



North Eastern Development Finance Corporation Ltd.

# STATUS OF INVESTMENT BY PRIVATE SECTORS IN RESPECT OF TOURISM IN **MEGHALAYA**



## **EXECUTIVE SUMMARY**

### **TITLE OF THE STUDY**

#### **Study of status of Investment by private sectors in respect of Tourism in Meghalaya**

The study on private sector investment in tourism in Meghalaya provides a comprehensive analysis of the state's tourism landscape, focusing on fostering sustainable growth and increasing private sector participation. Key activities included a review of policies and acts, SWOT analysis through detailed surveys and stakeholder discussions, and an assessment of tourism's contribution to the state's GSDP. The project identifies potential tourism areas, evaluates investment trends, analyses regulatory frameworks, and examines challenges faced by private investors. It further highlights employment opportunities, capacity-building needs, and community-based tourism initiatives, culminating in actionable strategies and policy recommendations to attract investments and sustainably develop Meghalaya's tourism sector.

Meghalaya, often referred to as the "Abode of Clouds," is a northeastern state celebrated for its rich biodiversity, picturesque landscapes, and unique cultural heritage. With its capital Shillong, known as the "Scotland of the East," the state attracts visitors with its lush forests, living root bridges, and pristine waterfalls. Despite its natural and cultural wealth, Meghalaya's share of domestic and international tourism in India remains minimal, highlighting the need for targeted strategies to enhance its appeal as a destination. Recent initiatives, including the Tourism Policy 2023, aim to harness the sector's potential for sustainable growth, with projections indicating significant economic contributions and increased tourist footfall in the coming years. Institutions like the Meghalaya Tourism Development Corporation and Meghalayan Age Limited play critical roles in infrastructure development, private sector engagement, and rural tourism promotion, laying a foundation for robust tourism-driven economic growth.

The financial landscape of tourism development in Meghalaya showcases significant contributions from various stakeholders, including donor agencies, the state government, and the central government. Notably, the New Development Bank leads with 52% (700+ Cr) of the total funding, emphasizing destination development, hospitality sector expansion, and accommodation construction. The state government and the Northeastern Council (NEC) collectively contribute 18% towards infrastructure development, particularly in villages, fostering a hub-and-spoke model to enhance connectivity across the state. The central government complements these efforts with 31% of the funding, targeting religious and potential tourism destinations under various schemes.

Priority districts such as East Khasi Hills, Ri-Bhoi, and West Garo Hills receive focused funding, collectively accounting for 78.6% of tourism investments. This allocation aligns with Meghalaya's strategy to showcase hidden potentials while strengthening established tourism hubs. The emphasis on village development, with 20.5% of funding, fosters community-led tourism and rural economic upliftment. In addition, accommodation facilities receive the highest investment share at 53.8%, ensuring enhanced tourist experiences.

A robust legal and policy framework underpins tourism development, including land-related acts such as the Sixth Schedule and the Meghalaya Transfer of Land (Regulation) Act, 1971, which safeguard tribal interests while facilitating strategic land use. Furthermore, policies like the Meghalaya Vision 2028, the Meghalaya Tourism Policy, and the Meghalaya State Organic and Natural Farming Policy 2023 reflect the government's commitment to sustainable and inclusive tourism growth. These policies, combined with schemes promoting homestays and adventure sports, aim to position Meghalaya as a premier tourism destination while fostering local entrepreneurship and employment.

Through these comprehensive efforts, Meghalaya is poised to transform its tourism sector into a vibrant contributor to the state's economic and social development.

The tourism assessment for Meghalaya highlights the state's significant untapped potential for growth. The benchmarking of districts using 10 parameters revealed that areas like East Khasi Hills excel in performance due to their robust infrastructure and accessibility, while districts such as West Jaintia Hills and Ri-Bhoi are identified as priority zones for development. Key tourism hubs like Shillong, Cherrapunji, and Dawki thrive on their unique attractions, yet infrastructure gaps, limited accommodation options, and accessibility issues hinder full-scale tourism development across many regions. Tourists exhibit strong interest in nature-based and adventure tourism, with substantial spending averaging ₹12,600 per day, indicating high economic potential.

Despite Meghalaya's rich cultural and natural appeal, challenges such as inadequate road connectivity, insufficient civic amenities, and limited marketing strategies restrict its tourism ecosystem. The survey findings underscore the need for luxury accommodations, experiential activities, and digital tour planning tools to enhance visitor experience and extend stays. Strategic investments in adventure-based tourism, infrastructural upgrades, and targeted branding initiatives for lesser-known areas like Jowai and Bagmara could diversify offerings and elevate Meghalaya's stature as a premier tourism destination in Northeast India.

Meghalaya's progressive policy framework lays a robust foundation for private sector investments in tourism. The Meghalaya State Investment Promotion and Industrial Policy drives economic growth through targeted incentives and alignment with the national UNNATI Scheme, 2024, unlocking opportunities in tourism and hospitality. Complementing this, the Meghalaya Startup Policy, 2018 fosters innovation across sectors, including tourism, by establishing a conducive ecosystem for startups. Furthermore, the Meghalaya Public Private Partnership Policy, 2021 prioritizes tourism infrastructure development through PPPs, encompassing hotels, adventure sports, and rural tourism. These policies, coupled with active facilitation by entities like the Invest Meghalaya Authority and Invest India, have already catalyzed investments exceeding ₹8,000 crore, including notable projects in tourism. This strategic convergence positions Meghalaya as a leading investment destination, promoting sustainable growth and employment in the region.

The private sector has significantly contributed to the development of tourism infrastructure in Meghalaya, as reflected in investments in key areas such as accommodation, restaurants, eateries, and tourist vehicles. The private sector holds a dominant share of investment in the accommodation sector, with 97.7% of the units being privately funded. This is particularly evident in Shillong and Cherrapunji, which host most of the star-category hotels, while homestays thrive in areas like Dawki, Mawsynram, and Nongstoin. In terms of the restaurant and eateries sector, most investments are directed towards casual dining and cafes, especially in Shillong, which serves as a major tourism hub. Furthermore, the tourism vehicle sector has seen a significant growth trend, especially in the past few years, driven by initiatives like PRIME and ASPIRE. The estimated private sector investment in Meghalaya's tourism sector is INR 5141.32 crores, indicating a thriving tourism landscape and significant scope for further private investments in emerging hubs. These investments align with the growing tourism trends, including the rise in eco-tourism and adventure tourism, creating new opportunities for sustainable development.

The study has identified several key sectors for private sector investment in Meghalaya's tourism landscape, categorized into two distinct groups: (a) Bankable Projects - Government Identified Projects and (b) Bankable Projects - Identified in the Study. These sectors, based on extensive consultations with private stakeholders, present significant opportunities for growth and development. The government has earmarked 400 acres of land across various locations for private sector-led initiatives, including luxury hotels, hospitality complexes, and MICE tourism developments. Additionally, the study highlights potential areas such as homestays, adventure tourism, and infrastructure projects like ropeways, luxury accommodations, and wayside amenities, all designed to enhance the state's tourism offering and create sustainable growth opportunities.

The growth of tourism in Meghalaya presents significant opportunities for employment generation across various sectors. The hospitality sector is projected to see the creation of 45,000 jobs by 2028, driven by the increase in tourist inflow and the development of additional accommodations. This includes both direct employment in frontline services and indirect jobs in supporting areas such as security, maintenance, and

transportation. To meet these demands, it is crucial to invest in capacity building, focusing on technical and soft skills training. In the homestay sector, the development of 2,500 homestays by 2028 will generate an estimated 10,950 jobs, with specific training needed in areas such as cultural sensitivity, room preparation, and digital marketing. Furthermore, other training needs have been identified in areas like ecotourism practices, waste management, and tour guiding. These initiatives, supported by government schemes such as CM-ELEVATE and the Meghalaya Tourism Development Scheme, are vital for equipping the local workforce with the necessary skills to thrive in the growing tourism sector. Regular training programs should be organized in collaboration with institutions like the Institute of Hotel Management and local skill development organizations to ensure the success of these efforts.

To address the challenges faced by private investors in Meghalaya's tourism sector, several key reforms are recommended. These include the establishment of an integrated digital clearance system and single-window platform for tourism proposals to streamline project approvals and improve ease of doing business. A Regional Circuit Tourism Program (RCTP) should be developed to promote sustainable tourism across Northeast India, with Meghalaya at its core. Additionally, the creation of a robust tourism data portal will aid in planning and monitoring, enhancing the state's ability to manage tourism growth and ensure sustainability. A focused marketing strategy targeting key domestic markets, along with skill development initiatives for the local workforce, will further support the state's tourism sector. These reforms align with the objectives of Meghalaya Vision 2028 and will contribute to a more investment- friendly environment while fostering local employment and sustainable development.