

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Subject: Establishment of Karnataka Tourism Infrastructure Limited.

Read: File No. prae/yo-2/17/13-14(part-1) of Director of Tourism.

PREAMBLE

The Tourism Department and its agencies are working towards making Karnataka a globally preferred destination for tourism, create jobs through investment in tourism related infrastructure, institutionalize good governance systems and enhance the contribution of the tourism sector to the overall economic growth of the State. As per India Tourism Statistics – 2013, Karnataka ranks Fourth in the country for domestic tourist arrivals and Ninth for international tourist arrivals. Karnataka Tourism Vision Group (KTVG) set up by Government recommends that Karnataka should strive to achieve the number two tourist destination in the country and among top 50 destinations in the world.

To achieve the stated objectives, the report recommended setting up a new entity with specific intent to give an impetus to the tourism sector with private sector participation for developing flagship projects such as Cruise Tourism, Sea Plane services, Aqua marine parks, Theme parks and also provide accommodation facilities for all types of tourist and travellers.

Tourism Department is looking at innovative structures of engagement with the private sector so as to create relevant and sustainable tourism infrastructure. Tourism Department has the advantage of being the owner of land at prime tourist locations, which if utilized appropriately can optimize private investment. It would also ensure adequate participation of the private sector in proper management of the various tourism facilities built. In this background, it was decided to have a separate entity with specific intent. Accordingly, Infrastructure Development Corporation [Karnataka] Limited [iDeCK] was appointed to assess the current implementation structures in Karnataka, evaluate different strategies adopted by other departments in Karnataka, other State governments, Government of India; to evaluate the potential of land available with the Tourism department, suggest alternatives to unlock the potential and assess the investment required,

The Director of Tourism vide their file referred above, has sent proposals along with report of Business Plan and Memorandum of Association, Article of Association prepared by iDeCK for approval of Government to set up new entity.

iDeCK has reported that States such as Kerala and Gujarat have taken giant steps to undertake specific activities that contribute to the development of tourism projects with a high visibility and attractiveness taken by Kerala and Gujarat. The new entities cater to the changing dynamics of the sector through milestone projects wherein the investment is brought in by the private sector and the land or right to construct, operate and maintain is given by the new entities. After evaluating, and as mandated, iDeCK agreeing with the KTVG report has recommended setting up a special entity for realising the potential where the initial capital would be invested by the government and later the majority capital would be brought in by private partner to function of a standalone basis.

After examining the proposal, Government has decided to establish new entity. Hence the following order

GOVERNMENT ORDER NO. TD 176 TTT 2014,
DATED 01st JANUARY 2015

In the circumstances explained above, Government is pleased to give an in principle approval for setting up the Karnataka Tourism Infrastructure Limited (KTIL) as a Public Limited Company to be registered under the Companies Act 2013 with Government equity not more than Twenty Six percent. The Government also accords approval for the following:-

- a. Authorized Capital of Rupees One Hundred Crores;
- b. Paid up capital of Rupees Twenty Five Crores;
- c. Release of Government share of Rupees Six Crores and Fifty Lakhs for the purpose of establishing the entity and for its initial operations;
- d. To provide Rs.3.00 crores every year for project development activities from Tourism Department's Budget for 5 years;
- e. To authorize KTIL to set up special purpose vehicles and raise funds;
- f. Investments brought in by KTIL be eligible for extant incentives and concessions as applicable;

The Memorandum of Association and the Articles of Association will be issued separately.

By Order and in the name of the
Governor of Karnataka


(H.K. RAVIMURTHY)

Joint Secretary to Government,
Tourism Department.

1-1-15

To

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4. The Deputy Commissioners of all districts.
5. All the Heads of Departments.
6. The Director, Tourism Dept., Khanija Bhavan, Bangalore.
7. All Chief Executive Officers of Zilla Panchayath
8. The Managing Director, Karnataka State Tourism Development Corporation.
9. The Managing Director, Jungle Lodges & Resorts.
10. The Chief Executive Officer, Karnataka Exhibition Authority, Mysore.

Copy for information to Private Secretaries to

1. The P.S to Hon'ble Minister for Higher Education and Tourism.
2. The P.S. to the Chief Secretary, (Cabinet Section) Vidhana Soudha (Subject No. C:730/2014)
3. The P.S to ACS & Development Commissioner.