

**GOVERNMENT OF INDIA  
TOURISM  
LOK SABHA**

UNSTARRED QUESTION NO:3173

ANSWERED ON:19.08.2011

BUDGET HOTELS

Hamsrajbhai Shri Radadiya Vitthalbhai ;Mahendrasinh Shri Chauhan ;Rawat Shri Ashok Kumar

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

- (a) whether the Government has any scheme for construction of budget hotels/ guest houses in the country;
- (b) if so, the details thereof alongwith the projects sanctioned during each of the last three years and the current year in this regard, State-wise;
- (c) the funds sanctioned and utilised by the State Governments during the said period, State-wise; and
- (d) the details of completed and pending projects in this regard, State-wise?

**Answer**

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

(a), (b), (c) and (d): To encourage the growth of budget hotels, the following incentives have been announced:

(i) Five Year Tax Holiday for 2, 3 and 4 star category hotels located in all UNESCO declared World Heritage sites (Except Mumbai and Delhi) for hotels operating w.e.f. 01.04.2008 to 31.03.2013.

(ii) Incentive under 35 AD of the Income Tax Act: An investment linked deduction Under Section 35 AD of the Income Tax Act has also been announced in the Union Budget 2010-2011 for establishing new hotels of 2 star category and above, all over India thus allowing 100% deduction in respect of the whole or any expenditure of capital nature excluding (land, goodwill and financial instruments) incurred during the year

Construction of hotels is primarily a private sector activity, however, the Ministry of Tourism under the scheme "Product/Infrastructure Development for Destinations and Circuits" provides Central Financial Assistance (CFA) for construction of wayside public conveniences. Further, CFA is also provided for construction of budget accommodation to the North-Eastern States, Jammu & Kashmir and for eco-tourism projects where private sector investment is not forthcoming. The details of the State wise projects sanctioned during the first 3 years of the XI Plan period which include projects of budget accommodation in the North Eastern States & Jammu & Kashmir are at Annexure.