Is hotel development keeping pace with India's economic growth?

India’s hotel pipeline is expanding rapidly, but new supply continues to lag behind demand. As the country moves towards its Viksit Bharat 2047 vision, the hospitality sector faces a key challenge: ensuring that hotels are developed not only in sufficient numbers, but also in the emerging markets where economic activity is growing.

According to NITI Aayog’s June 2026 report, Unlocking Growth in Tourism and Hospitality Sector, India had around 200,000 branded hotel rooms in 2024, with another 100,000 rooms expected to enter the pipeline by 2030. However, the report notes that supply creation has not kept pace with demand. ICRA similarly projects premium hotel demand to grow by 8–10% annually between FY2025 and FY2028, compared with 5–6% growth in room inventory.

Hotel development is also expanding beyond traditional tourism and business centres. Industrial corridors, airports, manufacturing hubs, technology centres, healthcare destinations and emerging cities are creating new sources of travel demand. Cities such as Surat, Vadodara, Rajkot, Ranchi, Raipur and Vijayawada are seeing increased economic and professional activity, creating opportunities for new hospitality supply.

While hotel signings are reaching record levels, the real measure of growth will be the speed at which projects become operational. HVS ANAROCK recorded 64,118 branded keys signed across 586 properties in 2025, while 14,199 rooms opened during the year. Faster approvals, improved access to long-term financing and greater alignment between hotel development and infrastructure planning will be critical to closing this gap.

India’s hotel sector is clearly accelerating, but development must become faster and more strategically distributed. As economic activity moves into new cities and growth corridors, hospitality needs to be planned alongside the infrastructure that enables India’s next phase of economic expansion.

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