

'Budget hotels set to boom'

22 Nov, 2007, 0505 hrs IST, TNN

The concept of budget hotels is fast becoming popular, thanks to the increase in corporate travel. Choice Hotels India, a leader in the segment of mid-market value-for-money hotel chains has 30 properties in 22 destinations in India. With a presence in all metros and major business cities and leisure destinations, Choice Hotels India franchises Quality and Comfort Inn brand hotels in India. Choice Hotels India CEO Vilas Pawar spoke to Ranjeni A Singh about the future of budget hotels in India. On the huge demand for budget hotels: Budget hotels' investment returns make sense. The demand for budget hotels for corporate customers at affordable price is gaining popularity. The industry is robust and the next few years will see more growth. The real opportunity lies in a good mid-market budget hotel with international standards. There are about 100,000 rooms in India, of which 60,000 are 5-star hotels and this imbalance is peculiar to India. Service apartments like Qutab Apartments (part of Qutab Hotel) are another option particularly popular with business travellers, at both mid and senior level management. These include expatriates, non-resident Indians visiting for long spells, people renovating their homes and foreigners staying in cities for long spells. Expansion plans: Choice Hotels India plans to invest Rs 750 crore to set up around 10 budget hotels a year across India. We have 30 hotels in 22 destinations and we are looking to add 8 to 10 properties every year for the next two to three years. Our expansion plans would see promoter companies invest about Rs 700-750 crore in the next 2-3 years and most would become operational in time for the expected surge in demand during the Commonwealth Games 2010. Total room capacity would increase to 3,000 from the current 2,000. Moving from marketing to managing properties: Choice Hotels so far has been involved in marketing and branding of hotels, but it would soon begin management of its properties as well. We will be managing all our budget hotels in the metros and major cities from next March. This would not only help us add to our bottomline figures but even build our brand image further. Global standards: We recently tied up with Royal Indian Raj International Corporation, a Vancouver-based company that plans to invest \$4 billion (Rs 170 billion) to create 15,000 budget hotel rooms across India. Choice Hotels India will run the approximately 100 hotels RIJIC will build. With our joint expertise in real estate and hospitality business, this relationship would offer the best hotel value for the growing inbound, outbound and domestic travel sectors. Government as motivator: We want the government to encourage the hospitality sector. While the 5-year tax holiday is welcome, it's not enough. It should be for 10 years. This industry takes time to grow; gestation period is long and land prices are going haywire. Hence, the sector wants an extension to 10 years

To view the source of this article [Click Here](#)