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# Bright future of ‘Dal’ economy

The much anticipated improvement in business environment should prove to be conducive for the development of hotel business too



Lemon Tree is growing its presence in Jammu & Kashmir

Kashmir, known as ‘The Paradise on Earth’, is second to none in the world as far as its spectacular beauty and rich cultural heritage is concerned. The serene landscape of Kashmir has been the most popular tourist destination for natural beauty lovers for the past many decades. Famous for its picturesque Dal Lake, Kashmir witnessed an all-time high tourist influx in 2024, with about 3.5 million visitors, including over 43,000 foreign nationals.

However, the buoyancy witnessed in Kashmir’s tourism industry suffered a major jolt when Pakistan-sponsored terrorists attacked tourists in Baisaran meadows of Pahalgam, in which 26 innocent lives were lost on 22 April 2025. Soon after this scary and gruesome incident, the occupancy rate of more than 150 hotels in Pahalgam and about 850 hotels in Srinagar dipped to a mere 10 per cent, informs the Pahalgam Hotels & Owners Association, due to the mass cancellations of bookings. The unfortunate terror attack dealt a huge blow to the local tourism sector, devastating hoteliers across the valley and also dashing the hopes of many shopkeepers, travel vendors and local youth, who rely on tourism activity for their livelihoods. It eventually compelled The Jammu & Kashmir Hotels & Restaurants

Association to offer a hefty discount of over 65 per cent on hotel tariffs to woo deserted tourists.

There exist about 40 hotels & resorts of III, IV and V Star categories in Pahalgam today, says Javed Burza, president, Pahalgam Hotel & Restaurant Owners Association. Over 2,500 rooms across these hotels are being offered to tourists at hefty discounts to revive tourism in and around Pahalgam. “I am bullish about the future of Kashmir’s hospitality industry and anticipate the revival of tourism activities in the near future,” affirms Burza. “I also foresee a huge influx of branded hotels in popular destinations like Pahalgam, Sonmarg and Gulmarg, apart from Srinagar city.”

“Over the last few years, we have been interested in growing our presence in Jammu & Kashmir,” concurs Patanjali Keswani, a leading hotelier and promoter of hospitality chain, ‘Lemon Tree’ echoing a similar sentiment. “Currently, we operate 4 properties with 184 keys in Katra, Jammu, Srinagar and Sonmarg. We also have two upcoming properties in Srinagar (second hotel) and Gulmarg, taking the total number of keys up to 261. Once the current situation settles down and the Union Territory returns to normalcy, we will be happy to look at interesting new opportunities across



Keswani: happy to look at new opportunities

Jammu & Kashmir. We feel the typical Lemon Tree loyal customer looks for destinations with us that meet his leisure and religious travel needs in addition to his or her business needs.”

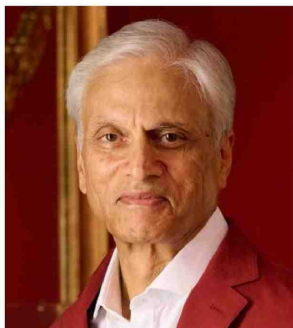
The terror attack in Pahalgam was deeply tragic and concerning. However, leading hoteliers strongly believe in the long-term potential of Jammu & Kashmir as one of India’s most naturally blessed tourism destinations. Over the years, Jammu & Kashmir has shown remarkable resilience, and tourism has bounced back time and again.

### New opportunities

“We are aware that such unfortunate events like terror attack in Pahalgam may lead some stand-alone or unbranded hotel owners of Jammu & Kashmir to consider partnerships with established chains for stronger brand assurance, better security protocols and wider visibility,” observes Chander K. Baljee, MD, Royal Orchid Hotels. “This does create opportunities for hotel brands like ours to step in for business expansions and also to contribute to rebuilding local confidence, employment and national integration through tourism in Jammu & Kashmir. Our approach will always be respectful, long-term and aligned with the local sentiment and culture.”

“We are open to conversations with boutique and stand-alone hotels

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Bakaya: J&amp;K is an important focus area for us

in Kashmir keen to join a nationally trusted platform and benefit from our operational and marketing strength," adds Baljee.

Royal Orchid Hotels operates one property in Kashmir and is in advanced discussions with local hoteliers to expand across different locations in the valley. Baljee says his aim is to bring high-quality hospitality with local essence; ensuring guests experience the true spirit of Kashmir, while enjoying trusted service standards. "As an Indian hospitality group, we see this as a commitment not just as a business model but also to strengthen tourism-led development and livelihoods in the region, which is in line with the government's larger vision for the economic development of Jammu & Kashmir," he adds. "It is a priority growth region for us due to its immense potential as a leisure destination and also wedding, adventure and wellness destination". Currently, Royal Orchid Hotels operates one property in the region, and is in advanced discussion to forge alliances with stand-alone hotels across the state.

Kashmir remains a strong destination with long-term potential. In challenging times post attack in Pahalgam, many independent hotel owners of Jammu & Kashmir are looking for the safety and stability that comes with joining well-known hotel brands. While it's too early to say how big this trend will be, opportunities are slowly opening up, as more local hotel owners of stand-alone units are looking forward to partnering with trusted brands to ensure steady business and better visibility.

"Jammu & Kashmir is an important focus area for us," acknowledges Ajay K. Bakaya, MD, Sarovar Hotels & Resorts. "Right now, we operate five hotels in the region, including Srinagar, Jammu and Katra, serving both leisure and religious travellers. We are in talks for a few more hotels in Kashmir as we see a growing need for good, branded accommodation. The region's beauty and tourism potential are unmatched, and we want to be part of its long-term positive growth story in a responsible way."

As the Indian hospitality industry matures, it is likely that more equity partnerships, mergers and acquisitions may come up, Bakaya adds. After the challenges of Covid, many hotel groups are also looking for ways to grow faster. At Sarovar, backed by Louvre Hotels group, the management is watching these trends closely and is well-prepared to grow in this changing landscape.

#### Boosting infrastructure

Prime Minister Narendra Modi recently flagged off the first train, a Vande Bharat service in the Kashmir valley from Jammu's Katra Railway Station and inaugurated several development projects in Jammu & Kashmir, including the world's highest railway bridge over Chenab River and India's first cable-stayed Anjli bridge. The newly flagged-off train is being hailed as a potential game changer. Vande Bharat train service could stabilise tourism in the long run. This development is likely to boost tourism in the Union Territory and is expected to provide a huge impetus to the hospitality industry of Jammu & Kashmir. The local hoteliers have also planned to invite prominent YouTubers, influencers, writers and policy makers across the country to seek their positive views and reviews of Jammu & Kashmir's scenic landscape. Also, over 150 tour operators and travel agents from across India have been identified to visit Jammu & Kashmir over the next few weeks. The Federation of Associations of Indian Tourism & Hospitality, the Travel Agents Association of India, the Indian Association of Tour Operators and prominent members of the Hotel Association of India are expected to visit popular tourist destinations of Jammu & Kashmir



Baljee: respectful approach

like Srinagar, Gulmarg and Pahalgam in the weeks to come to reinforce the message that Kashmir valley region is undoubtedly safe for tourists and life-line of India's northernmost tourist-paradise is a secured travel destination for leisure and business travellers.

Indeed, tourism is considered one of Kashmir's economic lifelines – popularly called 'Dal economy', because tourists visiting Jammu & Kashmir invariably end up promoting the local tourism by posting their photos on various social media platforms, while riding on 'Shikaras' in Srinagar's famous Dal Lake.

The relative peace in Jammu & Kashmir in the past few years has witnessed a huge influx of investments in the tourism economy, especially in the construction of tourist guest houses, fancy hotels and other travel & tourism related business enterprises. After the Pahalgam attack, the government of India's strong commitment to restoring confidence, promoting peace and also reviving the hospitality sector of Jammu & Kashmir through various tourism, promotional and cultural engagements is perceived as a confidence-building measure to woo Indian and well as foreign hotels chains to open fancy hotels through greenfield projects or franchise alliances in the months to come. The much-anticipated bright future of 'Dal' economy has created a business environment conducive for the development of hotel business in India.

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