

**GOVERNMENT OF INDIA
TOURISM
LOK SABHA**

UNSTARRED QUESTION NO:3746
ANSWERED ON:16.12.2011
SWISS HOSPITALITY GROUP
Panda Shri Baijayant;Pradhan Shri Nityananda

Will the Minister of TOURISM be pleased to state:

- (a) whether Swiss hospitality group, Movenpick is making a big foray in the hotel management in India;
- (b) if so, the details thereof alongwith the present presence in the country;
- (c) whether they have identified new locations in the country;
- (d) if so, the details thereof, State/UT-wise;
- (e) whether Government proposes to encourage foreign companies in this field by way of granting certain concessions to them in the matter; and
- (f) if so, the details thereof?

Answer

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

(a), (b), (c) & (d): Development and construction of hotels is primarily a private sector activity. Ministry of Tourism gives project approval for upcoming hotels and classifies operational hotels as per guidelines. Due to the growth of tourism sector in India, many national and international brands are investing or planning to invest in the hotel sector in India. It has been reported in the newspapers that Movenpick Hotels & Resorts plans to open hotels in India.

(e) & (f): the following steps have been taken by the Government of India to augment growth of hotel accommodation in the country:

(i) Hotel and Tourism related industry declared as high priority industry and Foreign Direct Investment upto 100%, under the automatic route is permitted in 'Hotels & Tourism Sector', subject to applicable laws/regulations, security and other conditionalities.

(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 Government 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.

(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.