

**GOVERNMENT OF INDIA
TOURISM
LOK SABHA**

UNSTARRED QUESTION NO:916
ANSWERED ON:10.07.2009
CONSTRUCTION OF NEW HOTELS BY ITC AND ITDC
Muttamwar Shri Vilas Baburao

Will the Minister of TOURISM be pleased to state:

- (a) whether the construction activity of the new Hotels is being adversely affected owing to the sluggish demand due to the economic slowdown;
- (b) if so, the number of new ITC and ITDC hotels under construction across the country;
- (c) whether the demand for hotels other than Five Star Hotels is increasing in view of the high costs of branded hotels;
- (d) if so, whether Government would stress the need for construction of three and four star hotels with affordable tariff to give fillip to the hospitality industry;and
- (e) if so, the steps taken by the Government in this regard?

Answer

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

(a) and (b): Construction of hotels is primarily a private sector activity. Setting up of a hotel is a capital intensive activity and has a long gestation period. Considering the general demand, hotel projects under various categories are coming up all over the country. As regards India Tourism Development Corporation (ITDC), presently no new hotels are under construction.

(c), (d) and (e): To encourage the growth of budget category hotels, on the request of Ministry of Tourism, a five year Tax Holiday was announced in the budget of 2007-08 for new two, three and four star category hotels and Convention Centres coming up between 1.4.2007 to 31.3.2010 in the National Capital Territory of Delhi and the Districts of Faridabad, Gurgaon, Gautam Budh Nagar and Ghaziabad. Similarly, a five year tax holiday was also announced in the budget of 2008-09 for two, three or 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 April 1, 2008 to March 31, 2013.