

**GOVERNMENT OF INDIA  
DISINVESTMENT  
LOK SABHA**

UNSTARRED QUESTION NO:399  
ANSWERED ON:25.02.2000  
PRIVATISATION OF ITDC HOTELS  
AVTAR SINGH BHADANA

**Will the Minister of DISINVESTMENT be pleased to state:**

- (a) whether the Government have taken a decision for privatization ITDC Hotels;
- (b) if so, the names of such hotels;
- (c) whether the Government propose to keep some hotels under their control for use by the Government; and
- (d) the names of parties which have responded and their experience in hotel business?

**Answer**

MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING AND MINISTER OF STATE OF DEPARTMENT OF DISINVESTMENT (SHRI ARUN JAITLEY)

(a), (b), (c), & (d): The Government has accepted the following recommendations of the Disinvestment Commission in this regard:

1. In respect of the hotels situated in prime locations like Delhi and Bangalore, they may be handed over to established hotel chains through a competitive bidding process to run on long term structured contract on lease-cum-management basis. This will mainly take care of the problem of transfer of property in case of lease hold lands on which the hotels are situated. It would be ideal if a tripartite agreement between ITDC, tradeunions and the concerned parties is concluded in each case to take care of the interests of the labour.

The terms of contract and procedure for competitive bidding may be determined by the SEG with the help of financial advisers and consultants. The contract could have up-front fee and annual fee with an inbuilt indexation for annual revisions. Such fees should be significantly higher than the current level of profits of each of the hotels. The realization on account of the up-front fees and annual fees will accrue to Government in the form of taxes and dividends.

2. Other hotels may be demerged into separate corporate identities. Share will be issued in these companies to Government and other shareholders, if any, in exchange for ITDC Shares. The disinvestment in the new companies will be through sale of 100% Government share holdings in them. The SEG may again carry out this process with the help of Financial Advisers for proper valuation and terms of competitive bidding.

(e) & (f): Bids for sale have not yet been called.