

**GOVERNMENT OF INDIA  
HEALTH AND FAMILY WELFARE  
LOK SABHA**

UNSTARRED QUESTION NO:3433  
ANSWERED ON:29.07.2009  
TAX HOLIDAY TO HEALTH SECTOR  
Reddy Shri Mekapati Rajamohan

**Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:**

(a) whether the Government has approved a five year tax holiday to health sector to encourage private entrepreneurs to set up hospitals in Tier-I and Tier-II towns to bridge the huge demand supply gap; and

(b) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF HEALTH AND FAMILY WELFARE (SHRI GHULAM NABIAZAD)

(a) & (b) Yes. With a view to encouraging investment in hospitals in non-metro cities, the Finance Act, 2008 has inserted a new sub-section (11C) in section 80-1B of the income-tax Act, 1961. The aforesaid new sub-section provides for a tax holiday for five consecutive assessment years, beginning from the initial assessment year, to an undertaking deriving profits from the business of operating and maintaining a hospital located anywhere in India, other than the excluded area subject to specified conditions. Sub-section (11C) of Section 80-1B, inter-alia, seeks to provide that

(i) The tax benefit shall be with respect to the profit derived from the business of operating and maintaining a hospital for a period of five consecutive assessment years, beginning from the initial assessment year;

(ii) The tax benefit will be available to a hospital which is constructed and has started or start functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March 2013;

(iii) The hospital should have at least one hundred beds for patients;

(iv) The excluded area shall mean an area comprising the urban agglomerations of Greater Mumbai, Delhi, Kolkata, Chennai, Hyderabad, Bangalore and Ahmadabad, the districts of Faridabad, Gurgaon, Ghaziabad, Gautam Budh Nagar and Gandhinagar and the city of Secunderabad;

(v) The area comprising an urban agglomeration shall be the area included in such urban agglomeration on the basis of the 2001 census.