Hotel firms tap unexplored India, from Kabini to Salasar

ITC Hotels, IHCL, others eye remote markets as development peaks in the bigger cities

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Domestic travel market is increasingly underpinning the hotel industry, with local visitor spending pegged at $203 billion in 2025, or 86% of total tourism spending. MINT

As the country's domestic tourism grows, riding India's buoyant leisure travel trend, listed hospitality companies are rapidly signing up hotels in obscure micro-markets from Barapani to Maniyagarh Hills and Omkareshwar.

Hotel companies are fanning out, looking aggressively for contracts to increase not only their income from management fee but also to widen their presence across tier-3 and -4 markets as development peaks in the bigger cities. Recent signings include ITC Hotels' Storii at Amchong Tea Estate on the outskirts of Guwahati and a Welcomhotel in Salasar, Rajasthan. ITC has also signed a Welcomhotel each in Rajgir in Bihar and Karai in Gujarat.

"We have signed 87 hotels in the past three years, including in Karai, Balaram Palace resort in Palampur and opened 43 hotels in the last three years. We also opened one in Akashganga in Dungarpur district of Rajasthan and one in Naina Tikkar in Himachal Pradesh," said Anil Chadha, managing director of ITC Hotels.

Taj parent The Indian Hotels Co Ltd (IHCL), on the other hand, has added properties in Jawai, Bharatpur, in Rajasthan, Sindhudurg in Maharashtra and signed one in Barapani, Meghalaya.

Lemon Tree announced hotels in Omkareshwar and Chitrakoot in Madhya Pradesh in January, Khurpatal in Uttarakhand, Barog in Himachal and Gorakhpur in Uttar Pradesh.

Scale is becoming less about room count alone and more about the breadth of brands and distribution that a company can offer owners and guests. Oberoi Hotels parent EIH has been taking its brands to destination-led markets, with recent and planned properties including Makaibari Tea Estate in West Bengal, Kabini and Hampi in Karnataka, and Rajgarh Palace atop the Maniyagarh Hills in Madhya Pradesh.

The expansion is not simply about moving into smaller cities, said consultants. Hotel companies are looking for pockets of demand that can support branded accommodation, with destinations increasingly built around a specific travel proposition rather than simply the size of the city.

IHCL opened a 30-room Ginger in Siwan in Bihar in June, followed by boutique resort Tree of Life Himalaya in Hartola, Uttarakhand, and another one in Chettinad, Tamil Nadu.

Dimitris Manikis, president, EMEA, at Wyndham Hotels & Resorts, the world's largest hotel franchising company and operator of brands including Ramada, Days Inn and Microtel, said: "India is changing so rapidly that a tier-3 city can become a tier-2 market within months as new airports and highways come in. Look at the infrastructure pipeline: 27 airports are being developed in India and another 50 are in the pipeline, compared with virtually none in Europe."

Domestic travel market is increasingly underpinning the hotel industry, with the World Travel & Tourism Council pegging local visitor spending at $203 billion in 2025, or 86% of total travel and tourism spending.

Consultancy HVS Anarock, in its January 2026 review of 2025, said domestic tourism was the sector's strongest pillar, with short breaks, drive-to leisure travel, pilgrimages, weddings helping tier-2 and -3 cities gain ground on the travel map.

For hotel management companies, this offers a way to expand without having to own the underlying real estate, said Rattan Keswani, deputy managing director of Lemon Tree Hotels. "Portfolio breadth is now becoming as important as the hotel or room count. It is really about strengthening and carpet-bombing locations. Once one brand enters a market, others follow."

Royal Orchid is exploring emerging micro-locations such as Kevadia near the Statue of Unity in Gujarat. French hospitality major Accor is taking Novotel to Sambalpur, Odisha, with a 120-room property signed to open in 2031, expanding its footprint to fast-growing regional markets.

"Larger hotel companies are not looking to leave any empty spaces in their hotel portfolios," said Prashant Biyani, vice president and hospitality analyst at Elara Capital. "IHCL brought back Gateway and is expanding Ginger. They are expanding their presence wherever they are not right now. For hotel companies, it is about portfolio maximization, everywhere is the focus."

Other than Leela Palaces, Hotels and Resorts, which is focused on luxury, the others are expanding across categories.

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RURAL HOSPITALITY

HOTEL firms are looking for pockets of demand that can support branded accommodation

FIRMS are fanning out, looking for contracts to raise their income from management fee

RECENT signings include ITC Hotels' Storii at Amchong Tea Estate in Guwahati

DEMAND in smaller locations can also be generated locally in the form of family occasions, weddings