

Govt works to encourage homestays, promote tourism

Aman Sharma | ET Bureau | Apr 28, 2016, 10.03 AM IST



NEW DELHI: Do you have a room to spare? If so, you may soon be able to turn your home into a money-spinner without paying many of the levies at commercial rates or being subjected to stringent licensing norms that are usually associated with business.

The Narendra Modi government is working on relaxing rules to encourage people to offer homestays to tourists, help make up for the massive shortage of 1.9 lakh hotel rooms in the country and get gainfully employed in the true spirit of its 'Start-Up India' programme.

Union Tourism Secretary Vinod Zutshi told ET that the tourism ministry is revising its guidelines, and urging states as well, to make it more lucrative for those offering a taste of Indian hospitality and Indian way of life to tourists.

At present, a homestay has to be licensed by the state government, the licence needs an annual or bi-annual renewal and the facility is required to pay service tax and other levies at commercial rates.

The Centre's move follows a presentation by a group of eight secretaries including Zutshi to Prime Minister Modi in January, a copy of which was accessed by ET. The group proposed a big push to homestays as "tourism sector specific interventions".

The group fixed a deadline of March 31, 2019 for integrated development of 50 thematic tourist circuits including "spiritual and yoga, medical and wellness, and cruise tourism" in the country and focus on regional air connectivity. Thirteen thematic circuits, including the Ramayana, Krishna, Buddhist and coastal circuits, are being accorded top priority by the government and are already under development.

The group proposed that homestays not be charged service tax or commercial levies and that their licensing process be made online. "It is proposed that homestays should be exempt from service tax, and various levies like electricity and water charges, and property tax should not be on commercial rates, and the process of certifying these homestays should be hassle-free and online, backed by third-party inspections," Zutshi said.

The ministry is urging state governments to modify their guidelines accordingly, Zutshi said.

"We expect states to come on board as they will benefit from tourist inflow and more employment... we will be publicising homestays," he said.