

**GOVERNMENT OF INDIA
TOURISM
LOK SABHA**

UNSTARRED QUESTION NO:2141
ANSWERED ON:12.08.2011
HOSPITALITY INDUSTRY
Ponnam Shri Prabhakar

Will the Minister of TOURISM be pleased to state:

- (a) whether the Government has taken any steps to promote hospitality industry as part of tourism sector in the country;
- (b) if so, the details thereof, State-wise including Andhra Pradesh; and
- (c) if not, the reasons therefor?

Answer

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

(a), (b) and (c): Yes, Madam. Though the construction of hotels is primarily a private sector activity the Ministry of Tourism has taken the following steps to promote hospitality industry in the country including Andhra Pradesh:

(i) 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). The States/Union Territory Administrations have been advised to set up similar Boards if the same does not exist in their respective States/Union Territories.

(ii) To encourage the growth of hotels, on the request of Ministry of Tourism, a Five Year Tax Holiday was announced in 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.

(iii) 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.

(iv) The Reserve Bank of India (RBI) has also issued revised Guidelines on Classification of exposures as Commercial Real Estate (CRE) Exposures. Thus, RBI has classified exposures to hotels outside the CRE Exposure.