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5-stars to budget chain, hospitality industry flocks to Ayodhya to open new hotels

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Synopsis

With the state government focusing on creating good infrastructure to connect Ayodhya with main cities like Lucknow and Gorakhpur and other major economic centres, hospitality industry players feel that the city will attract more tourists across all segments thereby providing opportunity to operate hotels at different price points, from budget to luxury, to cater to different segments of the market.



Hospitality industry is flocking to **Ayodhya** as religious **tourism** in **India** witnesses accelerated growth and the upcoming **Ram Temple** is adding another attraction to the historical site. From leading 5-star brands like the Taj, Radisson and **ITC** Hotels to budget players such as OYO, companies lining up to open new hotels there have their share in the 25,000 rooms envisaged in future by the Uttar Pradesh government.

Tata Group hospitality firm **Indian Hotels Company Ltd** (IHCL) plans to open two new properties, and Radisson also has a similar plan.

Another major player, ITC Hotels is also exploring opportunities in Ayodhya to cater to increased demand that is projected to reach 4 crore visitors annually by 2031 under the Ayodhya Master Plan 2031, up from 2 crore visitors at present.

At the other end of the spectrum, OYO plans to add 50 new properties -- 25 homestays and 25 small and medium hotels with 10 to 20 rooms each -- in Ayodhya in 2023 under a collaboration with Ayodhya Development Authority and Uttar Pradesh State [Tourism Development Corporation](#).

IHCL Executive Vice President - Real Estate & Development Suma Venkatesh said spiritual tourism, which has existed in India since antiquity, has gained more importance in recent times, specially after the 'black swan' event like the COVID-19 pandemic, where people are looking to find deeper meanings of real life.

"With the (Ram) temple being built in Ayodhya we see more and more people coming in. There will be a need for quality infrastructure, tourism infrastructure...Ayodhya is an important pilgrim centre. It is known to be the birthplace of Lord Ram who is revered as one of the important deities in Hinduism," Venkatesh told PTI.

IHCL has signed management contracts for two new properties in Ayodhya -- a 100-room hotel under the Vivanta brand and another 120-room Ginger hotel -- which are expected to be operational in 36 months.

On the reasons for signing of the two new properties, she said, "We have been in many pilgrim destinations across the country and Ayodhya presents a great opportunity for brands like ours because with the temple being built, there is already huge interest."

Hotel Association of India Vice President and Chairman Emeritus & Principal Advisor, South Asia, Radisson Hotel Group, KB Kachru agreed that there is a surge in interest among tourists to visit Ayodhya.

"Over 2 crore people are going to Ayodhya (annually) today. So that's a very encouraging sign," he said adding, it is expected to increase to 4 crore annually by 2031 as per the master plan.

However, he lamented that the Indian hospitality industry was late in moving to the destination. "The unfortunate part is our industry didn't move very quickly on it. But now, I think the efforts of all the companies are there. Everybody's opening hotels and backup facilities there. We're looking at, in the next six to seven years there'll be about close to 25,000 rooms."

On Radisson's plans for Ayodhya, he said, "We as Radisson Hotels, are looking at doing two hotels on our own under the Radisson brand -- Park Inn and Individuals."

At present Ayodhya has just about 17 hotels with less than 600 rooms available with demand outstripping supply, thus providing an opportunity to hospitality technology platforms like OYO to serve the current demand while enabling it to plan for the future as well.

"Today, the plan is to open 50 hotels, because right now there are very less number of hotels available or homestays available in Ayodhya. The place is still building up, so our target is to tap the demand as soon as possible and start providing the accommodation or good experience and hospitality experience," OYO Chief Business Development Officer Anuj Tejpal said.

As the Uttar Pradesh government invests heavily on infrastructure development of the city to improve its connectivity through rail, road and air targeting, hospitality players are enthused to set up new properties there.

"We have seen that there is so much infrastructure development that has taken place (at Ayodhya)...there is a lot of interest in the market as well, in terms of hotel development," ITC Hotels Head, Growth & Development Smita Thadani said.

When asked about ITC Hotels' plans for Ayodhya, she said, "We've been approached by separate developers to owners, who want to develop hotels, and we are evaluating certain opportunities across our brands to see, to bring all our brands into this city."

With the state government focusing on creating good infrastructure to connect Ayodhya with main cities like Lucknow and Gorakhpur and other major economic centres, hospitality industry players feel that the city will attract more tourists across all segments thereby providing opportunity to operate hotels at different price points, from budget to luxury, to cater to different segments of the market.

"Pilgrim centres attract people across all segments...As more and more people come we feel there will be increasing demand for hotels that operate at different price points and hotels that cater to different segments of the market. Therefore we see huge potential for all our brands to enter Ayodhya over a period of time," Venkatesh of IHCL said.