Report

India | July 2025

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India Hospitality Industry Overview

Prepared for SUBA Hotels

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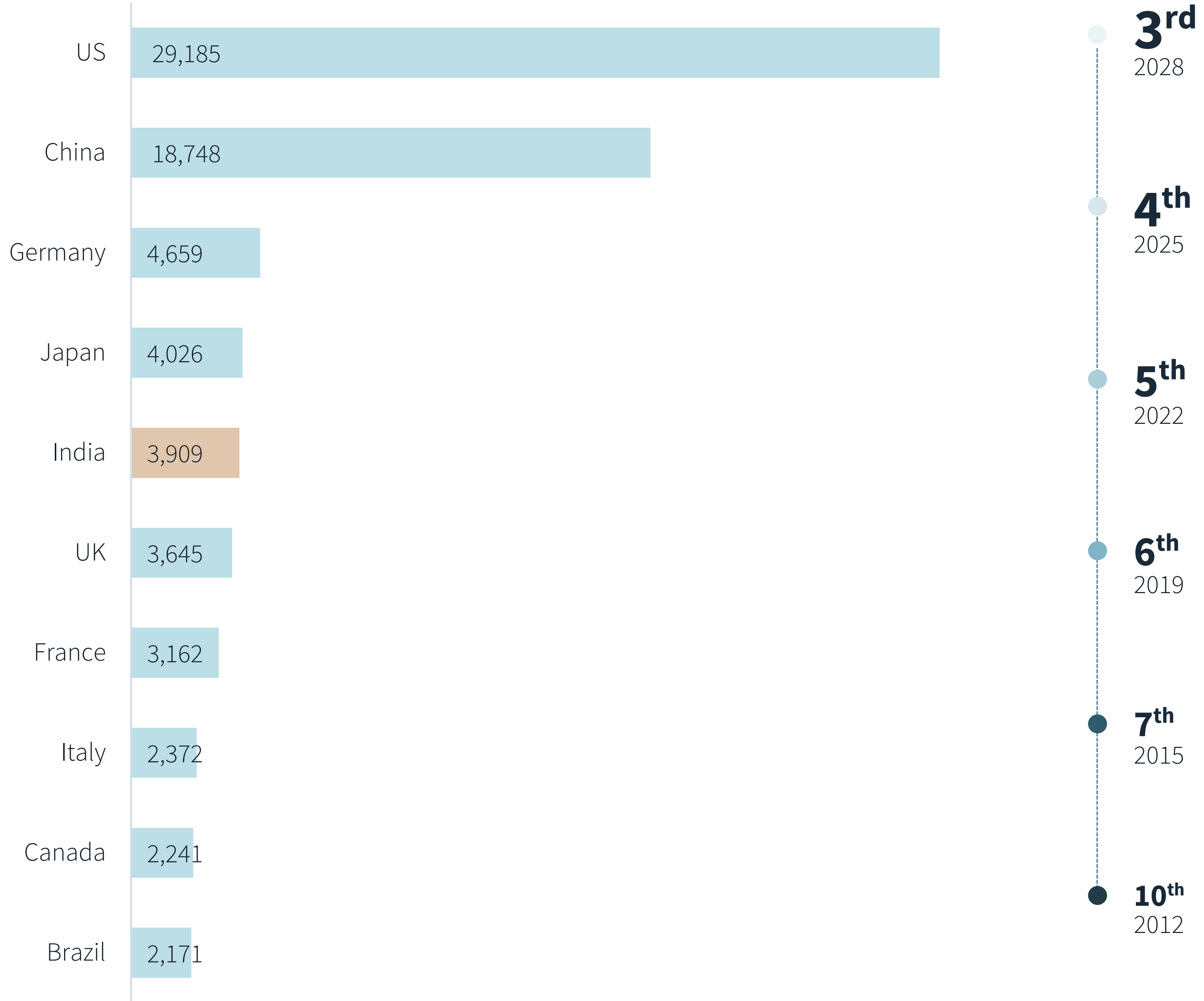
1. Overview of the Indian Economy

Introduction

India stands as the most populous country in the world with an estimated population of 1.45 billion people[1]. Over its extensive history spanning thousands of years, India has experienced significant transformation to emerge as a highly dynamic and diverse economic force. The country's economy has demonstrated remarkable growth, positioning it among the fastest-growing major economies worldwide. This success can be attributed to a range of factors, including a large and diverse population, robust domestic consumption, a strategic geographical location, a skilled workforce, and a thriving entrepreneurial ecosystem. As of 2024, India ranked as the world's fifth-largest economy in terms of nominal gross domestic product (GDP). Looking ahead, projections indicate that India will surpass Japan in 2025 and is expected to overtake Germany by 2028, becoming the world's third-largest economy. This underscores the significant growth potential and undeniable momentum of India's economy.

Figure 1.1: GDP 2024, current prices (USD bn)



Source: IMF World Economic Outlook Database; JLL Research

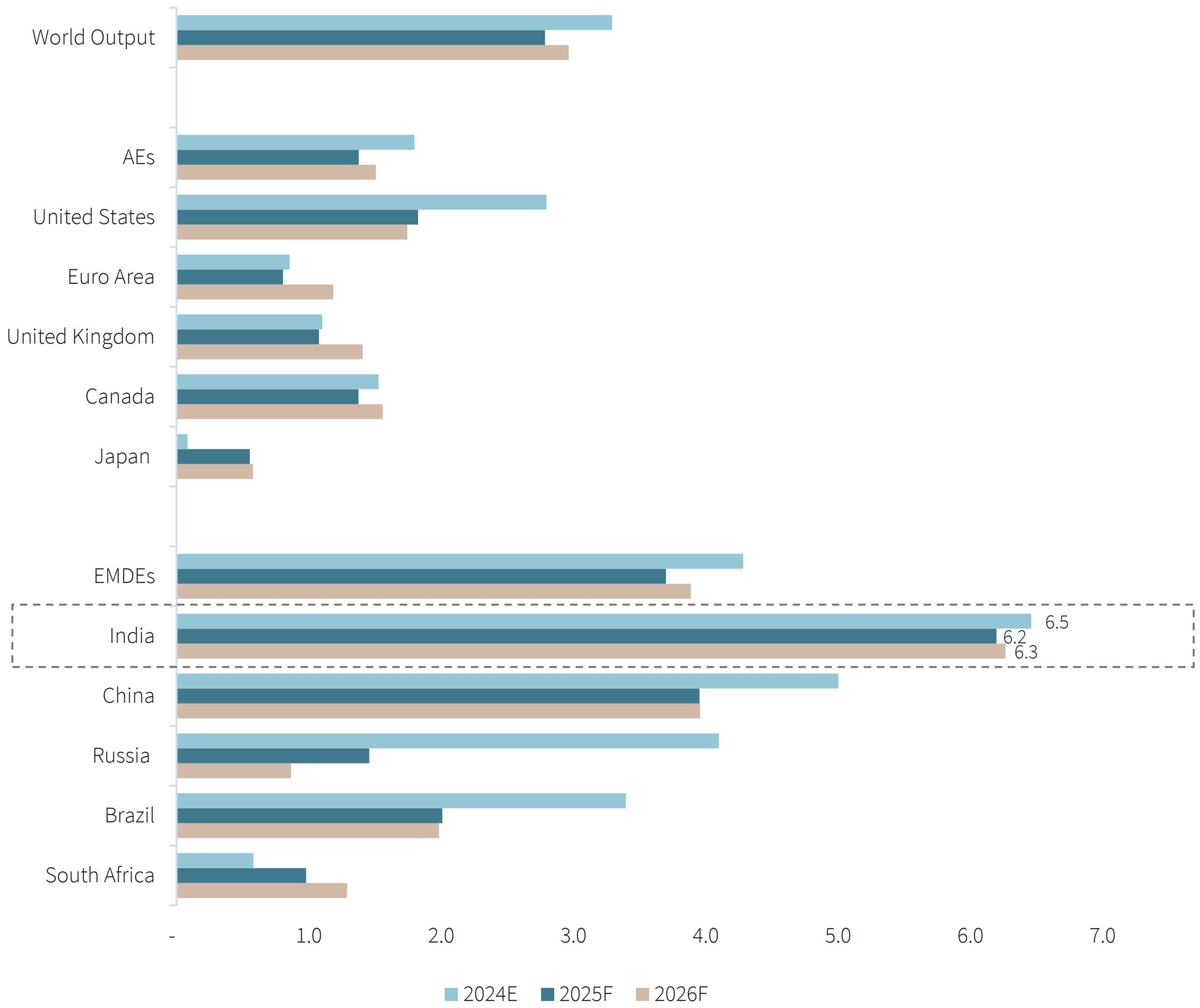
[1] UN World Population Prospects

India in a Global Context

The global economy stands at a critical juncture, grappling with significant policy shifts and heightened uncertainty that are testing its resilience. After a period of gradual stabilization following unprecedented shocks, major economies are now navigating a complex landscape of evolving trade policies. Recent waves of tariffs and countermeasures have driven uncertainty to unprecedented levels, and the pace of disinflation has largely slowed, with inflation even ticking upward in some cases. Given these challenges, the IMF projects global growth to moderate from an estimated 3.3% in 2024 to 2.8% in 2025, before a slight rebound to 3.0% in 2026. This outlook is subject to considerable downside risks, including potential escalation of trade measures, prolonged policy uncertainty, financial market volatility, and rising long-term interest rates. The impact of tariffs on growth will vary by country, influenced by trade relationships, industry structures, policy responses, and opportunities for trade diversification.

Significantly, India's growth trajectory is projected to maintain relative stability at 6.2% in 2025 and 6.3% in 2026. The country has managed to navigate challenges such as trade tensions and global uncertainty better than many of its peers. This notable divergence from prevailing global trends highlights the considerable capacity of dynamic emerging markets to serve as catalysts for global economic expansion.

Figure 1.2: Gross Domestic Product, constant prices; percentage change



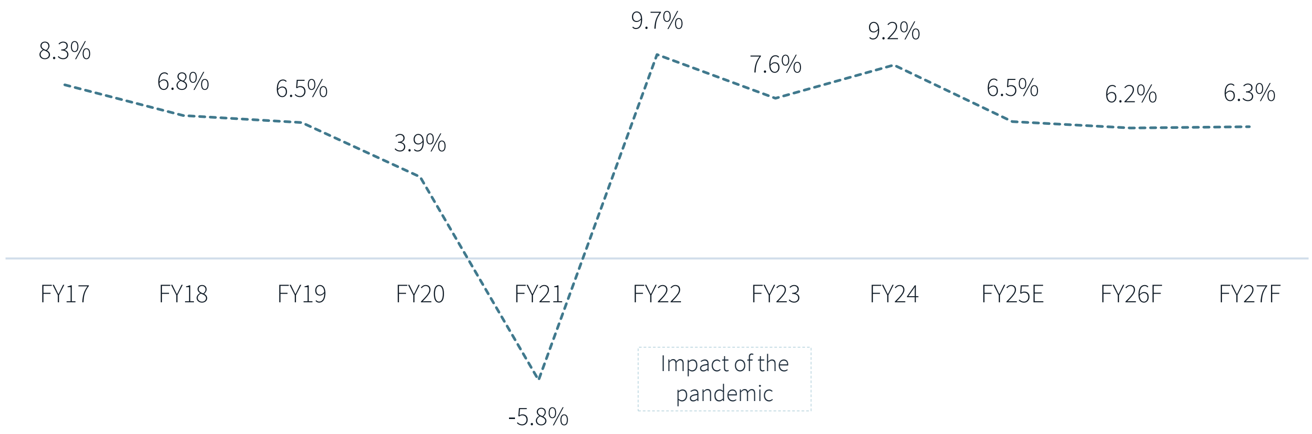
Source: MoSPI, IMF World Economic Outlook Database
Note: For India, data and forecasts are presented on a fiscal year basis, 2024 refers to FY 2024-25 and so on
AEs – Advanced Economies; EMDEs – Emerging Market and Developing Economies

Trends in Key Economic Indicators

GDP Growth

The Indian economy faced significant challenges when the COVID-19 pandemic hit in 2020, leading to a 5.8% GDP contraction in FY 2020-21. However, it demonstrated remarkable resilience in subsequent years, surpassing pre-pandemic levels and maintaining its position as the fastest-growing major economy globally. In FY 2024-25, the Indian economy continued to demonstrate resilience amid global headwinds. Looking ahead, India is expected to maintain its position as one of the fastest-growing major economies in the world, with GDP growth projected at 6.2% in FY 2025-26 and 6.3% in FY 2026-27. This forecast, while positive, represents a slight moderation from the current year and is lower than previous projections due to heightened levels of trade tensions and global uncertainty.

Figure 1.3: Real annual GDP growth

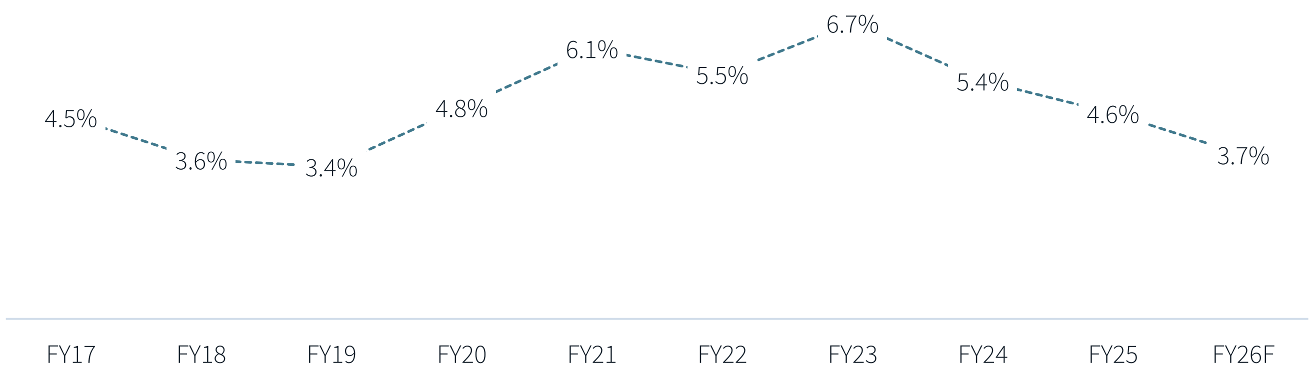


Source: MoSPI, IMF World Economic Outlook Database

Inflation

India's FY 2024-25 inflation was dynamic. It began at 4.8% (April-May), saw a food-driven jump to 5.1% in June, then dropped to 3.6% in July, largely due to base effects. An unexpected food spike pushed it to 5.5% in September and 6.2% in October. Since October, inflation has steadily eased to 3.3% in March and 2.8% in May 2025, thanks to slowing food price growth. The RBI projects CPI inflation for FY 2025-26 at 3.7%, with quarterly projections ranging from 2.9% to 4.4%. The inflation outlook stays favourable, underpinned by subdued oil prices and abundant crop yields. While the outlook has turned decisively positive, concerns on lingering global market uncertainties and recurrence of adverse weather-related supply disruptions pose upside risks to the inflation trajectory.

Figure 1.4: CPI inflation

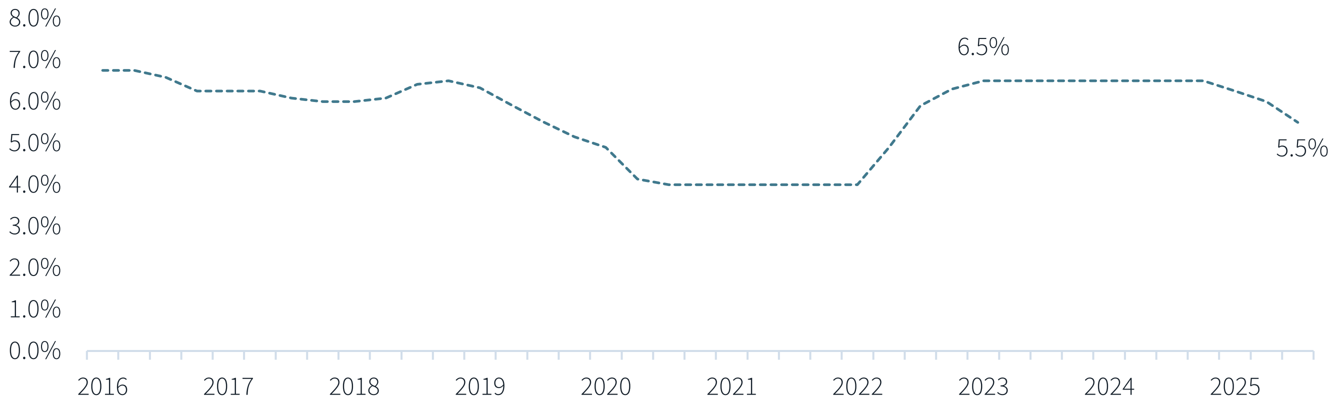


Source: MoSPI, RBI

Repo Rate

Headline inflation continues to follow a disinflationary trajectory, benefitting from both monetary policy actions and supply-side developments. Having implemented a cumulative rate hike of 250 basis points between May 2022 and February 2023, the Monetary Policy Committee (MPC) decided to keep the policy repo rate unchanged throughout 2024. In 2025, the Reserve Bank of India has cut the repo rate by a cumulative 100 basis points, marking a bold move in the face of global economic headwinds. This decisive action amid global trade uncertainties signals a powerful commitment to economic revival. The move is a clear vote of confidence in India's economic resilience, aiming to reignite consumption, investment, and improve consumer sentiments in a challenging global landscape.

Figure 1.5: Repo Rate

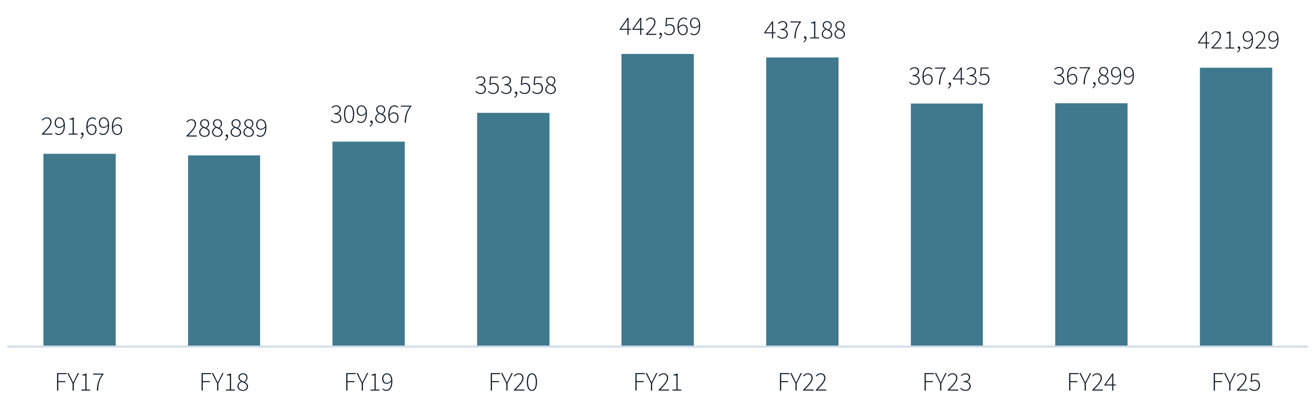


Source: RBI

Foreign Direct Investment

India has successfully maintained its appeal as a prime destination for long-term foreign capital investments, benefitting from a consistent inflow of Foreign Direct Investment (FDI) in recent years. Notably, equity inflows reached a pinnacle of INR 442,569 crores in FY 2020-21. While many countries experienced declining FDI during the pandemic, India saw record-high foreign investments in its computer services sector. The country was strategically positioned to meet the surging demand for outsourced IT and business services from nations grappling with lockdown measures. FDI in India moderated from its peak in FY 2022-23, primarily due to the adverse impact of the Ukraine conflict and the subsequent intensification of geoeconomic fragmentation. However, FDI equity inflows in FY 2023-24 remained stable, mirroring the levels of the previous fiscal year. Remarkably, FY 2024-25 saw a growth of 15% compared to 2023-24, underscoring continued investor confidence in India's economic landscape despite external geopolitical challenges.

Figure 1.6: FDI equity inflows, INR crore

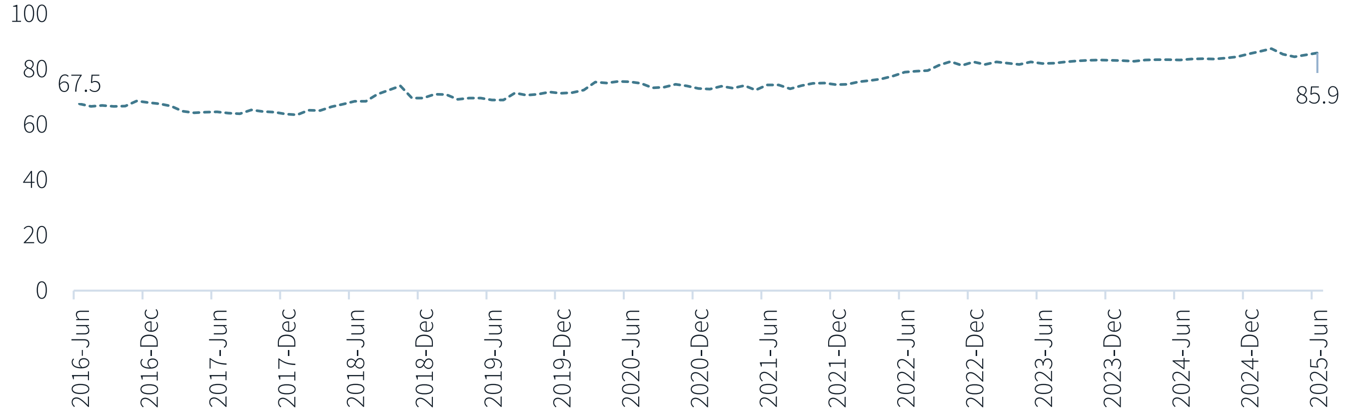


Source: DPIIT

Exchange Rate

Despite global economic uncertainties and a strengthening US dollar, the Indian Rupee has shown resilience compared to other emerging market currencies. Although it depreciated until early March 2025, nearing INR 88 against the USD in February due to geopolitical tensions and global trade disruptions, this trend has since reversed. The Rupee has appreciated and is now trading in the INR 84-86 range, supported by favourable global and domestic factors. India's robust economic growth, consistently projected among the fastest globally, attracts strong foreign investment (FII and FDI), boosting demand for the INR and cushioning against external shocks. The Reserve Bank of India also holds substantial foreign exchange reserves (over USD 700 billion as of early July 2025), enabling effective management of volatility and ensuring an orderly market. This proactive stance, along with government efforts to boost exports and promote the Rupee's internationalization, underpins its resilience and signals long-term stability amidst global uncertainties.

Figure 1.7: Exchange rate of the Indian Rupee vis-à-vis the USD (monthly average)

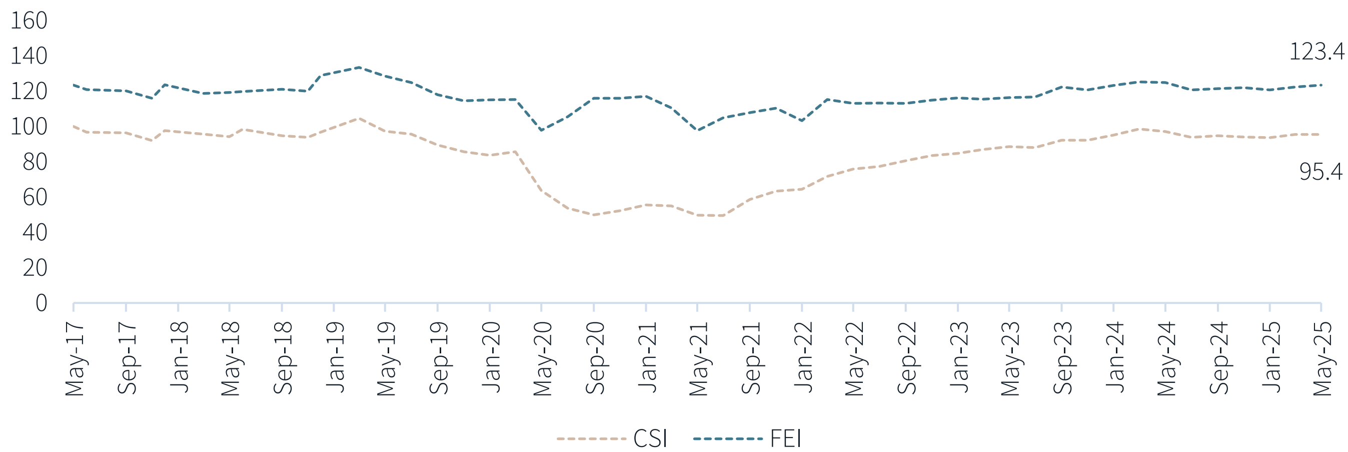


Source: RBI

Consumer Confidence

RBI's Consumer Confidence Survey collects current perceptions (vis-à-vis a year ago) and one year ahead expectations of households on general economic situation, employment scenario, overall price situation, own income and spending across nineteen major cities. Consumer confidence as reflected in the CSI (Current Situation Index) was at its lowest in July 2021. Since then, CSI has been on a path of recovery and stands at 95.4 in May 2025. For the year ahead, households expect further improvement across parameters like general economic situation, employment prospects and income conditions as reflected in the FEI (Future Expectations Index), which stood at 123.4 in May 2025.

Figure 1.8: Consumer Confidence Indices



Source: RBI

Note: CSI and FEI are compiled based on net responses on the economic situation, employment scenario, price level, household income and overall spending for the current period (as compared with one year ago) and a year ahead, respectively. CSI and FEI = 100 + Average of Net Responses of the above parameters

In conclusion, while the global economic landscape is in a state of flux and faces trade-related uncertainties, India stands out with its resilient and robust growth trajectory. National Statistics Office has estimated real GDP growth for FY 2024-25 at 6.5%. Domestic drivers have played a crucial role in supporting economic expansion, even amid uncertain global economic conditions. Looking ahead, sustained rural demand, anticipated urban consumption revival, increased government capital expenditure, higher capacity utilization, and healthy corporate and bank balance sheets are expected to support growth. While merchandise exports face challenges from global uncertainties, services exports are expected to remain resilient. However, headwinds from global trade disruptions pose downward risks. Taking these factors into consideration, real GDP growth for 2025-26 is projected at 6.3%. Importantly, the long-term outlook of the Indian economy remains optimistic, driven by an expanding middle class, a growing workforce, competitive labor costs, infrastructure development, and strong savings and investment rates.

Integral to this economic resurgence, the real estate sector has demonstrated a powerful recovery post-pandemic, driven by rapid urbanization, rising incomes, supportive government reforms, a booming services sector, and enhanced credit availability. This recovery is further buoyed by a decisively positive inflation outlook, which has enabled the RBI to implement a 100-basis points repo rate reduction, underscoring its commitment to revival. Coupled with continuously improving consumer confidence, these factors collectively signal a highly favorable and expansive future for India's real estate sector within a dynamic and promising economic environment.

2. India Infrastructure Overview

India's path towards achieving developed nation status by 2047 hinges significantly on the improvement of its infrastructure. Developing liveable, climate-resilient, and inclusive cities that drive economic growth is crucial in this journey. As the country steadily advances towards becoming a global economic powerhouse, the importance of having a robust and well-developed infrastructure becomes increasingly evident. A World Bank estimate suggests that India will need to invest USD 840 billion by 2036 into urban infrastructure if it is to effectively meet the needs of its fast-growing urban population.

The government has demonstrated its commitment to this cause through various initiatives and substantial funds allocated for infrastructure development. In fact, under the FY 2025-2026 Union Budget, a significant amount of INR 11.21 lakh crores (US$128.64 billion) has been allocated which would be 3.1% of GDP. The two ministries, the Ministry of Road Transport and Highways (MoRTH) and the Ministry of Railways, account for the greatest share of the overall capital outlay. Their share has increased from around 24 per cent in FY2015 to around 47 per cent in the FY2026 BE.

By prioritizing infrastructure development, India aims to create a solid foundation for sustainable growth, attracting investments, and driving economic prosperity. This includes enhancing transport systems, upgrading urban infrastructure, strengthening digital networks, and investing in sustainable energy solutions. These efforts will not only fuel economic expansion but also promote job creation, improve quality of life, and enhance the overall well-being of its citizens.

Union Budget 2025-26 Highlights

The Union Budget 2025-26 positions infrastructure development as the cornerstone for achieving Viksit Bharat @2047 and propelling India toward becoming a US$5 trillion economy by stimulating private investment and boosting rural employment. Key allocations include Rs.2.87 lakh crore for the Ministry of Road targeting an additional Rs.35,000 crore in private investment, and a record Rs.2,65,200 crore for Railways. The energy sector receives significant attention with plans to increase natural gas usage from 6.7% to 15% by 2030 and Rs.24,224 crore dedicated to solar energy initiatives. The budget allocates Rs.81,005.24 crore to Telecommunications and IT, while the Housing and Urban Affairs Ministry sees an 18% increase to Rs.96,777 crore. Additionally, the Second Asset Monetization Plan targets Rs.10 lakh crore over 2025-30 for capital recycling, complemented by ambitious plans to develop 120 new airports in the next decade and 56 new Watershed Development Projects with Rs.700 crore funding.

Government Initiatives

The Indian government has placed significant emphasis on addressing India's infrastructural needs and has implemented various schemes and policies to propel the country's overall capabilities and development.

The Indian government has implemented numerous strategic initiatives across multiple sectors to boost infrastructure development and economic growth. In the Union Budget 2025-26, a record capital expenditure of Rs. 2,65,200 crore (US$ 31.43 billion) has been allocated for Railways, marking a significant commitment to rail infrastructure. This has followed impressive progress over the past decade, with Railways having commissioned 31,180 track kilometers and increased the pace of track laying from 4 km per day in FY15 to 14.54 km per day in FY24. On March 12, 2024, the Prime Minister flagged off 10 new Vande Bharat trains, further enhancing the rail network. Additionally, an Urban Infrastructure Development Fund (UIDF) has been established to address priority sector lending shortfalls, managed by the National Housing Bank to develop urban infrastructure in Tier 2 and Tier 3 cities.

The government has significantly bolstered the aviation sector, with Union Finance Minister Nirmala Sitharaman announcing plans to connect 120 new airports over the next decade, benefiting four crore additional passengers. Currently, India has 158 operational airports, with 84 added in just the last decade. Simultaneously, the Union Housing and Urban Affairs Ministry's budget has increased by 18% to Rs. 96,777 crore (US$ 11.07 billion) for FY26, with major allocations dedicated to urban development, housing, and street vendor support.

The constructor sector investment impacts 275 linked building materials, components and machinery industries, with the sector accounting for 8.2% of the economy. Under the Smart Cities Mission, impressive progress has been made with work orders issued for 7,804 projects valued at Rs 1,81,322 crore (US$ 21.9 billion) as of January 2023. Of these, 67.22% or 5,246 projects valued at Rs 98,796 crore are complete, and 32.77% or 2,558 projects valued at Rs 82,526 crore are expected to be completed in the following years.

In the telecommunications, energy, and power sectors, the government is implementing comprehensive programs focusing on green initiatives including green fuel, green energy, green farming, green mobility, green buildings, and green equipment. These policies aim to promote efficient energy use across various economic sectors. Additionally, the National Institute of Ocean Technology under the Ministry of Earth Sciences is implementing an innovative Ocean Thermal Energy Conversion desalination plant at Kavaratti in Lakshadweep, powered by approximately 65 kW generated from OTEC technology, highlighting India's commitment to sustainable energy solutions.

Ports

The India subcontinent comprises a 7,500-kilometre-long coastline with over 200 ports in total, including 13 major ports. Of this, 6 key ports are located on the western coast, 6 on the eastern coast, and one in the Andaman and Nicobar Islands. In FY 24, India's major ports also handled the highest ever cargo with a total volume of 819 million tonnes, an increase of 4.45% compared to 784 million tonnes handled in FY23. As of FY25 the country has handled 621 million tonnes of cargo.

With a strong focus on emerging as a leading Blue economy of the world, the Government of India plans to invest USD 82 billion in the maritime sector by 2035. For long-term financing for the maritime industry, the Union Budget 2025-26 has proposed to set up a Maritime Development Fund with a corpus of Rs 25,000 crore. This corpus will be for distributed support and promoting competition in the maritime industry. The fund will have up to 49 per cent contribution by the Government, and the balance will be mobilized from ports and private sector.. Major strides have also made to digitalize several EXIM processes across major ports. Over the recent years the government has made several modernization, mechanization, and digital transformation efforts to streamline and costs and improve ease of doing business, especially for international trade.

The Sagarmala project, which was launched in 2015, was implemented by the Government of India towards promoting port-led direct and indirect development and to provide infrastructure to transport goods to and from ports quickly, efficiently, and cost-effectively. The vision of the programme is to reduce logistics cost for EXIM and domestic trade with minimal infrastructure investment. This includes reducing cost of transporting domestic cargo through optimizing modal mix, lowering logistics cost of bulk commodities by locating future industrial capacities near the coast, improving export competitiveness by developing port proximate discrete manufacturing clusters and optimizing time/cost of EXIM container movement.

Project implementation initiatives include:

- Port Modernization & New Port Development: De-bottlenecking and capacity expansion of existing ports and development of new greenfield ports
- Port Connectivity Enhancement: Enhancing the connectivity of the ports to the hinterland, optimizing cost and time of cargo movement through multi-modal logistics solutions including domestic waterways (inland water transport and coastal shipping)
- Port-linked Industrialization: Developing port-proximate industrial clusters and Coastal Economic Zones to reduce logistics cost and time of EXIM and domestic cargo
- Coastal Community Development: Promoting sustainable development of coastal communities through skill development & livelihood generation activities, fisheries development, coastal tourism etc.
- Coastal Shipping & Inland Waterways Transport: Impetus to move cargo through the sustainable and environment-friendly coastal and inland waterways mode.

Out of 839 identified projects valued at ₹5.79 lakh crores, 272 have been completed with investments totalling ₹1.41 lakh crore. The initiative has driven remarkable growth across the maritime landscape, including a 118% increase in coastal shipping over the last decade that has reduced both logistics costs and emissions. Inland waterway cargo movement has experienced an extraordinary 700% surge, significantly decongesting roads and railways. More than 40 lakh passengers have benefited from improved coastal connectivity through Ro-Pax ferry services. Looking ahead, the government has allocated ₹40,000 crore in budgetary support for Sagarmala 2.0, which aims to unlock ₹12 lakh crore in investments over the next decade. The program's success is evidenced by 9 Indian ports now ranking among the world's top 100, with Vizag port breaking into the top 20 container ports globally. Additionally, the Sagarmala Startup Innovation Initiative (S2I2) has been launched to drive Research, Innovation, Startups, and Entrepreneurship (RISE) in maritime technology.

These projects have been largely categorized into port modernization, port connectivity, port-led industrialization, coastal community development & coastal shipping and inland water transport (IWT).

	Completed		Under Implementation		Under Development		Grand Total	
Theme	No. of Projects	TPC (INR crores)	No. of Projects	TPC (INR crores)	No. of Projects	TPC (INR crores)	No. of Projects	TPC (INR crores)
Port Modernization	98	32,066	62	75,650	74	182,652	234	291,622
Port Connectivity	91	57,997	57	68,010	131	80,366	279	206,363
Port Led Industrialization	9	45,865	3	9,247	2	775	14	55,887
Coastal Community Development	21	1,559	32	6,166	28	3,847	81	11,573
Coastal Shipping and IWT	43	2,956	63	4,665	125	6,980	231	14,601
Total	**262**	**140,443**	**217**	**163,738**	**360**	**274,620**	**839**	**579,562**

Source: Ministry of Ports, Shipping and Waterways Annual Report

Strong growth potential, favourable investment climate and sops provided by state governments have encouraged domestic and foreign private players to enter the Indian ports sector. In addition to the development of ports and terminals, the private sector has extensively participated in port logistics services. The Indian government has invited bids to sell its 63.75% stake in the Shipping Corporation of India (SCI) to private investors. Adani Ports and Special Economic Zone Ltd. has secured a five-year operation and maintenance contract at Kolkata Port, which will help the company enhance synergies with its transshipment hubs in Colombo and Vizhinjam.

Private Sector Participation

There are 46 Public Private Partnership (PPP) projects at an estimated value of Rs. 39,045 crore (US$ 4.49 billion) at major ports. 39 PPP projects are operational at a cost of around US$ 2219.4 million and a capacity of 240.72 Million Tonnes Per Annum (MTPA). 32 PPP projects at an estimated cost of around Rs. 34,067.45 crore (US$ 3,917.6 million) and a capacity of 264.77 Million Tonnes Per Annum (MTPA) have been awarded and are under implementation. In 2024, Adani Ports & Special Economic Zone (APSEZ) announced that it has received approval for a Rs. 45,000 crore (US$ 5.39 billion) expansion of Mundra Port, aimed at significantly increasing its capacity. This expansion is vital as Mundra currently handles approximately 27% of India's total cargo and 44% of container cargo, with expectations to exceed 200 MMT in cargo volume for FY25.

Roads

India has approximately 63.45 lakh kms of road network comprising 1,46,195 kms of national highways, 1,79,535 kms of state highways and 60,19,723 kms of other roads. National Highway (NH) network increased by 60% from 91,287 km in 2014 to 1,46,195 km at present, the length of National High-Speed Corridors (HSC) has expanded from 93 km in 2014 to 2,474 km and the 4 lane and above NHs (excluding HSCs) increased by 2.5 times from 18,278 km in 2014 to 45,947 km at present. In the Union Budget 2025-26, the government has decided to allocate Rs. 2.87 lakh crore (US$ 32.94 billion) towards the Ministry of Road with a target of Rs. 35,000 crore (US$ 4.02 billion) in private sector investment.

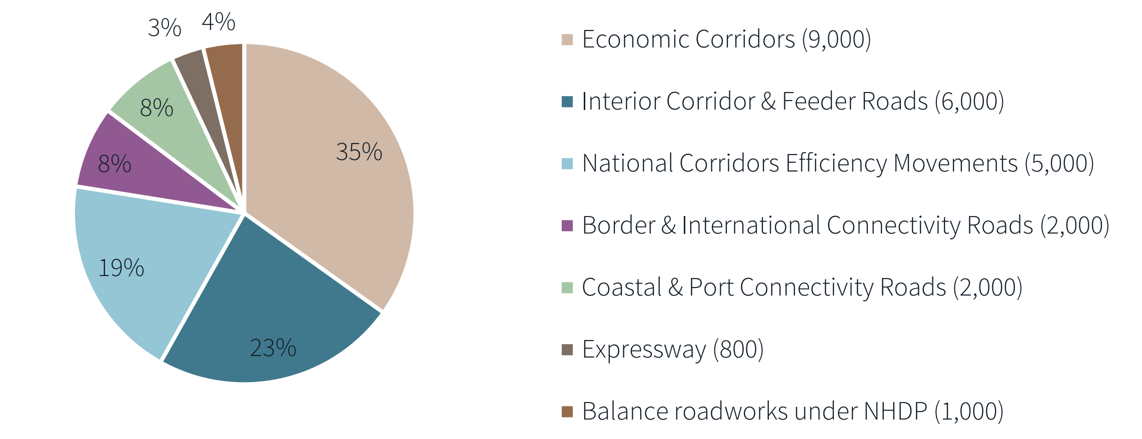
Over the years, the government has launched several initiatives to upgrade and strengthen India's road network through various phases of the National Highways Development Project (NHDP) and is also taking the initiative forward via the Bharatmala Pariyojana Phase-I and other associated schemes and projects. The table below highlights the status as projects as of 31st December 2024:

Bharatmala Pariyojana Scheme		
Component	Length (in km)	Total Length Completed (in km)
Economic Corridors	8,737	5,986
Inter Corridor Roads	2,889	2,108
Feeder Roads	973	540
National Corridors	1,777	1,394
National Corridor Efficiency Improvement	824	732
Expressways	2,422	1,791
Border Roads & International Connectivity Roads	1,619	1,400
Coastal Roads	77	72
Port Connectivity Roads	348	120
Balance Road Works under NHDP	6,758	5,058
Total Bharatmala	**26,425**	**19,201**
Other Schemes		
SARDP-NE	5,998 (Original: 6,418)	5,714
LWE	6,014	5,780
EAP	3,110	2,607

Source: Ministry of Road Transport and Highways Annual Report 2024 – 25

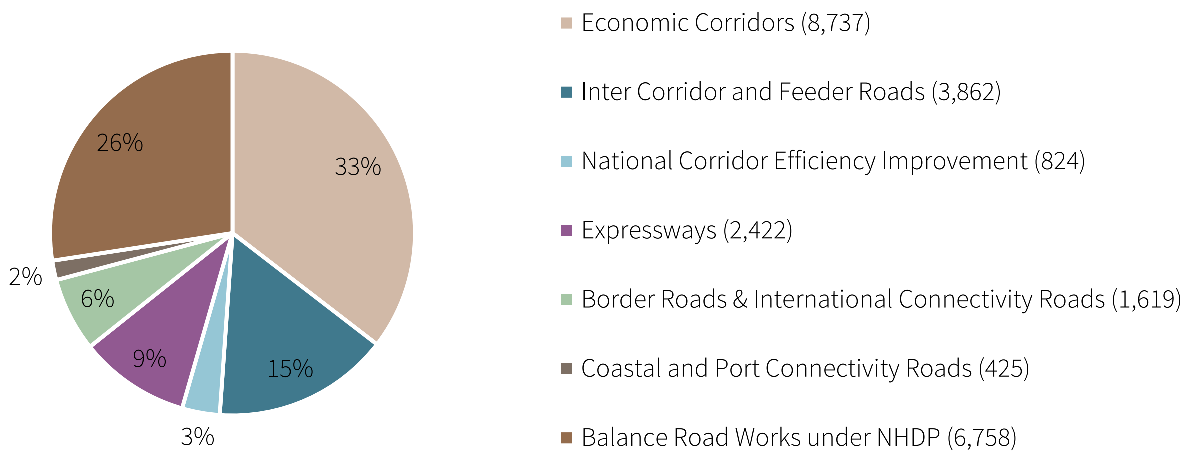
In October 2017, the government launched the Bharatmala Pariyojana with the primary focus of optimizing the efficiency of the movement of goods and people across the country. The Phase I of the Bharatmala Pariyojana approved focuses on bridging critical infrastructure gaps through development of 34,800 kms of National Highways. The Pariyojana emphasized on a "corridor based National Highway development" to ensure infrastructure symmetry and consistent road user experience. The key components of the Pariyojana are Economic Corridors development, Inter-corridor and feeder routes development, National Corridors Efficiency Improvement, Border, and International Connectivity Roads, Coastal and Port Connectivity Roads and Expressways.

Figure 2.1: Components of Bharatmala Pariyojana Phase-I Approved Length - ~34,800 Kms



Source: Press Information Bureau of India, Ministry of Road Transport & Highways

Figure 2.2: Status of Award of Bharatmala Pariyojana Phase-I Length ~26,425 Kms



Source: Press Information Bureau of India, Ministry of Road Transport & Highways

Wayside Amenities: In order to improve the comfort and convenience of the highway users, the Ministry has proposed the development of state-of-the-art Way Side Amenities (WSA) at a 40 kms interval along all the National Highways in India. These facilities are being planned to provide multiple options of rest and refreshment for the commuters during their journey pan India. Some of the mandatory facilities being developed at each WSA are fuel stations, food court/restaurants, dhabas, convenience stores, clean and hygienic washroom facilities, drinking water, first aid/medical room including childcare room, dedicated area for promoting local artisans, car/bus/truck parking, drone landing facilities/helipad etc.

Government has currently awarded 501 Wayside Amenities (WSAs) along National Highways/Expressways. Out of these, 94 Wayside Amenities have been made operational. The development of more than 700 WSAs is likely to be completed by the Financial Year 2028-2029.

s.NO	State	No. of Awarded WSA sites	No. of operationalized WSA sites
1	Andhra Pradesh	30	5
2	Assam	8	3
3	Bihar	4	-
4	Chhattisgarh	4	-
5	Gujarat	56	9
6	Haryana	47	20
7	Himachal Pradesh	2	-
8	Jammu and Kashmir	25	-
9	Jharkhand	5	1
10	Karnataka	18	5
11	Kerala	4	-
12	Madhya Pradesh	50	11
13	Maharashtra	21	-
14	Manipur	8	-
15	Meghalaya	2	-
16	Odisha	11	-
17	Punjab	37	2
18	Rajasthan	72	20
19	Tamil Nadu	22	5
20	Telangana	10	-
21	Uttar Pradesh	48	11
22	Uttarakhand	7	-
23	West Bengal	10	2
	Grand Total	501	94

Source: Press Information Bureau of India, Ministry of Road Transport & Highways

National Master Plan for Expressways: The Government in Ministry of Road Transport and Highways (MoRTH) is primarily responsible for development and maintenance of National Highways (NHs), including National Expressways. All the NHs development projects, including development of access-controlled High-Speed Corridors (HSC) / Expressways are planned in line with PM Gati Shakti National Master Plan (NMP) Principles.

National HSCs / Expressways in about 2,474 km length have been operationalized, State / Union Territory (UT) – wise details of which are as under:

s.NO	State	Operationalized Length (km)
1	Delhi	9
2	Gujarat	310
3	Haryana	583
4	Karnataka	151
5	Madhya Pradesh	244
6	Rajasthan	887
7	Telangana	59
8	Uttar Pradesh	231
	Total	2474

Source: Ministry of Road Transport & Highways

The development of five National Highways/Expressways spanning approximately 662 km in Andhra Pradesh is underway, with 287 km already completed. These corridors include the Bengaluru-Chennai Expressway, Bengaluru-Kadappa-Vijayawada, Chittoor-Thatchur, Hyderabad-Vishakhapatnam, and Raipur-Vishakhapatnam. In February 2025, Union Minister Nitin Gadkari informed the Lok Sabha that the government has implemented several measures to accelerate project completion, including planning via the PM Gati Shakti National Master Plan Portal, awarding projects after sufficient land acquisition preparation, streamlining environmental clearances, simplifying railway approvals, enhancing the contractor ecosystem, revamping dispute resolution mechanisms, improving liquidity through "Atmanirbhar Bharat" provisions, and conducting regular project reviews at various levels.

Air Passenger Traffic

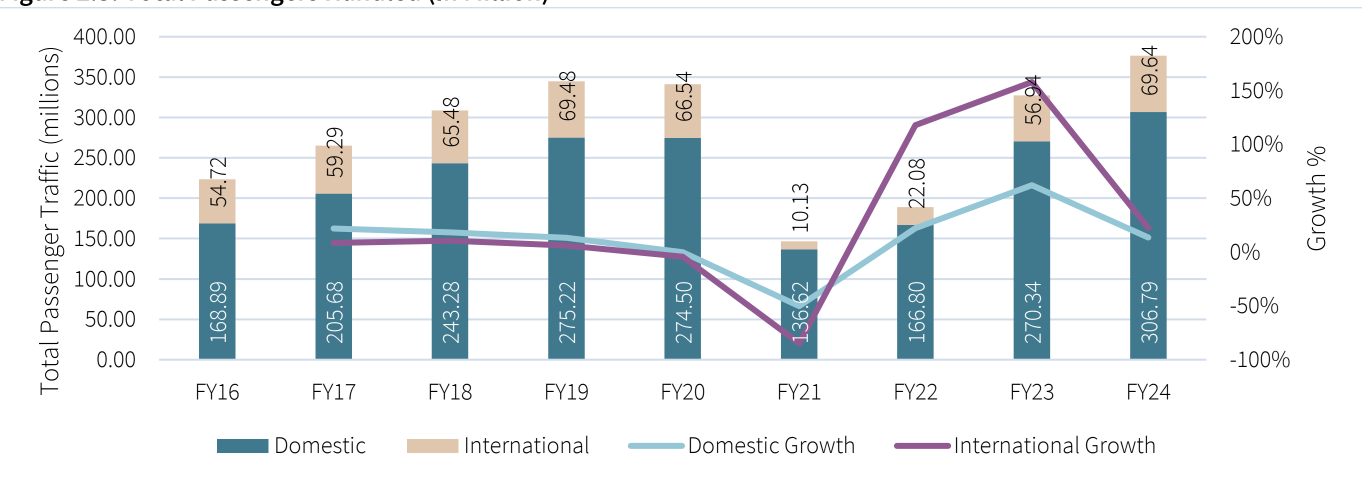
The Indian aviation industry is one of the largest in the world and currently sits at number 3 in the aviation market ranking. The World Travel and Tourism Council (WTTC) projects that the Indian tourism sector will experience significant growth, potentially doubling in size to reach Rs. 4.5 million (US$ 523 billion) over 2025- 2035. India's aviation sector, is driven by robust infrastructure, modern airports, and a 43% annual growth in domestic passengers, contributing significantly to GDP (5%) and providing 4 million jobs.

Passenger traffic: Indian aviation traffic reached 303.63 million passengers in FY25*, down from 376.43 million in FY24. Growth has been robust since 2000, driven by rising incomes and low-cost carriers. Delhi's Indira Gandhi International Airport now ranks 10th among the world's busiest airports by passenger volume. India has emerged as the world's third-largest domestic aviation market, with forecasts suggesting 480 million flyers by 2036—exceeding Japan and Germany combined.From FY16 to FY24, domestic and international passenger traffic grew at CAGRs of 6.86% and 2.72% respectively, with FY24 showing strong year-on-year increases of 13.5% in domestic (306.79 million) and 22.3% in international traffic (69.64 million). The April-December 2024 period continued this trend with domestic passengers up 8.1% to 246.7 million and international passengers increasing 13.5% to 56.8 million year-over-year.

Freight Traffic: Between FY16 and FY24, freight traffic in India grew at a CAGR of 2.75%, reaching 3.136 MMT, with total traffic (International + Domestic) at 3.36 MMT in FY24 and 2.79 MMT during April-December 2024. Projections suggest freight traffic could reach 17 MMT by FY40, primarily driven by import-export activity, as 30% of total trade occurs via airways. Domestic freight traffic increased at a CAGR of 3% while international freight grew at 2.7% during FY16-24. In FY24, domestic and international freight traffic stood at 1.32 MMT and 2.04 MMT respectively, with April-December 2024 figures at 1,054 thousand tonnes domestically and 1,744 thousand tonnes internationally.

As seen in the graph below, air passenger traffic for 2024 has surpassed 2019 levels which was the peak monthly air traffic recorded pre-Covid.

Figure 2.3: Total Passengers Handled (In Million)



Source: AAI

UDAN

Under the UDAN-RCS scheme, the government is aiming to boost air connectivity in India by expanding into untapped markets to improve air connectivity by providing affordable, economically viable, and profitable travel on regional routes.

As of March 2025, the program has operationalized 625 routes connecting 90 airports, including 15 heliports and 2 water aerodromes nationwide.

Over 1.49 crore passengers have benefited from affordable regional air travel through approximately 3 lakh UDAN flights. The airport network has more than doubled from 74 in 2014 to 159 in 2024.

In recent developments, 102 new routes were launched in 2024, with 20 specifically in the Northeast region, and 66 additional routes added in 2024-25 to date.

The government has disbursed ₹4,023.37 crore as Viability Gap Funding until March 13, 2025. The scheme has enhanced regional trade, healthcare access, and tourism while improving connectivity to key destinations like Khajuraho, Amritsar, Ajmer, Deoghar, and Northeast India. Additionally, UDAN has facilitated the emergence of regional airlines including Flybig, Star Air, IndiaOne Air, and Fly91.

Policy Support

India's aviation industry is undergoing significant policy-driven transformation through comprehensive infrastructure development and liberalization initiatives. The Airports Authority of India (AAI) plans to develop over 20 airports in Tier-II and Tier-III cities with substantial investments of Rs. 25,000 crore (US$ 3.58 billion) over five years, while establishing Guwahati as an inter-regional hub alongside other intra-regional hubs.

Liberalization efforts include opening the airport sector to private participation with 14 airports under PPP agreements and India signing its first open skies agreement with Greece. The government has implemented favourable tax policies including 100% tax exemption for airport projects for 10 years and customs duty exemptions for MRO service providers. Foreign investment is strongly encouraged with 100% FDI allowed through automatic routes for greenfield projects and in scheduled air transport services.

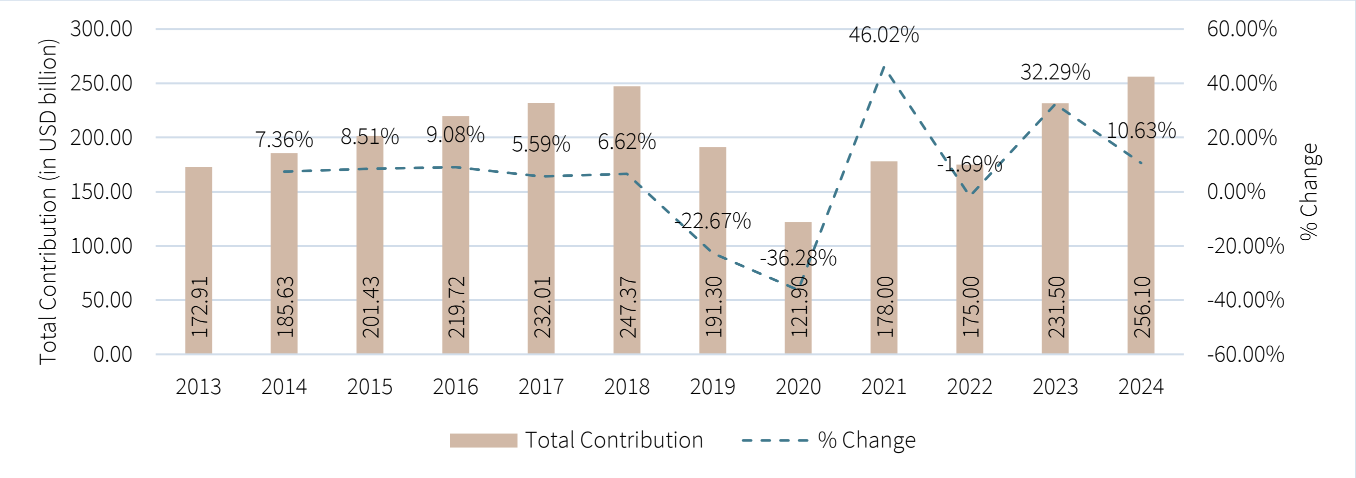
The ambitious infrastructure expansion aims to increase operational airports to 220 by 2030, with development plans for both metro and non-metro airports. Modern initiatives include the Production Linked Incentive Scheme for drone manufacturing and Digi Yatra, a biometric boarding system using facial recognition technology to enhance passenger experience.

The country has effectively improved regional air connectivity by making air travel more accessible to many citizens. Various government programs have connected previously underserved regions to the national aviation network, contributing to economic development, tourism growth, and job creation in various areas. India's aviation expansion strategy represents an inclusive approach to development that has helped connect more communities through air travel.

3. India Travel and Tourism Overview

India's travel and tourism sector experienced severe pandemic disruption, with contributions falling to USD 191 billion in 2019 and plummeting further to USD 122 billion (-36%) in 2020, marking the lowest point. Recovery began dramatically in 2021, with a remarkable 46% growth to USD 178.00 billion, though still below pre-pandemic levels. It is worth noting that international demand made up a modest 5% of the total, while domestic demand accounted for the remaining 95%, showcasing the country's strong domestic tourism market. The sector continued its rebound with USD 175.00 billion in 2022, before surging to USD 231.50 billion in 2023 (32.29% growth). By 2024, the contribution reached USD 256.10 billion with 10.63% growth, finally exceeding the 2018 pre-pandemic benchmark and demonstrating the sector's resilience and recovery from COVID-19 impacts. As per World Travel and Tourism Council (WTTC), by 2034, India will have one of the largest travel and tourism contribution to the GDP, worth USD 523.6 billion.

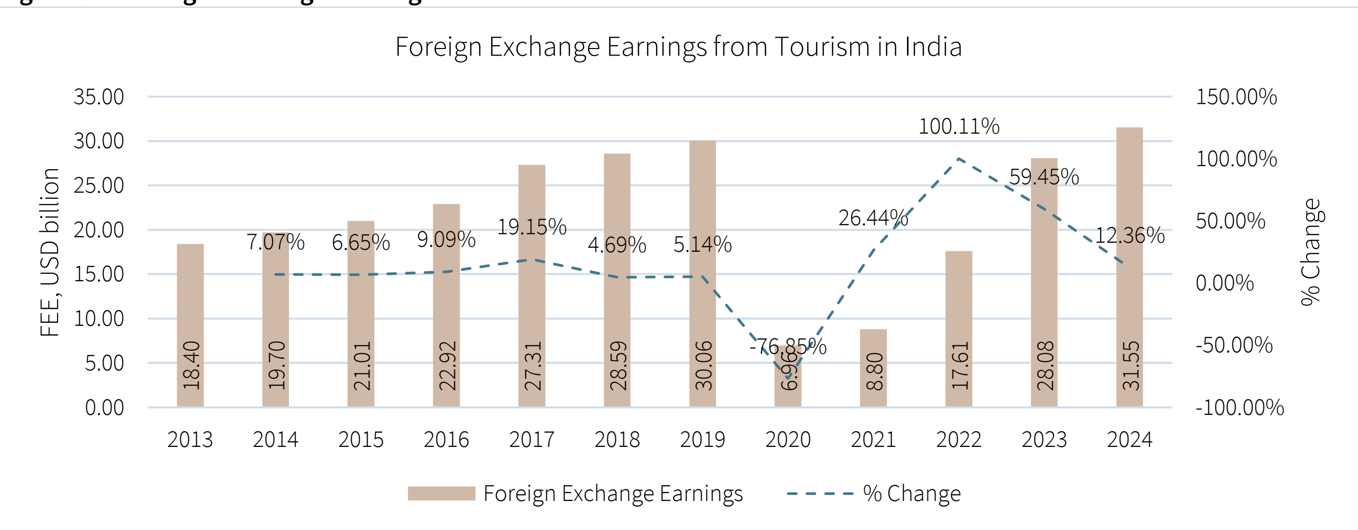
Figure 3.1: Total contribution of travel and tourism to GDP in India



Source: JLL Research

The travel and tourism industry also plays a significant role in generating employment opportunities. At the end of 2024, the sector generated around 40 million jobs, with this number rising to 42.3 million by 2025. Approximately 31% of these jobs will be direct, including diverse roles like tour operators, hotel staff, etc. The rest (69%) will consist of indirect jobs such as IT support, logistics and chain management

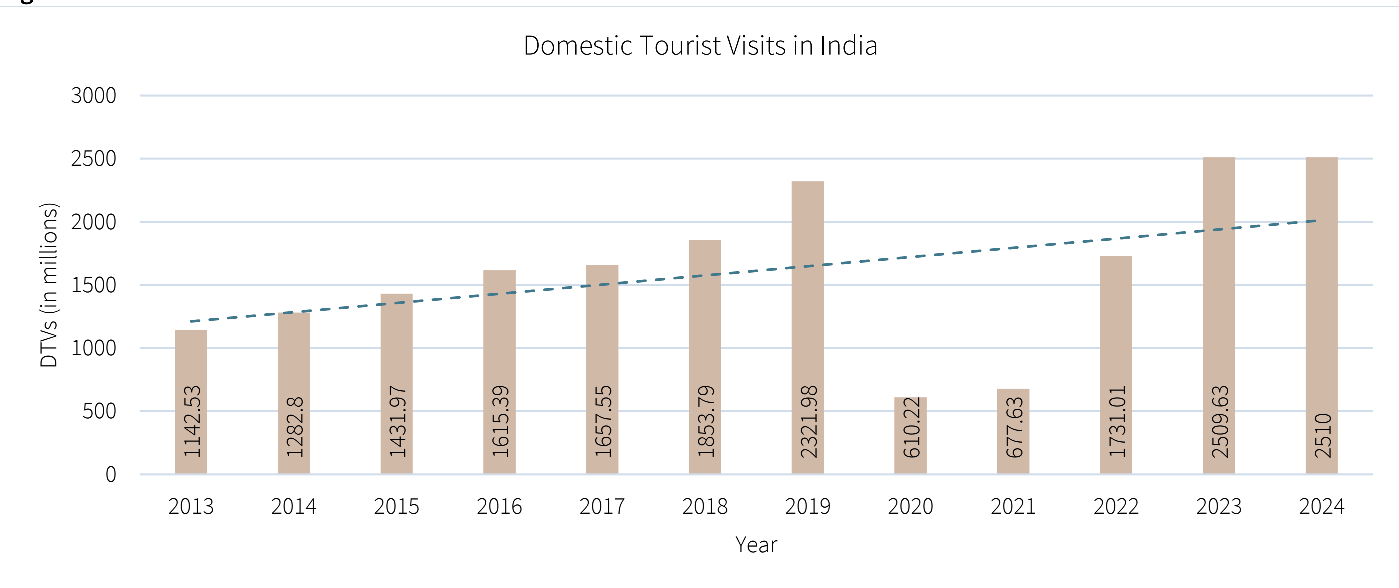
Figure 3.2: Foreign Exchange Earnings from Tourism in India



Source: World Travel and Tourism Council, JLL Research

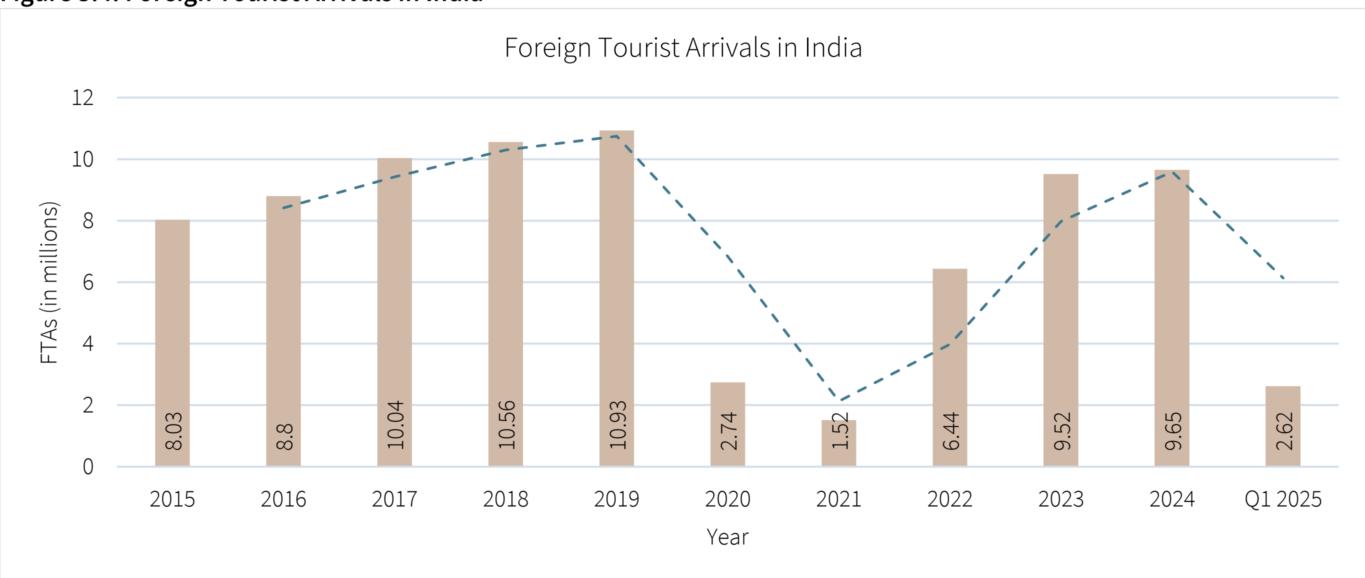
Foreign exchange earnings from tourism in India are also on the path to recovery in comparison to previous years. Month-wise foreign earnings have shown an upwards trajectory and will be further supplemented by the increasing number of FTAs in India. Recovery began in 2021 with USD 8.80 billion (~26.5% growth), followed by dramatic acceleration in 2022 with a remarkable 100% increase to USD 17.6 billion. The momentum continued in 2023 with 59.5% growth and by 2024, earnings reached an all-time high of USD 31.5 billion, finally surpassing pre-pandemic levels. Despite the challenges posed by the global pandemic, the industry has rebounded strongly, primarily driven by domestic tourism. It signifies the immense potential and importance of the domestic market in driving economic recovery and job creation within the country. As the industry continues to regain its momentum, there is a growing need for sustained efforts to promote responsible and sustainable tourism practices. Balancing economic development with the preservation of natural and cultural resources will be crucial to ensuring the long-term viability and success of India's travel and tourism industry.

Figure 3.3: Domestic Tourist Visits



Source: Ministry of Tourism, JLL Research

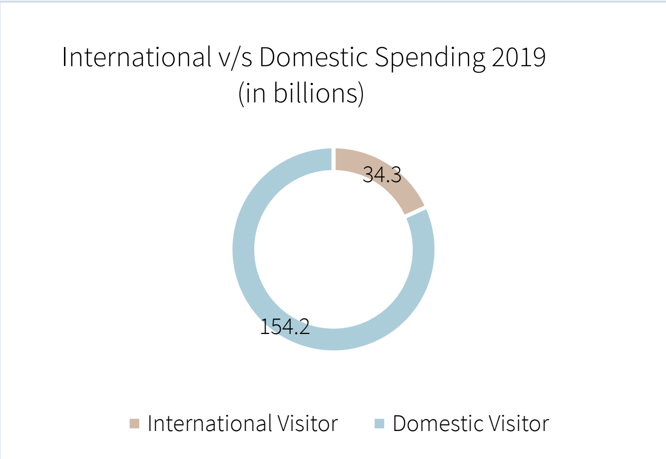
Figure 3.4: Foreign Tourist Arrivals in India

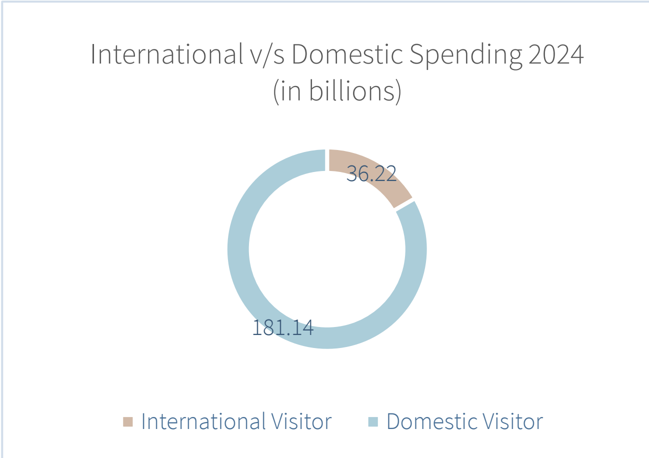


Source: Ministry of Tourism, JLL Research

India's domestic tourism saw a pre-pandemic peak of ~2,322 million visits in 2019. Post-Covid recovery began in 2021 with 677 million visits (11% growth), accelerating significantly in 2022 with 1,731.01 million visits with a stellar 155.5% increase. By 2023, domestic tourism had not only recovered but surpassed pre-pandemic levels, reaching an all-time high of 2,509.63 million visits. International tourism to India shows a more prolonged recovery pattern. Recovery began in 2022 with 6.44 million arrivals, strengthened in 2023 with 9.52 million arrivals, and continued to improve slightly in 2024 with 9.65 million arrivals. While domestic tourism was the first to recover and continues to perform well, foreign tourist arrivals (FTAs) are anticipated to reach 30.5 million by 2028.

Figure 3.5: International v/s Domestic Spending (USD billion)





Source: World Travel and Tourism Council, JLL Research

As per World Travel and Tourism Council (WTTC), by 2034, India will have one of the largest travel and tourism contribution to the GDP, worth USD 523.6 billion. In 2024, the domestic visitor spending in India was valued at USD 181.14 billion as against USD 154.2 billion in 2019, marking a 9% increase. International visitor spending saw a 22% increase to reach a high of 181.14 billion. Domestic travel is largely categorised into leisure and business segments, both of which are projected to increase two folds by 2028 as compared to 2019 figures.

Union Budget FY 2023-26 Highlights & Government Initiatives

India's tourism industry, with its rich tapestry of heritage, culture, and diversity, is rapidly emerging as a global destination of choice and a significant catalyst for economic development. Acknowledging its potential for employment generation, the Union Budget 2025-26 has devoted ₹2541.06 crore to enhance infrastructure, develop skills, and streamline travel processes. A cornerstone initiative involves transforming 50 premier tourist destinations in partnership with state governments through a competitive approach, ensuring superior facilities and accessibility. Through dedicated efforts, the tourism sector is positioned to propel India's journey toward developed nation status by 2047.

The budget introduces comprehensive employment-focused measures including intensive hospitality training programs for youth, homestay financing through MUDRA loans, enhanced destination connectivity, performance incentives for states excelling in destination management, and simplified e-visa procedures with fee waivers for select visitors. Finance Minister Nirmala Sitharaman unveiled the landmark plan to develop 50 top destinations where states will provide land for essential infrastructure including hotels, which will qualify under the Infrastructure Harmonized Master List to attract investments and elevate hospitality services.

Additionally, 40 projects across 23 states will receive interest-free 50-year loans totaling ₹3,295.8 crore under the Special Assistance to States for Capital Investment. The Swadesh Darshan Scheme 2.0 continues to promote sustainable tourism with 34 approved projects receiving ₹793.2 crore. For tourism sector employment growth, ₹60 crore has been allocated toward skill development initiatives in FY 2025-26.

The government is prioritizing spiritual and heritage tourism development, with special emphasis on Buddhist pilgrimage sites. The PRASHAD initiative will continue enhancing pilgrimage infrastructure to create world-class visitor experiences. The budget also positions medical tourism as a growth driver through the "Heal in India" initiative, leveraging India's medical expertise and traditional wellness systems to attract international patients seeking quality, cost-effective care. India's Medical Value Travel sector, valued at $2.89 billion in 2020, is projected to reach $13.42 billion by 2026.

Under the Gyan Bharatam Mission, the government will document and preserve over one crore manuscripts and establish a National Digital Repository of Indian knowledge systems. Through these comprehensive initiatives and a strong focus on service excellence and hospitality, India is set to transform its tourism landscape and establish itself as a premier global destination.

Types of Tourism in India

Religious Tourism

India is a religious and cultural destination. In several regions, religious tourist trips outnumber leisure holidays to hill stations, getaways to sea beaches and trips to metropolitan cities. Of the total tourist trips in India, the largest portion is made of religious pilgrimages.

- India religious tourism market was valued at USD 202.85 billion in FY2024, expected to reach USD 441.19 billion in FY2032, with a CAGR of 10.2% for the forecast period between FY2025 and FY2032.
- The market is vibrant with several pilgrims and attracts tourists from all over the world. It includes diverse options with regard to sacred places such as temples, mosques, churches, monasteries, and other destinations, making the country a rich heritage site for religious traditions.
- Sanchi, Madhya Pradesh (Buddhist tourism) - Has the Sanchi Stupa; The Interpretation Centre developed at the Sanchi spread over 3000 sq ft. is dedicated to the life of Lord Buddha

Sustainable tourism

The Ministry of Tourism has launched Swadesh Darshan 2.0, a pioneering initiative aimed at developing sustainable and responsible tourism destinations in India. This groundbreaking scheme adopts a destination and tourism-centric approach, emphasizing the importance of sustainability across environmental, socio-cultural, and economic aspects. By actively involving local communities in the tourism development process, it fosters a sense of ownership and empowerment.

Swadesh Darshan 2.0 encompasses the development of 57 destinations throughout the country. These include noteworthy locations such as Nacho, Jorhat, Nalanda, Gaya, Dwarka, Dholavira, Colva, Porvorim, among others. The initiative espouses principles and practices that aim to minimize the negative impacts of travel and tourism on the environment and local communities.

One of the key objectives of Swadesh Darshan 2.0 is to support local businesses and create new employment opportunities. By encouraging tourists to engage with local enterprises, it promotes economic upliftment within communities. Additionally, the program seeks to attract private sector investments in the tourism industry, further contributing to overall economic growth. Moreover, the scheme prioritizes environmental sustainability. Efforts are made to protect and conserve natural resources, promote eco-friendly practices, and minimize the carbon footprint of tourism activities. By preserving the rich biodiversity and pristine landscapes of these destinations, the scheme ensures the long-term viability of sustainable tourism.

Swadesh Darshan 2.0 stands as a pioneering step towards transforming India's tourism industry into a more sustainable and inclusive sector. By integrating sustainability principles at every stage of tourism development, it ensures the well-being of both the environment and local communities. Through this comprehensive approach, India is poised to become a prime example of responsible and sustainable tourism on a global scale.

Rural tourism

Rural India plays a significant role in the nation's economy, contributing nearly half of the country's overall GDP, accommodating 68.8% of the population. These figures showcase the immense potential for the development of rural tourism in the country. Recognizing this opportunity, the Ministry of Tourism has established a focus on Rural Tourism and Rural Homestays, identifying six niche experiences that cater to tourists seeking to explore rural India: agritourism, art and culture, ecotourism, wildlife, tribal tourism, and homestays. The Government has approved the initiative to develop tribal home-stays under Swadesh Darshan Scheme, as part of 'Pradhan Mantri Janjatiya Unnat Gram Abhiyan'. The said intervention includes development of 1000 homestays with support of upto Rs.5 Lakh per unit (for new construction), upto Rs.3 Lakh (renovation) and Rs.5 Lakh for village community requirement.

Under this initiative, more than 134 villages have been identified, offering distinct experiences for tourists. These villages showcase the diverse cultural and natural wealth of rural India. Some notable examples include:

- Tamil Nadu: Kolukkumalai, boasting the highest tea plantation in the world.
- Kerala: Dewalokam, serving as a serene yoga centre on the enchanting riverbank.
- Nagaland: Konyak Tea Retreat, providing an immersive tribal cultural experience.
- Telangana: Pochampalli village, offering a glimpse into traditional weaving techniques.
- Himachal Pradesh: Pragpur village, where travellers can experience the heritage architecture of Kangra

These rural destinations offer tourists a chance to escape the hustle and bustle of city life and immerse themselves in the authentic essence of rural India. The experiences range from hands-on agricultural activities to exploring local art, culture, and traditions. Visitors can witness the beauty of ecologically diverse landscapes, encounter unique flora and fauna, engage with indigenous communities, and enjoy the warmth and hospitality of homestays.

Rural tourism not only provides visitors with unforgettable experiences but also contributes significantly to the economic and social development of rural communities. It creates employment opportunities, preserves local traditions, and helps in the conservation of natural and cultural heritage.

To further develop rural tourism in India, continued efforts are needed to improve infrastructure, facilitate skill training, and promote awareness among tourists. Partnerships between government agencies, local communities, and private enterprises can play a vital role in fostering sustainable and responsible tourism practices. By embracing the potential of rural tourism and highlighting the distinctive offerings of rural India, the country can attract domestic and international visitors seeking off-the-beaten-path experiences. This, in turn, will foster economic growth, empower rural communities, and showcase the rich cultural tapestry and natural splendour of rural India on the global stage.

Halal tourism

Halal tourism in India is a burgeoning sector that offers new business avenues and caters to the specific needs of Muslim travellers. This form of religious tourism, typically associated with Middle Eastern countries, presents a fresh opportunity in India's tourism market. Halal tour packages and destinations are designed to accommodate Muslim requirements in terms of food, clothing, lifestyle, and religious practices. In cities like Agra, which boast significant cultural and historic ties to Islam, tourists can embark on a halal tour that includes visits to iconic landmarks like the Taj Mahal, Agra Fort, and other notable Muslim architecture in the city. These packages encompass halal meals, designated prayer spaces, and the exploration of local mosques. Moreover, Muslim travellers can request the services of a Muslim tour guide and avail themselves of halal-friendly accommodation options in places like Agra, Delhi, and Mumbai. India's increasing popularity as a halal tourism destination, coupled with its rich cultural heritage and architectural marvels, provide an exciting opportunity for growth and collaboration within this sector.

Adventure Tourism

Blessed with an unparalleled natural landscape, India boasts a wide range of natural attractions, including pristine forests, snow-clad Himalayas, montane grasslands, golden and silver deserts, rivers, lakes, wetlands, mangroves, beaches, volcanoes, and corals, all housing a staggering biodiversity. The country is also home to iconic species like tigers, lions, elephants, rhinos, leopards, wild buffaloes, Indian bison (gaur), and over 1393 species of birds.

Furthermore, India enjoys a significant geographical advantage, with abundant natural and eco-tourism resources:

- 70 percent of the Himalayas
- ~11,000 kms of coastline
- Boasting both hot and cold deserts, making it one of the three countries in the world with this distinction
- Ranks 10th globally in terms of forest cover
- Ranks 6th for the number of recognized UNESCO Natural Heritage sites

According to the Travel and Tourism Development Index (TTDI) 2024 report published by the World Economic Forum (WEF), India is ranked 39th among 119 countries. The country has the opportunity to transform into a global marketplace for adventure activities and sports tourism as well. With its diverse geographical conditions from North to South and East to West, India holds a competitive edge in developing a variety of adventure tourism opportunities.

India has set an ambitious target of achieving a USD 3 trillion tourism economy by 2047. As part of this vision, adventure tourism is expected to contribute USD 800 billion, positioning India among the top ten adventure tourism destinations globally. This transformation would enable India to attract adventure tourists from around the world, capitalizing on its abundance of natural attractions and diverse adventure sports offerings.

By leveraging its natural resources, promoting adventure activities such as trekking, mountaineering, river rafting, wildlife safaris, scuba diving, desert safaris, and more, India has the potential to emerge as a top adventure tourism hotspot. The development of world-class infrastructure, promoting responsible and sustainable practices, and ensuring the safety of adventure enthusiasts will be crucial in realizing this vision.

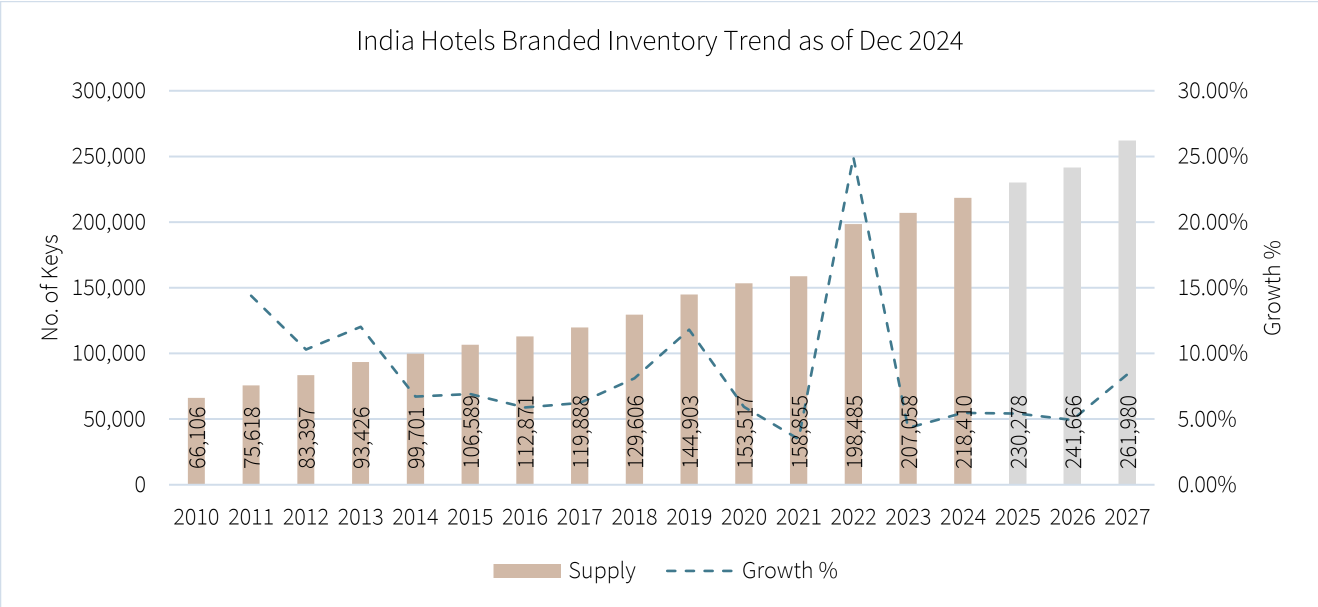
With its rich natural heritage and a global push towards unique and exhilarating experiences, India is poised to harness its adventure tourism potential and establish itself as a remarkable destination for adventurers seeking thrilling escapades.

4. India Hospitality Sector Overview

Inventory Overview

As of 31st May 2025, India has over ~417,000 keys comprising branded hotels, independently run hotels and aggregators. While branded supply (148,689 keys) includes hotels which are managed by hotel operating chains, independently run hotels are typically owned and managed by the same entity.

The graph below maps out the inventory growth in India since 2010. The increase in volume in 2022 by 24.95% can be attributed to the completion of several projects which were on hold for the two years before that. The number of keys has since seen a steady growth of 5.48% between 2023 and 2024.



Source: JLL Research

Hotel inventory in India is typically categorized into the following segments:

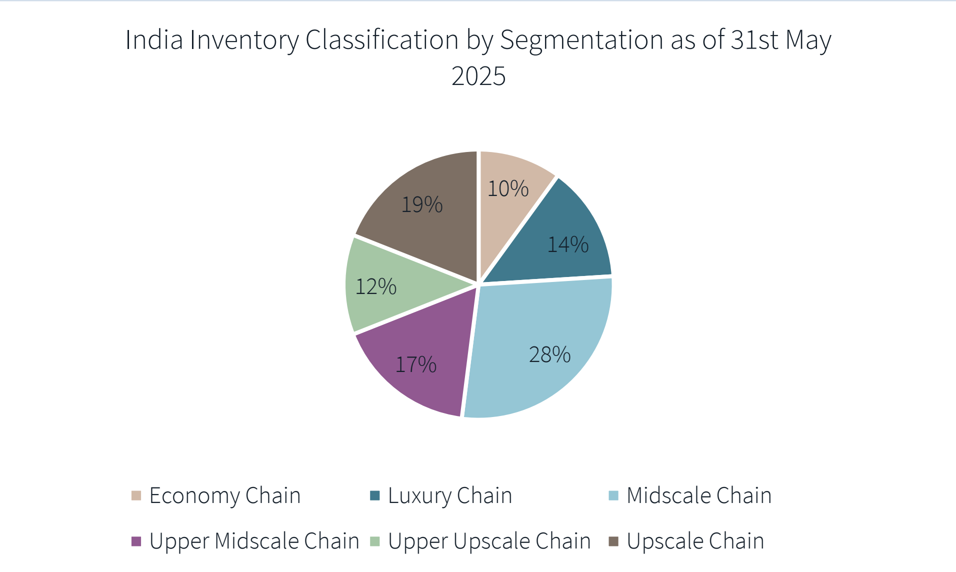
Hotel Segment	Description
Economy	These are typically two-star hotels providing functional accommodations and limited services, while being focused on price consciousness.
Midscale	These are usually three-to-four-star hotels with distinctly moderate room sizes and pricing. Hotels in the category may have select services and facilities.
Upper Midscale	These hotels are full-service hotels, typically with lesser public areas and facilities with relatively smaller room sizes in comparison to upper upscale and upscale hotels. In India, these would generally be classified as four-star hotels.
Upscale & Upper Upscale	These are hotels which are more moderately positioned and priced than luxury hotels. This category would have multiple dining and recreational facilities with large public areas. In India, these would generally be classified as five-star hotels.
Luxury	Typically refers to the topmost tier of hotels. In India, these would generally be classified as five-star deluxe hotels.

Inventory Overview by Segmentation

As of 31st May 2025, 47% of the country's branded supply lies in the Midscale to Upscale segments. Individually, the Midscale and Upscale segments comprise the largest share i.e., 28% and 19% each of the total branded inventory in India with a strong and growing presence across all Indian cities, especially in Tier 2 and 3 markets.

The economy, upper midscale, and upper upscale segments in India present substantial growth prospects, owing to their competitive price positioning and reduced reliance on international tourists. They make up 10%, 17%, and 12% of the share respectively. Among the branded hotels, the Luxury segment's inventory has been steadily growing and currently comprises of 14%. It has seen an increasing growth in the market share as a result in the increase in number of HNI's and is projected to grow from $2.9 Bn in 2025 to $4.83 Bn in 2030. A substantial portion of this inventory consists of converted Indian palaces and expansive resort properties with extensive MICE (Meetings, Incentives, Conferences, and Exhibitions) facilities, typically situated near major Indian cities

The pie chart below highlights the inventory classification by segmentation:

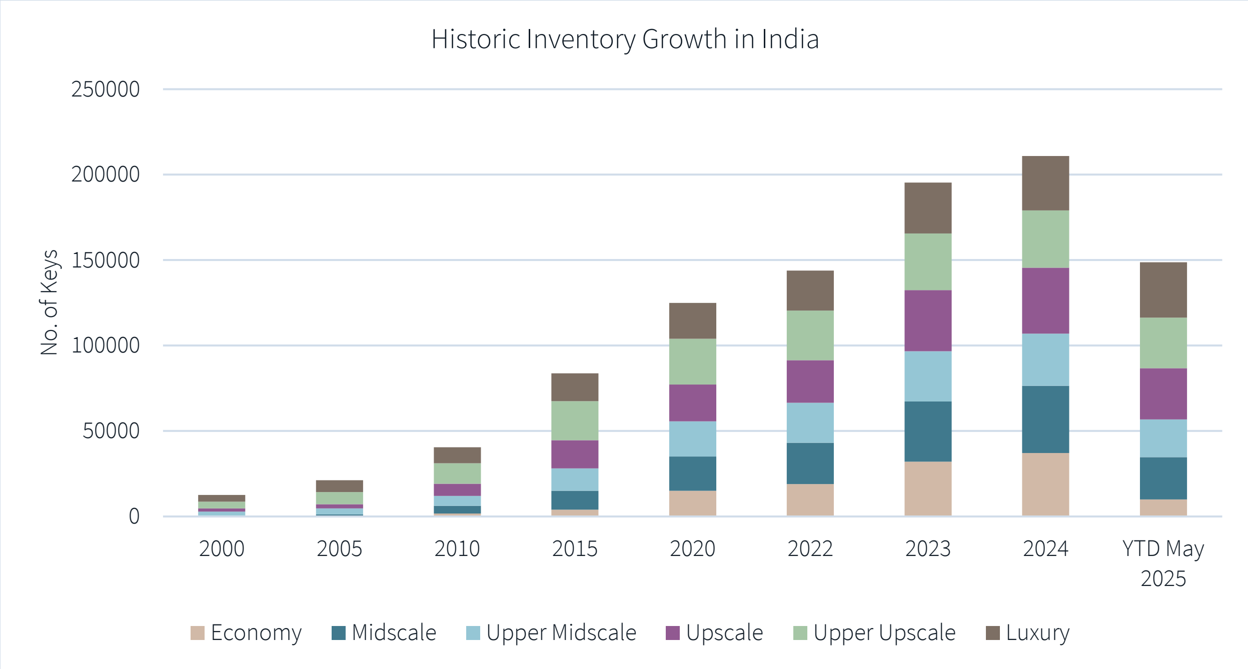


Source: JLL Research

Since the onset of the new millennium, the total branded inventory in India has grown by almost 16x as of December 2024. While the absolute key count for each segment has only increased, the graph and table below outline the evolution of the segment composition over the years.

In 2000, over 60% of the total inventory was concentrated in the Luxury and Upper Upscale segments. Over the last 12+ years, that ratio has changed with other segments accounting for a greater share, but overall Luxury has remained a top market segment for the country. This change in composition can be attributed to significant economic growth over the last two decades along with enhanced connectivity as well as significant growth in the corporate, industrial and manufacturing sectors which demand more room supply in the Economy, Midscale and Upscale categories.

The table below highlights the segment-wise growth across intervals for branded inventory in India. India's major urban centers have developed significant luxury hotel presence. Mumbai being the financial capital of the country draws diverse international travelers seeking premium accommodations. India's most iconic landmark and luxury hotel the Taj Mahal Place is situated in Mumbai. Delhi – Agra- Jaipur form the golden triangle offers visitors a rich glimpse into India's Mughal and Rajput history, impressive architecture, and diverse cultural heritage. Bengaluru has emerged as another luxury hospitality center, leveraging its strategic location and superior connectivity to other urban centers across the country. The growing concentration of high-net-worth individuals in principal cities, combined with the expansion of domestic tourism, creates ideal conditions for the luxury resort market to thrive and evolve throughout India. As of 31st May 2025, the Luxury, Upper Upscale and Upscale segment account for 62% of the total branded inventory share in India.



Source: JLL Research

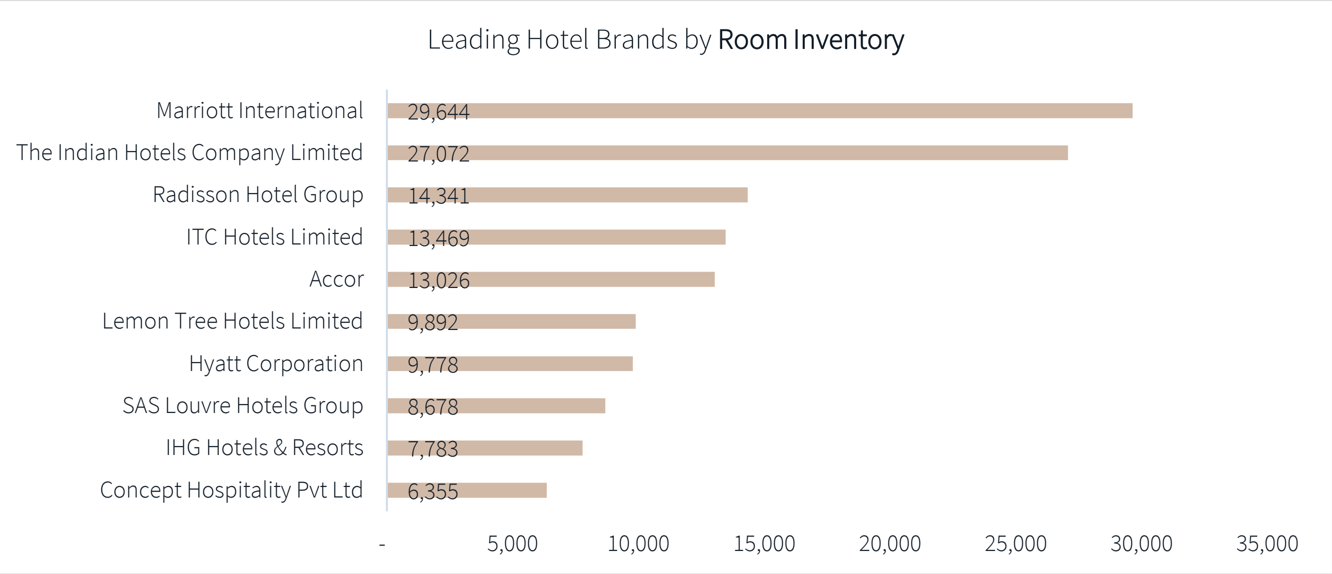
Inventory Composition Evolution in India						
Year (CY)	2000	2010	2020	2023	2024	YTD May 2025
Economy	2%	4%	12%	16%	18%	6%
Midscale	3%	11%	16%	18%	19%	17%
Upper Midscale	18%	14%	16%	15%	14%	15%
Upscale	14%	18%	17%	18%	18%	20%
Upper Upscale	32%	30%	21%	17%	16%	20%
Luxury	31%	23%	17%	15%	15%	22%

Source: JLL H&HG

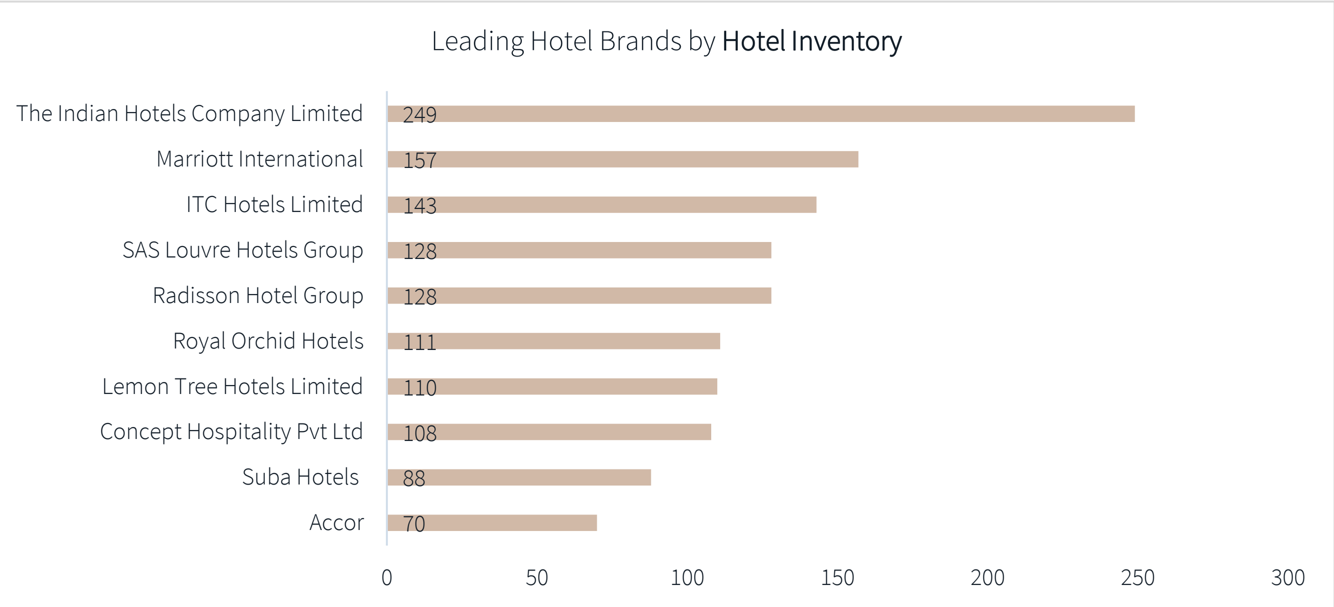
While disposable incomes have increased over the years and guests are willing to pay premiums for distinguished service and experiences, developments in the Luxury and Upper Upscale segments, especially greenfield projects, may be rationalized considering high development and operating costs as well as a longer gestation period. Even though the first half of 2025 sees domination by the Upscale to Luxury segments, the country is gearing up to capitalize on the existing and latent demand in these markets by expanding their Economy and Midscale offerings.

Hotel Brands by Operating Inventory

The top 10 hotel operating brands in India operate over 117,000 keys of the total branded inventory as of 31st May 2025. Key operators include Marriott International, IHCL, and Radisson Hotel Group.



Source: JLL Research, STR



Source: JLL Research, STR

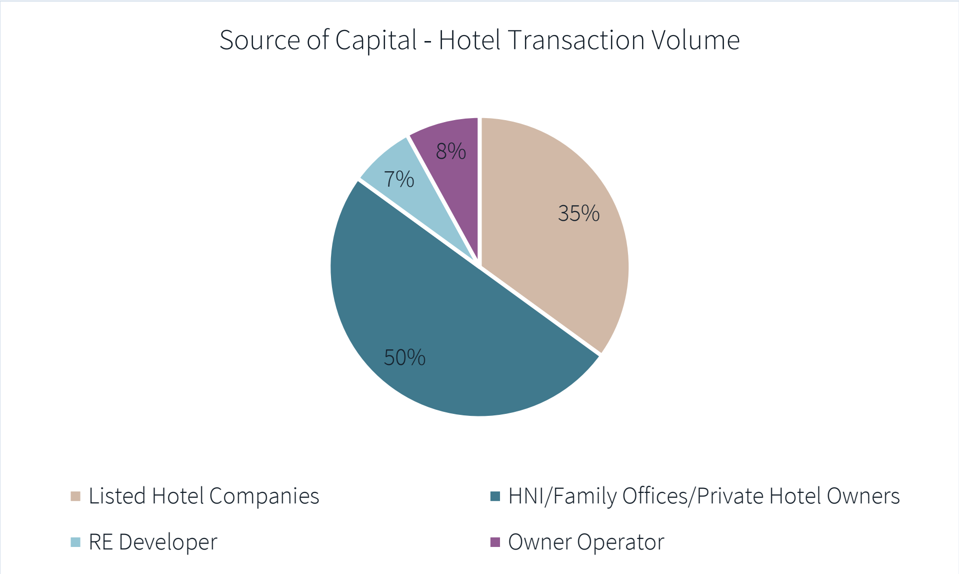
IHCL leads as an operator in terms of number of hotels with 249 properties, 92 more than Marriott International, which comes in second place. The top 10 operators consist of 1292 hotels out of the total inventory in India of 31st May 2025.

Suba Hotels - Inventory

Suba Hotels Limited (SHL) is one of India's largest domestic hotel chains in the mid-market sector with 88 operational hotels as of July 2025, comprising 4,096 keys across over 50 cities, around 81% of which are located in emerging markets in tier 2 and 3 cities. The hotel chain also boasts a portfolio of 40 hotels in the pre-opening phase, encompassing 1,831 rooms. Notably, a large portion of these properties are situated in destinations previously untapped, demonstrating the brand's expansive growth. Their operating inventory includes owned, managed, leased, and franchised hotels.

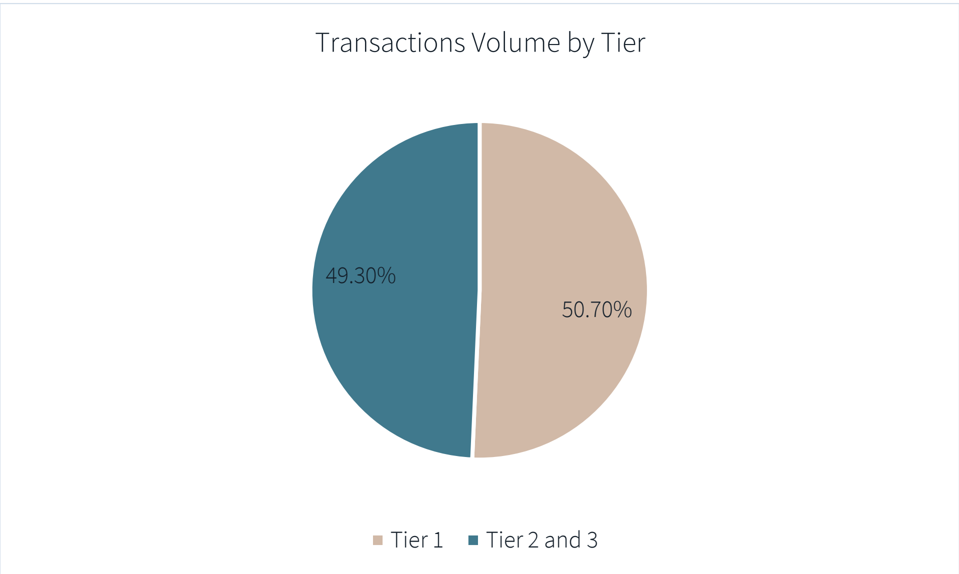
Industry Performance Overview

The Indian hotel investment market maintained stability in 2024, recording 25 deals with a total transaction volume of USD 340 million, comparable to 2023 levels. High-net-worth individuals (HNIs), family offices, and private hotel owners emerged as dominant players, accounting for 51% of the transaction volume. Listed hotel companies followed with a 34% share, while owner-operators and real estate developers contributed 8% and 7% respectively.



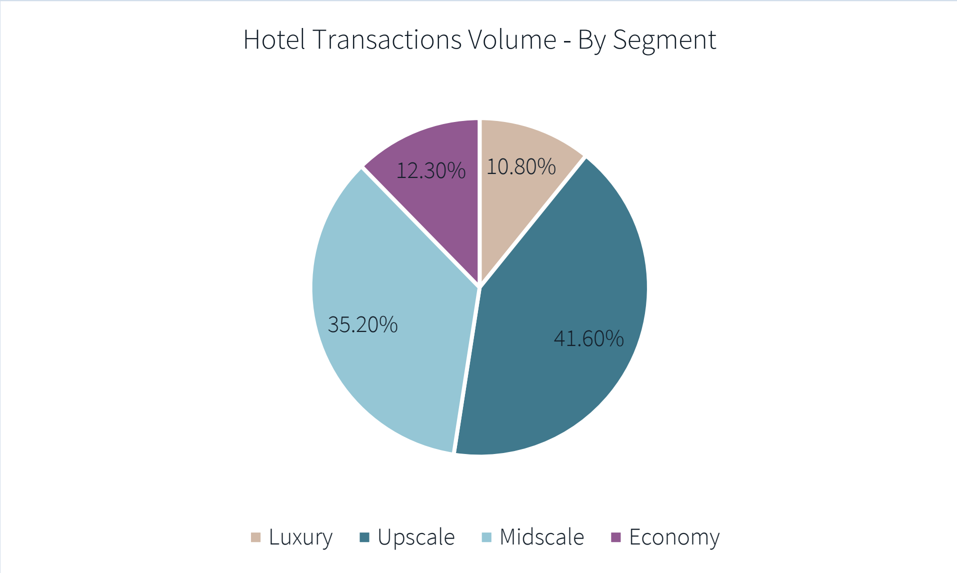
Source: JLL Research

Market distribution showed an even split between tier categories, with Tier 1 cities capturing approximately 50% of transaction volume while Tier 2 and 3 cities collectively accounted for the remaining 50%. The hotel sector's reach expanded significantly into previously underserved markets including Amritsar, Mathura, Bikaner, Kolhapur, Lonavala, Mahabaleshwar, Shirdi, Igatpuri, and Tirupati.



Source: JLL Research

The upscale segment led investment activity with 41% of transaction volume, followed by midscale (36%), economy (12%), and luxury segments (11%). The first quarter of 2025 has already seen exceptional performance with USD 117 million in transactions, including notable deals in Goa, Rishikesh, and Chennai, along with land monetization at MOPA Goa Airport and along the Yamuna Expressway.



Source: JLL Research

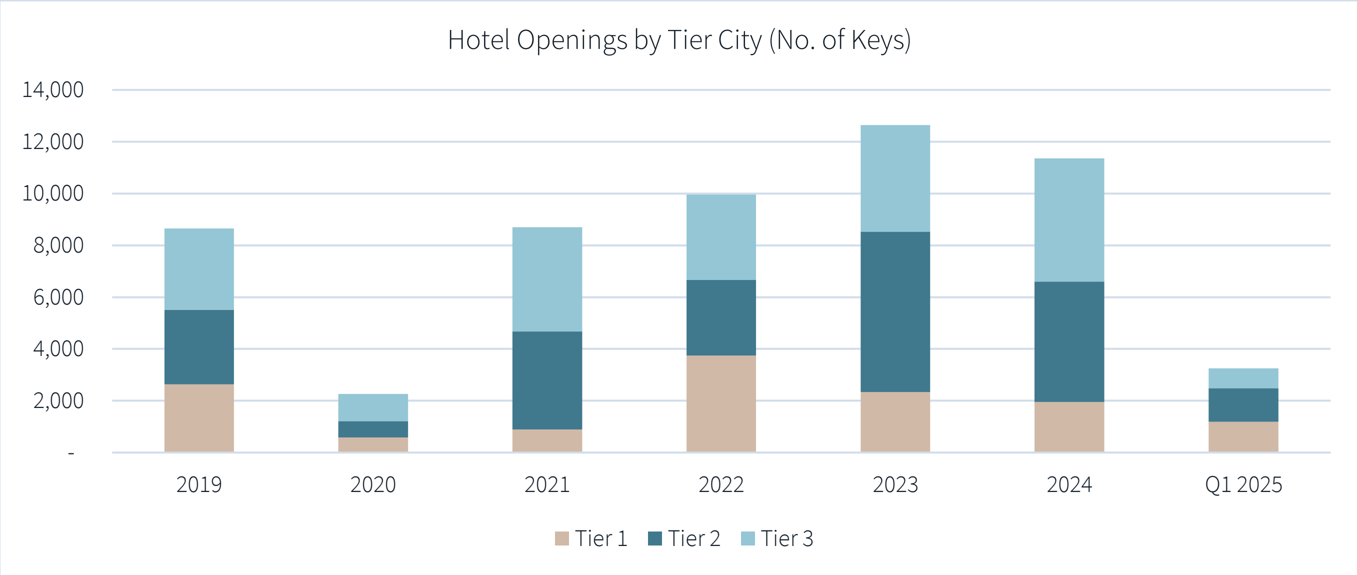
Looking ahead, emerging markets are trending for new hotel developments, supported by airport expansions, road infrastructure improvements, and the government's tourism-friendly budget for FY 2026, which aims to promote 50 prime tourist destinations. However, challenges remain as major cities may see limited transactions due to high valuations stemming from strong performance metrics and elevated land prices pressuring investment yields.

Hospitality Sector Outlook

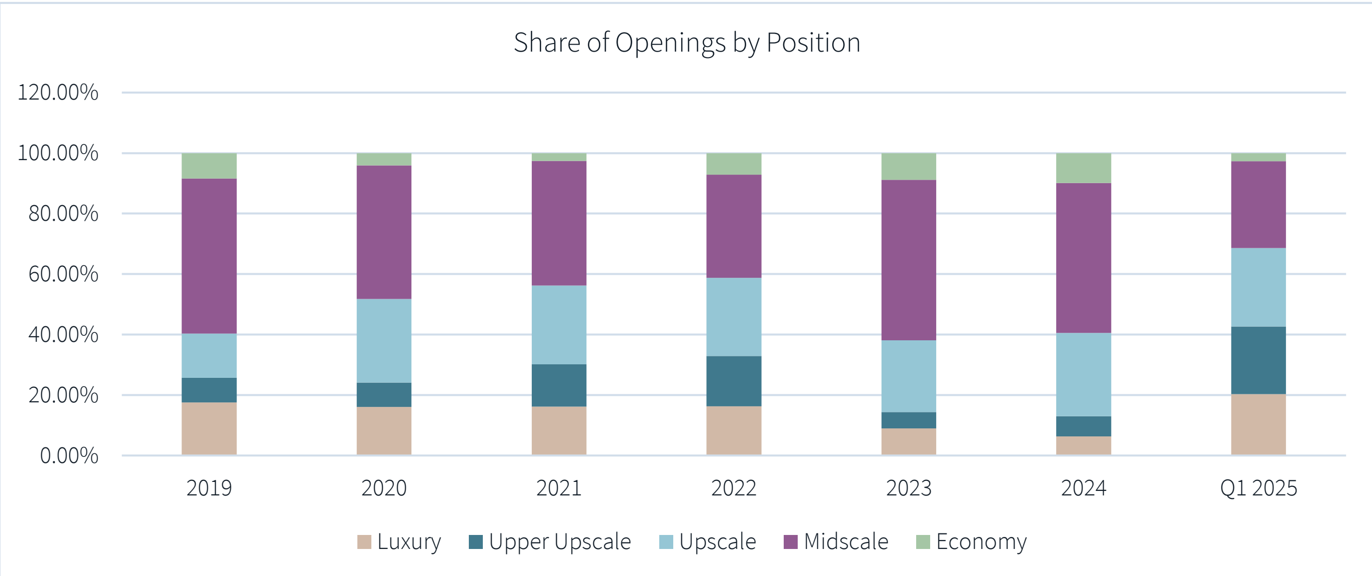
The hospitality sector demonstrates robust growth as branded hotel signings reached 42,071 keys by December 2024, with continued momentum in Q1 2025 adding 79 new hotel signings totaling 9,478 keys. Notably, Tier 2 and 3 cities dominate the expansion landscape, accounting for 77% of all branded hotel signings and 83% of actual openings (11,352 keys) in 2024. Management contracts remain the preferred business model, representing 81% of total signings, while franchise agreements and lease/revenue share arrangements account for 14% and 5% respectively.

Source: JLL Research

Developer confidence shows remarkable strength with greenfield projects more than doubling in 2024 (28,281 keys) compared to 2023 (13,600 keys). Meanwhile, Tier 1 markets including Mumbai, Bengaluru, Hyderabad, Pune, and Chennai are attracting larger properties exceeding 250 keys, driven by strong domestic demand and commercial activity. The midscale segment led new openings at 50%, followed by upscale (28%), economy (10%), and luxury and upper upscale segments (6% each) in 2024. Q1 shows that Luxury and Upper Upscale make up 42% of all openings.



Source: JLL Research



Source: JLL Research

Performance metrics remain positive across top markets in Q1 2025, with Bengaluru recording the highest RevPAR growth at 38.3%, boosted by the Aero India 2025 event. Chennai also demonstrated strong growth in both RevPAR and ADR, supported by increased corporate activity and events including the Annual Leather Fair and USICON. Similarly, Delhi and Mumbai posted impressive RevPAR and ADR growth, underpinned by robust occupancy rates, reflecting the sector's continued vitality and growth potential.

In 2014, India had approximately 75 operational airports and by 2025, this number has almost doubled, resulting in 147 operational airports. There has been a keen push from the government to take this number up to 220 airports by the end of the year. All hotel segments across India are experiencing unprecedented growth as premium brands strategically expand their footprint beyond traditional urban centers. Hotel operators are capitalizing on emerging opportunities in diverse destinations, leveraging improved connectivity and infrastructure developments that have transformed the hospitality landscape nationwide.

This expansion strategy has proven remarkably successful, with luxury brands now establishing prestigious properties in previously untapped markets where entry barriers are significantly lower than in tier 1 cities.

India's robust infrastructure development continues to unlock extraordinary potential across both established and emerging destinations, creating ideal conditions for luxury and upper upscale hotel development. The remarkable success of recent expansion initiatives by premium hotel chains demonstrates the market's tremendous capacity to absorb and support high-end hospitality offerings. This pattern of strong demand consistently meeting and rewarding new supply confirms India's position as one of the world's most promising hospitality markets, with significant growth opportunities still ahead as brands continue their national expansion strategies.

5. Annexure

THE ENGAGEMENT

Suba Hotels Limited has commissioned Jones Lang LaSalle Property Consultants (India) Private Limited (hereinafter referred to as 'JLL') to prepare an independent India Hospitality Overview Report covering the hospitality sector. Suba Hotels Limited intends to seek this Report in connection with proposed DRHP / initial public offering of equity shares through public listing in Indian Stock Markets.

DISCLAIMER

This India Hospitality Overview Report is prepared for the sole use of Suba Hotels Limited and no responsibility and/or liability is accepted to any other party for the whole or any part of its contents. Suba Hotels Limited may choose to share the report and/or may include data / information extract from the report in documents prepared in connection with the Offer in the draft red herring prospectus to be filed with Securities and Exchange Board of India and the stock exchanges where the Equity Shares are proposed to be listed, the red herring prospectus and the prospectus to be filed with the Registrar of Companies, Ahmedabad at Gujarat, Securities and Exchange Board of India and the Stock Exchanges or any other document to be issued or filed in relation to the Offer in the form and context in which they are included, including in any presentation issued by Suba Hotels Limited, for a period of one year after the issuance of the Report.

It is expressly clarified that JLL shall not be named or construed as an 'Expert' in any manner whatsoever in accordance with the applicable provisions of the Companies Act, 2013 or any applicable laws, in relation to the statements contained in the Reports and proposed to be included in the draft red herring prospectus, red herring prospectus and prospectus, and any other documents to be issued in relation to the Offer.

Given the confidential nature of the Report pertaining to the hospitality overview report, which are privately transacted in actuality, are not in the public domain, the Report is prepared with the intend that the same shall restricted to be used by Suba Hotels Limited for the above-mentioned purpose only by adherence to the confidentiality as is expected to be maintained by Suba Hotels Limited.

Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. The data and/or information provided and/or utilized in the report for the purposes of analysis have been done on best effort and knowledge basis.

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