

**GOVERNMENT OF INDIA  
TOURISM  
LOK SABHA**

UNSTARRED QUESTION NO:1495  
ANSWERED ON:04.03.2011  
SHORTAGE OF HOTELS  
Naik Dr. Sanjeev Ganesh

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

- (a) whether there is a shortage of hotels in the country to cater to the requirements of the expanding tourism sector;
- (b) if so, the details thereof; and
- (c) the steps taken by the Government in this regard?

**Answer**

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

(a), (b) and (c): As per the study of Federation of Indian Chamber of Commerce & Industry (FICCI) 2007 on 'Investment Opportunities in Hotel Infrastructure in India', the 'Demand Supply Gap' of hotel rooms in India was 1,50,000.

Construction of hotels is primarily a private sector activity. The State Govts./Union Territory Administrations have been advised to follow investor friendly land policies, single window approach for promoting hotel projects and for allotting sites on revenue sharing basis, granting extra Floor Space Index (FSI)/Floor Area Ratio (FAR) for hotels, creation of land banks etc.

To encourage the growth of hotels, on the request of Ministry of Tourism, a Five Year Tax Holiday was announced the Budget of 2008-09 for two, three & 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. 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.

In order to facilitate the clearances required by hotel projects in a time bound manner and also provide policy advice for development of hospitality sector, the Union Government has approved the constitution of a 'Hospitality Development and Promotion Board' (HDPB).