

L-G VK Saxena approves major reform for tourism sector in Ladakh, as hotels and guest houses accorded 'Industry' status *Move to benefit hotels & guest houses with incentives like water and electricity tariff at industrial rates, cheaper than existing commercial rates Hotels & guest houses will now be eligible for concessional bank loans and exemption from Property Tax Decision follows long-standing demand of tourism stakeholders for industrial tariffs and incentives*

Leh, May 20: In another historic decision aimed at strengthening the tourism and hospitality sector in Ladakh, Lieutenant Governor, Shri Vinai Kumar Saxena, today accorded sanction for granting the registered hotels & guest houses in Ladakh the status of "Industry", a move that would provide these tourism units with incentives, concessions and infrastructure support, at par with other Industries in the UT of Ladakh. This order shall apply w.e.f. June 1, 2026.

The 'Industry' status for hotels and guest houses would make them eligible for electricity & water tariffs at industrial rates, which are cheaper than the commercial rates currently applicable to these units. This would also make them eligible to avail concessional bank loans, under the State/ Central Govt industrial policies. Further, these hotels and guest houses would also be exempted from Property Tax. These hotels and guest houses will also be able to access capital incentives, subsidies and support schemes, as applicable to other eligible units, under any Government of India incentive schemes.

At present, hotels, guest houses, resorts and homestays in Ladakh are charged commercial electricity tariffs, i.e. at the rate of Rs 5.49 per unit. But with the "Industry status", the eligible units will now be entitled to industrial electricity tariff, of Rs 4.10 per unit. Similarly, commercial water tariffs, currently applicable to tourism establishments, range between Rs 28 to Rs 46 per kilolitre, depending upon the consumption slabs, whereas industrial water tariffs range from Rs 26 to Rs 29 per kilolitre, offering substantial relief to tourism units. Significant reductions will also apply to flat-rate water connections.

In effect, these incentives and concessions would reduce the operational cost of these lodging/boarding establishments, enhance investor confidence, improve project viability, facilitate access to institutional finance and enable tourism enterprises to avail benefits under the industrial policies and infrastructure support mechanism.

"Granting 'industry' status to hotels & guest houses will significantly strengthen the hospitality sector in Ladakh. Apart from reducing operational costs and improving investment potential, this historic reform will play a vital role in local employment and livelihood creation and regional development. The hospitality and tourism sector has significant potential to catalyse sustainable economic development and tourism promotion in Ladakh," L-G Shri Saxena said. This reform will also enhance visitor experience and further establish Ladakh as a world-class tourism destination rooted in sustainability, culture and hospitality, Shri Saxena added.

It is noteworthy that this decision would benefit 1257 hotels/guest houses in Ladakh – 1078 in Leh and 179 in Kargil – that employ thousands of staff. However, barring a few, most of these hotels remain operational for just 6 months a year and they shut down during the winters. This results in high maintenance costs, often making the business unsustainable.

The decision is also aligned with Hon'ble Prime Minister, Shri Narendra Modi's push for strengthening the domestic tourism and hospitality sector by granting them "Industry" status and creating an enabling environment through suitable policy guidelines and incentives such as capital subsidies, in order to encourage investment.

The decision comes following several representations from tourism stakeholders, particularly the All Ladakh Hotel and Guest House Association, seeking extension of industrial electricity and water tariffs to hotels and guest houses operating in Ladakh. Stakeholders had highlighted the increasing operational burden on tourism establishments due to high commercial utility tariffs, especially during the harsh winter months, when heating and water requirements substantially increase. The Department of Tourism & Culture, UT Ladakh, shall function as the nodal department for certifying eligible units and the implementation of the notification.