



BENORI

VISION 2047

Indian Hotel Industry

Challenges and the Road Ahead

March 2023

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Preface

The last two years were challenging for the Tourism and Hospitality industry. It was also a period of significant changes, where customer expectations evolved, and businesses started redefining their operating style. During this period, seeds of many positive changes were sown — from proactive digital transformation initiatives to hotel operators taking strategic expansion initiatives. These changes are likely to position the Indian hospitality industry on a strong footing in the future.

In this context, the Hotel Association of India (HAI) engaged with Benori Knowledge to create the 'Vision 2047' document for the Indian Hospitality Industry. The document outlines the potential of the Indian hotel industry in the next 25 years. The document discusses the opportunities available to hotel industry stakeholders to work in collaboration. We are confident the information provided in the report will act as a stimulant to identify answers to critical challenges. The convergence of efforts at different levels will be the key to successful outcomes.

The document covers the following objectives*



Assessment of the Tourism and Hospitality Industry



Vision 2047 for the Indian Hotel Industry



The underlying challenges and key areas of measures to tackle those challenges



The potential opportunities and ways to seize a majority of those opportunities



Roles of stakeholders such as the hotel industry, the government, and member associations, in achieving these milestones

**The research data collection period for this document is August-December 2022. However, there have been some additions beyond this duration such as highlights from the current budget.*

VISION 2047 INDIAN HOTEL INDUSTRY



TOURISM AND HOSPITALITY INDUSTRY

Overview, current market landscape (market size, growth drivers, key trends, and operating statistics



VISION 2047

Growth outlook for 2023-2047, and key growth pillars that will enable Vision 2047



CHALLENGES

Talent gap, infrastructure development, policy related aspects such as single-window license among others



THE WAY FORWARD

Formation of National Tourism Board, infrastructure status grant, industry benefits, upskilling, green building initiatives among others



Table of Contents

Preface.....	iii
Chapter 1: Tourism and Hospitality Industry.....	2
1.1 Overview.....	3
1.1.1 Growth Drivers.....	8
1.2 Indian Hospitality Industry - Overview.....	10
1.2.1 Current Market Landscape.....	10
1.2.2 Growth Drivers.....	14
1.2.3 Performance and Operating Statistics.....	15
1.2.4 Key Trends and Recent Developments.....	22
Chapter 2: Vision 2047 – Indian Hotel Industry.....	24
2.1 Growth Outlook (2023-2047).....	25
2.2 Vision 2047 - Key Growth Pillars.....	29
2.2.1 Increasing Travel and Tourism.....	29
2.2.2 Technological Advancement.....	31
2.2.3 Evolving Policies.....	32
2.2.4 The Shift towards Sustainable Travel and Tourism.....	34
2.2.5 The Power of Brand India.....	38
Chapter 3: Vision 2047 – Key Challenges and Areas of Action.....	40
3.1 Talent Gap.....	41
3.2 Technology Adoption and Implementation.....	43
3.3 Policy.....	45
3.4 Infrastructure.....	47
3.5 Market Access.....	49
Chapter 4: The Way Forward.....	52
Annexure.....	55

CHAPTER 1

Tourism and Hospitality Industry

The chapter gives a general summary of the industry's many segments, components, and growth drivers as well as how the tourism and hospitality industry substantially impacts the country's economic growth.

It includes a detailed discussion of the Indian hotel business, including its many operating models, segmentation of different hotel kinds, hotel distribution strategies, supply chain for the sector, critical operational data by hotel classification, and occupancy rates. It also includes a number of state-level government initiatives that were implemented to further boost the industry.

It also covers the latest trends and advancements that have an impact on how well the sector is performing overall.



1.1 Overview

Tourism and hospitality industry play an important role in the country's economic growth. The appeal of the industry lies in the multitude of its impact on any economy. The tourism and hospitality industry, including travel and hospitality services such as hotels, is widely recognised as the engine of development, and socio-economic growth, and a major source of foreign exchange earnings for an economy. In India, the tourism and hospitality industry, also known as the "sunrise industry," has emerged as a key growth driver in the services sector.

India, with a rich cultural and historical heritage, diversity in ecology, terrains, and myriad attractions, is one of the most popular holiday destinations worldwide, which has resulted in the rise of the Indian tourism and hospitality industry among all the services sectors in the country. As per World Travel and Tourism Council (WTTC), India has been ranked 6th in 2021 for its contribution to GDP after the US, China, Japan, Germany, and Italy. The total contribution of tourism and hospitality to India's GDP increased to USD 135.4 billion in 2021 from USD 122 billion in 2020 and recovered to a pre-pandemic level (USD 191 billion in 2019).^{1,2}

Exhibit 1: Total Contribution of Tourism and Hospitality to GDP, by Value (in USD billion)

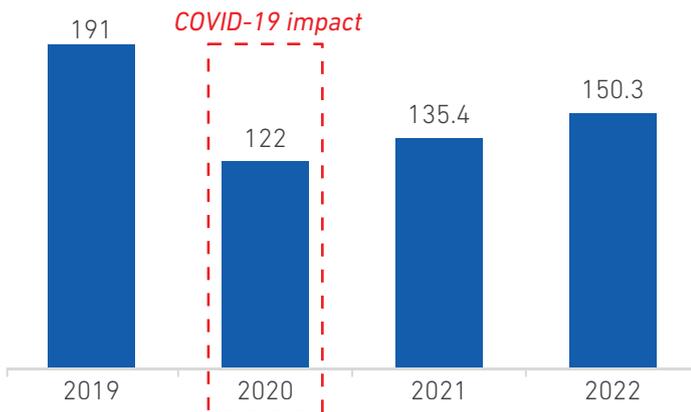
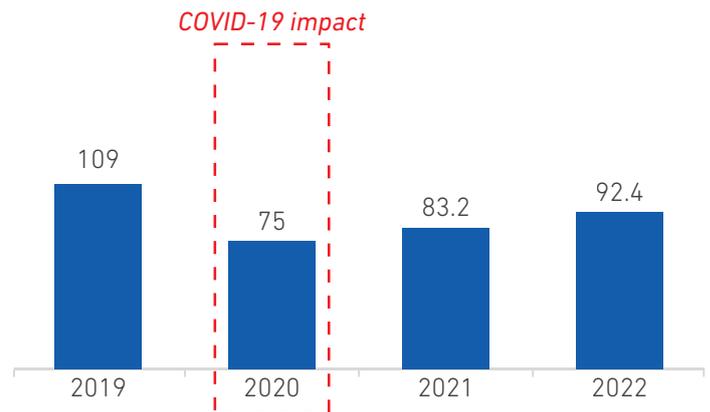


Exhibit 2: Direct Contribution of Tourism and Hospitality to GDP, by Value (in USD billion)



Source: [Tourism Statistics](#)

The tourism and hospitality industry in India provides a wide range of niche products, including cruises, adventure, medical, wellness, sports, meetings, incentives, conferences, and exhibitions (MICE), eco-

tourism, film, rural, and religious tourism. Foreign tourists have recognised India as a destination for spiritual tourism.

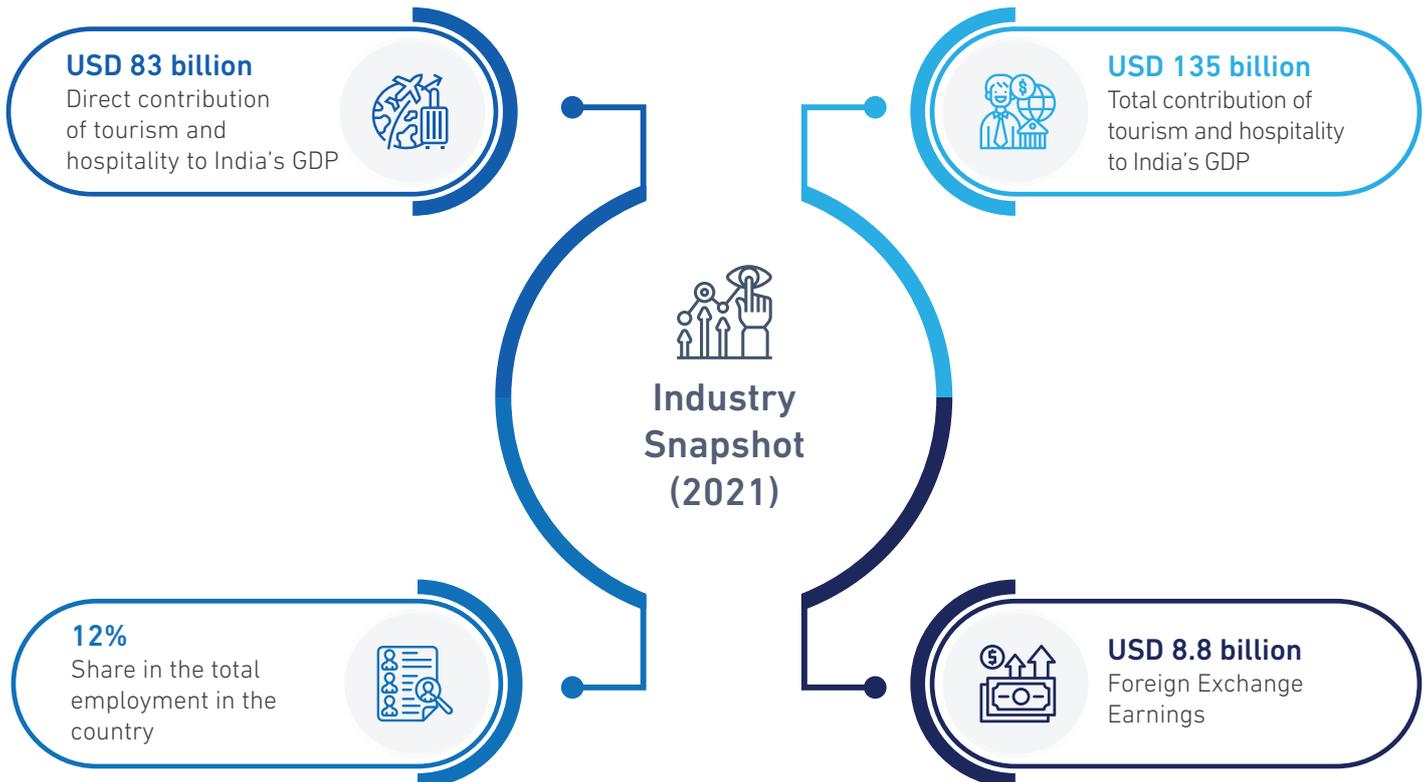
¹ [WTTC Report 2022](#)

² [WTTC Report 2021](#)

Key Industry Facts:

- The tourism and hospitality industry is expected to create 53 million jobs by 2029.
- FDI inflows in the tourism and hospitality industry reached USD 16.4 billion in April-June 2022.
- By 2028, the industry is expected to earn USD 50.9 billion as visitor exports compared with USD 28.9 billion in 2018.
- India ranked 54th with a score of 4.1 in the Travel and Tourism Development Index 2021.

Exhibit 3: Industry Snapshot (2021)



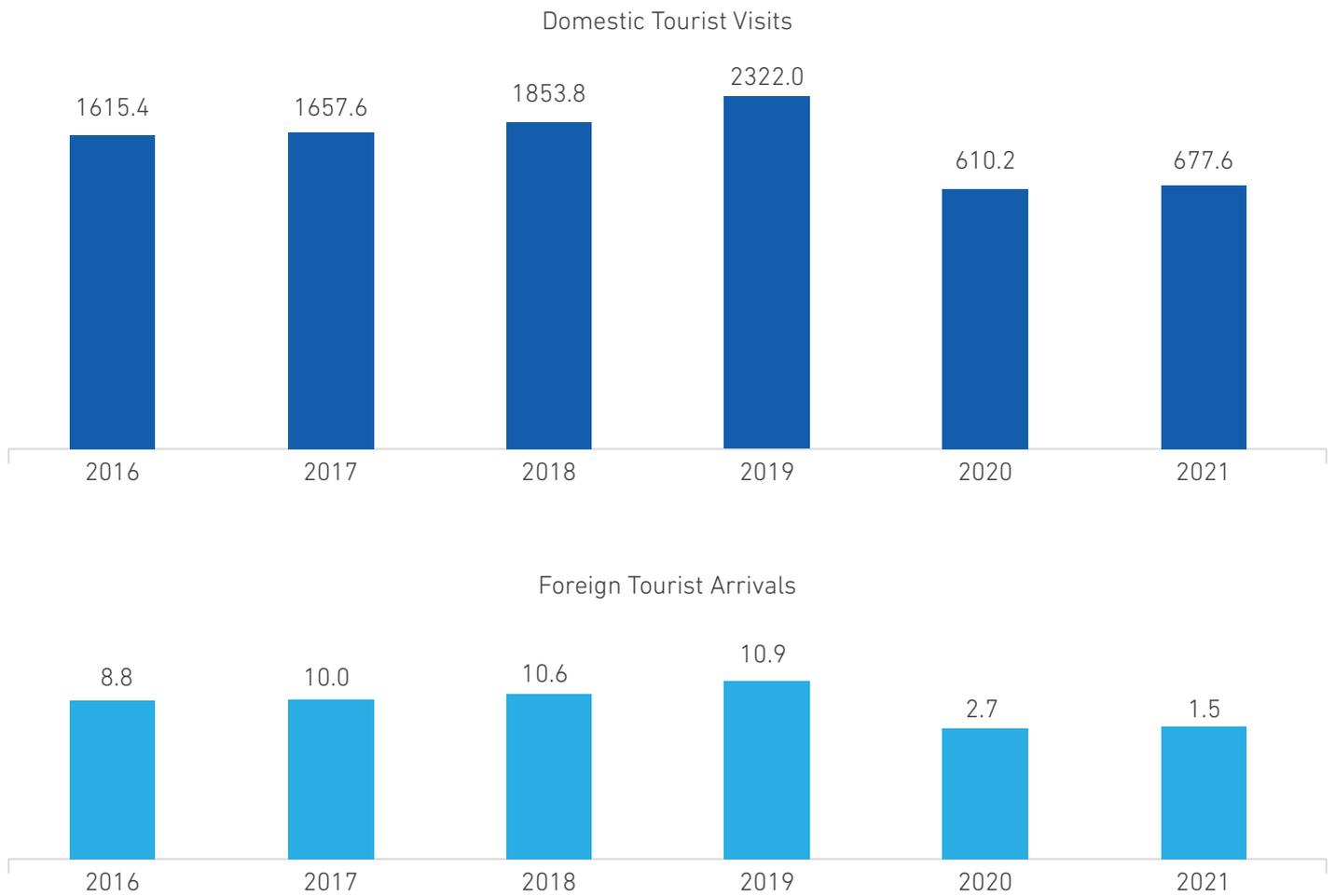
India's burgeoning middle class and rising disposable income have supported the growth of domestic and international tourism. India is one of the most digitalised travel destinations in terms of digital tools used to plan, book, and experience travel.³ The tourism market is dominated by domestic travellers, with a continuous increase in domestic tourists' visits to all states/UT. In 2021, India's share in international tourist arrivals was 1.6%. India accounted for 33.8% of international tourist arrivals in the Asia-

Pacific Region in 2021. However, due to the pandemic, 2020 witnessed a growth of -73.7% in domestic tourist visits over 2019, whereas the visits by foreign tourists registered a growth of -77.2%. The top states visited by foreign tourists in 2021 were Punjab (29%), Maharashtra (17.6%), Delhi (9.5%), Karnataka (6.9%), Kerala (5.7%), Tamil Nadu (5.5%), Uttar Pradesh (4.2%), Madhya Pradesh (3.9%), West Bengal (3.3%), and Rajasthan (3.3%). By 2030, the domestic expenditure of tourists is expected to constitute 89% of the total expenditure.⁴

³ [Investindia](#)

⁴ [Tourism.gov](#)

Exhibit 4: Number of Domestic Tourist Visits and Foreign Tourist Arrivals (in million, 2016-2021)

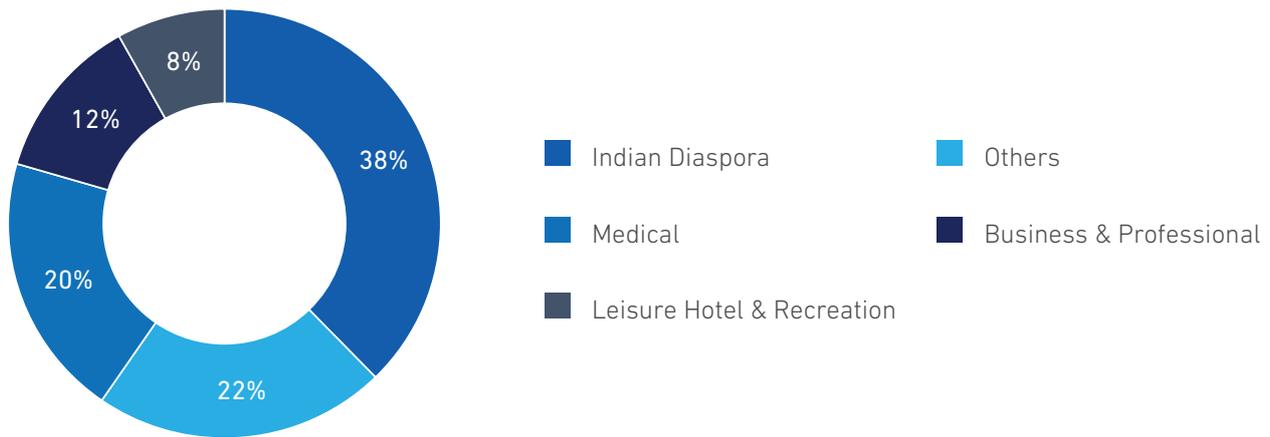


Source: Tourism.gov

In 2021, the percentage share of foreign tourist arrivals (FTAs) in India was highest from the US (72.8%) followed by France (32.6%), Australia (25.8%), the UAE (24.6%), Germany (22.1%), Italy (19.8%), UK (18.9%), Spain (18.5%), Austria (13.8%), and Thailand (13.5%).

In 2021, for FTAs, air travel is the most chosen mode of transportation. Around 87.5% of the FTAs entered India via air, 11.8% via land, and 0.7% via sea routes. Additionally, more than half of the foreign tourists arrived in India through the Delhi and Mumbai airports.

Exhibit 5: Purpose of Visit for Foreign Tourists (2021)



Source: [Tourism Stats 2022](#)

Tourism is also an important source of foreign exchange in India. In 2021, Foreign Exchange Earnings (FEE) from tourism were USD 8.7 billion compared to USD 6.9 billion in 2020, registering a growth of 26.4%. The purpose of inbound and outbound tourism in India

may differ according to requirement of tourists. In 2021, ~40% of foreign tourists who visited India are the Indian diaspora, followed by tourists for medical purposes. The following segments of tourism have emerged as the new purpose of tourists visits across India:



Eco-tourism

India is well known for its natural beauty and a vast variety of flora and fauna in various states, which is becoming a new attraction for foreign tourists. Thenmala in Kerala is the first planned ecotourism destination in India. The Himalayan range, Kerala, North-East India, Andaman and Nicobar Islands, Dudhsagar Falls, Tsomoriri Wetland Conservation Reserve, and the Lakshadweep Islands are some of the major eco-tourism hubs in India.



Adventure Tourism

Adventure tourism is gaining momentum in India, which involves the exploration of remote areas and exotic locales and engaging in various activities such as paragliding, heli-skiing, scuba diving, etc. For adventure tourism in India, tourists prefer trekking to places such as Ladakh, Sikkim, and the Himalayas. There are various destinations in states such as Himachal Pradesh, Jammu and Kashmir that are popular for sports such as skiing. Destinations in Uttarakhand are popular for adventure activities such as rafting.



Luxury Tourism

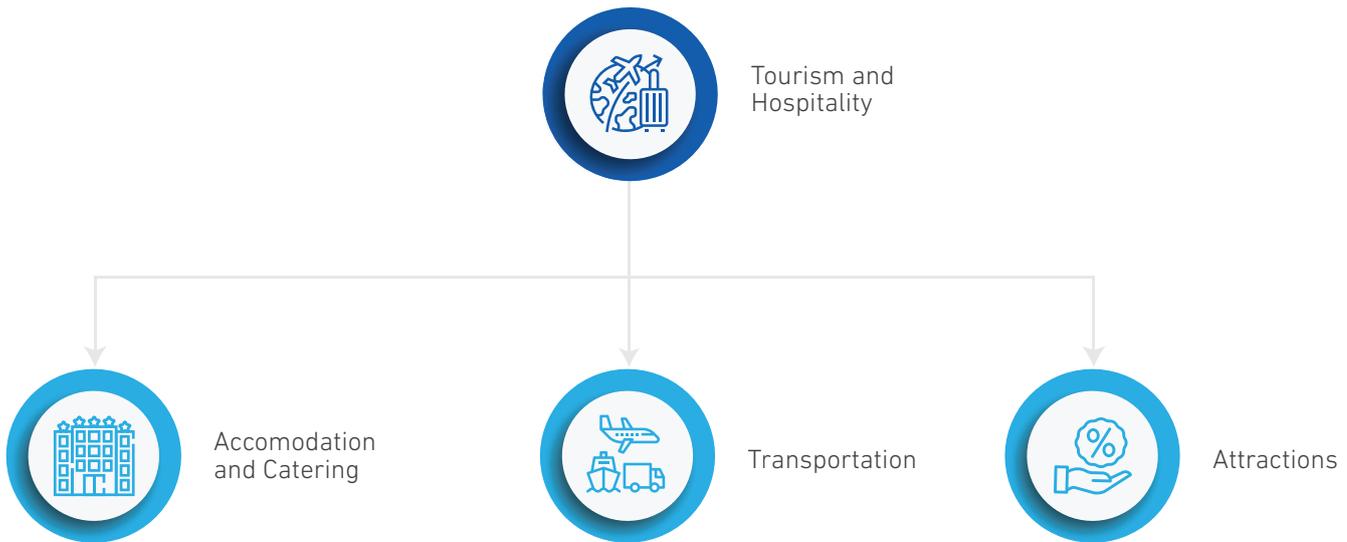
The luxury travel market in India is expected to grow at a rate of 12.8% during 2015-2025. Young tourists prefer to spend leisure time at their favourite destinations to enjoy a luxurious lifestyle for a change from everyday life

Components of the Tourism and Hospitality Industry:

The tourism and hospitality industry is now one of the most vibrant tertiary activities. Owing to the increased demand and popularity among people, proper attention is now being paid to providing all

the facilities required by tourists, including but not limited to transportation, food and beverages, accommodation, and comfort. The industry broadly includes certain types of services, such as:

Exhibit 6: Components of Tourism and Hospitality



- 1. Accommodation and Catering:** It includes hotels and motels, apartments, camps, guest houses, lodges, bed and breakfast establishments, houseboats, resorts, cabins, and hostels. In addition, tourists also require catering facilities, which include hotels, local restaurants, roadside joints, cafeterias, and retail outlets serving food and beverages.
- 2. Transportation:** It comprises airline companies, cruise services, railways, car rentals, buses/

coaches and more. Choice of transportation typically depends on travel budget, destination, time, purpose of the tour and convenience of the tourists.

- 3. Attractions:** Attractions include places to visit such as theme parks and natural attractions, including scenic locations, cultural and educational attractions, monuments, events, and medical, social, or professional places, pilgrimages, etc.⁵

1.1.1 Growth Drivers

The Indian tourism and hospitality industry is growing because of numerous macroeconomic factors such as a rise in FDI, increased disposable income, etc. Furthermore, favourable government policies supporting domestic and international travel and low-cost airfares have aided the rapid growth of the Indian hotel business in recent years.

- **Increase in FDI:** The hotel & tourism sector received a cumulative FDI inflow of USD 15.8 billion between April 2000 and June 2021.⁶ 100% FDI is allowed under automatic routes. It is further allowed in tourism construction projects, including the development of hotels, resorts, and recreational facilities. This is likely to bring more investment and strengthen the industry's growth.
- **Policy support:** More budget allocation and support from the government to help the industry to generate more income and grow at a fast pace. In 2023-2024, USD 290.4 million has been allocated to the Ministry of Tourism, which is showing the same allocation amount as the last budget. However, the data showed that the revised budget estimate for 2022-2023 stood at USD 162.5 million. A major portion of the outlay, amounting to USD 210.7 million, is allocated for the development of tourism infrastructure & an amount of USD 29 million for promotion and branding. An outlay of USD 170.6 million has been allocated for the Swadesh Darshan Scheme.⁵
- **The rise in domestic tourism:** The travel and tourism industry is undergoing a paradigm shift as Indian travellers demand new and thoughtful experiences. Mainly the millennials, who currently make up the fastest-growing segment in terms of spending money on trips and exploring the fascinating world resulting in increased domestic tourism.
- **Increased disposable income:** There has been an increase in the demand for luxury stays among Indian consumers, due to rising consumer spend. In line with this, key players are expanding their presence to cater to this demand. Millennials in India have more disposable income and are more enthusiastic about travel, which is an impetus for industry growth.
- **Increased access to E-Tourist Visa:** E-visas are now available in 171 countries and are divided into five categories: 'e-Tourist Visa,' 'e-Business Visa,' 'e-Medical Visa,' 'e-Medical Attendant Visa,' and 'e-Conference Visa, which would help tourists visit India in case of any emergency or requirement with an easy option to apply for a visa.
- **Rich heritage and pilgrimage:** India, being a religious hub, attracts more visitors yearly. India is known for its rich cultural heritage and an element of mysticism. The various fairs and festivals that tourists can visit in India are the Pushkar fair (Rajasthan), Taj Mahotsav (Uttar Pradesh), and Suraj Kund mela (Haryana). Sites such as Ajanta & Ellora caves (Maharashtra), Mahabalipuram (Tamil Nadu), Hampi (Karnataka), Taj Mahal (Uttar Pradesh), and Hawa Mahal (Rajasthan) are known for rich heritage.

⁵ ET Travel

⁶ ET News

- **Medical tourism:** India's medical travel industry started gaining momentum in the last decade. The government is promoting India as a top-quality healthcare destination across the world and is aiming to make its revenue 3X to USD 12 billion during the next four years from 2022.⁷
- **Emerging destination for international events:** There are more than 1,300-star category hotels capable of being excellent venues for MICE along with 70+ convention centres.⁸ India offers an excellent selection of accommodation, high-tech amenities, and other conference support facilities that satisfy international standards and can be used at the international level at a large scale.
- **Government support to boost the tourism and hospitality industry:** The central government plays a key role in developing a strong tourist economy. The launch of several branding and marketing initiatives by the Government of India, such as 'Incredible India', 'Atithi Devo Bhava', and 'Dekho Apna Desh', has provided a focused impetus to growth. A few of the government-led initiatives are:
 - **Special Tourism Zones:**
 - According to the budget announcement for 2017-2018, the Ministry of Tourism planned to create five Special Tourism Zones with world-class infrastructure around the nation for holistic tourism development.⁹ These zones will be established in tourist cities, destinations, and along the coastline. They will receive a 100% tax exemption for ten years.
 - There will also be an exemption from import duty on various capital goods, followed by the repeal of the luxury tax, and other taxes.
 - **Public Service Delivery System:**
 - The Ministry of Tourism launched a web-based public service delivery system to allow all applicants seeking approval for hotel projects to track their applications online in real time.¹⁰
 - The Ministry of Tourism endeavours to communicate the final decision on all such applications within 90 days of the receipt of the application complete in all respects.
 - **System for Assessment, Awareness & Training for Hospitality Industry (SAATHI) Initiative:**
 - Ministry of Tourism has also launched the System for Assessment, Awareness & Training for Hospitality Industry (SAATHI) initiative in 2020 to effectively implement guidelines/SOPs issued regarding COVID-19 for safe operations of hotels, restaurants, B&Bs, and other units.

⁷ [Press Release](#)

⁸ [Mordor Intelligence Report](#)

⁹ [Invest India](#)

¹⁰ [Press Release](#)

1.2 Indian Hospitality Industry - Overview

1.2.1 Current Market Landscape

The hospitality industry is a vital component of the tourism industry and plays a crucial role in earning foreign exchange, contributing to revenue generation, and job opportunities in the host community. The hospitality industry in India has experienced significant growth in recent years due to numerous factors, such as the rising purchasing power of domestic travellers, increased commercial development and foreign tourist arrivals, a growing airline industry, and government-led initiatives aiming to stimulate the sector. The industry is further being propelled by technological advances in the form of innovation. Innovative concepts of diversification hold the key to long-term survival in the hospitality industry. Fierce competition among hotel giants has resulted in innovative ideas, leading to impressive hospitality products and services. Hotels are adapting innovative operating models by leasing or managing external brands of restaurants, spas, and lounges to capitalise on proven concepts that generate significant revenue by attracting both hotel guests and outside guests.

The demand for hotel room across business cities remained strong during the Q4 2021 primarily driven by meetings, incentives, conferences, exhibitions (MICE), and other business-related travel. Apart from leisure travel, the sector reported increasing revenue from corporate travel as businesses reopened after lockdown. Staycations, long weekend getaways, and social gatherings are becoming increasingly popular. This has resulted in increased business for the hospitality industry. Furthermore, improved road infrastructure throughout the country, particularly in tourist destinations such as hill regions, has provided a much-needed boost to road travel. This kind of immediate recovery after the downturn caused by the COVID-19 pandemic will not have been possible without the confidence in the minds of travellers, pent

“

As per Jaideep Dang, Managing Director, Hotels and Hospitality Group, South Asia, JLL, “the hotel performances across major cities in India witnessed stellar growth in Q4 2021 before the onset of the third wave of the pandemic”.¹

”

up demand, and change in perception amongst people for travel.

Hospitality has a long history in India, and it has a special place in the international world of hospitality. The Taj Group of Hotels, Oberoi Hotels & Resorts, ITC Welcome Group, and the government-run ITDC dominated the Indian hotel market for decades when only a few international brands had a token presence in India. Growing disposable incomes and the rise of the millennial generation are further driving the hospitality industry to rapidly adopt new tools, technologies, and digital platforms to improve customer experience. Technological advances have worked wonders for organisational efficiency and customer satisfaction. They are, however, accompanied by key issues which have influenced how hotels and other services are run.

The hotel industry is highly dependent on the tourism industry as a source of revenue, and ministries such as tourism, railways, and civil aviation play a significant role in the growth. The country's growing importance in terms of global tourism, international investments, and government modernisation programmes in recent years have all contributed to this rapid increase. Tourism promotes the construction of multi-use infrastructure such as hotels, resorts, and restaurants, as well as transportation infrastructure (airports, highways, shipping, and trains) and healthcare facilities.

Exhibit 7: Total contribution of the Hotel Industry to India's GDP, by Value (in USD billion)

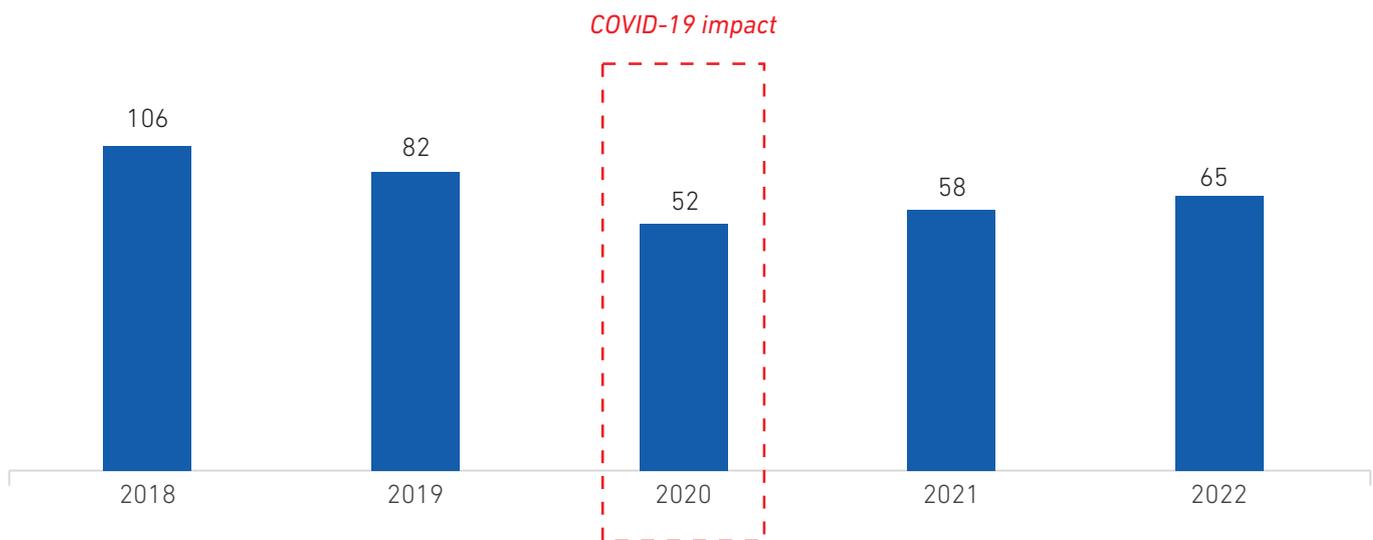
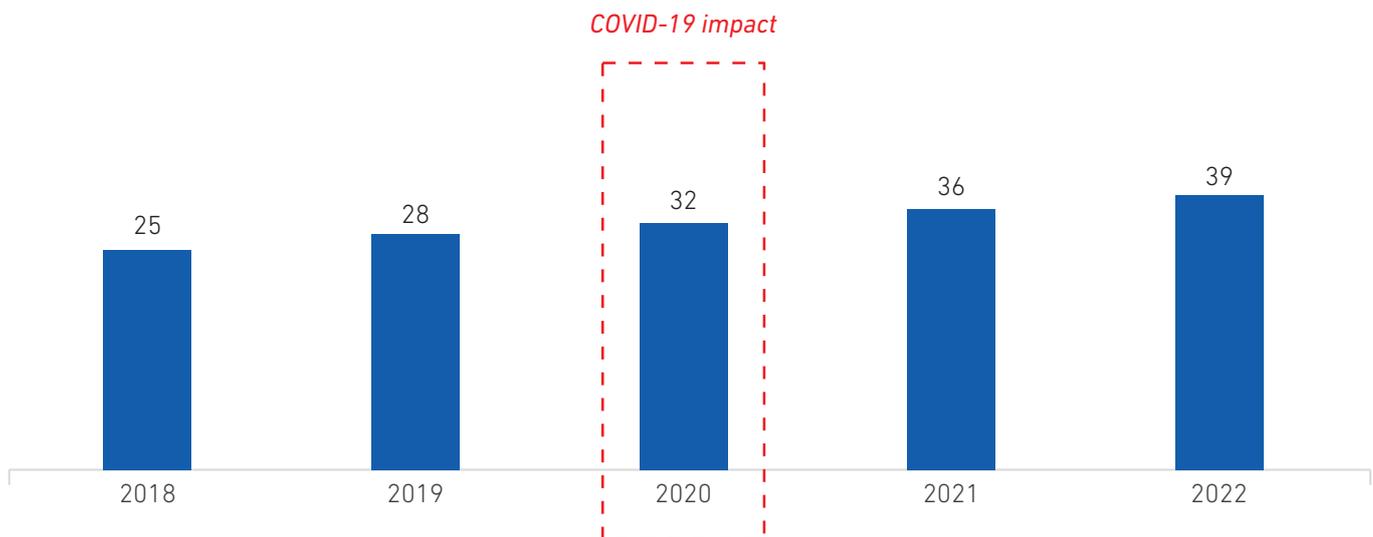


Exhibit 8: Direct Contribution of the Hotel Industry to India's GDP, by Value (in USD billion)



Source: [Tourism & Hospitality Industry in India, IBEF](#)

Operating Models of Hotels in India:

Based on the type of hotel, the Indian hotel industry is segmented across independent/unbranded hotels, new-age hotel chains, and branded or traditional hotels. The independent/unbranded segment accounts for approximately 70% of all available hotel rooms in 2020. New-age hotel chains are expected to hold ~6% of all available hotel rooms in India in FY 2025. Additionally, in

2020, the brand/traditional hotel segment accounts for approximately 5% of the overall hotel industry in terms of room supply. In terms of employment opportunities, the unbranded hotels and alternate accommodations employ 84% of the total employees and the rest are employed by branded and new-age hotel chains.¹¹

¹¹: [MarketWatch News](#)

Exhibit 9: Traditional/Branded Hotels in India



Some of the shifts that have happened within the industry in terms of ownership models* are:

- New age players such as OYO started off as an aggregator but has completely evolved into a full-scale hospitality company that operates under various models including management contracts, lease contracts, and owned and self-operated entities.
- The asset-light model has been in vogue globally for the past two decades. However, the pandemic acted as an accelerator for such shifts in business models in Indian hospitality as well.¹² For example:
 - Companies, such as IHCL, have shifted from being a largely owner-driven company to one that is swiftly expanding via management contracts. The group plans to achieve a 50-50 balance between the two models.
 - Brands of IHCL such as Vivanta, SeleQtions operate on management contracts, while Ginger properties largely operate on leases.
 - Another domestic brand, Lemon Tree, has also been shifting towards a asset-light model.¹³

- Companies are also working towards capitalising on their brand equity and finding opportunities beyond traditional hotel stays to become universal travel and service brands.

*Definitions are covered in the annexure

Distribution Models

Traditional travel agents still play a crucial role in the distribution of travel services, particularly for niche segments and high-end luxury travel. Guests sometimes do direct booking with hotels either through walk-in or the hotel's website, call, or e-mail. However, with the advent of technology, online travel agencies (OTAs) have emerged as the most popular platform for booking travel services such as flights, hotels, and holiday packages. This multi-channel distribution model along with marketing alliance and central reservation has created a competitive marketplace, providing consumers with multiple options to book travel services and enabling them to compare prices and make informed decisions.

¹² Forbes

¹³ BQPrime

Exhibit 10: Different Distribution Models¹⁴

Model	Brief
Tour Operators	<ul style="list-style-type: none"> • Provide recommendations and booking services to a potential guest • More well-liked by older demographics and travelers who value personalised service and unique trip arrangements • Some examples include Kesari Tours, Mercury Travels, and Travel Corporation (India) Pvt. Ltd. are popular offline travel agents
Online Travel Agents	<ul style="list-style-type: none"> • Offer comprehensive packages by utilizing technology for air travel, activities, and lodging, which are popular choices for reservations made by most visitors • Some examples include MakeMyTrip, Yatra, Cleartrip, Goibibo, Thomas Cook, Cox & Kings, and SOTC
Market Alliances	<ul style="list-style-type: none"> • Provide enhanced marketing coverage, increased economies of scale in advertising, sales, and distribution as they are short, mid, or long-term alliance with a strategic party — airline, global hotel associations, etc. • Few examples to list are Ola and MakeMyTrip, Taj Hotels and Jet Airways
Global Distribution Systems	<ul style="list-style-type: none"> • Offer a worldwide conduit between travel bookers and suppliers and often used to tap into the travel corporate market because it can present hotels, car rentals, and flights in one simple and integrated interface • Some examples of GDS include Amadeus, Sabre, and Travelport
Central Reservation Systems	<ul style="list-style-type: none"> • Offer centralized data from the property management system, distribution channels, call centers, and phone reservation systems across one or more properties • Reservations are managed across a multitude of distribution channels, such as third-party booking websites, direct internet booking engines, global distribution centers, wholesalers, and more • IDS Next is a leading Central Reservation System provider in India, offering hotels and resorts a comprehensive suite of solutions for managing their reservations and inventory

Hotel Industry Supply Chain:

Existing Supply:

In 2020-2021, the existing room supply in India increased by 3.3% over the previous fiscal year, bringing the total number of branded rooms in the country to 1,44,047.¹⁵

Exhibit 11: Existing Supply of Hotel Rooms across Major Cities

Tier	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Tier – 1	64,175	67,132	69,873	70,585	74,455	76,213
Tier – 2	18,980	20,235	21,399	20,044	21,581	21,864
Others	28,445	31,852	35,293	8,772	43,370	45,970
Total	111,600	119,219	126,565	99,401	139,406	144,047

Source: [2021 Indian Hospitality Trends & Opportunities, Hotelviate, Indian Hospitality Industry Overview 2020, HVS Anarock](#)

¹⁴ [Central Reservation System Hotel](#)

¹⁵ [Live Mint News](#)

While New Delhi continues to have the highest inventory of branded rooms in India (15,181 rooms), it grew by only 1% in the 2019-2020. Mumbai (including Navi Mumbai) and Bengaluru rank second and third, with 14,330 and 13,901 rooms, respectively. These rankings are likely to shift in the short to medium term, with Bengaluru overtaking Mumbai (including Navi Mumbai) as India's largest hotel market (in terms of inventory).¹⁶ Ahmedabad had the highest supply growth (16.6%) in 2020-2021, adding 552 rooms to a small base of hotels, followed by Kolkata, which had the second-highest supply growth (7.7%). Despite recording the third highest growth (3.3%) in existing supply, Noida (including Greater Noida) continues to be India's smallest major hotel market, with 1,423 rooms. Furthermore, Agra saw a minor decline in reported inventory in 2020-2021, owing to a few rooms being out of service.¹⁷

1.2.2 Growth Drivers

As per the India Tourism Statistics 2022, the country witnessed 67.7 crores of domestic tourist footfall in 2021, an increase of 11% from 2020.¹⁸ The growth of the hospitality sector is directly proportional to the growth of the travel and tourism industry. Hence, hospitality is growing at a fast pace, like the travel and tourism sector. The demand in the near future is expected to be primarily driven by domestic leisure travel, recovery in business travel, and increased FTAs.

The following are the key drivers of the hospitality industry in India:

- **Technology disruption:**

- Modern technology has made it easy for travellers to book their accommodations.
- Big data, machine learning, augmented reality, and the internet of things, among others, offer a variety of cost savings and revenue opportunities, enabling hotel owners to reach new levels of profitability.

- **The rise in the demand for new-aged wellness resorts:**

- Growing health concerns of millennials and experiential and immersive travel experiences such as yoga, workouts, biking, nature trails, and trekking retreats, meditation with global fitness and wellness gurus, along with local community involvement, are going to be a new area for resort development, which is very different from the current label of wellness resorts.

- **Increasing corporate travel:**

- As per World Bank India is expected to become the fastest-growing economy of the seven largest emerging-market and developing economies (EMDEs). This can be attributed to the growing number of SMEs and startups across tier I and II cities, resulting in increased corporate travel. This can act as an impetus for the hospitality industry.

- **The rise in mid-scale hotel segment:**

- In 2012-2019, there was an influx of around two-dozen mid-market brands mainly due to the expanding domestic tourism, increasing foreign tourist arrivals, and forex earnings growth.
- The significant growth of mid-scale hotels indicates a plethora of opportunities and scope for investments in this segment, especially in tier-II and III cities and along destinations of the pilgrimage.

- **100% FDI allowance:**

- In 2011, the Indian Government relaxed its hospitality-related investment policy to allow 100% FDI in tourism construction projects, hotel and resort developments, and the establishment of recreational facilities.¹⁹

¹⁶ [Hotelivate Report](#)

¹⁷ [Hotelivate - 2021 Indian Hospitality](#)

¹⁸ [Tribune India News](#)

¹⁹ [India-briefing](#)

- **Tax rebates:**

- A five-year tax holiday has also been offered to two to four-star hotels located near the UNESCO World Heritage sites (except for locations such as Delhi and Mumbai).²⁰

- **Variety of Public Private Partnerships:**

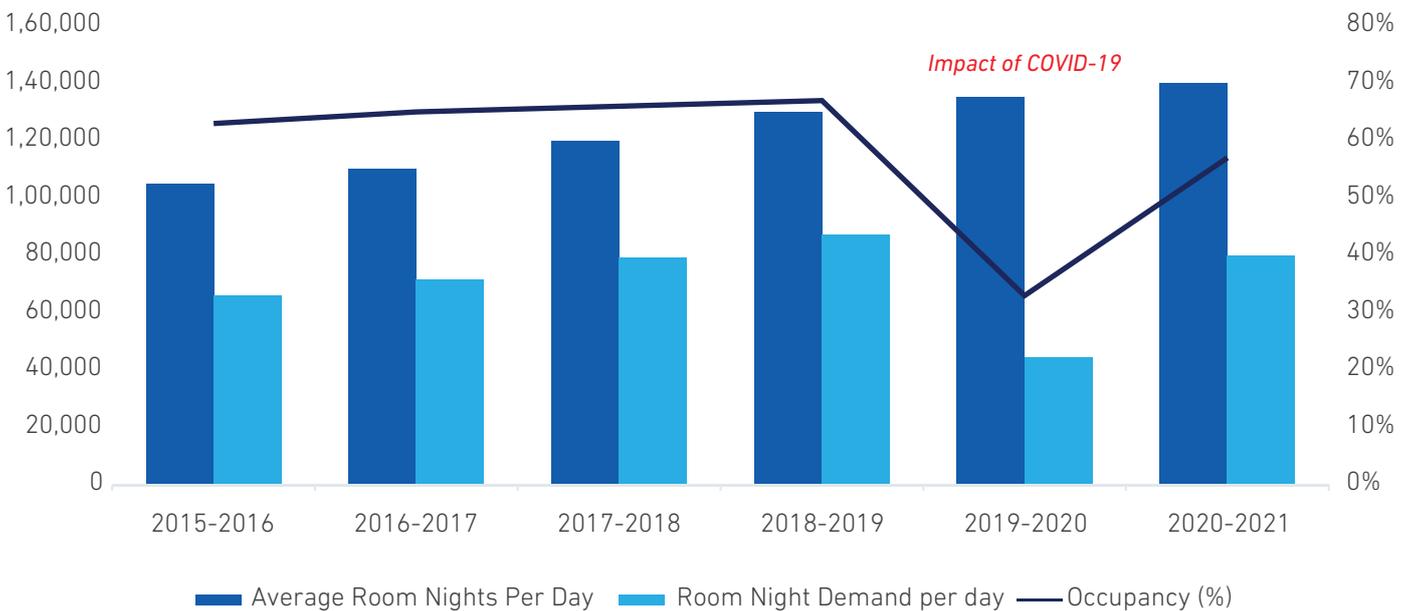
- The Government is collaborating with domestic and foreign companies, and major hospitality players are entering tie-ups and partnerships. The hotels are also collaborating with educational institutions to create a learning ecosystem and enhance the talent pool in the industry. For example, ITC Hotels, along with the Confederation of Indian Industry (CII), has collaborated with the Swiss Education Group, Ecole Hôtelière de Lausanne (EHL) as the training partner, to provide skill development and vocational training to hospitality students, thereby, enabling growth in the sector.²¹

1.2.3 Performance and Operating Statistics

Key Operating Statistics:

The COVID-19 outbreak began in March 2020, prompting a nationwide lockdown to contain the pandemic. In FY2021, occupancy fell to 33% from more than 65% previously. The FY2022 has been a promising year for the sector, with a rebound in occupancy and revenue per room (RevPAR) providing hope to industry players.²² The decline in COVID-19 cases, the resumption of international flights beginning in March 2022, and strong leisure and wedding demand are all positive factors that should lead to an increase in occupancy and average room rent (ARRs) in FY23.

Exhibit 12: Key Operating Statistics



²⁰ [Income tax management](#)

²¹ [The Hindu Business Line News](#)

²² [Care Ratings](#)

Exhibit 13: Key Operating Statistics by Hotel Classification - Average Rate (INR)

Type/Year	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Overall Average	5,779	5,611	5,532	5,527	5,671	5,768	6,038	6,104	4,598
Five-Star Deluxe	5,881	5,720	5,559	5,484	6,051	6,088	6,280	6,451	5,119
Four-Star	4,691	4,474	4,361	4,424	4,505	4,635	4,713	4,827	3,639
Three-Star	3,252	3,083	3,039	3,155	3,016	3,200	3,371	3,474	2,771
Two-Star	1,849	2,063	2,063	2,122	2,049	2,245	2,524	2,589	1,972

Source: [2021 Indian Hospitality Trends & Opportunities, Hotelivate](#), [Indian Hospitality Industry Overview 2020, HVS Anarock](#)

Supply at State and City-Level

Governments across the states have been taking numerous measures to provide further impetus to the sector.

Exhibit 14: State-level statistics and initiatives

Maharashtra	
	<p>To boost the domestic travel sector, the Maharashtra Government is working with industry players on three fronts — policy initiatives, infrastructure, and marketing and branding. Maharashtra has many outbound tourists, which it has been able to stop in the last two years by convincing them to 'rediscover Maharashtra' as a tourist destination.</p>
Mumbai	<ul style="list-style-type: none"> By 2026, there will be 6,771 more rooms in Mumbai and Navi Mumbai, bringing the total to more than 21,000 rooms.²³ Over the next five years, an increase in luxury projects is anticipated to cause Mumbai's supply of branded hotel rooms to increase by 50%. Mumbai remained the best-performing market in the country in 2020, posting an average daily rate (ADR) of INR 8,199 and a 76% occupancy rate. Corporate travel and extended-stay customers are very important to Mumbai's hotel industry. Furthermore, a sizeable portion of Mumbai's hotel demand is made up of foreigners across all market segments. Mumbai had the highest year-to-date (YTD) occupancy in October 2022 at 72%, which is 5% behind the occupancy in 2019 and 20% higher than the same period in 2021.²⁴ Between January and October 2022, room demand in the city increased by more than 37% a year, but room supply increased by less than 1%. Since Mumbai is a significant corporate hub and draws many business and vacation travellers throughout the entire year, it is anticipated that this trend will continue.²⁵

²³ [Money Control](#)

²⁴ [Live Mint News](#)

²⁵ [Hotelivate Report](#)

Karnataka

The hospitality industry, a major employment provider in Karnataka, has been one of the hardest hits, grappling with COVID-19-linked lockdowns, shortened business hours, low crowds, and changing protocols. Therefore, the Government is aiming to revive star hotels, which have been suffering due to the COVID-19 pandemic and the resultant slowdown in the tourism sector.

Bengaluru

- The city has 12,659 hotel rooms across all hotel categories as of 2019, and an additional 5,700 rooms are currently being built. This is expected to increase the city's supply by 45% by 2025.
- The Bengaluru hotel industry is adding 5,700 rooms, of which 14.3% are in the luxury segment, 26.3% are in the upscale segment, 28.6% are in the upper-mid market segment, 5.6% are in the mid-market, and the remaining is in the budget segment.
- Business travellers make up between 85% and 90% of the demand for premium segment rooms in Bengaluru.
- Several hotel chains are building new properties in the city, including Hilton, JW Marriott, and Four Seasons hotels.
- By the end of 2023, occupancy is projected to reach about 70%, up from 67% in 2018, and the ARR is predicted to grow at an average rate of 4% annually.²⁶
- The hotel industry is expected to see an increase in room revenue at the rate of 10% CAGR from 2021 to 2026.

New Delhi

The capital of India, New Delhi, is rich in its heritage with historical monuments such as the Red Fort, Jama Masjid, Humayun's Tomb, and Purana Qila. It is a shopper's paradise with some colourful bazaars and upscale markets. The COVID-19 pandemic adversely affected the tourism and hospitality industry of the city. To upscale its tourism industry, the Government has been promoting this sector by launching different initiatives.

New Delhi

- New Delhi recorded the highest number of hotel rooms at more than 15,000 in 2022 and ~836 new rooms are going to be added by 2025-2026.²⁵
- The hotel industry in New Delhi had been expanding steadily in recent years, reaching 73.2% occupancy in 2019-2020 with an ADR of INR 7,186.²⁵
- It primarily satisfies corporate FIT demand from PSUs and government-owned businesses, embassies, small businesses, and international corporations.
- The corporate and social MICE segments have made a significant contribution to the city, followed by extended-stay and leisure demand.
- It will be difficult to build new supply in Delhi because of the high entry barriers created by the city's exorbitant land prices, zoning regulations, and construction laws, as well as the high construction costs per key for a luxury hotel.²⁷

²⁶. [Deccan Herald News](#)

²⁷. [Business-Standard News](#)

Tamil Nadu

In Tamil Nadu, all star-category hotels have gone for a fully integrated hotel software suite of modules consisting of customisable modules and allow effective and easy deployment from a small hotel, motel, resort, restaurant, and apartment operations to a global, multi-branded hotel chain environment. In Tamil Nadu, nearly 50% of the hotels are in Chennai. The hospitality landscape in Chennai has grown at an incredible pace in the past five years, with traveller appetite growing across all segments. The ever-expanding automobile business has brought several expatriates into the city. Therefore, hotel brands have set up their businesses close to the auto hubs.

Chennai

- In 2021, most five-star hotels saw weekday occupancy rates of more than 50%, down from an average of 65% during the pre-epidemic era.²⁸
- However, in 2022, the rise in corporate travel, events, and weddings resulted in an increase in occupancy rates in city hotels, which was made clear by the 30% to 50% reduction in room rates.
- In 2022, the IHCL group announced that it had signed an agreement to build a second Taj hotel to increase its presence in important markets all over the country. IHCL will have 13 properties in Chennai after the addition of the new hotel, including three in various stages of development.
- In the past two years, there have been proposals for around 550 hotel rooms, of which 57% are in active development over the next two to four years.²⁹
- With a high percentage of literate residents and affordable access to skilled labour, Chennai has a distinct advantage that has drawn numerous multinational corporations to establish operations over time. The development of Chennai's economy has been significantly influenced by the automobile and manufacturing industries, which have also fuelled the expansion of the city's tourism sector.
- In the next few years, it is anticipated that corporate demand will gradually rebound. As a result, the medium- to long-term outlook for this market is favourable due to the limited supply entering the market and the gradually improving demand.

²⁸. [Times of India News](#)

²⁹. [Hotelivate Report](#)

Telangana

Around 1.5 lakh people are employed in the hospitality industry in Telangana, with 3,000 of them working in sales. As part of the Indian Restaurant Conclave 2022 event³⁰; Impresario Entertainment and Hospitality, Olive Bar and Kitchen, McDonald's, Almond House, and Wow Momo have agreed to invest roughly INR 500 crore in boosting their operations in Telangana. The Industries Department of the Telangana Government unveiled a single-window system for the food service industry through the TS-iPASS portal. The portal is expected to reduce the license processing time to 15 days (vs. eight months earlier). It is likely to benefit businesses right from restaurants, bars, and food outlets, to kiosks, bakeries, cafes, and cloud kitchens all of whom will be able to use the TS-iPASS portal.

Hyderabad

- The city had 1,800 rooms in 2006, which increased to 7,420 rooms in 2020.³¹
- Around 830 new rooms will be added by 2025-2026, out of which 50% are under construction. It is expected to add an equal number of rooms in the luxury and upscale positioning as well as upper mid-market space.
- The city recorded a decline in occupancy by 51% and RevPAR by 65.7% in 2020-2021 from the previous year, since domestic corporate travellers stopped coming to the city following the nationwide lockdown.³¹
- However, Hyderabad witnessed RevPAR growth of 64% in Q1 2022 compared to Q1 2021, due to a strong recovery in leisure and business travel, after the third wave of the pandemic.³¹
- Large international and domestic brands have established regional headquarters in the city, which has become a corporate hub for the pharmaceutical, chemical, manufacturing, aviation, and other industries.
- In addition, there has been a steady rise in inbound tourism. With the city's economic growth and ongoing infrastructure projects such as the metro project and the airport expansion project, occupancy across the board will probably rise. Additionally, the development of micro markets is helping Hyderabad's supply-demand equilibrium.

³⁰. [Telangana Today](#)

³¹. [Hotelivate Report](#)

Rajasthan

The emergence of new market segments such as MICE and destination weddings has benefited the state's world-class hotel network. However, it continues to struggle with some age-old infrastructure and business-ease issues. The hotel occupancy rate in the state is around 70% and the sector contributes almost 20% to Rajasthan's economy and more than 15% of foreign tourist arrivals in India head to Rajasthan annually.³² There has been a flurry of large hotel openings in the last decade. While growth has taken place in the mid-scale and budget segments, it has been overshadowed by the luxury and upper-upscale segments. Almost every major hospitality brand has a presence, in Rajasthan. Hotels have begun to evolve their offerings to appeal to the massive inflow of domestic tourists. The state has five major markets — Jaipur, Udaipur, Jodhpur, Pushkar, and Jaisalmer, along with micro-markets such as Bikaner, and Nagaur.

Jaipur

- Jaipur has always been one of India's top vacation spots, and over the past seven to ten years, it has become increasingly popular for weddings and corporate MICE thanks to the growth of upper upscale/luxury resorts.
- Jaipur did not suffer as badly as some of the commercial markets during 2020-2021, showing only a 20% decline in ADR over 2019-2020, thanks to the market's focus on leisure.³¹
- Restrictions on international travel and the ban on conferences, resulted in a decline of almost 50% in overall occupancy for 2020-2021.³¹
- It is important to make sure that visitors have a close encounter with the culture of the state. The recent announcement to grant the sector industrial status will be a crucial step in embracing the most recent strengths and developing new ones to attract both domestic and foreign tourists.

³² [Hotelier India](#)

Other States

Goa	<ul style="list-style-type: none">• Tourism and hospitality, one of Goa's most important industries, contributes more than 16% of the state's GDP and employs more than 40% of the workforce. The state has approximately 3,600 hotels and other accommodation units registered with the Department of Tourism, totalling more than 73,000 beds.³³
Assam	<ul style="list-style-type: none">• Assam is a favourable tourism destination among the northeast Indian states for domestic and foreign tourists. The visitors prefer the place for natural scenic beauty, wildlife, and leisure. With its history, tradition, ethnic diversity, culture, and wildlife, Assam has a natural potential for tourism and hospitality.• The industry presents a significant investment opportunity due to its large expanse of tea estates, golf courses, rivers, and a tourism circuit connecting it to other Northeastern states and countries such as Bhutan. The Government of Assam has been working on various projects and initiatives to further strengthen the sector.
Jharkhand	<ul style="list-style-type: none">• The state government plans to modernise the Jharkhand Tourism Development Corporation to attract an increased number of tourists.• It also aims to upgrade the existing Tourist Information centres for tourists' reservations, accommodation, and transport needs. The increasing tourist footfall and infrastructural development further provide an impetus to the hospitality industry in the state.

³³ [BW Hotelier](#)

1.2.4 Key Trends and Recent Developments

The impact of COVID-19 on the Indian hotel sector was so drastic that average occupancy of 65% in 2019 fell to as low as a single digit in some months across locations throughout 2020 and 2021. This severely affected the industry's overall performance. The overall occupancy in the branded hotels segment in 2020 was estimated to decline by 16% to 20% over 2019, while ADRs were estimated to decline by 7% to 8% for the same period. As a result, RevPAR is expected to register a significant decline of 31% to 36.2%.³⁴ However, travellers and hotel industry participants continued to adapt to the changing environment and seek new ways to move forward. With safety and hygiene as the primary criteria, the pandemic has compelled the hotel industry to find new ways to monetise their assets, such as Co-working space, technology use, hotel redesign, and others.

New trends in the industry

- **Evolving expectations of tourists:**
 - Customer expectations have moved beyond room service and pricing. They are now looking into proactive services, customised interactions, and connected experiences.
 - Due to increasing demand and trends, many hotels have moved to sustainable practices such as using renewable energy, no-use of plastic, eco-friendly practices, and recycling of products.
 - After the pandemic tourists are becoming more sensitive toward new norms of traveling and Enquiring about the sustainability habits of the company.
- **Increased preference for eco-friendly accommodations:**
 - Among global travellers, 65% show a strong preference for eco-friendly accommodation.
 - Energy-efficient practices such as smart thermostats, LED lighting, ozone water treatments, eco-friendly laundry units that save water, and energy-efficient appliances in the kitchen area help cut down energy costs.³⁵
- **Adoption of cloud-based automation:**
 - A cloud-based property management system ensures customers a good customer experience, improved client relationships, enhanced productivity, and increased ROI.
 - It also provides an enhanced level of security.
- **High-tech futuristic hotels:**
 - AI/ML, AR/VR, IoT, Blockchain, and Recognition technology are some of the key technological trends that are expected to be visible in the Indian hotel industry.
 - 71% of travellers are more likely to stay at a hotel with self-service recognition technology ensuring faster check-in/out, a reliable payment system, security, and a personalised experience.
- **Redefining the perception for hospitality among customers:**
 - New business model strategies were adopted, such as day room rentals, co-working areas, and space for commercial shooting and even, renting spaces for educational purposes to increase the footfall.

³⁴. [HVS Report](#)

³⁵. [Bookings.com Report](#)

Developments witnessed across the industry

- In 2020, IHCL launched I-ZEST: IHCL's Zero-Touch Service Transformation, a digital solution across its hotel brands that allows zero-touch check-ins and check-outs, digital invoicing, online payment options, and QR codes to digital menus in restaurants. This will ensure social distancing for both guests and associates while maintaining secure services.
- Founded in 2017, a food tech start-up innovated a digital menu called 'Dash.Menu'. It replaced the paper menu with an electronic tablet, thereby enabling seamless interaction. The application also provides a short video of food preparation process, ingredients used, etc.
- JW Marriott Mumbai Juhu introduced QR codes at critical touchpoints such as front desks, elevator rooms, restaurants, and recreational spaces, to ensure a complete contactless experience for guests. Processes such as check-in/check-out, viewing the guest services directory and other hotel information, viewing menus, and placing orders, and making payments and appointments have entirely gone digital to minimise human intervention.
- Hyatt Hotels are rolling out enhanced digital amenities through the World of Hyatt app that will offer guests more control over how they connect with Hyatt.

CHAPTER 2

Vision 2047 - Indian Hotel Industry

The chapter goes into great length on how the hotel industry directly contributes to the larger tourism and hospitality industry. The growth pillars that are anticipated to unlock the actual potential of the Indian hospitality sector in the ensuing 25 years have been identified.

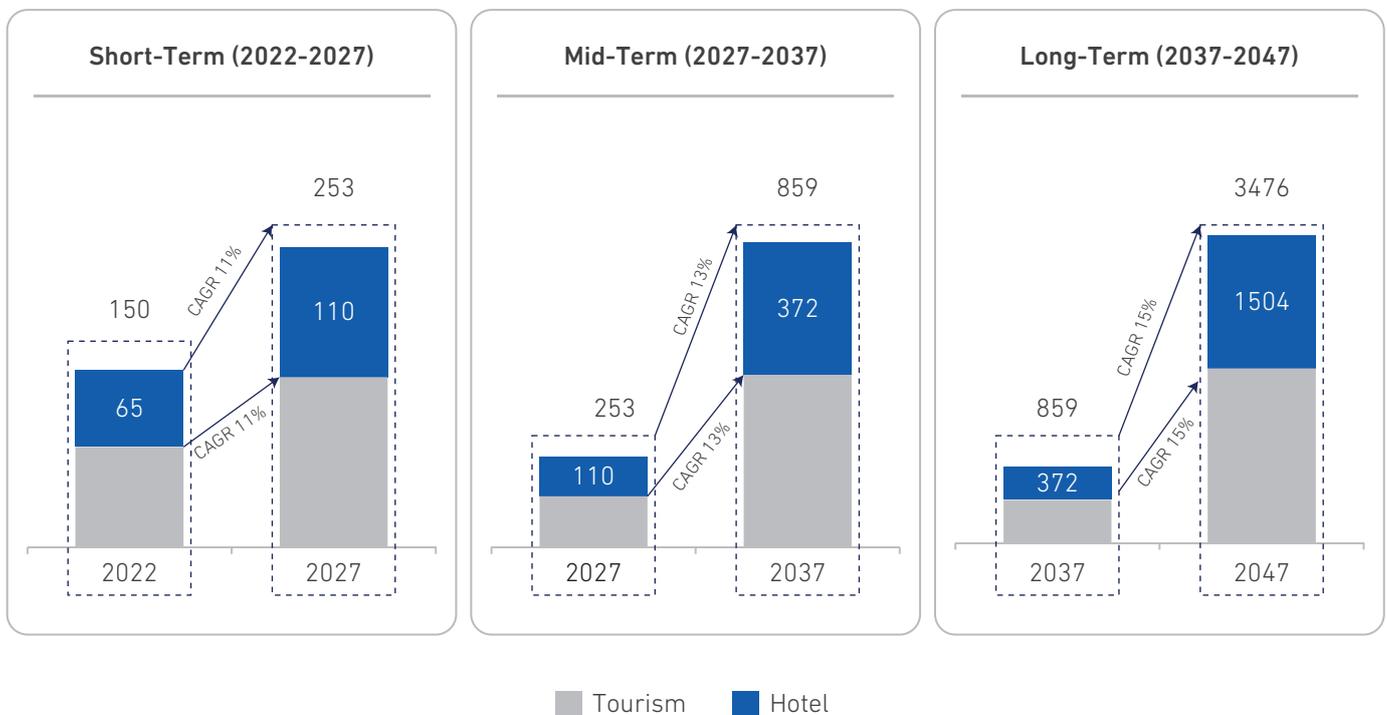
The chapter discusses the potential drivers, their short-, medium-, and long-term impact, along with state and local level initiatives taken by various stakeholders. It also captures the green initiatives taken by the industry stakeholders and central government to integrate sustainability in the sector.

2.1 Growth Outlook (2023-2047)

The Indian hotel market has significant growth opportunities and is poised to expand its operations in key cities, providing quality developments across various popular brands. Robust corporate performance, increased air connectivity to more destinations within the country, and an improved appetite for domestic leisure travel drive the sector. Hotel chains in India have been investing in digital technologies and platforms, enabling enhancement in pre-booking as well as post-booking experiences.

The direct contribution of the hotel industry to the country's GDP has been derived from the framework below, where we have assessed four growth factors — macro-economic, ecosystem and business environment, technology intervention and innovation, and policy support and regulations. These factors are further divided into various parameters/KPIs, which are recorded over a period from 2022 to 2047. The factors were given weights and a total score was calculated for considering the two scenarios — realistic, and optimistic for short-, mid-, and long-term growth.

Exhibit 15: Total Contribution of Indian Hotel Industry to GDP (in USD billion)



- Based on expert interviews and input from various stakeholders, we have anticipated the growth to be at 11%, 13%, and 15% for short, mid, and long term for the overall tourism and hospitality industry and Indian hotel industry.
- The total contribution includes aspects of services from corresponding industry verticals such as food & beverage, salon & spas, etc. This excludes consideration of services market growth and therefore it also excludes scenario-based contribution estimates.

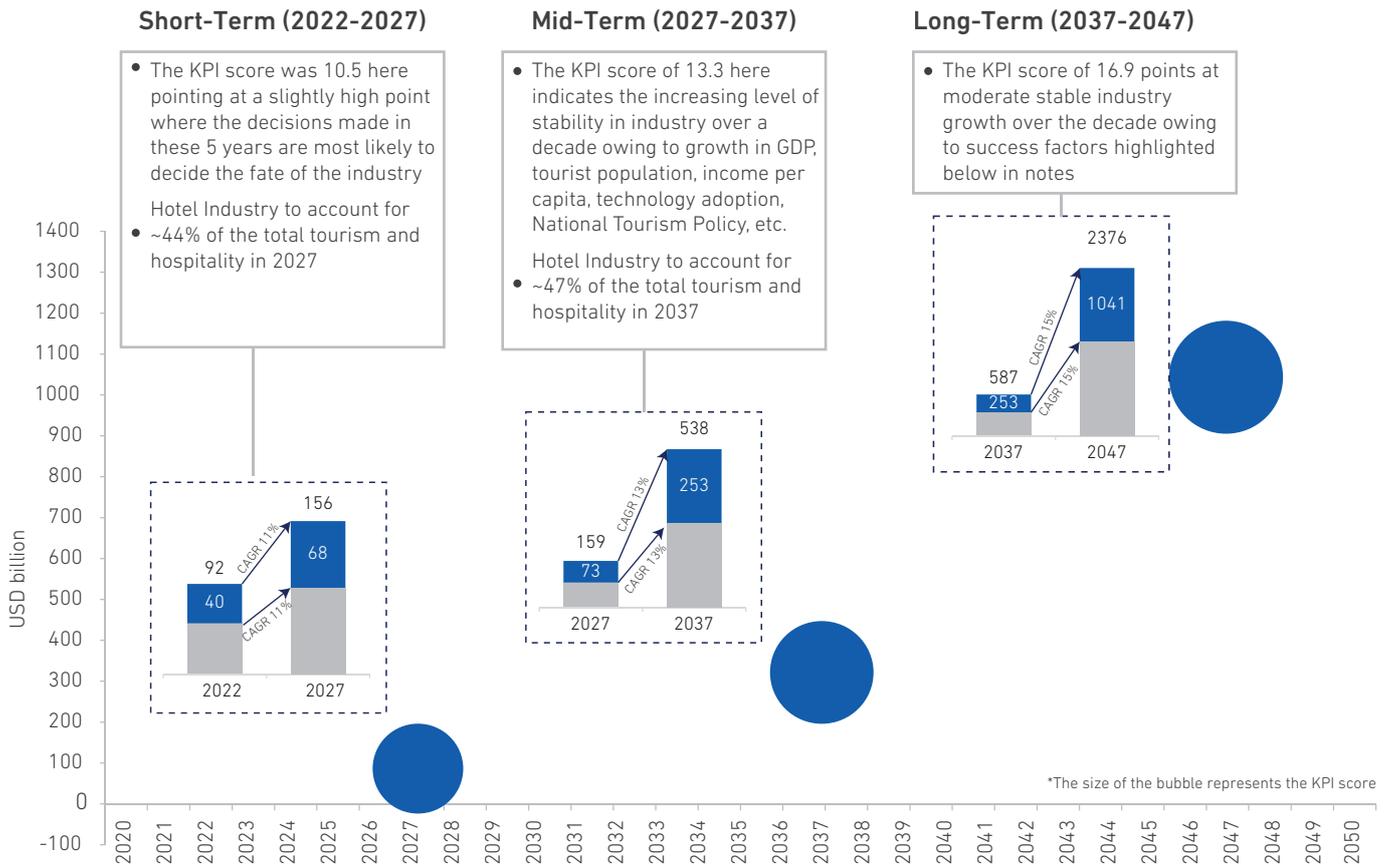
Exhibit 16: Framework for Deriving Growth Outlook (2022-2047)

Factor	Weight-age	Key parameters	Short Term (2022-27)		Mid Term (2027-2037)		Long Term (2037-2047)	
			Realistic	Optimistic	Realistic	Optimistic	Realistic	Optimistic
Macro-economic	40%	GDP (in USD trillion)	High	High	High	High	High	High
		World population (in billion)	High	High	High	High	High	High
		Income level/GDP per capita (in USD)	High	High	High	High	High	High
		Domestic expenditure/Gross national expenditure (% of GDP/USD millions)	High	High	High	High	High	High
Ecosystem and Business Environment	10%	No. of hotels	Low	Low	Low	Low	Low	Low
		Total tourist population	Low	Low	Low	Low	Low	Low
		Infrastructural development (future supply)	Low	Low	Low	Low	Low	Low
		Domestic Tourists	Low	Low	Low	Low	Low	Low
Technology Intervention & Innovation	20%	ICT Readiness (Architecture and Infrastructure wise)	High	High	High	High	High	High
		Technology Adoption	High	High	High	High	High	High
		New driving trends	High	High	High	High	High	High
Policy Support & Regulations	10%	National Tourism Policy	High	High	High	High	High	High
		Industry Status	High	High	High	High	High	High
		Incentives/taxation	High	High	High	High	High	High
		Market access (marketing & promotions, programs, investment, etc.)	High	High	High	High	High	High
		Infrastructure Status	High	High	High	High	High	High
		Concurrent status to the sector	High	High	High	High	High	High

Note: Each of the parameters for the corresponding factors has been scored on a scale of 1-5 and multiplied as per weightage (i.e., the highest of 40% to macro-economic factors, and the lowest to ecosystem and business environment) . The calculated score has been further calibrated and represented here on a scale of high to low

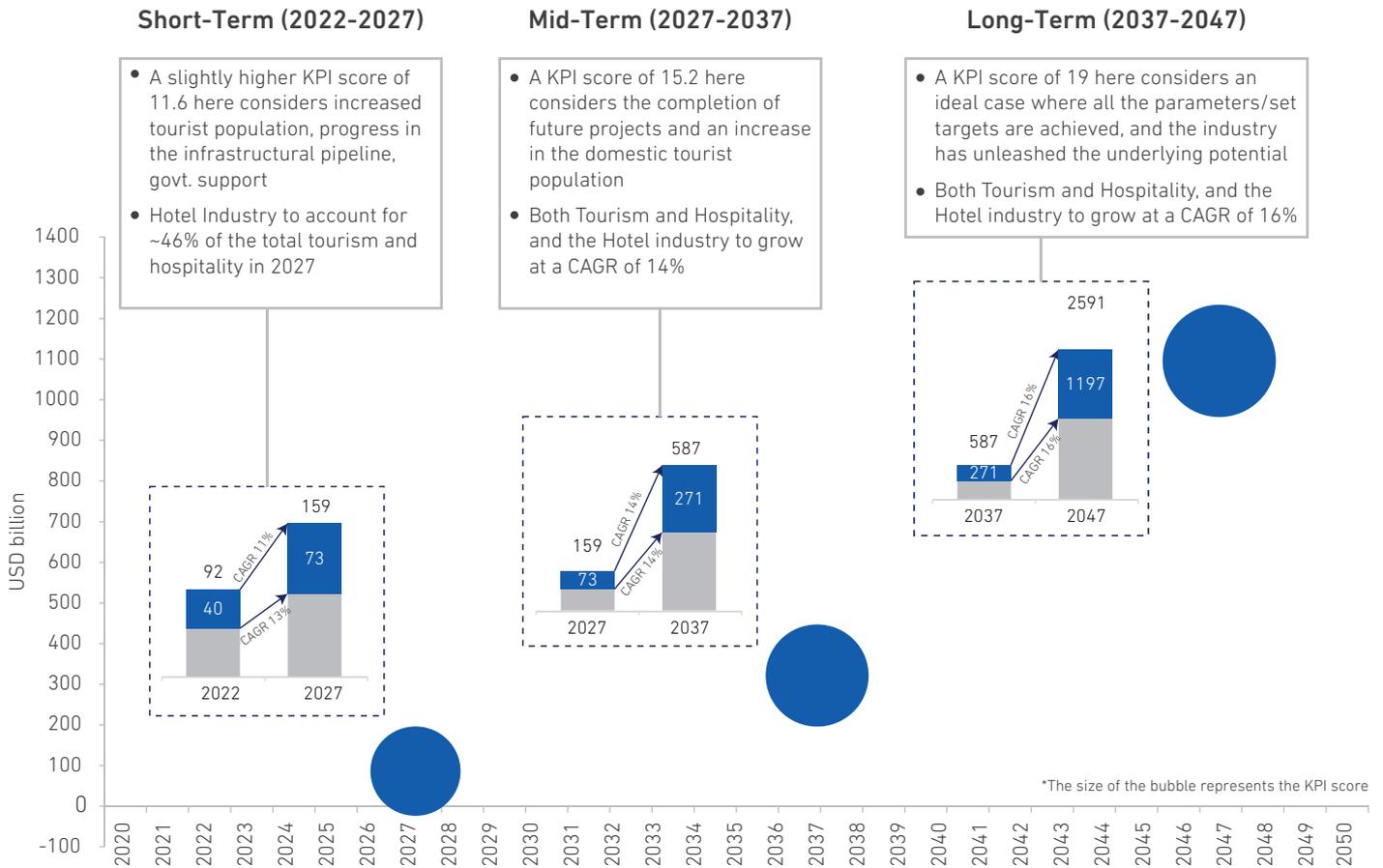


Exhibit 17: Direct Contribution of Indian Hotel Industry to GDP: Scenario 1 - Realistic Case



- The direct contribution of Hotel Industry to GDP was USD 40 billion in 2022 and is expected to reach USD 68 billion by 2027, and ~USD 1 trillion by 2047
- The growth can be attributed to factors such as GDP growth to 4.8 in 2027, 9.5 in 2037, and 19 in 2047, where the income level will increase from INR 2,473 in 2022 to INR 9,926 in 2037, and INR 26,974 in 2047
- The inflow of domestic tourists is estimated to increase to 1.4 billion by 2027, 4.8 billion in 2037, and 15 billion in 2047
 - Likely to have 30.5 billion FTA during the mid-term (2027-2037)
 - Likely to attract 1.2 million cruise visitors by 2031
- India's sustainable tourism market is likely to generate revenue of USD 151 million by 2032
- Early implementation of technology and penetration of 5G over the next 5 years
- National Tourism Policy to be passed in 2023 and oversees initial implementation in short term, while the full impact is witnessed during the long term
- Grant of industry status in short term and full implementation in the long term
- Infrastructure status grant and inclusion in concurrent list

Exhibit 18: Direct Contribution of Indian Hotel Industry to GDP: Scenario 2 - Optimistic Case



- The direct contribution of Hotel Industry to GDP is expected to reach USD 73 billion by 2027, USD 271 billion in 2037, and ~USD 1 trillion by 2047
- The demand for hotels to increase over the next 25 years, however, the supply will grow in the same ratio if there remains a continuous development plan for the pipeline and new projects
- The growth can be attributed to factors such as GDP growth to 4.8 in 2027, 9.5 in 2037, and 19.0 in 2047, where the income level will increase from INR 2,473 in 2022 to INR 9,926 in 2037, and INR 26,974 in 2047
- The inflow of domestic tourists is estimated to increase to 1.4 billion by 2027, 4.8 billion in 2037, and 15 billion in 2047
- India's sustainable tourism market is likely to generate revenue of USD 151 million by 2032
- Highest adoption of technology and penetration of 5G with cost-effective smartphones
 - Smartphone connectivity to reach 1.5 billion users by 2047
- National Tourism Policy to be passed in 2023 and the full impact is witnessed during the mid-term
- Grant of industry status and full implementation by mid-term
- Infrastructure status grant and inclusion in concurrent list

2.2 Vision 2047 - Key Growth Pillars

In this section, we have identified five key growth pillars, which are expected to provide a boost to the Indian hospitality industry, and have substantiated the pillars based on:

- 1) The initiatives undertaken by the Central and state governments in India
- 2) The impact and driving force behind each pillar
- 3) The short, medium, and long-term impact to unleash the true potential in the next 25 years.

Exhibit 19: Key Growth Pillars



2.2.1 Increasing Travel and Tourism

The Indian hospitality industry is expected to gain a major boost in terms of domestic tourism due to its significant population base. However, the rising international interest in both leisure and business travel is expected to boost the industry further in the long term. The rise in travel and tourism is expected to

significantly contribute to the expansion of the Indian hospitality industry. The number of domestic and international tourists visiting various states in India for business and recreational reasons is rapidly increasing. All these factors have created new opportunities in tourism and the hospitality industry.

Exhibit 20: Drivers and Impacts of Increasing Travel and Tourism

Drivers
<ul style="list-style-type: none"> • Infrastructural development of hospitality to be prioritised with a fixed target and a clear timeline. • Effective collaboration at different levels such as central and state level, private and public sectors. • Building multiactivity ecosystems for different segments such as MICE, F&B, and tourism circuits followed by the development of iconic tourist sites. • Facilitate ease of travel-visa reforms and travel-friendly immigration facilities at airports, last mile connectivity. • Set up 200 Centres of Excellence across states through Swadesh Darshan and Prasad schemes each with 0.1 million foreign tourists and 20 million domestic tourists. • Establish 5 Mega Tourism Zones each with almost 10 million foreign tourists and 200 million domestic tourism visits (DTVs).

Impact		
Short-Term (2022-2027)	Mid-Term (2027-2037)	Long-Term (2037-2047)
<ul style="list-style-type: none"> Domestic tourist visits were 677 million in 2021. FTAs in India are projected to increase from 1.5 million in 2021 to 15 million by 2024. India plans to position itself as a major tourism destination as it chairs the G20 in 2023. 	<ul style="list-style-type: none"> Domestic tourist visits are expected to increase from 677 million in 2021 to ~1.5 billion by 2030. FTAs are expected to touch 25 million by 2030. The rising tourist footfall for both leisure and business travel will further create more opportunities in the hospitality industry. 	<ul style="list-style-type: none"> Domestic tourist visits are further expected to jump to 15 billion by 2047. FTAs are further projected to grow attracting 100 million tourists by 2047. India is estimated to grow at 7-9% CAGR in the coming decade and committed to deliver plans aligned with the commitments to ensure positioning of India as one of the leaders in the tourism sector by 2047.

Source: Quantitative data taken from the Ministry of Tourism

State-level Initiatives to Boost Travel and Tourism

Exhibit 21: Key Initiatives to Boost Travel and Tourism

AP Tourism Trade (Registration and Facilitation) Guidelines, 2020	<ul style="list-style-type: none"> In the state budget 2022-2023, the Government of Andhra Pradesh allocated INR 290.31 crores (USD 38 million) for the Youth Advancement, Tourism, and Culture Department. To promote tourism in Andhra Pradesh, the Government plans to develop sports in the state, promote Telugu language, and prioritise artist welfare.
Initiatives by MDoNER for the development of Tourism sector in NER	<ul style="list-style-type: none"> The Ministry of Development of the Northeastern Region is promoting research and development on Craft Tourism and allied activities such as Nature Tourism, Rural & Agrotourism Tourism, Heritage Tourism, Cultural Tourism, Community-Based Tourism, etc. Moreover, a regional action plan is being drawn, for the development of tourism in consultation with states and active stakeholders. This is implemented across Eco/Wildlife, Cultural and Heritage, Rural Homestays and Adventure, MICE, and Education/Medical Tourism sub-sectors, through an appropriate inter-Ministerial Task Force.³⁶
Maharashtra Tourism Department for 'Rethinking Tourism'	<ul style="list-style-type: none"> The Department launched 75 videos of Mumbai - that cover 200 places of tourist interest in Mumbai for locals as well as national and international tourists. The launch of 'Kaano dekhi with Unlimited Maharashtra' Podcast, inauguration of seven city brochures and four TV campaigns are expected to promote specific tourist destinations and experiences in Maharashtra.
Rethinking Tourism Activities in J&K	<ul style="list-style-type: none"> The Union Government made a record budget allocation of INR 786 crores in the budget for the tourism sector here which is INR 509 crores higher than the last budgetary allocation with an intent to boost tourism and allied services in Jammu and Kashmir. J&K Bank has formulated an exclusive scheme to provide hassle-free credit for the conversion of residential properties into tourist guest houses. Tourist huts, viewpoints, community sheds and various other useful structures have been developed to further push tourism in the union territory (UT). Plan allocation for all 20 districts of the UT has more than doubled from INR 5,136 crores in 2020-2021 to INR 12,600 crores in 2021-2022.

³⁶ [Press Release](#)

2.2.2 Technological Advancement

Hoteliers are utilising technology to enhance and personalise guest experiences as well as to create operational efficiencies. They are placing significant bets on the technology-led transformation of the Indian hospitality industry. With the use of technology, industry bottlenecks have been reduced, allowing hoteliers to concentrate on their primary duties more efficiently.

Following the COVID-19 pandemic, the industry is moving toward paperless technologies. Remote working and management have become inevitable.

- **Automated guest experience interface:** There have also been significant technological developments in the guest experience interface, allowing visitors to purchase food through in-room dining by scanning

a QR code placed in the room/displayed on the television screen for information about the hotel.

- **Digital signage:** This has simplified the functionalities of hotels. It is simpler to display timely, interesting, and relevant content, which promotes offerings and contributes to an increase in internal visitor engagement.
- **Automated tools for mapping guest journeys:** Chatbots, virtual and augmented reality, digital signage, blockchain, and IoT are driving the technology used in hotels. Hoteliers are using machine learning-based technologies to manage inventory and rates, as well as tools to map guest journeys.

Exhibit 22: Drivers and Impacts of Technological Advancement

Drivers		
<ul style="list-style-type: none"> • Assessment of the areas where technology can be used to create and improve efficiencies, while augmenting guest experience. • Building smart hotels that would save effort and time of customers, allowing hotels to operate more efficiently. • Digitalisation of services. • Customer-centric business models focusing on tailored experiences. • Automated guest experience interface and automated tools for mapping guest journeys. • Gap analysis and investigation of customers' perception towards tech-enabled services offered. 		
Impact		
Short-Term (2022-2027)	Mid-Term (2027-2037)	Long-Term (2037-2047)
<ul style="list-style-type: none"> • India's continued growth in digital infrastructure is estimated to result in 907 million internet users by 2023, with 829 million mobile users by 2027 (IBEF Media and Entertainment Report 2021). • IoT or the Internet of Things is going to be the next big change in hotel tech which is already revolutionising the US and UK markets with devices like self-serving kiosks, smart lighting, and temperature control on pre-defined instructions. • Emerging technologies like chatbots, cybersecurity, mobile check-in, and automated service by robots are also expected to be the hotel technology trends. 	<ul style="list-style-type: none"> • By 2030, more than a billion Indians will have access to the internet with over 887 million smartphone users (KPMG India's Media and Entertainment Report 2019, titled 'India's Digital Future'). • From operations to guest experience to marketing, smart hotel technology offers a variety of cost savings and revenue opportunities. • The demand-based growth will further be fueled by technology and innovation, and we can expect to see more hotel properties leveraging a variety of smart tech to reduce operational costs, improve the guest experience and exploit new sources of revenue. 	<ul style="list-style-type: none"> • The country will witness more than 1.5 billion smartphone users by 2047 (KPMG India's Media and Entertainment Report 2019, titled 'India's Digital Future'). • 71% of travelers would prefer digitalised and personalised experiences. • Emotional AI will be prevalent wherein by detecting customers' moods, businesses could connect with their audience on an emotional level, boosting client satisfaction and loyalty. • A variety of digitally enabled cost savings and revenue opportunities would assist hotel owners to reach new levels of profitability.

2.2.3 Evolving Policies

The Government of India has taken several steps to make India a global tourism and hospitality hub. Furthermore, the Ministry of Finance has extended the Emergency Credit Line Guarantee Scheme (ECLGS) up to March 2023 and earmarked an additional USD 6.3 billion for hospitality and related sectors.³⁷ In November

2021, the Ministry of Tourism signed a Memorandum of Understanding with the Indian Railway Catering and Tourism Corporation (IRCTC) to strengthen the hospitality and tourism industries. In addition, the Ministry has agreements with Ease My Trip, Cleartrip, Yatra.com, Make My Trip, and Goibibo.

Exhibit 23: Drivers and Impacts of Evolving Policies

Drivers		
<ul style="list-style-type: none"> • Ease of doing business policy for hospitality industry in all states. • Effective and constructive PPP (Public-Private Partnerships). • Capital investment in creating and promoting destinations. • Tourism and Hospitality industry to be included under the concurrent list. • Formulate favourable policy framework aligning state and centre responsibilities. • Single window system to issue licenses with speedy clearances and lesser approvals. • Enhanced transparency, accountability, and clear timeliness of developmental projects. 		
Impact		
Short-Term (2022-2027)	Mid-Term (2027-2037)	Long-Term (2037-2047)
<ul style="list-style-type: none"> • Expected increase in the number of airports from 140 in 2022 to 220 by 2025. • The grant of 'Industry Status' to the tourism sector in many states, has boosted the recovery of the hospitality industry through numerous benefits including applicability of industrial tariff for electricity and property taxes, among others. 	<ul style="list-style-type: none"> • Revising policy for setting up tourism properties (reduction in the number of licenses, NOCs, and applications) for all states. • Implementation of a national framework for Green Tourism - to align with Sustainable Development Goals 2030. 	<ul style="list-style-type: none"> • Increased digitisation of the industry from inspection to compliance management to regulatory communication. • Enabling the vision of activating India 2.0, fueled by the spirit of Aatmanirbhar Bharat, for the future of India's tourism guiding its course for the next 25 years to make India as the most sought-after travel destination in the world.

³⁷ NDTV News

The Ministry of Tourism has been working towards the development of high-quality tourism infrastructure across the country. Out of USD 288 million, USD 197 million has been allocated for the development of tourism infrastructure at various tourist locations and circuits in the states/UTs accounts.³⁸

In September 2021, the Government also launched the National Integrated Database of Hospitality Industry scheme (NIDHI 2.0)³⁹, which maintains a database of hospitality components such as accommodation units, travel agents, tour operators, and others. NIDHI 2.0 aims to facilitate the digitalisation of the tourism sector, encouraging all hotels to register themselves on the platform. India has been preparing its transportation network for tourism, to expand from 140 airports to 220

airports by 2025⁴⁰. The Government has also outlined the development of five new river links (Daman Ganga Pinjal, Par Tapi Narmada, Godavari Krishna, Krishna Pennar, Pennar Kaveri) to boost Cruise Tourism.

Under the Draft National Tourism Policy 2022, the Ministry of Tourism has aimed to improve tourism framework, support industries, strengthen support functions, and develop tourism sub-sectors. Visa, immigration, and customs procedures; warm, secure, hygienic destinations; seamless connectivity and transport infrastructure; destination planning and development; encouraging investment; marketing and promotion; quality assurance and standardisation; and research and development are the strategic pillars identified for policy interventions.

State-level Initiatives to Build Robust Policy Structure for Hospitality Industry

Exhibit 24: Key Initiatives to Build Robust Policy Structure for Hospitality Industry

<p>New Policy for Maharashtra Tourism properties to bring in more investment, creating accommodation for the luxury segment</p>	<ul style="list-style-type: none"> In 2020, the Government of Maharashtra signed an MoU with the Indian Hotels Company Ltd. (IHCL) to transfer 54.4 hectare of land to set up a 5-star tourism centre. An investment of USD 12.5 million has been made in the first phase of the project.⁴¹
<p>Infrastructure Development by Andhra Pradesh Tourism Authority (APTA)</p>	<ul style="list-style-type: none"> APTA has identified land parcels near popular and emerging tourist destinations that are suitable for the development of hotels, resorts, amusement parks, and roadside amenities. It has been collaborating and engaging with star-category hotels to develop mega-MICE projects.
<p>Ground-breaking ceremony Uttar Pradesh 3.0 (2022)</p>	<ul style="list-style-type: none"> 23 projects worth a cumulative investment of USD 85 million in the tourism and hospitality industry have been launched in the state by the Government.⁴² The new proposals clearly indicate a robust upturn in the sector as well as the potential in this sector.
<p>Uttarakhand Tourism Policy 2022</p>	<ul style="list-style-type: none"> In the New Tourism Policy, the investment incentive amount can be increased from USD 183K to USD 245K. Apart from this, there will be a provision to increase the inter subsidy from 15% to 30%, and an exemption in SGST for up to five years⁴³ for tourism industries.

³⁸ [Press Release](#)

³⁹ [Press Release](#)

⁴⁰ [News18](#)

⁴¹ [Indian Express News](#)

⁴² [ANI News](#)

⁴³ [Uttarakhand Tourism](#)

Karnataka Tourism Circuits	<ul style="list-style-type: none"> In 2022, the state government announced the development of tourism circuits of Mysuru-Belur-Halebeedu and Hampi-Badami-Aihole-Pattadakal. This is expected to eventually boost the development of the hospitality industry in the state.
Mission Youth in J&K	<ul style="list-style-type: none"> In March 2022, the Government of J&K launched Mission Youth and established Jammu & Kashmir Tourist village Network to boost rural tourism and transform 75 villages of known historical, picturesque, beauty and cultural significance into tourist villages.
Upgrading Sundarbans in West Bengal	<ul style="list-style-type: none"> The Ministry is planning to set up eco-friendly hotels and entertainment arenas around the mangrove forest in Sundarbans with the help of the private sector. The Government is also weighing possibilities of starting houseboat services by 2022-2023 in several large waterbodies
Nagaland Offroad Scheme	<ul style="list-style-type: none"> In 2022, Nagaland Tourism started a first-of-its-kind initiative to promote offroad-based tourism and has roped in by (WBB), the extreme terrain travel pioneers, to curate 'Nagaland Offroad'. This will become a one-stop-shop for discerning travellers keen to explore and gain experience and discover the unadulterated truth of remote area travel.
Bihar New Start-up Policy 2022	<ul style="list-style-type: none"> The cabinet sanctioned the proposal to establish three big hotels with around 1,100 rooms on the concept of five-star hotels in Patna. The Patliputra Ashok will have 175 rooms, the one to come up on the Bankipore Bus Stand premises will have 500 rooms and that on the Sultan Palace land will have 400 rooms.

2.2.4 The Shift Towards Sustainable Travel and Tourism

In recent years, sustainability has gained importance in the hospitality industry. Several hotel chains have committed to reducing their environmental effect by adopting eco-friendly methods. Hospitality has a unique opportunity to take the lead on sustainability across all dimensions of environmental, social and governance (ESG) and build it into the core of how the sector works.

The industry players, who meet their customers' demands for more sustainable travel and hospitality options, are expected to thrive in the future. Sustainable practices benefit hotels by increasing resource efficiency, reducing costs, and operating as a marketing tool to draw in eco-aware tourists.

Exhibit 23: Drivers and Impacts of Evolving Policies

Drivers		
<ul style="list-style-type: none"> • Incentivise hotel developments with green certificates, awareness about green buildings, its merits, and solutions available. • Effective execution of initiatives to promote green construction. • Move 50% of the energy requirement into sustainable or renewable resource. • Products that create net-zero emissions. • Global partnerships and learnings from the best practices adopted with inclusive, responsible, and sustainable tourism. • Effective execution of initiatives such as the National Strategy for Sustainable Tourism and Responsible Traveler Campaign to promote green investments and construction. 		
Impact		
Short-Term (2022-2027)	Mid-Term (2027-2037)	Long-Term (2037-2047)
<ul style="list-style-type: none"> • Sustainable practices in a hotel will have a positive impact on customer experience and their likelihood to return. • Mixed-use developments are going to be the most sustainable model for hotels going forward as these projects provide better returns to investors by maximising land-use efficiency, utilising FSI optimally and lowering capital costs, thus, improving the viability of the hotel project. 	<ul style="list-style-type: none"> • Zero plastic usage across properties by 2030 and 100% reuse of wastewater. • Implementation of policies to promote sustainable tourism that creates jobs and promotes local culture and products by 2030. 	<ul style="list-style-type: none"> • The hotel industry is expected to become completely sustainable by 2047. • 'Three-zero-concept' will be followed by the industry: zero kilometres (use of local resources), zero carbon emissions, and zero waste generation.

Green hotel development is also becoming popular in India. Several properties in India have received certification from organisations such as Leadership in Energy and Environmental Design (LEED), Indian Green Building Council (IGBC), Green Rating for Integrated Habitat Assessment (GRIHA), Energy Conservation Building Code (ECBC), and others. The impression that constructing green buildings is more expensive is one of the key reasons for the slow adoption of green construction practices. However, progress in construction technology leads to a plethora of low-

cost options for developing eco-friendly structures. Incorporating green technologies and resources into buildings can also significantly contribute to the achievement of sustainability goals.

According to the 2022 Sustainable Travel Research Report⁴⁴, 91% of Indian travellers said that they want to travel more sustainably during the next 12 months, up from 76% in 2021. 68% felt that recent information about climate change have motivated them to use more environmentally friendly forms of transportation.

⁴⁴. [Sustainable Travel Report 2022](#)

More than 60% of Indian travellers claimed that the sustainability initiatives of lodging and transportation providers have a significant impact on their choice of property and mode of transportation, respectively.

Green Initiatives Taken by Industries:

Hoteliers and designers are using a 'three-zero-concept' approach using local construction materials and skills (zero kilometres), prioritising energy management and lower emissions (zero carbon dioxide) and introducing life-cycle management into the building process (zero waste).

- In March 2022, the IHCL launched their initiative 'Paathya'⁴⁵ at the Taj Palace hotel. As part of this initiative, the hospitality giant aims for the following:
 - Ensuring zero plastic usage across properties by 2030 and 100% reuse of wastewater while being certified to global sustainability standards
 - Sourcing 50% of the energy from renewable sources and 50% raw materials locally with a 100% supplier code of conduct
 - Dedicating 50% of the parking area at all IHCL properties for EV charging stations
 - Organising paperless-green meetings with recycled and upcycled raw materials to reduce the environmental impact (a glimpse of the same was seen at the launch of Paathya, in the form of plantable pens and notebooks after use. The serving dishes were also made from coffee waste).
- Embodying the ethos of 'Responsible Luxury,' ITC Hotels, the world's largest chain of hotels with the maximum number of LEED Platinum-certified properties, has been accorded yet another distinction by the USGBC, for its three properties — ITC Windsor, Bengaluru, ITC Grand Chola, Chennai and ITC

Gardenia, Bengaluru. These hotels have also achieved LEED Zero carbon certification, making them the first three hotels in the world to receive this recognition.

- The Welcome Hotel by ITC Hotels, Guntur is Andhra Pradesh's first LEED platinum-certified hotel.
- Chalet Hotels, India has committed to using 100% renewable energy by 2031.⁴⁶

For environmentally conscious consumers, hospitality and travel-tech firm Oyo is creating green-tagged hotels that use solar electricity, energy-efficient lighting, rainwater harvesting, or similar eco-friendly practices.

Green Initiatives Taken by the Central Government:

Government bodies are increasingly providing incentives for hotel buildings with green certificates, acknowledging the need to implement sustainable building design and practices. Green building initiatives from various tourism boards and rising demand from tourists for eco-friendly vacations at hotels that support green practices is expected to further support the Indian hospitality industry.

According to the Gujarat Tourism Policy⁴⁷, the IGBC will return 50% of the certification price to hotels and wellness resorts that achieve a green rating. Similar initiatives by other states and tourism boards will further encourage green buildings in the Indian hospitality industry. ESG strategies should be built to tackle a wide range of priorities including decarbonisation and waste management. Besides mandates from governments and regulators to adopt sustainable practices, the hospitality industry is also pushed by its customers and investors to embrace sustainability and make it an integral part of the way they operate.

⁴⁵ [BW Hotelier](#)

⁴⁶ [ET News](#)

Any effort to save the planet equals saving ourselves. Innovative LEED net-zero projects align with India's vision of significantly cutting emissions and are a critical driving force behind the transformation of

buildings, cities, and communities to continue to sustain future generations. **Sustainability is the way forward, and sustainable hospitality is the future of India's economic development.**

State-level Initiatives to Encourage Green Hospitality

Exhibit 26: Key Initiative to Encourage Green Hospitality

<p>Sustainability and zero waste discharge in Maharashtra</p>	<ul style="list-style-type: none"> • In Maharashtra, Chalet Hotels have started using electric vehicles (EVs) and are committed to converting 100% of its vehicular fleet to EVs by 2025, along with setting up EV charging stations, across its portfolio hotels and commercial office spaces. • Among its other sustainability initiatives, Chalet Hotels is setting up measurable benchmarks to monitor its carbon footprint, and electricity and water consumption through the deployment of solutions based on the internet of things (IoT) and automation.
<p>Flagship sustainable projects in Jharkhand</p>	<ul style="list-style-type: none"> • The Government is supporting the sector through projects such as Eco Retreat, Heritage hospitality units, water sports, and recreation activities. It is developing 17 destinations with niche tourism and hospitality potential through eco-friendly integrated destination master planning. • The Government is also exploring the creation of new products such as homestays and adventure tourism.
<p>Six tourism sub-committees in West Bengal</p>	<ul style="list-style-type: none"> • In August 2022, the state set up six sectoral sub-committees for rural and tea tourism, heritage and cultural tourism, eco-tourism, river tourism, adventure tourism and MICE tourism. • The sub-committees will identify sites to promote tourism, frame detailed action plans, including suggested schemes, and develop strategies to boost tourism in the state. These will ensure sustainable development of tourism and hospitality in the state through a strong industry partnership.
<p>Incentives for green hotels in India</p>	<ul style="list-style-type: none"> • The New Tourism Policy 2021 encourages and incentivises. <ul style="list-style-type: none"> ◦ Adoption of e-vehicles by tourism and hospitality service providers ◦ Award of Green Building or Sustainability Certification to projects and establishment of e-vehicle charging stations

⁴⁷ [Gujarat Tourism Policy](#)

2.2.5 The Power of Brand India

The Indian hotel industry has established itself as one of the most dynamic industries while continually adapting with consumer needs. The good news is that the domain has grown so much in breadth that there is room for players of all skill levels. Historically, there have been a few established players who ruled

the roost. Although the top corporations that are traditionally associated with luxury hospitality are still going strong, there is still such high demand in the industry that fresh space is continually being created for independent hospitality brands.

Exhibit 27: Drivers and Impacts of The Power of Brand India

Drivers		
<ul style="list-style-type: none"> • Developing heritage hotels and incentivising travel for customers. • Defining the narrative for India through new age global and local marketing platforms. • Global tie-ups and alliances and larger budget allocation for overseas marketing. • Completion of ongoing infrastructure projects to provide a better tourism experience to the tourists at smaller and lesser-known destinations. 		
Impact		
Short-Term (2022-2027)	Mid-Term (2027-2037)	Long-Term (2037-2047)
<ul style="list-style-type: none"> • India plans to position itself as a major tourism destination as it chairs the G-20 in 2023. • Ministry of Tourism is working towards a positive and consistent image of India as tourist destination undertaking effective destination branding, promotion of the brand and ensuring that the nature and quality of experience match the brand image. 	<ul style="list-style-type: none"> • Increase in FDI and generating new business avenues especially from the international hotel brands. • Formation of a Tourism Board that would support enhancing industry coordination, driving forward industry-wide policy recommendations and enacting change through policies, while considering India's reality and best practices from other countries. 	<ul style="list-style-type: none"> • Strategised promotions and campaigns will create Brand India across the globe. • Hospitality Industry may cut dependence on human presence and technology will substitute the positions of the staff members by 2030.

G20 Presidency - India's Brand Power

It is an honour for India to officially assume the G20 Presidency⁴⁸ from 1 December 2022 to 30 November 2023. As part of its presidency, India will host 200 G20 meetings in various states and cities across the country. The discussions will most likely centre around inclusive, equitable, and sustainable growth; Lifestyle for Environment (LiFE); women's empowerment, digital public infrastructure, and tech-enabled development in fields ranging from health to agriculture. Furthermore,

the principle of "data for development" will be an integral part of India's upcoming G-20 Presidency. Education, commerce, skill mapping, culture and tourism, climate financing, circular economy, global food security, energy security, green hydrogen, disaster risk reduction and resilience, developmental cooperation, fight against economic crime, and multilateral reforms will also be discussed.

⁴⁸ [G20.mygov](https://www.g20.org/)

The G20 presidency has coincided with India's efforts to establish itself as a global MICE destination, and the successful organisation and completion of high-profile meetings will bolster those efforts. The Indian hotel sector will benefit from India's G20 presidency by increasing demand for hotels and opening up new growth opportunities and avenues. This is a significant opportunity for India to highlight its tourism potential, and the hospitality industry, in collaboration with various government bodies, must put their best foot forward to curate memorable experiences for all

inbound travellers in order to maximise the benefits of this opportunity. The meetings are expected to be held in 56 different locations across the country, including metropolitan cities like Delhi and Mumbai, state capitals like Lucknow, and important tourist and historical sites like Udaipur, Agra, Varanasi, and Hampi, among others. Hosting these G20 meetings will bring to the forefront of the global tourism map several lesser-known tourism destinations and heritage sites in the country.

State-level Initiatives to Create Brand India

Exhibit 28: Key Initiative to Create Brand India

<p>Experience Bengal Program</p>	<ul style="list-style-type: none"> • In May 2022, the state government decided to use a cluster of palatial properties across the state to promote 'Rajbari Tourism'. The state's interest in heritage properties has enthused private promoters in the travel and tourism sector. • Heritage sites such as Jhargram Rajbari, Itachuna and Bawali Rajbari in Hooghly have been converted into heritage hotels and are major destinations that attract tourists in West Bengal.
<p>Crown of Incredible India - J&K</p>	<ul style="list-style-type: none"> • The project, launched in February 2022, aims to help operationalise up to 200 home stays in Udhampur, Srinagar, Jammu, Anantnag, Doda and other underpenetrated districts by 2023.⁴⁹ This will encourage entrepreneurship in hospitality among the youth of the state.
<p>Tamil Nadu promoting Hospitality</p>	<ul style="list-style-type: none"> • Chennai-headquartered GRT Hotels and Resorts, which has 16 hotels for business and leisure travellers in South India, has planned to invest USD 113 million to open nine new hotels by 2025.⁵⁰
<p>WBTourism_YouTube</p>	<ul style="list-style-type: none"> • Bengal Tourism has its own YouTube channel⁵¹, which promotes its diverse tourism and hospitality services to allure tourists and travellers. • A 360-degree campaign has been launched in the domestic and international sectors involving digital platforms, electronic and print media etc.

⁴⁹. [Live Mint News](#)

⁵⁰. [The Hindu Business Line News](#)

⁵¹. [WBTourism](#)

CHAPTER 3

Vision 2047 – Key Challenges and Areas of Action

The chapter sheds light on prominent existing challenges in the Hotel industry in India that might affect the Vision 2047 if not taken care of. The chapter highlights the potential area of action for each of the identified challenges such as talent gap, technology adoption and implementation, regulations, and restrictions on policies, gaps in infrastructure, and market access. It also covers the role and impact of different stakeholders in bringing the action items into implementation.

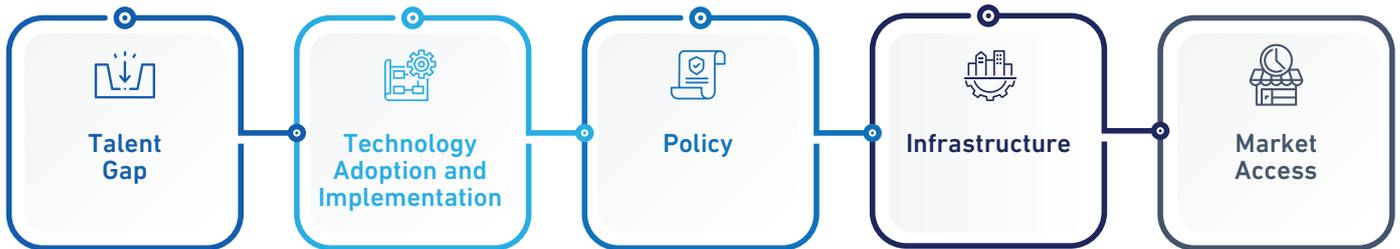


3.1 Talent Gap

In the hospitality segment, employment is a major challenge. Upskilling and reskilling are very important, and there is an urgent need to improve the way skills are deployed among people. With its links to other sectors, the tourism and hospitality industry has

the potential to provide significant employment and livelihood opportunities for our youth and women. To eliminate the skills gap and upskill, CII partnered with Ecole de Hôtelière Lausanne (EHL) and launched an 18-month vocational diploma programme.

Exhibit 29: Key Challenges and Area of Action



Key Concern Areas:

According to a Ministry of Tourism study, the manpower shortage in 2018 was 2.6 million, and the hospitality industry is staring at a deficit of 1.1 million in 2025⁵², posing a significant threat to the sector's recovery following the COVID-19 pandemic.

- **High attrition rate in the industry:** The industry is dealing with a staggering manpower shortage of more than 60%, which has often resulted in increased recruitment and training costs for organisations. The reason for the shortage of skilled workers is the outdated curriculum and lack of practical training for students.
- **Proficiency of advanced skills:** Rather than traditional duties alone, future hospitality jobs will require more application management, and troubleshooting as well as advanced skills such as Artificial Intelligence, and Virtual Reality to improve their business and guest experience. Employers are finding it a challenge to look for a mix of hard and soft skills to provide the best possible guest experience. Digital, data, and community will be the most important hard hospitality skills. The hotel industry

should be encouraged to follow suit and pay skill premiums to skilled and semi-skilled workers.

- **Negative perception among youth to join the hotel industry:** On one hand, there is a shortage of qualified and experienced professionals in the hotel industry, while on the other there is a struggle to attract new talent for the future pipeline. Low enrolment rates for hospitality management courses have traditionally been a funnel to the talent pool. There is a clear trend toward short-term, skill-based training in a modular manner for specific job roles to mobilise the local youth.

In 2022, the National Restaurant Association of India co-built Kaam.com⁵³, a tech-enabled staffing and employment platform for the hospitality industry. By providing access to employment opportunities as well as upskilling, training, and financial inclusion, the platform has adopted a comprehensive strategy. The HAI and industry stakeholders can think of creating more such platforms to cater to the current employment needs of employment and upskilling.

^{52.} [Tourism Study](#)

^{53.} [ANI News](#)

Exhibit 30: Key Areas of Action

Key Areas of Action	Details about the Action	Role of/prominent Stakeholders to be involved
Establishment of National Institute of Hospitality Management (NIHM)	<ul style="list-style-type: none"> A proposal has been initiated for the upgrade of the National Council of Hotel Management and Catering Technology (NCHMCT) to a statutory body for awarding degree and diploma certificates. The NCHMCT will be named as National Institute of Hospitality Management (NIHM). 	<ul style="list-style-type: none"> NCHMCT Ministry of Tourism
Proposed new centres of IITTM (Indian Institute of Tourism and Travel Management) for skill development	<ul style="list-style-type: none"> A proposal has been moved to seek concurrence on the proposal for the opening of new centres of IITTM at Shillong and Bodhgaya. Till the proposal is finalised, camps of IITTM has been set up at Shillong, Meghalaya, and Bodhgaya, Bihar to start short-term skill development courses. 	<ul style="list-style-type: none"> Department of Expenditure Ministry of Finance
Prioritisation of skilling and education	<ul style="list-style-type: none"> Ministry of Tourism has decided to bring hospitality education into the mainstream through government vocational schools, industrial training institutes, polytechnic institutes, government colleges, universities, and public sector undertakings. Central assistance will be available to all. The assistance can be utilised for the creation of infrastructure necessary for the conduct of courses/training. Skill development courses in culinary, guest services, and communication must be prioritised. Technology adoption in the hospitality industry is growing at a rapid pace, and technological competence, analytics, and digital skills will soon be critical differentiators. 	<ul style="list-style-type: none"> Ministry of Tourism Ministry of Skill Development and Entrepreneurship

<p>Capacity Building for Service Providers (CBSP) scheme</p>	<ul style="list-style-type: none"> • The scheme aims to capitalise on the country's vast tourism potential, provide professional expertise, and create fresh opportunities. • Destination-based skill development training programmes, limited to 150, can be upscaled to more destinations. • Tourism awareness programmes targeting dhaba owners, taxi/rickshaw drivers, police staff, hotel staff, shopkeepers etc., in and around the iconic sites will be implemented to achieve an improved tourist experience. 	<ul style="list-style-type: none"> • Ministry of Tourism • Ministry of Skill Development and Entrepreneurship
<p>Gig employment</p>	<ul style="list-style-type: none"> • The Indian hospitality industry benefits from gig work since it increases the organisation's cost-effectiveness in terms of labour costs. In addition to the cost factor, it allows organisations to collaborate with exceptionally gifted and skilled individuals from other parts of the world and employ their skills for the profit and progress of the organisation. 	<ul style="list-style-type: none"> • Ministry of Tourism • Ministry of Skill Development and Entrepreneurship
<p>Global partnerships and collaborations</p>	<ul style="list-style-type: none"> • Such collaborations will greatly enrich domestic training programs by improving their quality by learning from successful international skilling models, engaging with industry. It is critical that our workforce understands customer needs and requirements to provide excellent service and increase visitor satisfaction. 	<ul style="list-style-type: none"> • Ministry of Tourism • Government of India

3.2 Technology Adoption and Implementation

The digital penetration of India is expected to grow due to rising income, easy availability of high-speed internet, rapid smartphone penetration, fast and affordable internet enabled by 5G, and wider adoption of emerging technologies such as Artificial Intelligence (AI) and Machine Learning (ML). The Indian hospitality market is expected to be driven by strong demand from tech-savvy and hygiene-conscious domestic and international travellers, as well as a growing consumer base across all hotel segments.

Key Concern Areas:

- **Applied technology management:**
 - **ICT enablement:** There is a scarcity of innovative products, solutions, and models that effectively address critical gaps in the skill ecosystem. A responsive and agile sectoral Labour Market Information System (LMIS) should be developed to aggregate skill demand and supply to better align efforts towards closing existing and anticipated skill gaps.

- **Interoperability of Hotel Technology Systems:** Non-standard technology may require longer onboarding and learning processes for visitors. These technologies can also identify interface problems in guest smart devices and compliance risks.
 - **Data management:**
 - Several hospitality professionals have already identified hospitality as one of the sectors, which is most vulnerable to data breaches since data management has quadrupled due to the increase in the volume of hotel databases.
 - Major issues include centralised database management, network and database security, and authorisation for data access.
 - **Lack of research:**
 - Lack of research in assessing those areas where technology can be used to create and improve efficiencies while augmenting the guest experience (including personalisation) and enhancing the company's communication and marketing strategies and brand loyalty.
- The HAI and other stakeholders can develop a strategy to increase tourism industry support for the digital transformation of business models and processes. It is expected to contribute to the digitalisation of tourism market development activities. Moreover, it will assist tourism businesses in broadening their market reach, increasing growth, improving operational efficiencies, and sharpening their competitive edge.

Exhibit 31: Key Areas of Action

Key Areas of Action	Details about the Action	Role of/prominent Stakeholders to be involved
Introduction of Innovative Business Models	<ul style="list-style-type: none"> • Some hotels have started using robots for cleaning, such as vacuum cleaning floors and even eradication of germs. This practice can be replicated across the rest of the hospitality industry, including restaurants. For instance, robots can take up a concierge role within hotels, welcoming guests and providing them with important customer information. 	<ul style="list-style-type: none"> • Ministry of Tourism • Government of India
Modern Virtual Reality tours	<ul style="list-style-type: none"> • Hospitality marketing has an excellent opportunity to capitalise on virtual reality technology and gain an edge over rivals because it allows customers to experience elements of a hotel or to see the layout of a restaurant before booking. It will give potential customers clarity on what they can expect when they visit. 	<ul style="list-style-type: none"> • Ministry of Tourism • Government of India

Improvements in In-Room technology and Self-service tech

- Smart in-room tech is reshaping the hotel industry. It includes mobile keys, nifty devices that allow guests to unlock their room doors using their smartphones, in-room tablets, smart check-in and check-out systems, wireless charging pads, smart drapes and lighting, smart TVs, virtual reality, and much more.
 - By extending internet connectivity to everyday objects, devices, and appliances such as internet-enabled thermostats, for lighting, improving energy efficiency by reducing light intensity during daylight hours, is a tech trend to watch out for in the sector.
- Ministry of Tourism
 - Government of India
 - Department of Economic Affairs

3.3 Policy

The Hospitality industry currently faces several challenges due to inconsistent norms, restrictions, policies, and regulations. In India, hotels typically employ around 1.5 staff per available room in metropolitan cities and around 1.7 staff in other cities.⁵⁴ There is a need to promote sustainable, responsible, and inclusive tourism.

Key Concern Areas:

- **Lack of consistencies in laws:** Each state and UT has its own building bye-laws, excise laws, licensing norms, etc. This lack of consistency not only exists across states but within each state and from one government body to another as well.
- **Need for better ease of doing business policy:** All state governments must bring in ease of doing business policy for the hospitality industry to address the challenges on the number of licenses required

to start a new business in the state and to boost the hospitality industry by attracting investment and increasing employment opportunities.

- **Digitisation across MSMEs in the Indian hotel industry:** To remain competitive and capitalise on the potential for innovation, productivity, and value creation, destinations, businesses, and the tourism sector will need to fully embrace these new technologies.

The HAI can proactively work with the Ministry of Tourism and other industry stakeholders to make India one of the top five destinations in the world in terms of both, international arrivals and international tourism receipts by 2030. The combined association can work on attracting foreign investments, private sector investments, increasing hotel stay and visitation expenditures, customer-centric marketing, and tourism product development.

⁵⁴. [Hotelivate](#)

Exhibit 32: Key Areas of Action

Key Areas of Action	Details about the Action	Role of/prominent Stakeholders to be involved
National Tourism Policy, National Tourism Board as the apex body	<ul style="list-style-type: none"> The long-delayed National Tourism Policy is expected to be introduced in 2023 and will enhance India's competitiveness as a tourist destination. 	<ul style="list-style-type: none"> Ministry of Tourism and Culture Government of India
Duration & implement ability: Expedition in the integration of digital tools within processes	<ul style="list-style-type: none"> A rolling document of 5 years will ensure that the policy document is institutionalised, reviewed, and upgraded regularly. Expedited clearances and timely approvals by the respective agencies will facilitate the implementation of hotel projects leading to the enhancement of rooms available for the tourists. 	<ul style="list-style-type: none"> Ministry of Tourism and Culture Government of India Hospitality Development and Promotion Board
Promotion of investments in the tourism sector including infrastructure status and increased market access	<ul style="list-style-type: none"> The granting of Infrastructure status to hotels will facilitate long-term loans at competitive interest rates thereby boosting the industry's growth. Attractive investments through tax breaks, lenient land use rules, provide cash flow assistance to support SMEs and other infrastructure investments (covering aviation programs, regional tourism packages, business tourism grants, etc.) 	<ul style="list-style-type: none"> Ministry of Tourism and Culture Government of India
Tourism under the concurrent list	<ul style="list-style-type: none"> Recognise tourism as a joint and collectible responsibility of the centres & states to ensure a shared national vision and development, marketing, and skilling synergies among all individual tourism portfolios across states and segments. Tourism to be placed on the national agenda so that effective policies can be made to regulate it. 	<ul style="list-style-type: none"> Ministry of Tourism and Culture Confederation of Indian Industry
Deemed export status for Tourism & Hospitality	<ul style="list-style-type: none"> Ensure due support in positioning tourism as a vital export sector in the successive Foreign Trade Policies. Promote entrepreneurship in the industry by providing tax breaks and low-cost loans as inbound tourism contributes significant foreign exchange. 	<ul style="list-style-type: none"> Ministry of Commerce Government of India

<p>Policy framework and implementation strategy</p>	<ul style="list-style-type: none"> • The favourable policy would change the rationalisation of tax and excise structures among states which can help in the development of hotels. • Structure planning, environmental management, carrying capacity, land use planning, tourism marketing, the development of tourism products, the development of human resources, community planning, and other areas to be included in the specialised field of tourism planning. <ul style="list-style-type: none"> • Ministry of Tourism and Culture • Government of India • Confederation of Indian Industry
<p>Vision & goal alignment</p>	<ul style="list-style-type: none"> • All the state governments must bring in ease of doing business policy for the hospitality industry. This would reduce the number of licenses required to start a new business and boost the hospitality industry by attracting investment and increasing employment opportunities. • Reduction in GST rates below 10% with full set-offs in line with global trends. • Development of sustainable and responsible tourism destinations. <ul style="list-style-type: none"> • Ministry of Tourism and Culture • Government of India

3.4 Infrastructure

The hospitality industry currently faces several challenges due to inconsistent norms, restrictions, policies, and regulations. The hospitality sector overall has the potential to support allied industry sectors such as agriculture, transportation, communication, and services, and provide jobs to both skilled and unskilled labourers. In India, hotels typically employ ~1.5 staff per available room in metropolitan cities and ~1.7 staff in other cities.⁵⁵ A few changes that have strengthened the sector include a focus on cost efficiency, and meeting customer expectations in terms of services. There is a need to promote sustainable, responsible, and inclusive tourism. The amendments in the infrastructure status

are still pending approval. The RBI has recognised hotels as a sub-sector of social infrastructure. The infrastructure status was granted to projects worth INR 200 crores. The industry anticipates bringing down this threshold to INR 10 crores per hotel (excluding land) to revamp the budget in the hotel industry.

Key Concern Areas:

- The industry is very capital-intensive and labour-intensive.
- It has various forms of high indirect costs, such as fuel and power costs, liquor license fees, and property tax.

⁵⁵. [Hotelivate](#)

Inevitably, there will be a clear demand for hotels in tier-II and III cities. This can be attributed to couple of factors such as rising disposable income, the increasing no. of events, the flourishing startup ecosystem. The initiation of the affordable project will boost local tourism and in turn create employment opportunities. HAI, along with the Government of India can focus on

integrating an element of sustainability, especially in new projects. Green hotel development ensures energy efficiency, water conservation, solid waste management, and environmental commitment. Hotels should create an environmentally conscious brand and incorporate a 360-degree view of sustainability into their business models.

Exhibit 33: Key Areas of Action

Key Areas of Action	Details about the Action	Role of/prominent Stakeholders to be involved
Amendments in infrastructure status	<ul style="list-style-type: none"> The Hotel industry has been appealing to the centre to award infrastructure status to smaller projects worth INR 10 crores or expand it to cities with a population of 5 million (vs. 1 million currently). 	<ul style="list-style-type: none"> Ministry of Tourism Government of India
Change in construction/building practices	<ul style="list-style-type: none"> Emphasis on sustainable construction practices including using recycled construction materials, local resources and technology, natural energy harvested water, and waste management. Adoption of rapidly evolving green practices and redesigning hospitality regarding the users' health and well-being, resulting in a greater emphasis on holistic wellness 	<ul style="list-style-type: none"> Ministry of Tourism Government of India
Promotions and campaigns for sustainable development	<ul style="list-style-type: none"> Implementing green building norms for all hotels and commercial establishments over time reduces the nation's Carbon Footprint and creates a sustainable ecosystem for the nation. State governments offering this would be seen as being more progressive and responsible. Campaigns under the brand "Atithi devo bhava" can be reframed to incorporate lessons of a sustainable lifestyle. 	<ul style="list-style-type: none"> Ministry of Tourism Confederation of Indian Industry

3.5 Market Access

Robust policy structure, rise in national and international tourist footfall, 100% FDI into the sector, development of Special Tourism Zones (STZs), technological disruption, and sustainable business models, are some of the key factors fuelling the target to achieve a tourism and hospitality market size of USD 3 trillion by 2047.⁵⁶

With strategized promotions and campaigns and by creating experiences fulfilling emotional intelligence with efficiency, hospitality industry in India can create its own brand value worldwide in the long run. The Government of India has planned to make the tourism and hospitality industry completely sustainable by 2050.

Key Concern Areas:

- **Lack of master plan for promotion:** There is a lack of effective synergies amongst agencies and government. They should focus more on domestic marketing to retain foreign exchange to address the challenge of poor visitor experience and footfall. To strengthen India's presence in source markets,

professional marketing, and public relations agencies should be used. The umbrella 'Incredible India' brand should be expanded to include sub-brands targeting specific sectors such as MICE, Medical Tourism, Wellness, etc.

- **Green tourism with sustainable development goals:** Water shortage and reduction in food costs are among the most visible challenges. Hence, the industry needs to take a step forward and address this to become sustainable. Purchasing utilities is an expensive venture in the hospitality industry. Increased spending and unsustainable practices reduce profit margins, endangering the property's long-term financial stability and viability.

The HAI and other stakeholders can contribute to the establishment of a Quality Tourism Framework to ensure the quality of products and services across all segments such as accommodation providers, tour operators, adventure tour operators, service providers such as spa and wellness, guides, restaurants, and so on.

Exhibit 34: Key Areas of Action

Key Areas of Action	Details about the Action	Role of/prominent Stakeholders to be involved
Marketing campaigns	<ul style="list-style-type: none"> • The sector can target foreign tourists, Indians living abroad, or studying in foreign universities to market the country's brand image as one of the popular tourist destinations globally and develop special travel packages covering three to four prominent destinations of every region in the country. • The industry should promote market-specific promotional plans and product-specific content creation. For instance, commission surveys for an impact analysis of the campaigns can be done in key source markets overseas. 	<ul style="list-style-type: none"> • Ministry of Tourism • Government of India

⁵⁶ ET News

<p>Brand strengthening</p>	<ul style="list-style-type: none"> • Emphasis on service innovation, brand excellence, and financial investment in technology infrastructure, establish dynamic operational processes and personnel models and merge brands and systems through back-office consolidations. 	<ul style="list-style-type: none"> • Ministry of Tourism • Department of Economic Affairs
<p>Events sponsorships</p>	<ul style="list-style-type: none"> • Events are critical drivers for the hospitality industry. The events like FIFA U-17 World Cup and AFC Asian Cup want our country to hold more tournaments. The G-20 summit in 2023 will host more than 200 events in 50 cities involving government and civil society members and culminating in a major conference in New Delhi. 	<ul style="list-style-type: none"> • Ministry of Tourism • Department of Economic Affairs
<p>International partnerships and collaborations</p>	<ul style="list-style-type: none"> • Brand partnerships now permeate the hospitality space. From luxury retailers and travel adventure companies to famous fitness experts and music event organisers, hotels are working with like-minded brands to create a point of difference and offer a unique experience to their guests. Through foreign investors, FDIs, and the private labelling of hotel chains, the government can emphasise international investment in the hotel industry. The government can offer better loan terms to the hoteliers, and top-tier hotels can look for additional international investment via ADRs (American Depository Receipts) and GDRs (Global Depository Receipts). India can take advantage of this to strengthen its outreach strategy in the international market and to capture the increasing inbound travel demand. 	<ul style="list-style-type: none"> • Ministry of Tourism • Government of India

It is a matter of pride that Hotel Association of India (HAI), the apex body of the Indian Hospitality Industry, has been performing a pro-active role in building a brand image for the hotel industry since 1996. HAI has been putting efforts and working closely with the Government to promote tourism and attract investment

in the tourism sector. With its expert members in the Executive Committee and under the dynamic leadership of the President, we are optimistic that the HAI will leave no stone unturned to open a new chapter in the hospitality industry and boost tourism prospects in the country.

Exhibit 35: Areas of Co-operation and Collaboration - HAI

S.No.	Name of Ministry/Department	Areas of Co-operation and Collaboration
1.	Ministry of Skill Development and Entrepreneurship	Skilling, Upskilling, Learning and Development, Entrepreneurship
2.	Indian Hotel Industry Stakeholders	Private investments and future supply of hotels, sustainable solutions, green buildings, technology, tourism, and hospitality products development
3.	Ministry of Tourism	Hotel Industry Policy structure, land allotment and use, National Tourism Mission and Board, Promotion and Marketing activities
4.	Ministry of Ports, Shipping and Waterways	Ocean Cruise Hotels, Port Development, SOPs and marketing River Cruise Hotels, Development and marketing
5.	Ministry of Environment and Forest	Eco-tourism hospitality projects, Sustainable development
6.	Ministry of Rural Development	Rural Hospitality, Homestays, Skill Development
7.	Department of Economic Affairs	Infrastructure Status
8.	Department of Expenditure	Approval of Schemes, Provision of budget
9.	Department of Higher Education	Synergy between Higher Education Institutes and Tourism and Hospitality Industry
10.	Ministry of Health and Family Welfare	Food Safety and Hygiene, COVID-19 SOPs, Medical Value Travel

CHAPTER 4

The Way Forward

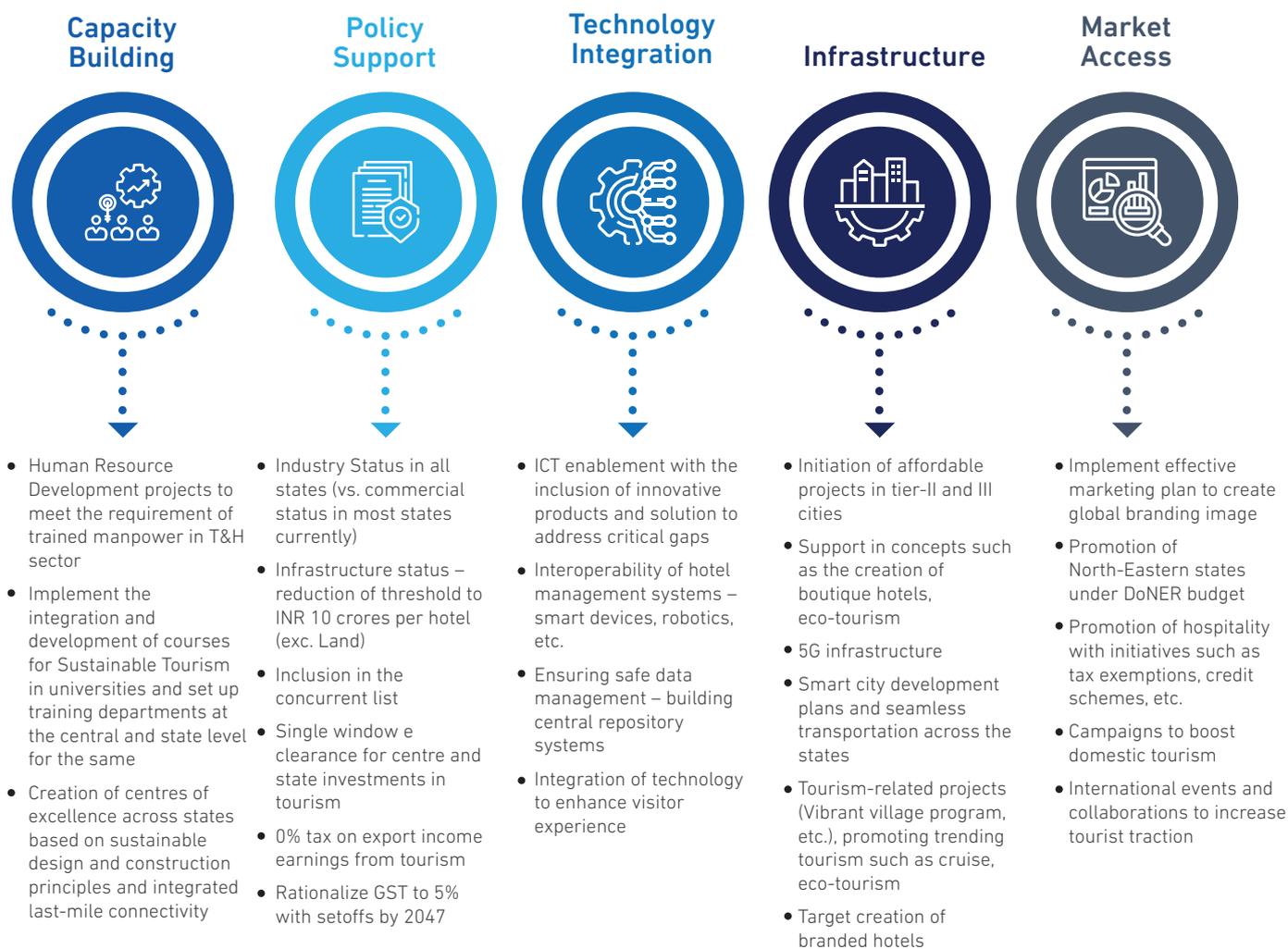
After the pandemic, the hospitality industry witnessed a shift in consumer preference and the service providers have found new ways to move forward. Hotel companies acknowledge the significant potential of domestic tourism. They need to cater to 15 billion domestic tourists and 100 million FTAs by 2047. Major players are diversifying into the mid-market segment to develop budget hotels and cater to increase the inbound travel. The industry is on its journey for digital transformation, where operations are becoming leaner. Hospitality operators plan to address the needs of the growing demographics and become future leaders.



The highlighted concern and action areas can be reframed as an opportunity to reinforce higher penetration and strengthen industry growth. The hospitality industry in India can build on its performance through more informed formulation, planning, and effective implementation of a combination of corporate, functional, and business

strategies congruent with global challenges. To unleash the potential of the hospitality industry and direct contribution to cross USD 1 trillion by 2047, the industry requires strategic implementation of a roadmap and action areas. These include managing the talent gap, technology integration, policy reforms, infrastructure, and market access support.

Exhibit 36: Roadmap for Indian Hotel Industry – Vision 2047



The budget will generate employment and strengthen the foundations of a self-reliant India through sector-specific skilling and entrepreneurship development. Sustainable tourism practices and extensive use of digital interfaces will also be encouraged in the coming years. Fifty additional airports, heliports, water aerodromes and advance landing grounds will

be revived for improving regional air connectivity. HAI shall be proactively supporting strategic planning, market intelligence, tourism product and development, digitisation and innovation, monitoring, crisis management, promotion, marketing, and branding to seize the opportunity areas.

Key Highlights: Budget FY 2023-2024

- Finance Minister has proposed to launch an app, in which all the relevant aspects of the tourist destination would be made available. In addition to aspects such as physical connectivity, virtual connectivity, tourist guides, high standards for food streets, and tourists' security, to enhance the tourist experience.
- At least 50 destinations will be selected and developed as a complete package of tourism.
- To strengthen domestic tourism, sector-specific skilling, and entrepreneurship development will be dovetailed to achieve the objectives of the 'Dekho Apna Desh' initiative.
- To encourage tourism in the border villages, tourism infrastructure, and amenities will be facilitated under the Vibrant Villages Programme.
- Creation of Unity Mall, to promote and sell State's own One District, One Product (ODOPs), Geographical Indication (GI), and other handicraft products, which will be set up in states.

To provide a nourishing ecosystem and business environment, the states, UTs, and the Government of India should ensure full implementation of the National Tourism Policy and grant industry status at the earliest to reap the benefit in the medium term over the next decade. If these are not met in the right timeframe, the country will be missing the golden opportunity, where the industry has the potential to witness 26X growth in a realistic scenario (direct GDP contribution from USD 44 million in 2022 to USD 1,041 billion in 2047). State governments across the country should foster significant growth in the infrastructural development plans, such as boosting mid-scale and economy segments as well as in distinctive hospitality assets such as a boutique and extended-stay hotels. There is a need to build a future supply chain, perhaps an extension and diversification to tier-II and III cities, since it will be difficult to meet demand through tier-I cities. This is because of saturation and aspects such as exorbitant land prices, zoning regulations, construction

laws, and the high construction costs per key for a luxury hotel in metro cities. However, future supply can be resolved or approached by relaxing the laws. For example, relaxation in conditions of sub-letting for promoting services of online aggregators such as Airbnb and thereby, increasing the supply side universe to people with any vacant space eligible to rent out. In the case of new development projects, the governments are expected to provide a supportive environment to new entrants in terms of tax and rather incentivise establishments with an element of a sustainable lifestyle.

The collaborative input from both the industry and government will enable the hotel and hospitality industry with best-in-class, competitive hospitality infrastructure, encouraging domestic and international footfall, enabling local jobs and employment, and increasing travel and tourism's economic contribution.

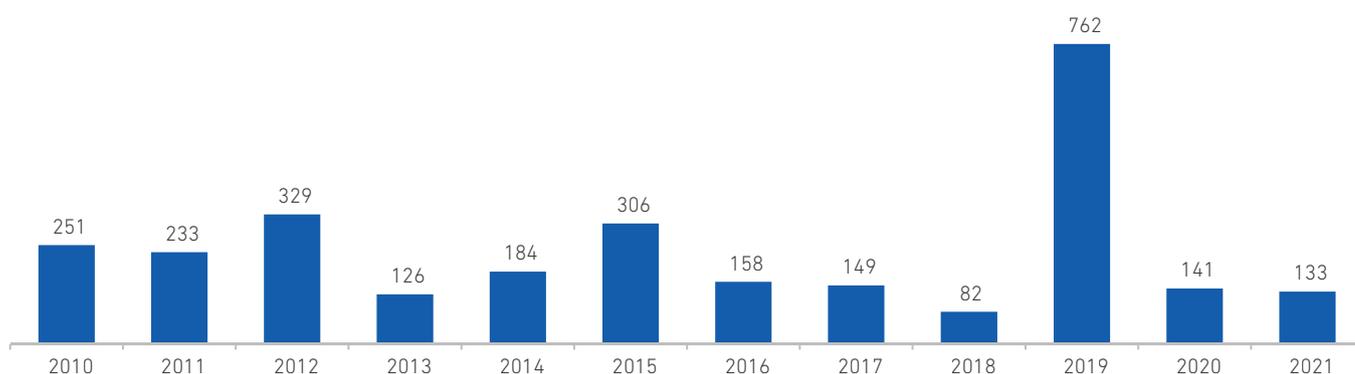
Annexure

Hotel Industry, by Segment

The Indian hotel industry is segmented by luxury, upscale, upper mid-market, mid-market, and Budget. The upscale segment remains the most popular among hotel investors and developers. This is followed closely

by the upper mid-market and mid-market segments. These three segments account for 75% of the new supply expected to enter the market over the next five years.

Exhibit 37: Trend in Hotel Investment Sales (in USD million)



Source: [Indian Hospitality industry Review 2021, JLL](#)

Hoteliers have been investing in eco-friendly business practices that benefit the environment, resonate with customers, and impact the bottom line.

Exhibit 38: Tier-Wise Break-up of Hotel Openings and Signings

Tier-wise break-up for Q1 2022				
Tier	Branded Hotel Openings		Branded Hotel Signings	
	Hotels	Keys	Hotels	Keys
I	8	1,104	2	140
II	11	789	18	1,420
III	8	424	36	2,179
Classification-wise break-up for Q1 2022				
Tier	Branded Hotel Openings		Branded Hotel Signings	
	Hotels	Keys	Hotels	Keys
Luxury	1	301	3	409
Upscale	7	889	12	954
Mid-market	15	869	40	2,301
Budget	4	258	1	75

Source: [Hotel Momentum of India, JLL](#)

Exhibit 39: Ownership Models

Model Type	Brief
Lease and License Arrangement	<ul style="list-style-type: none"> • Under a hotel lease agreement, the owner leases it to the tenant, who uses it to run a hotel business. • The owner (property owner) has no control over the property's operation and bears no risk and liability for the business. • The property owner typically receives a fixed rent, usually subject to periodic reviews and some agreed-rate indexes. • Banks and institutional investors favour lease arrangements over other hotel operating models as they provide stable cash-flows and a secure return on their investment.
Management Contract	<ul style="list-style-type: none"> • Under a management agreement, the management company is appointed to direct and control a hotel's day-to-day operations and implement relevant operational brand standards. • This is, however, subject to the owner having approval or consultation rights on certain matters. • Management company is entitled to receive management fees, typically agreed percentages of revenue and profit. • In effect, management company operates the hotel and owner supervises management company's performance.
Franchise Owned	<ul style="list-style-type: none"> • Under a franchise agreement, the hotel owner pays a franchise fee to use the hotel's brand, IP, technology, and operational brand standards. • This is subject to being contractually bound to conform with various "system-wide" brand standards. • Owner still makes his own day-to-day decisions at the hotel. • Under a franchise agreement, owner operates the hotel and management company supervises the owner's performance in its capacity as franchisor.
Joint Ventures	<ul style="list-style-type: none"> • Using a joint venture model for hotel acquisitions offers increased access to capital, sharing risks and rewards with a partner, and access to resources, such as specialised staff, technology and expanded relationships. • A joint venture with partners already active and committed to the hotel business offers an alternative means of financing potential future business expansion. This is particularly true in the current economic environment where traditional lenders are reluctant to invest new capital in the hotel business, • Usually done in new markets to rationalise risks.
Self-owned Hotels	<ul style="list-style-type: none"> • This type of hotel ownership gives an owner the most freedom, but also the biggest risk. • The hotel owner is free to take all decisions regarding staff, operational structure, and growth, but does not have the benefit of a brand behind him. • All marketing research and efforts must be built from scratch.

List of Abbreviations

ADR	Average Daily Rate
ADR	American Depository Receipts
AI	Artificial Intelligence
APTA	Andhra Pradesh Tourism Authority
AR	Augmented Reality
ARR	Average Room Rent
CAGR	Compound annual growth rate
CBSP	Capacity Building for Service Providers
CII	Confederation of Indian Industry
DTV	Domestic Tourism Visit
ECBC	Energy Conservation Building Code
ECLGS	Emergency Credit Line Guarantee Scheme
EHL	Ecole Hôtelière de Lausanne
EMDE	Emerging-Market and Developing Economies
ESG	Environmental, Social and Governance
FDI	Foreign Direct Investment
FEE	Foreign Exchange Earnings
FIT	Free and Independent Traveller
FSI	Floor Space Index
FTA	Foreign Tourist Arrivals
GDP	Gross Domestic Product
GDR	Global Depository Receipts
GI	Geographical Indication
GRIHA	Green Rating for Integrated Habitat Assessment
IBEF	Indian Brand Equity Foundation
ICT	Information and Communication Technologies
IGBC	Indian Green Building Council
IHCL	Indian Hotels Company Limited
IITTM	Indian Institute of Tourism and Travel Management
IoT	Internet of Things
IRCTC	Indian Railway Catering and Tourism Corporation
ITDC	Indian Tourism Development Corporation
LEED	Leadership in Energy and Environmental Design
LiFE	Lifestyle for Environment
LMIS	Labour Market Information System
MDoNER	Ministry of Development of the Northeastern Region
MICE	Meetings, Incentives, Conferences and Exhibitions
ML	Machine Learning
NCHMCT	National Council of Hotel Management and Catering Technology
NIDHI	National Integrated Database of Hospitality Industry
NIHM	National Institute of Hospitality Management
ODOP	One District, One Product
PPP	Public-Private Partnerships
PSDS	Public Service Delivery System
PSU	Public Sector Undertaking
QR	Quick Response
RevPar	Revenue Per Room
ROI	Return On Investment
SAATHI	System for Assessment, Awareness & Training for Hospitality Industry
STZ	Special Tourism Zones
TS-iPASS	Telangana State Industrial Project Approval and Self- Certification System
TTDI	Travel and Tourism Development Index
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USGBC	United States Green Building Council
VR	Virtual Reality
WBB	Wander Beyond Boundaries
WTTC	World Travel and Tourism Council
YTD	Year-To-Date



Established in 1996, Hotel Association of India (HAI) has evolved as an integrated hospitality industry platform to keep pace with the growing buoyancy ushered in by the liberalisation of Indian economy in the mid-90s. With its membership extending from major hotel groups; boutique, heritage and small hotels, HAI represents the entire spectrum of the industry.

As the apex Industry Body, HAI works in the areas of Promotion of Regional Cooperation and Hospitality Research & Education in addition to taking Industry centric initiatives. By launching unprecedented 'Social Inclusion' initiatives, HAI also projects the 'Social Face' of the Indian hospitality industry.

HAI is completely focused on the hotel industry alone with its membership being available to hotels in the classification categories approved by the ministry of tourism, government of India. The mission of the Association is "To secure for the hotel industry its due place in India's economy and project its role as a contributor to employment generation and sustainable economic and social development; highlight its crucial role in the service to tourism industry as the largest net foreign exchange earner; help raise the standards of hoteliering and to build an image for this industry both within and outside the country."

HAI is recognised as the national body for hotels by the ministry of tourism, government of India. The Association has relentlessly pursued issues affecting the growth and development of the industry and has more than two decades of track record of successful interventions with the policy makers of the Nation.

Affiliations: HAI is affiliated to and enjoys an excellent working relationship with National and International Bodies like CII, FICCI, FAITH , ASSOCHAM, PATA among others.



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