

**GOVERNMENT OF INDIA
TOURISM
LOK SABHA**

UNSTARRED QUESTION NO:2388

ANSWERED ON:08.12.2014

CONCESSIONAL LOAN TO ENTREPRENEURS

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Will the Minister of TOURISM be pleased to state:

(a) whether the Government is providing incentives to the entrepreneurs to boost up the tourism industry by way of concession/subsidy in capital, urban, rural and remote areas for building/modernisation of hotels to enhance tourism and employment;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the other remedial steps taken by the Government to boost tourism in the country?

Answer

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

(a) & (b):No, Madam. At present there is no such scheme of providing subsidy for building /modernisation of hotels. However, 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.200.00 crore each in any place in India and of any star rating.

(c): Extension of the scheme of "Incentive to Accommodation Infrastructure", which expired on 31.03.2008, was not extended in consultation with Planning Commission because it was felt that construction of hotels is primarily a private sector activity and they should bridge the gap between demand and supply.

(d): The Ministry of Tourism has advised the State Governments/UT Administrations 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.