

Commr. (Pig) - II
Despatch. I-521.....
Date..... 9-7-12

MOST IMMEDIATE



Dy. No. 2811 (UDM)/2012 - DDIB
भारत सरकार / Government of India

संख्या सं. 2814-C
दिनांक 6/7/2012

शहरी विकास बंगला / Ministry of Urban Development

निर्माण भवन / Nirman Bhavan

नई दिल्ली / New Delhi

Dated 5.7.12

अति आयुक्त (पिग) एनपीडीआर
आवक सं. 2811
दिनांक 6/7/12

To

The Vice Chairman, Delhi Development Authority, Vikas Sadan, INA, New Delhi. I	1	
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Com (Pig) 2
Nirman

Subject:- Review of MPD-2021: enhancement of FAR from 225 to 500 for hotels

Sir,

I am directed to forward herewith a copy of representation dated 15.6.2012 received from The Federation of Hotel & Restaurant Association of India on the subject cited above for appropriate action, under intimation to this Ministry.

Yours faithfully,

Sunil Kumar

(Sunil Kumar)
Under Secretary (DDIB)
Tel.No.23061681

OFFICE OF THE DIR (Pig.)
MPR/TC, D.D.A. N. DELHI-2
Dy.No. L-2
Dated 16.07.12

Sunil
11/7

Encl. as above.

AD (Pig) III



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The Federation of Hotel & Restaurant Associations of India

President : Kamlesh Barot
Hony. Secretary : Vivek Nair
Hony. Treasurer : Suresh Kumar
Jt. Hony. Secretary : Deepak Puri
Jt. Hony. Secretary : D.S. Advani

OFFICE OF UDM

By No. 2811

Date 28.6.12

Member of Honour : Dr Ajit B Kerkar
Vice President : K. Syama Raju
Vice President : Ratan Marothia
Vice President : S.M. Shervani
Secretary General : M.D. Kapoor

The Hon'ble Minister of Urban Development
Government of India
Nirman Bhavan
New Delhi-110011

June 15, 2012

[Handwritten signature]
PS to UDM
[Handwritten signature]

Kind attention: Shri Kamal Nath

Subject: Review of Master Plan for Delhi 2021: enhancement of FAR from 225 to 500 for hotels.

Respected Sir,

In response to the Public Notice issued by the Ministry of Urban Development, Government of India on 18th February, 2012, the Federation of Hotel & Restaurant Associations of India (FHRAI) has made some suggestions to the Ministry for bridging the severe mismatch between the demand and supply for hotel guest rooms in the N.C.T. of Delhi, vide letter dated 19th March, 2012 (Annexure I). One of the suggestions made is for increase in the FAR for hotels from the existing 225 to 300. Earlier, the same very suggestion had also been made, inter-alia, to DDA vide our letter dated 19th January, 2012 (Annexure 2) in response to the Public Notice issued by it on 4th October, 2011.

Sir, it was your far-sighted vision that only vertical expansion of future Delhi outside the LBZ area was a solution, as revealed to the FHRAI's representatives, who had made a presentation to your goodself earlier on 21.2.2011 which inspired us to suggest further increase in the FAR for hotels in the NCT of Delhi. Copies of letters dated 19th January, 19th March, 27th April and 30th April, 2012 are enclosed herewith for your ready reference.

Significantly, the Ministry of Tourism, Government of India, in consultation with the Planning Commission, has issued the Report of the Working Group on Tourism for the 12th Five Year Plan (2012-17) dated 7th October 2011 which has outlined the various steps required to increase India's share of world tourism from the present 0.6% to 1%. In order to realize this objective it would require foreign tourist arrivals in India to increase from the present six million to twelve million during the period 2012 to 2017. In order to achieve this the number of classified guest rooms in the country would have to increase from the present level of about 120,000 guest rooms, by about 180,000 guestrooms which is a gigantic task given the paucity of land sites suitable for hotels in the country including the NCT of Delhi. These land banks, when available, are auctioned by the various land owning agencies in the States at the highest price which makes the projects unviable in the beginning itself. It is therefore that the aforesaid Report of the Working Group On Tourism issued by the Ministry of Tourism, Government of India for the 12th Five Year Plan (2012-17) in Chapter 3.28 "Involvement of States/UTs in Tourism Development" - page 32 states as under, "Following measures will be pursued with the State/ UTs in this regard: (vi) - States should also extend other benefits such as increased Floor Area Ratio (FAR) for tourism projects." (Copy of the aforesaid Report is enclosed herewith)

[Handwritten notes: 28/6, ASJ, 19/6, 21/10/12]

[Handwritten initials: ASJ, JB]

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Sir, we have given further thought to the issue of FAR and we sincerely believe that the increase in FAR from 225 to 300 as suggested by us would not meet the objective of increasing hotel rooms capacity in the Capital to the extent that is required to meet the ever increasing demand supply mismatch in the NCT of Delhi. In this context we refer to the report prepared by HVS International, a renowned tourism consultancy firm which was entrusted to carry out the study of the total demand and supply of guest rooms in various cities and resort destinations in the country and to estimate the capital investment required to put up those additional guest rooms. The study also estimated the additional manpower required to meet the demand of additional capacity of guest rooms in the country. It is estimated that in the NCT of Delhi there would be at least demand for doubling the present available 12,700 guest rooms classified by the Ministry of Tourism, Government of India as Delhi is the primary gateway for foreign tourists coming to India with 35% of the total tourists, i.e. 2.16 million first coming to Delhi. A copy of the report dated March, 2012 is enclosed for your ready reference (Annexure 3).

As hotel sites are auctioned by the land owning agencies of the NCT of Delhi from time to time at infrequent intervals the easiest way to ease the acute demand for hotel guest rooms would be to allow increased FAR to both existing hotels as well as those who may be leased. Also, the Ministry of Urban Development, Government of India's Notification No.K-12011/5/2007-DDIB dated 12.8.2008 excludes from its scope hotels situated in a large area of the Capital, comprising LBZ area, Civil Lines Bungalow area and existing hotels which are heritage structures. Therefore, the sanctity of the LBZ area in South Delhi will continue to be maintained and at the same time hotels outside the above restricted area would be able to avail of the additional FAR and add more guest rooms. Pertinently, due to the geographical constraints, now hardly any suitable locations are left in the NCT of Delhi where the land can be earmarked for hotels for tourists. In view of this position, the only alternative is to enable the existing and new hotel projects to add more guest rooms by granting them additional FAR upto 500 as is granted by the Urban Development Department, Government of Maharashtra and the Municipal Corporation of Greater Mumbai.

Sir, this fact was mentioned in our earlier letter dated 3.2.2012 to your goodself. In South Mumbai, where all these decades, no extra FAR for hotels was allowed the Government of Maharashtra, realizing the urgent need for more hotel accommodation in the face of acute scarcity of land for hotel purposes, has increased the FAR from 133 to 500 vide Notification No.TPB 4307/815/CR-257/2003/UD-II dated 14.5.2009(copy enclosed – Annexure 4). As it is, during the year 2011, 2.16 million foreign tourists visited Delhi as against 1.28 million who visited Mumbai. In so far as Delhi is concerned, not only there is already an acute shortage of hotel accommodation but the mismatch would continue to be even more severe in the future unless our aforesaid request for enhancement of FAR to 500 is granted.

In the presentation made to the Hon'ble Prime Minister of India and the Deputy Chairman of the Planning Commission, Dr. Montek Singh Ahluwalia, by the Union Tourism Minister on 23.6.2011, it was pointed out that already tourism was India's largest employment generator for 53 million people in the country, i.e. 9.2% of the entire workforce, and if incentives such as grant of additional FAR to hotels, leasing of hotel sites to the highest successful bidder on lease rent payable on an annual basis over the entire tenure of the lease instead of requiring them to making full-upfront payment of the bid amount, less onerous conversion charges for change from present use to hotel use, are granted, it would help in creating the required additional accommodation of 180,000 guest rooms to meet the projected foreign tourist arrivals of 12 million by 2017. This would also help to provide employment to an additional 25 million out of the 80 million total workforce anticipated to be added to the existing workforce in the 12th Five Year Plan (2012-17).

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Also, the Hon'ble Prime Minister has set-up a high-level committee on convergence of tourism consisting of Secretaries of all the concerned Ministries chaired by his Principal Secretary, Shri Pulok Chatterji to implement the various initiatives required to achieve the objectives of increasing foreign tourist arrivals from 6 million to 12 million and increase employment from the present 53 million to 78 million in the Plan period 2012 -17. One of the important steps to add additional guest rooms to the accommodation sector would be to adopt the strong recommendation by the Working Group on Tourism that UTs and the States grant the maximum possible FAR to hotels. As it is, the land owning agencies or the State Governments/Municipal Corporations charge a premium for the grant of additional FAR which in the case of Mumbai is 25% of the ready reckoner rate/circle rate of the ward as published by the State Government in which the hotel is located. We request that the same formula may be followed by the land owning agencies in the NCT of Delhi instead of fixing it on the onerous basis of 50% of Zonal Average Auction Rates which in any case was last held in Delhi in 2007.

In view of the aforesaid position, the FHRAI would respectfully submit that like the Government of Maharashtra, the FAR for hotels in the NCT of Delhi may kindly be increased from the existing 225 to 500 instead of 300 earlier proposed by us. Pertinently, we would like to humbly point out that even after including the previous increase from 150 to 225, the total increase in FAR in Delhi i.e. from 150 to 500 will still be less than the increase granted to hotels in Mumbai i.e. from 133 to 500 by the Government of Maharashtra and the Municipal Corporation of Greater Mumbai. The hotel industry would indeed be grateful to you Sir, for your kind and sympathetic consideration of the aforesaid representation which could boost employment in the NCT of Delhi and due to its high multiplier effect lead to increased economic activity.

Thanking you,

Yours faithfully,

For Federation of Hotel & Restaurant Association of India


M.D. Kapoor
Secretary General

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