

## **FHRAI raises concerns to MOHUA over utilisation of additional FAR by Delhi hotels**

The Federation of Hotel & Restaurant Associations of India (FHRAI), has brought to light a critical issue hampering the hotel infrastructure development within the hospitality sector in Delhi, to the MOHUA (Ministry of Housing and Urban Affairs).

Despite MPD 2021 provision for increased Floor Area Ratio (FAR) for hotels, a decade-long stagnation persists, impeding the growth and development of the hotel industry in the capital.

FHRAI highlights that the inability of hotels in utilising the increased FAR is contributing to a gap between the increasing demand fuelled by the escalating influx of airline passengers from 4 Cr to 7 Cr in 2024. Airlines are adding capacities with more than 1000 airplanes on order by Indigo and Air India, but there are no active pipelines of hotel development in Delhi.

While airlines are rapidly expanding capacities, with significant orders for new aircraft, the pace of hotel construction remains flat, failing to align with an increasingly rapid demand.

Mr. Pradeep Shetty, President of FHRAI said, “Once Terminal 1 at the Indira Gandhi International Airport opens, its capacity will increase from 70 million to 110 million passengers per year, making Delhi an important regional hub. Opening up of new convention centres in Delhi is another major initiative taken by the Government to position Delhi as a MICE hub. However, in sync with these developments, the hotel infrastructure is not growing in Delhi is a major concern along with a more conducive environment for the viable functioning of the existing players. Addressing these issues would lead to sustainable growth, enhance employment opportunities, and strengthen Delhi's position as a premier destination. The current challenges faced by hotels in Delhi regarding the utilisation of additional FAR are hindering the sector's ability to keep pace with the dynamic demands of the hospitality industry.”

Hotels' inability to use additional FAR is impeded by many significant obstacles that FHRAI identifies. The current approach to parking norms fails to differentiate between new and existing hotel structures, leading to an inequitable usage of parking requirements. FHRAI supports the dynamic parking norms relaxation for existing hotels for availing of additional FAR, aligning them with the criteria in place for new hotel constructions.

Despite a substantial increase in FAR for hotels in 2013, the ground coverage limit remains unchanged, posing an obstacle to the practical implementation of the FAR policy. Additionally, FHRAI emphasises the unavailability of rates for additional FAR for hotels, which far exceed those applicable to commercial activities. Despite the DDA's approval of revised rates in 2021, the notification has faded for three years, amplifying the challenges faced by the hospitality industry in Delhi.

The Delhi Development Authority (DDA) needs to rectify the anomalies in the rates for additional FAR between commercial and hotel properties, bringing them into compliance with the guidelines followed in 2008. To guarantee sustainable asset creation and lessen the cyclical vulnerability inherent in the hospitality industry, FHRAI also requests for expansion in the commercial component of hotels. The underdevelopment in the hotel sector will risk the capital's ability to keep pace with the robust growth taking place in the tourism sector in the country.