

**GOVERNMENT OF PUNJAB
DEPARTMENT OF INDUSTRIES & COMMERCE
NOTIFICATION**

No.CC/FIIP/2013/5343

Dated: 05.12.2013

The Governor of Punjab is pleased to formulate 'Fiscal Incentives for Industrial Promotion-2013' to facilitate the development of Industry in the State of Punjab, as contained in Chapters 1 to 9 hereunder:

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Chapter 8

INCENTIVES FOR TOURISM SECTOR

8.1 PREAMBLE

8.1.1 Punjab's position in tourism has improved significantly in the recent past. It has positioned itself as one of the emerging tourist destinations in the country; offering varied tourism products including rich cultural and natural heritage experiences. During 2009, the State was ranked at 28th (in terms of arrival of domestic tourist visits) by the Ministry of Tourism, Government of India. It has graduated to the 14th rank amongst the States in 2010. During 2011 it has attained the 12th rank among the States of India. The number of domestic tourist visits has increased from 1,05,83,509 in 2010 to 1,64,16,638 in 2011.

8.1.2 The Punjab Government has prepared the "Tourism Development Master Plan" with the technical assistance of United Nations World Tourism Organisation (UNWTO) in 2008 for a period of 15 years. The Punjab Government has made huge investment in developing infrastructure, marketing and publicity of tourist sites, monuments, developing tourism products, historical and religious buildings and the hotel sector.

8.1.3 The State aims to promote tourism as a means to achieve sustainable economic development and positive social change while preserving and protecting its environment and heritage. The tourism sector is an important source of creation of income, employment and regional development. It can act as a key economic driver to boost the economy of the state. For this, the sector needs promotion through incentives and benefits. The rapid increase of tourist inflow to the State has posed an immediate requirement for proper accommodation facilities in all categories and quality service to the tourists.

8.2 The incentives under the Policy will be granted to only those Tourism units which are registered with the Department of Tourism.

8.2.1 Tourism Units means:

Hotels, MICE, Heritage Hotels, Hotel-cum-Spa/ Resorts-cum-Spa, Special Tourist

Units (Farm House, Bed & Breakfast, Tented Accommodation Units), Eco-Tourism Units, and Entertainment Infrastructure as defined by the Department of Tourism, Punjab.

8.2.2 “Hotel” means:

1. Any premises or part of a premises having a minimum of eight rooms to let out commercially, and having at least one restaurant with a capacity of a minimum 30 guests or a bar or a banquet hall.

or

2. Any premises or part of a premises having more than eight rooms, which are commercially let out, and providing lodging, with or without board, or serving any kind of eatables or beverages or other services, by way of business, for a monetary consideration.

PREMISES EXCLUDED FROM THE DEFINITION OF HOTEL FOR THE PURPOSES OF THIS POLICY:

1. Any premises operated by a charitable, religious organization or an educational institution or government institution.
2. Any premises operated by a society, members of a non-proprietary club, institution or other organization and used exclusively by and for the benefit of members of that society, club, institution or other organization.
3. Any premises or other type of accommodation unit which has less than eight rooms for letting.

8.2.3 “MICE” is an acronym for Meetings, Incentives, Conferences and Exhibitions:

MICE is a kind of Tourism in which large groups, usually planned well in advance, are brought together for a particular purpose.

- **Convention Halls** should have audio-visual conferencing equipment, facility for high-fidelity recording, video projection/videographs etc. and skilled man-power at

various levels. The seating capacity of the hall should be minimum 300 and a mini convention hall should have 20 but preferably atleast 50 seats.

- **Exhibition Hall**: Delegates as well as trade promoters take part in Trade Shows to promote their products during Conventions. Exhibition halls should have the capacity to accommodate at least 20 booths of 3 metres x 3 metres size excluding passages in between and around the booths.
- Convention/Exhibition Halls should also have Restaurants, Parking facility for not less than 50 cars and 5 coaches and residential accommodation for delegates/ participants as per the guidelines for Star Category Hotels.

8.2.4 “HERITAGE HOTEL” means the properties built before 1950 and having heritage architecture (to be certified by the Department of Tourism) and meets the requirement of a Hotel as defined in this policy.

8.2.5 “HOTEL-cum-SPA” / “RESORT-cum-SPA” means an establishment situated outside municipal limits, with minimum 8 letable rooms, frequented by people for relaxation or recreation wherein a provision has been made for equipment and facilities for exercising and improving physical fitness. The establishment must fulfil the requirements of minimum 3-star category resorts as per the guidelines for Time Share Resorts of the Ministry of Tourism, Government of India.

8.2.6 “ENTERTAINMENT INFRASTRUCTURE” means facilities specially created for tourists like amusement parks, adventure parks, tourism parks, any special theme parks, or infrastructure related to the promotion of cinematic tourism (like a film institute, a film city, film studios, theatres etc).

8.2.7 “SPECIAL TOURIST UNITS” means the units registered under schemes notified by the Department of Tourism such as Farm Houses/Home Stay, Bed & Breakfast Units and Tented Accommodation etc.

8.2.8 “GUEST HOUSE” means

- Any premises or part of a premises with not more than seven rooms, providing lodging with or without boarding.
- any premises or part of a premises with minimum nine rooms providing lodging without boarding.

8.2.9 “GREEN HOTEL” means :

Hotels which have obtained a green building certificate as per the approved standards and certified by Punjab Energy Development Agency (PEDA).

8.2.10 “ECO-TOURISM UNITS” means :

Those units, which have been approved under the Punjab Eco-Tourism Policy 2009 (as amended from time to time), issued by the Department of Tourism.

8.2.11 “NEW TOURISM PROJECTS” means :

All registered new tourism projects/units that have been set up or have commenced operations from the date of notification of the ‘Punjab Tourism Industry Promotion Policy-2013’.

8.3 INCENTIVES TO NEW TOURISM PROJECTS :

The incentives/benefits declared under this policy will be admissible only to those new tourism projects, which are registered with the Department of Tourism.

The following incentives are given to new tourism projects :

8.3.1 EARMARKED HOTEL SITES :

To promote tourism in the State, sites for Hotel Projects/Entertainment Infrastructure will be ear-marked in all the Urban Estates developed by the various authorities of the Housing and Urban Development Department and within the OUVGL properties of the Government. The Department of Housing & Urban Development will frame detailed scheme for leasing out

sites on suitable terms and conditions in consultation with Department of Tourism.

8.3.2 TAX HOLIDAY FOR NEW TOURISM PROJECTS:

Incentives will be granted on the basis of investment package for the entire State as below:

8.3.2.1 VAT & CST INCENTIVES:

Exemption from Stamp Duty, Electricity Duty, Property Tax and the period of eligibility of the incentives is given in the Table below :

Table :Quantum VAT/CST of incentives.

*Categorization based on Investment Slab	Category-1	Category-2	Category-3	Category-4
	#FCI Rs.10 cr to Rs.25 cr.	FCI above Rs.25 cr to Rs.50 cr	FCI above Rs.50cr to Rs.100 cr	FCI above Rs.100 cr
VAT/CST	40%	50%	60%	75%
Stamp Duty exemption	50%	50%	100%	100%
Electricity Duty exemption	100%	100%	100%	100%
Property Tax exemption	100%	100%	100%	100%
Eligibility Period in Years	5	7	8	10

#Units, which have obtained a term loan from Financial Institution/Bank.

*The incentive shall be available during the eligible period from the date of approval of the unit.

8.3.2.2 ELECTRICITY DUTY:

- (a) Exemption from payment of Electricity duty on power, including captive power consumed by the same unit or exported to PSPCL shall be available to new units, with the proviso that any contributions made out of the electricity duty levied, such as those deposited in the Social Security Fund, shall not be exempted.
- (b) This incentive shall be available during the eligible period from the date of approval of the Unit.

- (c) This incentive shall commence only after the date of operation.
- (d) Electricity Duty exemption is not available on captive power exported to entities other than PSPCL.

8.3.2.3 STAMP DUTY :

- (a) Exemption from payment of Stamp duty as levied in Schedule 1-A of Indian Stamp Duty Act on purchase/lease of land is available from the date of submission of application with Nodal Agency, with the proviso that any other charges such as Social Security Fund as levied in schedule-1-B of the Act shall not be exempted.
- (b) This exemption shall be available for real estate purchased/leased within a period of 3 years from Date of Approval.
- (c) Refund of Stamp duty shall be allowed for all real estate which has been purchased/leased upto 3 years prior to the date of submission of application form, by the same entity. The refund, however, will be given only after the date of operation.

8.3.2.4 PROPERTY TAX :

- (a) Exemption from payment of Property Tax shall be available during the eligible period of availing incentives.
- (b) Projects whose real estate subsequently falls on extension of limits in Municipal Corporation, Municipal Council or Notified Area Committee, shall also remain exempt from payment of Property Tax during the balance Eligible Period of availing incentives.
- (c) This incentive shall commence only after the date of operation.

8.3.2.5 GENERAL CONDITIONS:

- a) The maximum limit of the sum of all incentives (VAT, CST, Electricity Duty, Stamp Duty, Property Tax, Market Fee, Rural Development Cess, Infrastructure Development Cess etc.) as provided in this Policy that can be availed under this Notification, shall not exceed 100% of Fixed Capital Investment (FCI).

- b) The proponent shall submit an application, in the prescribed format for appointment of these incentives. Further, the Eligibility Letter issued on approval of the Project, shall contain full details with regard to the apportionment of such incentives.
- c) A sum equal to 1% of the Fixed Capital Investment (FCI) shall be contributed into the Punjab State Cancer & Drug Addiction Treatment Infrastructure Fund Act, 2013. Such contribution shall be made in the relevant head by the proponent before issue of the Eligibility Letter.
- d) The incentives available under this Notification shall be effective from 1st April, 2013.

8.3.3 Water Supply Charges :

For all Tourist Units, Water Supply Charges will be paid as per industrial rates.

8.3.4 SPECIAL TOURISM & ECO-TOURISM UNITS :

Water supply will be charged at **domestic rates** as per guidelines of the schemes issued by Department of Tourism and electricity charges at domestic rates provided they are not liable to pay Service Tax as per Memo No.3/15/2012/as4/38143/1 dated 4.4.2013 of Power Department, Punjab.

8.3.5 GREEN HOTELS :

These units will avail 5% extra VAT/CST incentives in addition to the benefits admissible under different slab categories of investment, but not exceeding maximum available incentives under category 4 (above Rs.100 crores investment).

8.3.6 HERITAGE HOTELS :

Private Heritage Properties will be allowed to convert into Heritage Hotels. Heritage status will be assigned to the Units built before 1950 and having Heritage Architecture. Heritage status will be certified by a Committee constituted by the Department of Tourism, Punjab. These Units will be given the following additional incentive:-

Change of Land Use - CLU/Conversion Charges will not be levied.

8.3.7 *All matters of interpretation under this Chapter of the Policy – “Incentives for Tourism Sector” will be referred to the Punjab Govt. (Tourism Department) whose decision shall be final.*