, Coorg, Hampi, Pattadakal-Badmi–Aihole, Bijapur, Bidar and the coast from Ullal to Karwar. This zone will be notified for priority development, in an integrated manner with integrated tourism development plans.
Zone 4: All other tourist destinations of Karnataka and wayside facilities on approved locations on national and state highways. This zone will enjoy a range of benefits and tax incentives for a period of up to 5 years.