



## HOTEL & RESTAURANT ASSOCIATION OF EASTERN INDIA

16<sup>th</sup> December, 2014

**Smt. Nirmala Sitharaman**  
**Hon'ble Minister of State (Independent Charge)**  
**Ministry of Commerce & Industry**  
**Government of India**  
**New Delhi**

***SUB: URGENT PLEA TO REVOKE THE SUSPENSION OF NEIIPP 2007***

Respected Madam,

*Greetings from the Hotel & Restaurant Association of Eastern India (HRAEI)!!*

The Hotel & Restaurant Association of Eastern India (HRAEI) is an integral constituent of Federation of Hotel & Restaurant Association of India (FHRAI) which is the apex body of the Indian hospitality industry and represents nearly 4000 members, encompassing hotels, restaurants and associates, spanning the length and breadth of our vast country. Founded in 1961, HRAEI's diverse membership base ranges from small restaurants to marquee Five Star deluxe Hotels in the eastern states of West Bengal, Assam, Manipur, Nagaland, Meghalaya, Sikkim, Arunachal Pradesh, Tripura, Bihar, Jharkhand, Orissa and Andaman & Nicobar Islands. Since its inception, HRAEI has assiduously worked towards the promotion of tourism and catalysing the growth of the hospitality industry, across India's vibrant eastern region.

At the outset, we wish to sincerely applaud the resounding success of the Hon'ble Prime



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Minister's recent visit to the Northeast. During this momentous trip, the Hon'ble Prime Minister has ardently articulated a bold vision for the holistic development and transformational economic growth of all the Northeastern States. We are profoundly grateful that the Prime Minister has strongly emphasized the immense potential latent in this region, by acknowledging the Northeast as India's "*natural economic zone*" and a "*strategic gateway to Southeast Asia*". His inspirational leadership has instilled a renewed sense of hope and optimism, among the citizens and industry, across the region. As stakeholders and partners in the progress of the Northeast, both FHRAI and HRAEI, are resolutely committed to working closely with the Central and State Governments to accomplish the ambitious roadmap envisaged by the Hon'ble Prime Minister.

Madam, as you are aware, over the years, the Northeast has confronted a series of complex challenges and systemic impediments, such as insurgency, geographical isolation and paucity of infrastructure, which have significantly slowed the pace of its socio-economic development, vis-a-vis, other parts of the country. As such, there is a broad consensus across the political spectrum, that in order to steadily bridge this widening regional disparity and effectively address local aspirations, a differentiated policy and liberal dispensation is required, so as to give an impetus to value-added industrial and economic activity in the Northeast. In this context, a comprehensive **North East Industrial and Investment Promotion Policy (NEIIPP)** was introduced with effect from 1<sup>st</sup> April, 2007, which grants a special package of fiscal incentives, subsidies and other concessions, with the objective of promoting industrialization in the NER. This policy has played an indispensable role in positioning the Northeast as a viable and competitive investment destination and has helped to attract sizeable capital investment, in the manufacturing as well as services sector. It has had a positive multiplier effect on the economy of the entire region, in the form of large-scale job-creation, youth empowerment through increased



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opportunities of skill development, infrastructure augmentation, strengthening social stability, besides generating substantial additional revenue for the exchequer.

India's Northeast is uniquely endowed with a rich reservoir of pristine natural beauty, enthralling history, kaleidoscopic cultural diversity and mesmerizing traditions of warm hospitality. As the Hon'ble Prime Minister has himself eloquently observed, our Northeast Region is a vivid microcosm of the very best that "Incredible India" has to offer to the world. These natural and cultural assets equip the Northeast with a comparative advantage to leverage tourism to be a pivotal driver of equitable and inclusive growth. After several decades of below par performance, in recent years, due to the concerted and cohesive efforts of all stakeholders, the tourism sector in the Northeast has recorded impressive growth, in terms of domestic as well as foreign tourist arrivals. For instance, the growth rate of foreign tourist arrivals in the Northeast over the 2011-2013 period, has far outpaced even the national growth rate in FTAs.



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### NUMBER OF FOREIGN TOURIST VISITS (FTVS) TO NE STATES\*

State/UT	2011 FTVs	2012 FTVs	2013 FTVs	Growth Rate 12/11	Growth Rate 13/12
Arunachal Pradesh	4,753	5,135	10,846	8	111.2
Assam	16,400	17,543	17,638	7	0.5
Manipur	578	749	1,908	29.6	154.7
Meghalaya	4,803	5,313	6,773	10.6	27.5
Mizoram	658	744	800	13.1	7.5
Nagaland	2,080	2,489	3,304	19.7	32.7
Sikkim	23,602	26,489	31,698	12.2	19.7
Tripura	6,046	7,840	11,853	29.7	51.2
<b>Total of NE States</b>	<b>58,920</b>	<b>66,302</b>	<b>84,820</b>	<b>12.5</b>	<b>27.9</b>

\*Source: State/ Union Territory Tourism Departments.

However, to sustain this momentum going forward, it will be imperative for the Northeastern states to draw massive investment in their hospitality industry, which can alleviate the acute shortage of quality tourist accommodation, which presently exists in the region. It is pertinent to note that the independent study to *Assess and Evaluate the Impact of NEIIPP 2007*, which was conducted by the renowned firm Mott MacDonald for the Ministry of Development of the Northeastern Region (DONER), had specifically recommended that the NEIIPP 2007 should be optimally deployed as a facilitative and streamlined institutional mechanism to incentivise private investment in thrust areas such as tourism, hospitality and allied industries.

The notification dated 29<sup>th</sup> March, 2007 issued by the Cabinet Committee on Economic Affairs, had categorically provided that "Under NEIIPP, 2007, all new units as well as existing units which go in for substantial expansion, unless otherwise specified and which commence commercial production within the 10 year period from the date of notification of



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*NEIIPP, 2007 will be eligible for incentives for a period of 10 years from the date of commencement of production.*

Even though the North East Industrial and Investment Promotion Policy (NEIIPP) was notified to be available up to the year 2017, a circular dated 1<sup>st</sup> December, 2014 has been issued by the Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry, Government of India (*copy enclosed for ready reference*), as per which, registration of new units under the schemes of the North East Industrial Investment Promotion Policy (NEIIPP), 2007 has been suspended, till further orders.

Subsequently, another circular dated December 5, 2014 was issued by DIPP further to its earlier circular dated December 1, 2014 which clarified that the “*schemes under NEIIPP, 2007 have neither been cancelled nor withdrawn*”. It added that allocations for the schemes under NEIIPP, 2007 “*have been fully utilized and liability have been incurred far in excess of plan and annual allocations. DIPP has taken up the issue with relevant ministries*”. However, the suspension order for registration of units was not revoked. Madam, you will readily appreciate that suspension of registrations under the scheme does not provide any comfort to potential investors and if anything, only serves to instill doubts in their minds about continuity of NEIIPP, 2007.

This abrupt and arbitrary decision has understandably led to widespread anxiety among entrepreneurs and is seriously undermining investor confidence. It is estimated that the sudden suspension of the incentives available under NEIIPP 2007 will put in peril, prospective investments to the tune of a staggering Rs. 30,000 crores. Needless to add, prolonged uncertainty over the continuation of NEIIPP will not only adversely impact industrial growth in NER but also deal a great setback to the overarching goal of integrating the Northeast into the mainstream national economy. Therefore, we earnestly



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urge the Government to revoke this suspension at the earliest and dispel any ambiguity over the continuation of NEIIPP 2007.

We would be grateful if an opportunity is granted for a delegation from FHRAI & HRAEI to call on your good self, so that we may personally apprise you of our concerns and suggestions on the aforementioned matter.

Thanking you and assuring you of our continued cooperation and assistance,

Yours sincerely,

**Sudesh Poddar**

**President, HRAEI & Chairman, FHRAI NEIIPP Committee**

Copy to-

**Mr Narendra Modi**  
Honble Prime Minister Of India  
152, South Block,  
Raisina Hill,  
New Delhi- 110011

**Mr Arun Jaitley,**  
Hon'ble Finance Minister,  
Room No. 134, North Block,  
New Delhi- 110001

**Dr Mahesh Sharma,**  
Minister of State for Culture & Tourism  
Government of India  
Transport Bhawan, Sansad Marg,  
New Delhi 110001



## HOTEL & RESTAURANT ASSOCIATION OF EASTERN INDIA

**Dr Jitendra Singh,**  
Minister of State (IC)  
Ministry of Development of North Eastern Region  
258, First Floor,  
Vigyan Bhavan Annexe  
Maulana Azad Road  
New Delhi 110011

**Dr. Mukul Sangma**  
Hon'ble Chief Minister & Minister for Commerce and Industries,  
Upper Nongrim Hills (Near NEC),  
Government of Meghalaya  
Shillong-793001

**Mr Pradyut Bordoloi,**  
Hon'ble Minister for Commerce & Industries,  
C Block, Ground Floor  
Assam Secretariat  
GS Raod, Assam 781006

**Mr. Govinddas Konthoujam,**  
Minister for Commerce and Industries,  
Ministers' Block,  
Old Secretariat,  
Government of Manipur,  
Imphal-795001

**Mr. H. Rohluna,**  
Minister for Commerce and Industries,  
Government of Mizoram,  
New Secretariat Complex,  
Aizawl -796001

**Mr. G. Kaito Aye,**  
Minister for Commerce and Industries,  
Government of Nagaland,  
Civil Secretariat,  
Kohima-797004



## HOTEL & RESTAURANT ASSOCIATION OF EASTERN INDIA

**Mr. Ugen T. Gyatso,**  
Minister for Commerce and Industries,  
Government of Sikkim,  
New Secretariat,  
Gangtok-737101

**Mr. Badal Choudhury,**  
Minister for Commerce and Industries,  
Government of Tripura,  
New Civil Secretariat, Capital Complex,  
Agartala-799006

**Mr. TS Walia**  
President  
The Federation of Hotel & Restaurant Associations of India  
B-82, 8th Floor, Himalaya House,  
23, K. G. Marg,  
New Delhi-110 001

**Mr Rajiv Mehrishi,**  
Union Finance Secretary,  
North Block,  
New Delhi- 110001

**Mr Surendra Ghonkrota,**  
Secretary, Department of Industry,  
Government of Arunachal Pradesh,  
Civil Secretariat,  
Itanagar-791111



All communications should be addressed to the Government of India, Ministry of Industry, by title. NOT by name.  
Fax : 011-23062626

No.10(1)/2014-DBA-II/NER  
Government of India  
Ministry of Commerce & Industry  
(Deptt. of Industrial Policy & Promotion)  
Udyog Bhawan, New Delhi -110 011

Dated: 1<sup>st</sup> December, 2014

To,

The Principal Secretary/ Secretary (Industries), Industries Department, Government of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura.

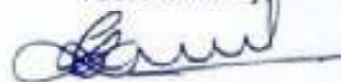
**Subject: North East Industrial and Investment Promotion Policy (NEIIPP, 2007) - Suspension of further registration --reg...**

Sir

The undersigned is directed to convey that with the approval of competent authority, it has now been decided to suspend registration under the Schemes of North East Industrial and Investment Promotion Policy (NEIIPP), 2007 with immediate effect, till further order(s).

2. It is, therefore, requested to kindly issue necessary directions to GMs of all the DICs not to register any unit for any of the schemes under NEIIPP, 2007 w.e.f 01.12.2014. A compliance report in this regard may kindly be furnished to this Department latest by 05.00 p.m. on 02.12.2014 positively.

Yours faithfully,



(Arun Kumar)

Under Secretary to the Government of India

Tel.No:2306 3096

Fax:2306 2626

Email: a.kumar64@nic.in

**Copy to:**

1. Commissioner/ Director (Industries), Industries Department, Government of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura.



(Arun Kumar)

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Government of India  
Ministry of Commerce & Industry  
(Deptt. of Industrial Policy &  
Promotion)  
Udyog Bhawan, New Delhi - 110 011

Dated <sup>5<sup>th</sup></sup> December, 2014

To,

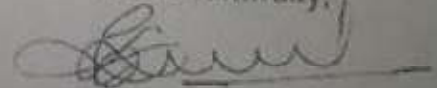
The Principal Secretary/ Secretary (Industries), Industries Department,  
Government of Assam/ Arunachal Pradesh/ Manipur/ Meghalaya/  
Mizoram/ Nagaland/ Sikkim/ Tripura.

**Subject:** North East Industrial and Investment Promotion Policy  
(NEIIPP, 2007) - Suspension of further registration ---reg...

Sir

In continuation to this Department's earlier letter of even number dated 01.12.2014 on the above mentioned subject, the undersigned is directed to clarify that the schemes under North East Industrial and Investment Promotion Policy (NEIIPP, 2007) have neither been cancelled nor withdrawn. The allocations for the schemes under NEIIPP have been fully utilized and liability have been incurred far in excess of plan and annual allocations. DIPP has taken up the issue with relevant Ministries.

Yours faithfully,



(Arun Kumar)

Under Secretary to the Government of India

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