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Hospitality Industry In India - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Hospitality Industry In India Market size is estimated at USD 24.61 billion in 2024, and is expected to reach USD 31.01 billion by 2029, growing at a CAGR of 4.73% during the forecast period (2024-2029).

The hospitality industry in India has been scoring a moderate growth number in the past few years and has great potential to score an even greater number in the future. The nation which is rich in culture and diversity has been attracting a large number of tourists from all over the globe. India has also been recognized as a destination for spiritual tourism for international and domestic tourists. India is showing continuous growth in position moving from 65th in 2013 to 34th position in 2019 in the World Economic Forum's travel and tourism competitiveness index. On the other side, the consistently growing middle class, rising levels of disposable income, and increasing interest among millennials to travel in their home country are a few major reasons that are making the domestic travel industry a profitable one. To attract the millennials ventures like Airbnb, Oyo rooms have changed hospitality scenarios on a global level and are offering price-sensitive stays in most of the prime locations with flexible check-in and check-out options to attract the increasing number of travelers.

The hospitality and tourism industry has been witnessing a healthy growth number and accounted for 7.5% of the GDP. India is a part of the top 100 clubs on Ease of Doing Business (EoDB) and ranks 1st in the greenfield FDI ranking globally and to strengthen the cruise tourism sector, the Government of India (GoI) has selected Chennai, Goa, Kochi, Mangalore, and Mumbai ports to develop them as cruise tourism hubs. These terminals will have facilities like hospitality, retail, shopping, and restaurants.

Less than three million foreign tourists visited India in 2020, a dip of around 75 per cent as compared to the previous year, due to travel restrictions imposed to control the coronavirus pandemic. "To incentivize stakeholders in the tourism industry, the guidelines for the scheme of Market Development Assistance (MDA) for providing financial support to stakeholders for the promotion of domestic tourism have been modified to enhance the scope and reach of the scheme, to provide maximum benefits to the stakeholders. In addition, promotional activities have been incorporated including online promotions and the extent of financial assistance permissible has been enhanced.

Due to the COVID-19 pandemic, India's hotel sector is one of the worst-hit segments of the economy, contracted by 47% in April-June 2020, as per data released by the National Statistical Office (NSO) on August 31, 2020. The hotel industry, in May 2020, experienced an occupancy decline of 77% over the same time last year. The domestic hospitality industry, which has been severely affected by the COVID-19 related disruptions, is likely to witness a decline of over 65% in 2021.

India Hospitality Market Trends

Increase in the Number of Hotel Projects is Driving the Market

India's hospitality sector is being driven by the increase in the number of hotel projects. India's Hospitality Industry ended in the current year with occupancy in the 59-61 percent range, up 15-17 percentage points (pp) from the previous year. However, average rates (ARR) recovered fully in the current year, being 37-39 percent higher than the previous year's levels. As a result, RevPAR in the current year increased by 89-91 percent over the previous year.

Driven by a strong recovery in demand, hotel companies accelerated their growth plans in the current year, resulting in an over 33 percent increase in brand signings by keys over the previous year. 166 new hotels with 14,885 rooms were signed during the year, while 90 hotels with 5,702 rooms were rebranded. Hoteliers continued to expand their portfolios in leisure destinations as well as Tier-3 and -4 cities, recognizing the enormous untapped potential in these areas.

Furthermore, Over 200 G20 meetings are expected to be held across 55 destinations in the country during India's G20 presidency till November 2023. The Indian hotel sector stands to gain significantly from this development, as there will be substantial incremental demand for hotels in the cities where the meetings will be held.

In April 2023, three international hotel chains announced the debut of their luxury brands in India. Hilton's Waldorf Astoria and Minor Hotels' Anantara brands are set to make their India debut in Jaipur, while Radisson has picked Hyderabad for the launch of its Radisson Collection brand. Fairmont Hotels & Resorts announced that it would be opening a property in Agra in 2025.

Government Initiatives to Attract More Tourism and Rise in Tourism is Driving the Market

The Indian hospitality sector is driven primarily by buoyant domestic demand, the revival of inbound travel, and the Indian government's renewed emphasis on the expansion of the tourism industry, which is expected to contribute USD 250 billion to the country's GDP by 2030. The Government is recognizing the importance of the tourism sector as an employment generator and is looking to promote the sector on a mission mode with active participation from all stakeholders, including public-private partnerships. The revival of 50 additional airports, heliports, and water aerodromes to increase regional air connectivity and the development of fifty tourism destinations as a complete package for domestic and international tourism, as well as the government's continued emphasis on infrastructure development, including the significant investment in railways and last-mile connectivity, bodes well for the sector. Furthermore, the reduction in personal income tax will increase disposable income, which will drive demand in the tourism and hospitality sectors.

Travel and Tourism are driving the market. According to the Indian Tourism Statistics current year report, India received 677.63 million domestic tourist visits in the last year. The percentage has increased by 11.05% from 610.22 in the previous year. The top states in terms of domestic visits were Tamil Nadu, Uttar Pradesh, Andhra Pradesh, and Karnataka. India saw the beginning of the recovery for the country's tourism sector, with a maximum number of countries contributing to Foreign Tourist Arrivals (FTAs) numbers in the current year. Total FTAs in India surged by 406.6% to 2,764,975 from January-July 2022 compared to the previous year. The sharp rise in FTAs is a result of many driving forces that include the COVID-19 Vaccination campaign, the 'Heal in India' and 'Heal by India' campaigns announced by the Indian Government, and several other infrastructural measures.

India Hospitality Industry Overview

The report on the Hospitality Industry in India covers the major international players and the leading domestic players in the hotel and hospitality industry in India. The hospitality sector in India is dynamic and emerging. It holds greater potential to grow for both the national and international players who are interested in entering the Nation's hospitality industry. Some of the major players in the market include Oberoi Hotels & Resorts, The Park Hotel, ITC Hotels, Lemon Tree Hotels, and Taj Hotels, among others.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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