

**GOVERNMENT OF INDIA  
TOURISM  
LOK SABHA**

UNSTARRED QUESTION NO:2215  
ANSWERED ON:03.08.2015  
Shortage of Hotels  
Joshi Shri Pralhad Venkatesh

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

- (a) whether there is a shortage of hotel rooms especially in the budget hotels sector in tourism sector in the country;
- (b) if so, the details thereof; and
- (c) the measures taken by the Government to overcome this shortage?

**Answer**

MINISTER OF STATE FOR TOURISM (INDEPENDENT CHARGE)  
(DR. MAHESH SHARMA)

(a) & (b): As per the Report of the 'Working Group on Tourism' for the 12th Five Year Plan (2012-17) set up by the Planning Commission, for a projected annual growth of 12% in Foreign Tourist Arrivals, the requirement of additional hotel rooms under classified category in 2016 over 2010 is estimated to be 1,90,108 including budget hotel rooms.

(c): Construction of hotels is a primarily a private sector activity. The Ministry of Tourism has advised the State Governments/UT Administration to follow tourism friendly policies for augmenting Hotel room supply like allotting land sites for hotels on revenue sharing basis, granting extra Floor Space Index (FSI)/Floor Area Ratio (FAR) for hotels, adopt Single Window approach for clearing hotel projects.

To encourage the growth of budget hotels, the following incentives have been announced by the Government:

- 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.
- Extension of Investment Linked tax incentives under Section 35AD of the Income Tax Act to new hotels of 2-Star category and above anywhere in India, which will facilitate growth of Accommodation in the country.
- The Reserve Bank of India (RBI) has de-linked credit for hotel projects from Commercial Real Estate (CRE), thereby enabling hotel projects to avail credit at relaxed norms and reduced interest rates.
- Hotel and Tourism related industry has been declared a high priority industry and Foreign Direct Investment (FDI) is allowed upto 100% under the automatic route.

The Ministry of Finance, Govt. of India has also included the following in the "Harmonised list of Infrastructure Sub Sector" to boost supply of hotel rooms in the country:

- Three Star or higher category classified hotels located outside cities with population of more than 1 million.
- Hotels with a project cost of more than Rs.200 crore each in any place in India and of any star rating.

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