

**GOVERNMENT OF INDIA
TOURISM
LOK SABHA**

UNSTARRED QUESTION NO:2977
ANSWERED ON:24.07.2009
HOTEL TARIFF
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Will the Minister of TOURISM be pleased to state:

- (a) whether the tariff of four star and five star hotels in our country are much higher than the tariffs of similar class hotels in the developed countries;
- (b) if so, the details thereof;
- (c) whether the tariff rates of star hotels are adversely affecting the inflow of tourists into the country; and
- (d) if so, the steps taken/being taken by the Government to rationalize the tariff structure of such star hotels as well as for low budget hotels located at various tourist places in the country to benefit middle class tourists?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF TOURISM (KUMARI SELJA)

(a) to (d): Ministry of Tourism does not fix hotel tariffs. Hotels fix their own tariff based on the market forces depending on the demand and supply of hotel rooms. In order to meet the demand of accommodation in budget segment hotels, on the request of the Ministry of Tourism, the Ministry of Finance has granted a five year Tax Holiday under section 80-ID (1) of the Income Tax Act to new hotels under two, three and four star category coming up in the National Capital Territory of Delhi and the districts of Faridabad, Gurgaon, Gautam Budh Nagar and Gaziabad between 1.4.2007 to 31.03.2010. Similarly, a five year tax holiday was also announced in the budget of 2008-2009 for two, three and four star hotels 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 1.4.2008 to 31.03.2013.