

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:909  
ANSWERED ON:25.02.2011  
FISCAL STEPS TO BOOST TOURISM  
Reddy Shri Komatireddy Raj Gopal

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

- (a) the details of fiscal steps taken by the Union Government to boost tourism during each of the last three years;
- (b) whether the Federation of Indian Chambers of Commerce and Industry (FICCI) proposed the reduction of luxury and service tax to boost tourism; and
- (c) if so, the details thereof and the action taken so far by the Government?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a): The Government has announced various financial and fiscal incentives for the hospitality sector including five-year tax holiday under the Income Tax Act for two, three, and four star category hotels located in all United Nations Educational, Scientific and Cultural Organisation (UNESCO) World Heritage sites (except Mumbai and Delhi) for hotels starting operations from 1 April 2008 to 31 March 2013; a five-year tax holiday was announced in 2007-08 for two, three, and four star category new hotels and convention centres coming up between 1 April 2007 and 31 July 2010 in the National Capital Territory of Delhi and some neighboring districts of the National Capital Region. An investment-linked deduction under Section 35 AD of the Income Tax Act was announced in the Union Budget 2010-11 for establishing new hotels of 2-star category and above, all over India, thus allowing 100 percent deduction in respect of the whole or any expenditure of capital nature.

(b): No sir. The Federation of Indian Chambers of Commerce and Industry (FICCI) has not specifically proposed the reduction of luxury, service tax to boost tourism.

(c): Does not arise.