

**GOVERNMENT OF INDIA
TOURISM
LOK SABHA**

UNSTARRED QUESTION NO:6883
ANSWERED ON:07.05.2010
TOURIST INFRASTRUCTURES AT WORLD HERITAGE SITES
Naranbhai Shri Kachhadia

Will the Minister of TOURISM be pleased to state:

- (a) the fiscal incentives provided by the Government to promote construction of accommodation and tourism facilities at World Heritage Sites;
- (b) whether such incentives are available only to star-rated hotels;
- (c) if so, the number of such accommodations that have come up ever since the inception of such incentives;
- (d) whether the Government proposes to consider to extend similar fiscal incentives to budget accommodations and guest houses in addition to the aforesaid sites;and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF TOURISM(SHRI SULTAN AHMED)

(a), (b), (c), (d) and (e): Construction of hotels is capital intensive, primarily a private sector activity with a long gestation period. With a view to encourage the growth of budget accommodation, in the Budget of 2008-09, a Five Year Tax Holiday was announced for all hotels of 2, 3 and 4 star category that are established in specified districts, which have UNESCO declared 'World Heritage Sites' except the revenue districts of Mumbai and Delhi. The hotel should be constructed and start functioning during the period April 1, 2008 to March 31, 2013. Further, the Govt. has recently announced the extension of Investment Linked Tax incentive under Section 35 AD of the Income Tax Act to new hotels of 2-Star category and above anywhere in India, which will facilitate the growth of Accommodation in the country.

Further, the Reserve Bank of India (RBI) has issued revised Guidelines on Classification of exposures as Commercial Real Estate (CRE) Exposures indicating the principles for treating an exposure as CRE exposure or otherwise. Thus, RBI has classified exposures to hotels outside the CRE Exposure.