

TOURISM & HOSPITALITY



August 2024

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Executive summary

1. Contribution to GDP above world average

- In 2023, the travel & tourism industry's contribution to the GDP is estimated over US\$ 199.3 billion; this is expected to reach US\$ 512 billion by 2028.
- In India, the industry's direct contribution to the GDP is expected to record an annual growth rate of 7-9% between 2019 and 2030.
- Revenue from religious tourism destinations almost doubled to Rs. 1,34,543 crore (US\$ 16.2 billion) in 2022 from Rs. 65,070 crore (US\$ 7.8 billion) in 2021, as per the Ministry of Tourism.

2. Creating employment

- In FY23, the tourism sector in India accounts for 35 million jobs, a growth of 8.3% over the last year (2022).
- The Hotels' Association of India (HAI) stated that the hospitality and tourism sector anticipates generating 50 million direct and indirect employment opportunities in the next 5-7 years.

3. Lighthouse & Cruise Tourism

- Government has identified 78 lighthouses as centres of tourism and five ports as cruise tourism hubs to boost lighthouse and cruise tourism in India.

6. New visa reforms

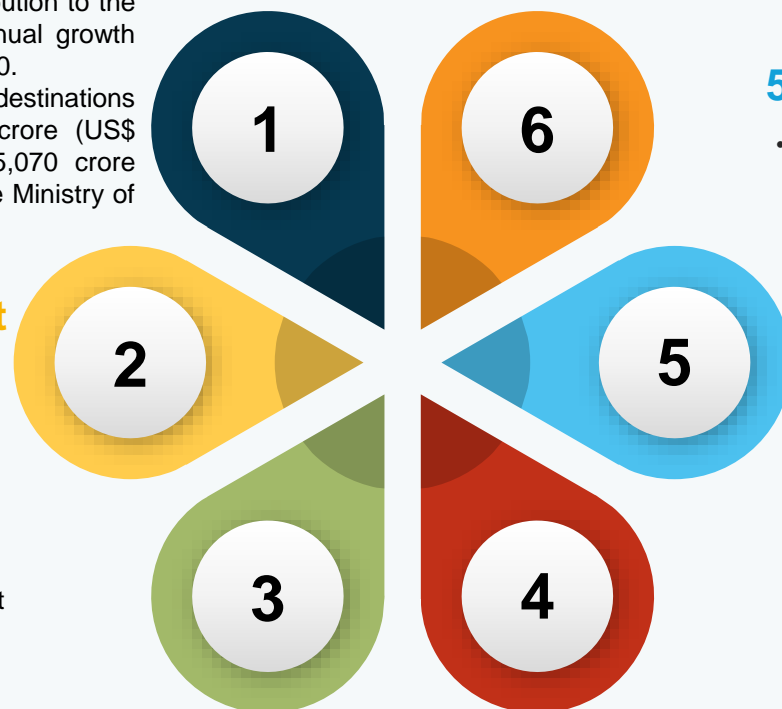
- Visa reforms include a significantly expanded Golden Visa scheme, a five-year Green residency and new entry permits, including one for job seekers. The new system also offers additional benefits to sponsor family members

5. New policy rollout plan

- To ease travel for international tourists, the Government of India has launched a scheme wherein five lakh tourists will get free visas.

4. Higher investment

- The Emergency Credit Line Guarantee Scheme (ECLGS) covered through a liberal definition of MSME (micro small and medium enterprises) has been expanded to include tourism and hospitality stakeholders. Infrastructure status has been granted to exhibition-cum-convention centres.
- A separate liquidity window of Rs. 15,000 crore (US\$ 1.81 billion) has been released for the sector.
- The Rs. 85,000 crore (US\$ 10.2 billion) investment in Ayodhya, including the establishment of a new airport, the refurbishment of the railway station, the creation of a township, and enhanced road connectivity, is poised to turn the city into a vibrant center for spiritual tourism and serve as a role model for promoting spiritual tourism.





Advantage India

1. Diverse attractions

- ▶ India is geographically diverse and offers a variety of cultures that come with its own experiences, making it one of the leading countries in terms of international tourism expenditure.
- ▶ According to WTTC, the contribution of India's travel and tourism sector to India's economy was worth Rs. 15.7 lakh crore (US\$ 189 billion) in 2022.
- ▶ According to WTTC, over the next decade, India's Travel & Tourism's GDP is expected to grow at an average of 7.1% annually.
- ▶ Pilgrimage travel in India is gaining popularity domestically and among the large Indian diaspora worldwide.

2. Robust demand

- ▶ India's tourism and hospitality sector is expected to yield revenue exceeding US\$ 59 billion by 2028. Moreover, Foreign Tourist Arrivals (FTAs) are forecasted to hit 30.5 million by the same year.
- ▶ The travel market in India is projected to reach US\$ 125 billion by FY27 from an estimated US\$ 75 billion in FY20.
- ▶ International tourist arrivals are expected to reach 30.5 million by 2028.



4. Policy support

- ▶ In the 2024 Interim Budget, Rs. 2,449.62 crore (US\$ 294.8 million) were allocated to the tourism sector, a 44.7% increase from the previous fiscal year. This marks a positive change from the 2023 Union Budget's initial allocation of Rs. 2,400 crore (US\$ 288.8 million), later revised to Rs. 1,692.10 crore (US\$ 203.6 million).
- ▶ The Ministry of Tourism has undertaken Destination Based Skill Development training programme at various places in the country to train, local people residing near the tourist sites and destinations. Around 12,187 candidates have been trained at 145 destinations.

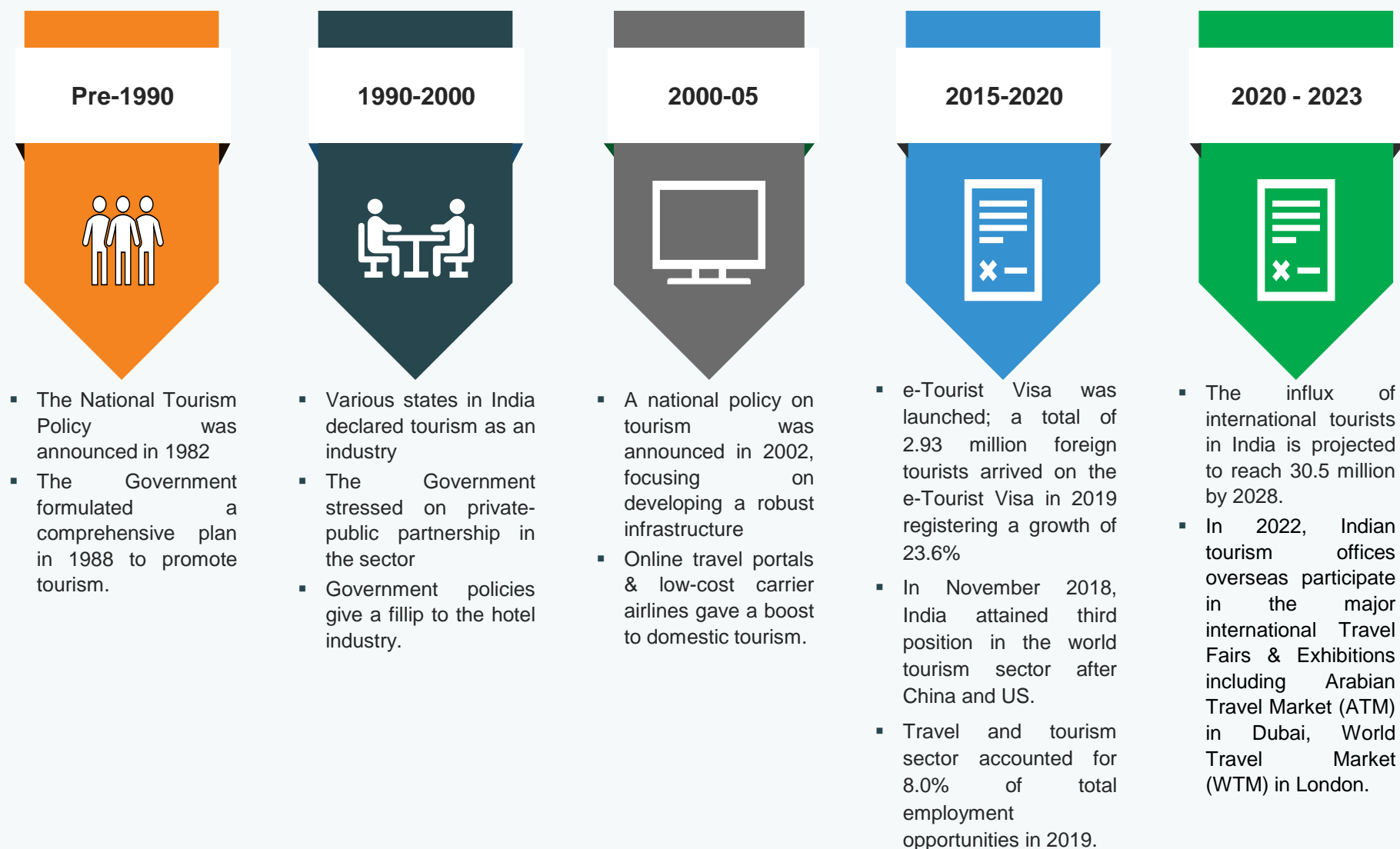
3. Attractive opportunities

- ▶ India offers geographical diversity, world heritage sites and niche tourism products like cruises, adventure, medical, eco-tourism, etc. Incredible India has spurred growth in tourist arrivals and employment.
- ▶ In 2024, Prime Minister Mr. Narendra Modi inaugurates 52 tourism sector projects valued at over Rs. 1400 crore (US\$ 168.5 million) under the Swadesh Darshan and PRASHAD Scheme.
- ▶ The government has taken steps to boost investments in facilitate spiritual tourism with states like Uttar Pradesh developing tourist circuits and Uttarakhand and West Bengal enhancing infrastructure for pilgrims.

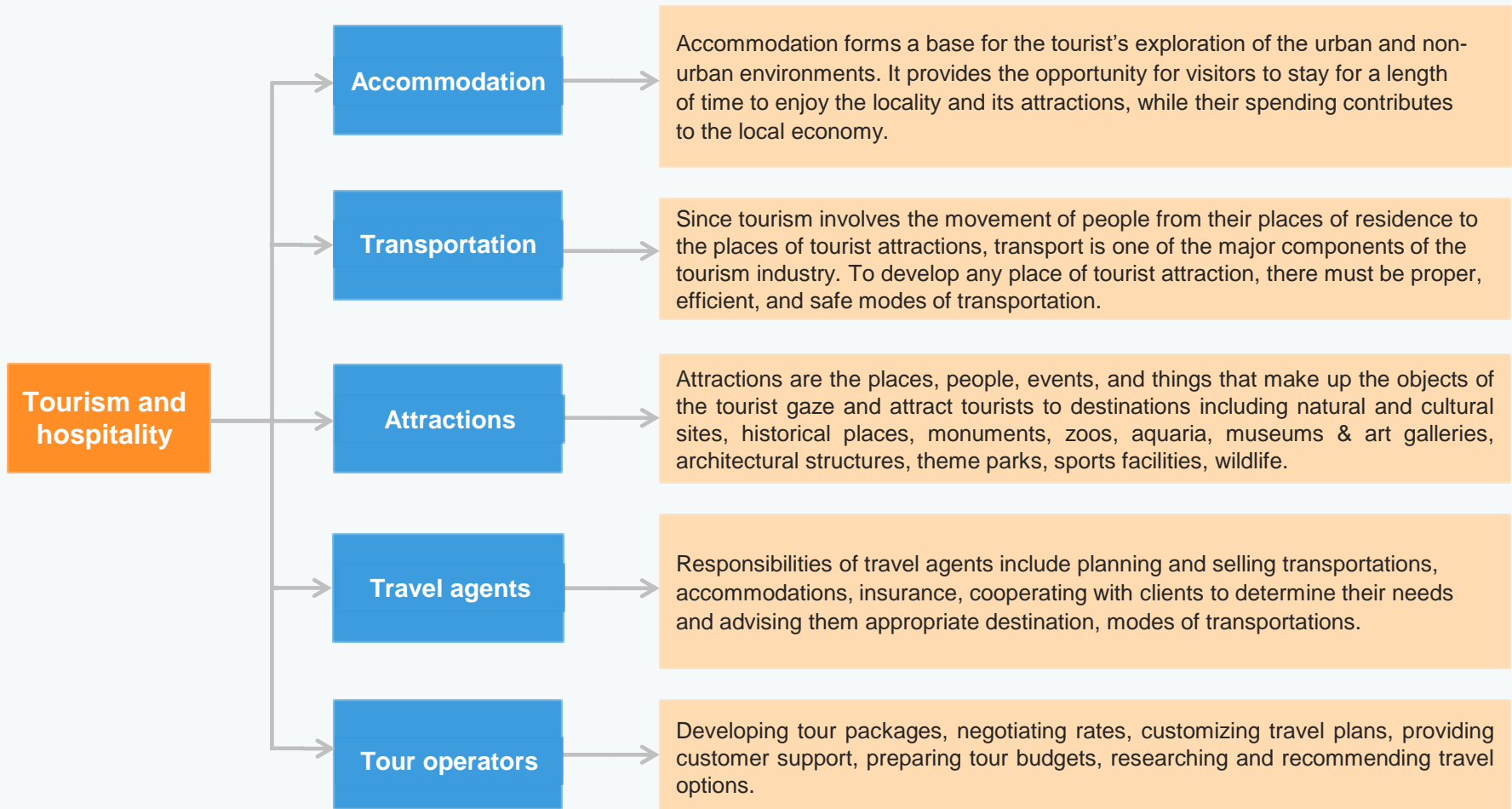
Source: DPIIT, ICE 360 Survey 2016, Blue Star Investor Presentation August 2018, *BARC India Universe Update July 2018, Bombay Stock Exchange



Evolution of the Indian tourism and hospitality sector



Segments of tourism and hospitality



Source: Dun and Bradstreet's Report on Tourism in India

Emerging tourism and hospitality segments

1. Rural tourism

- Showcases the Indian rural life, art, culture, and heritage, thereby benefiting the local community economically and socially as well as enabling interaction between the tourists and the locals for a more enriching tourism experience.

2. Spiritual tourism

- Revenue from religious tourism destinations almost doubled to Rs. 1,34,543 crore (US\$ 16.2 billion) in 2022 from Rs. 65,070 crore (US\$ 7.8 billion) in 2021, as per the Ministry of Tourism.
- 68 destinations/sites have been identified in 30 States/UTs for development under the PRASHAD Scheme as on March 31, 2022.

3. Eco-tourism

- Projected to achieve a growth rate of 15.7% from 2019 to 2027, reaching a valuation of US\$ 4.55 billion, India presents distinctive destinations, opportunities for wildlife exploration, and untouched natural areas of pristine beauty.



4. Luxury tourism

The luxury travel market in India is expected to grow at rate of 12.8% during 2015-25, the highest in comparison with any other BRIC country.

7. Adventure tourism

- India boasts 70% of the Himalayas, over 7,000 kilometers of coastline, ranks 10th globally in terms of total forest area, and is among the trio of nations housing both hot and cold deserts.

6. Medical tourism

- Drawing upon world-class healthcare amenities and traditional healing practices, medical tourism and wellness retreats entice 21% of international travelers.

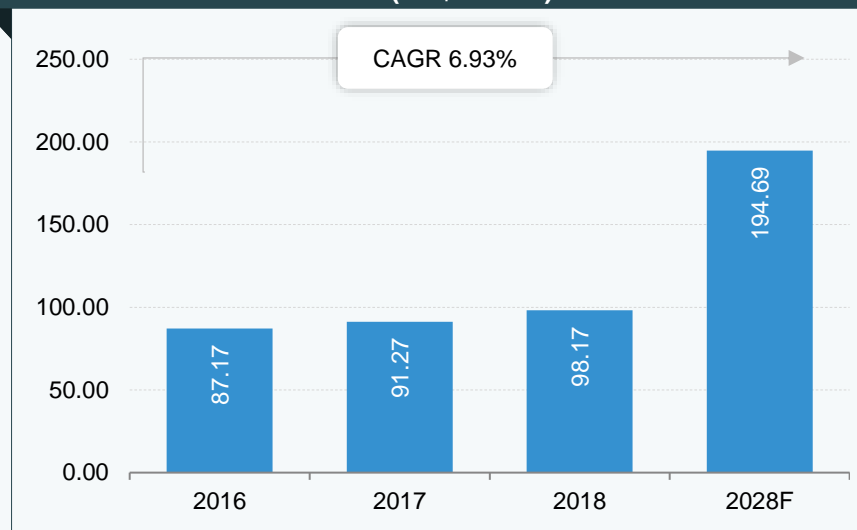
5. Heritage tourism

- Given the variations in the customs, traditions and philosophy ingrained behind each state of India, heritage tourism is a potential proponent for the upliftment of local economies.

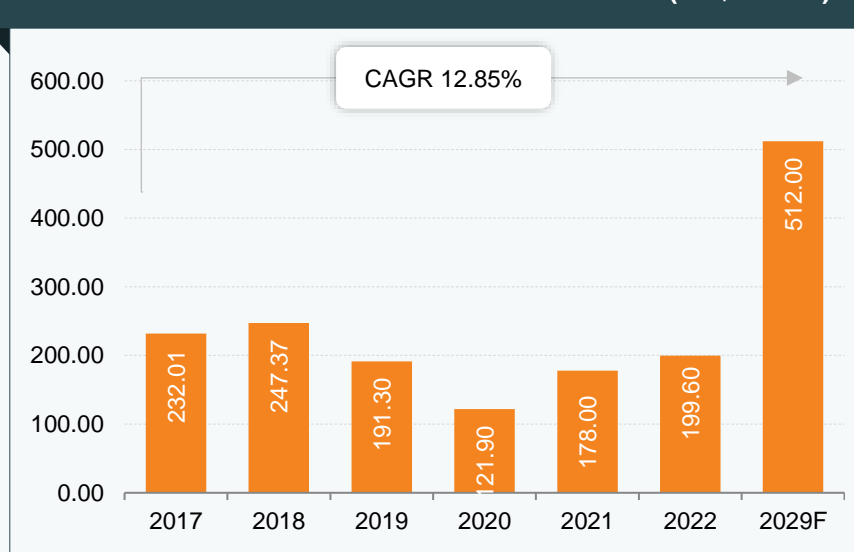
Source: Dun and Bradstreet's Report on Tourism in India

Rising contribution to India's GDP

Direct Contribution of Travel and Tourism to GDP at Real 2017 Prices (US\$ billion)



Total Contribution of Travel and Tourism to GDP (US\$ billion)



- In 2022, the Travel & Tourism sector contributed US\$ 199.6 billion to the GDP, accounting for 5.9% of the total GDP.
- The Indian travel and tourism industry is expected to record an annual growth at 7.1% per annum.
- In 2020, the travel & tourism industry's contribution to the GDP was US\$ 121.9 billion. In 2019, it contributed US\$ 212.8 billion to the GDP.
- According to WTTC, In 2022, the Travel & Tourism sector directly created 16,897,826 jobs, representing 3.5% of total employment. These jobs encompass roles in hotels, travel agencies, airlines, and other passenger transportation services (excluding commuter services).
- Tourism is the third largest foreign exchange earner for the country.

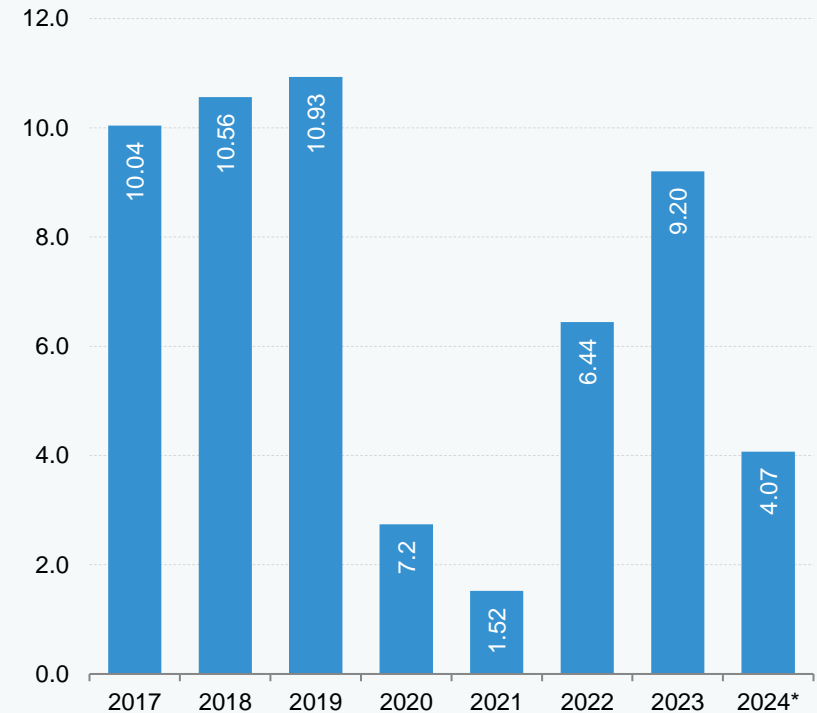
Note: CAGR - Compound Annual Growth Rate, F -Forecast,

Source: World Travel & Tourism Council's (WTTC's) Economic Impact 2021

Foreign arrivals post pandemic

- As per the Ministry of Tourism, Foreign Tourist Arrivals (FTAs) in December 2023 were 1,070,163.
- Foreign Tourist Arrivals (FTAs) in May 2024 were 6,00,496 as compared to 5,98,480 in May 2023.
- FTAs during the period January-December 2023 were 9,236,108 as compared to 6,437,467 in January-December 2022.
- FTAs during the period January-May 2024 were 40,72,329 as compared to 37,32,231 in January-May 2023.
- The percentage share of Foreign Tourist Arrivals in India during December 2023 among the top five ports was highest at Delhi Airport (29.92%) followed by Mumbai Airport (18.46%), Haridaspur Land Check Post (7.09%), Chennai Airport (7.02%), Bengaluru Airport (6.20%).
- The G-20 Presidency will give India's tourism sector an unparalleled opportunity to highlight India's tourism offerings and share India's tourism success stories on a global stage.
- By 2028, Indian tourism and hospitality is expected to earn US\$ 50.9 billion as visitor exports compared with US\$ 28.9 billion in 2018.
- Tourism Ministry has undertaken the 'NamasteIndia' Campaign to encourage International visitors to travel to India.
- The United Nations World Tourism Organisation selected Pochampally in Telangana as one of the best tourism villages in November 2021.

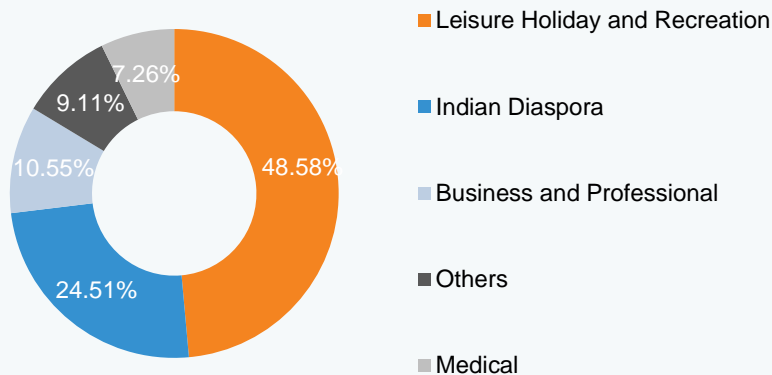
Foreign tourists arriving in India (million)



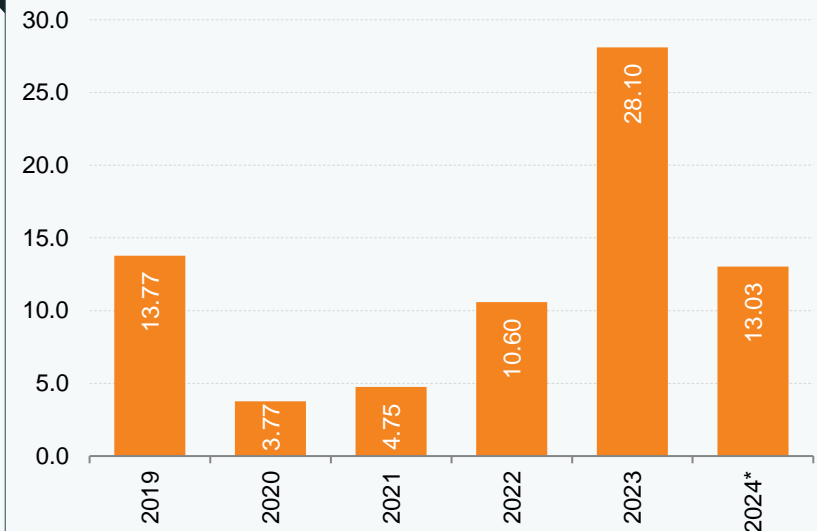
Source: Ministry of Tourism, News Articles, *January to May 2024

Leisure Holiday and Recreation was the major purpose for foreign tourists

Foreign Tourist Arrivals – By Purpose of Visit (Jan-May 2024)



Foreign Exchange Earnings (FEEs) in US\$ billion

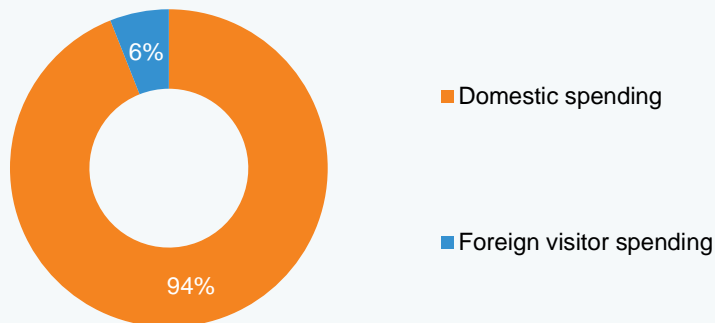


- January-December 2023, 26.52% of foreign tourists visited for Indian Diaspora which marks 9,236,108 foreigners.
- Tourism is an important source of foreign exchange in India like many other countries. The foreign exchange earnings between 2016 and 2019 increased at a CAGR of 7% but dipped in 2020 due to the COVID-19 pandemic.
- FEE during the period January-December 2023 were US\$ 28.1 billion.
- The Ministry of Tourism, India has undertaken the 'NamasteIndia' Campaign with the objective of encouraging International visitors to travel to India.
- The demand for Indian Medical Tourism was expected to grow at a healthy 19% CAGR during 2022-2032.

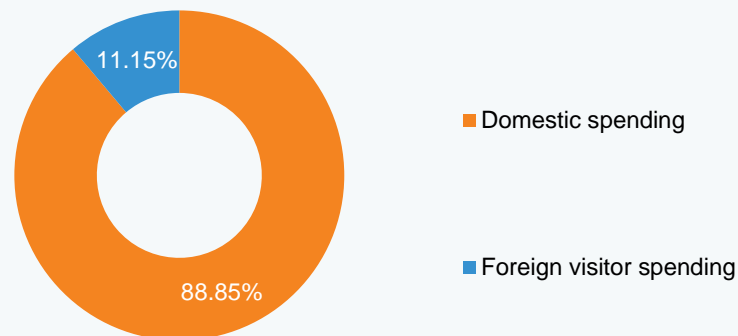
Source: World Travel & Tourism Council's (WTTC's) Economic Impact 2022, Ministry of Tourism,, *January to May 2024

Domestic consumers to lead growth

Share of Tourists by Expenditure (2021)



Expected share of tourists by expenditure (2028F)



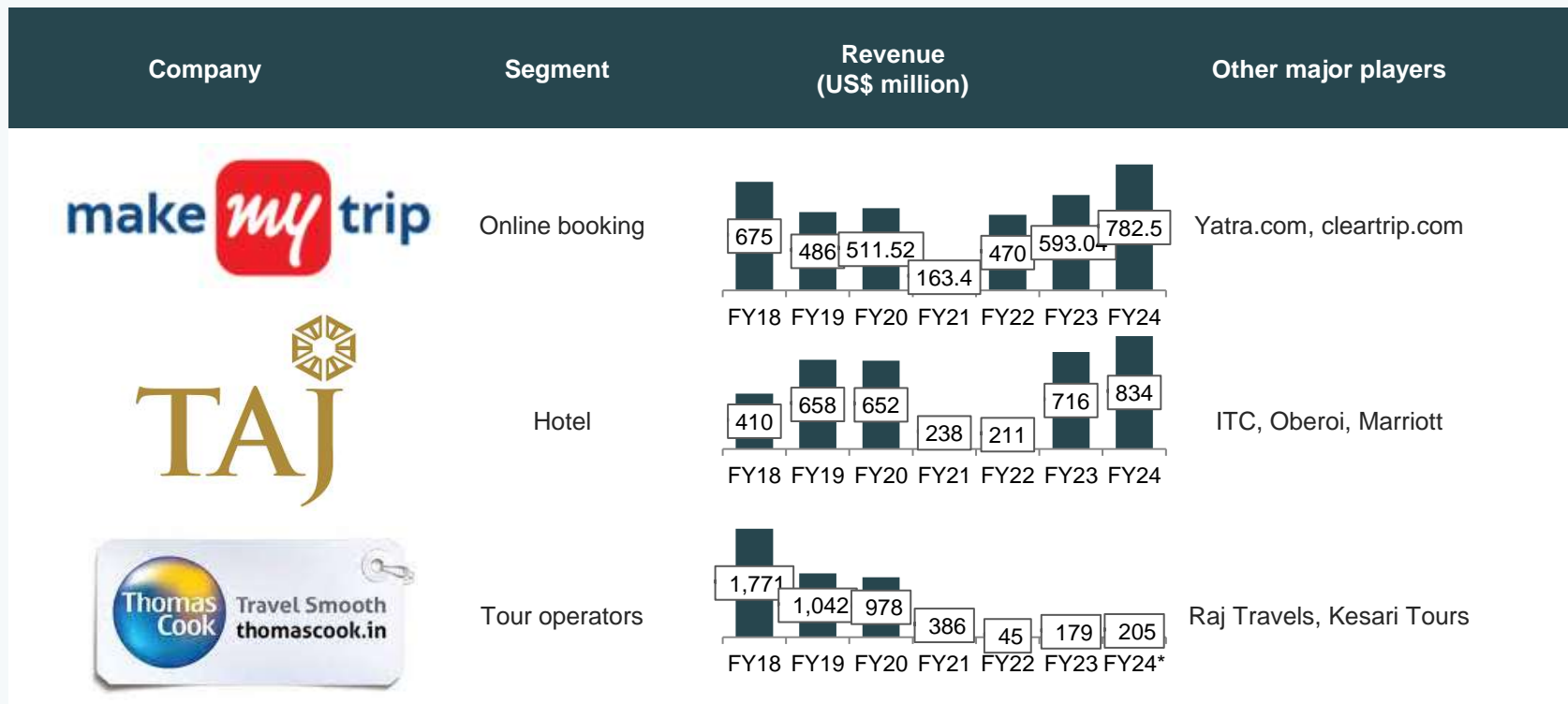
- The percentage share of foreign tourist arrivals in India during May 2024 among the top five source countries was highest from Bangladesh (24.50%), followed by USA (20.40%), UK (6.90%), Australia (3.50%) and Canada (3.30%).
- Domestic visitor spending increased by 20.4% in 2022, only 14.1% below 2019. International visitor spending rose by 81.9% in 2022, but still 40.4% behind 2019 numbers.
- Domestic travel is anticipated to further increase to US\$ 405.8 billion by 2028F.
- Ministry of Tourism organized the National Conference of State Tourism Ministers from 18th to 20th September 2022 in Dharamshala, Himachal Pradesh to bring in diverse perspectives from all the States and Union Territories of India on tourism development and growth and to create a direct dialogue with the States on Schemes, policies and steps being taken at a national level for overall tourism improvement in India.
- India as a 360-degree destination was promoted by the Ministry of Tourism to the international travel industry through participation in major international travel exhibitions like Arabian Travel Mart, Dubai and World Travel Market, and London, etc.

Note: F- Forecasted

Source: News Articles

Major companies across segments

The value of the travel and tourism sector's contribution to the Indian economy in 2022 was Rs. 15.7 lakh crore (US\$ 190 billion), according to figures from the World Travel & Tourism Council (WTTC).



Note: * April-December 2023

Source: Respective company website

Recent Trends and Strategies



Notable trends in the tourism industry in India...(1/2)

1. Lighthouse Tourism

- The government is planning to boost tourism in India by leveraging lighthouses in the country.
- Of the 65 lighthouses planned for development as places of tourist interest, the maximum 13 are in Gujarat.
- The lighthouses will feature museums, amphi-theatres, open air theatres, cafeterias, children's parks, eco-friendly cottages.

2. Wellness tourism/ Staycation

- Wellness tourism is slated to grow at an average annual rate of 7.5% in FY 2022-23.
- The Ministry of Tourism has extended its Market Development Assistance (MDA) scheme to wellness tourism service providers including accredited wellness centres.

3. Cruises

- Anticipated growth in cruise passenger traffic from 0.4 million to 4 million by 2032 signifies a substantial rise in economic potential, soaring from US\$ 110 million to US\$ 5.5 billion.
- Government of India has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31. The Government is planning to set up five cruise terminals in the country and increase cruise ships to 1,000.



5. Camping sites

- Promotion of camping sites have been encouraged with adequate acknowledgement of its adverse effects on the environment.
- Besides providing unique rewarding experiences, responsible conduct of camping can be a major source of economic opportunity in remote areas as well as an instrument of conservation.
- The Ministry of Tourism has created a policy for development and promotion of caravan and caravan camping parks.

4. Adventure

- India aims to turn the the adventure tourism to US\$ 800 billion market by 2047.
- Adventure tourism is the key to make India a 12-month destination for tourists.
- In July 2021, Modair, India's leading adventure travel company begins offering exciting sky adventure tourism services for the first time in India with a variety of flight activities including adventure flying, cockpit flying and skydiving.
- In July 2024, the Northeast and Himalayan circuits have been allocated Rs. 782.55 crore (US\$ 94.51 million) and Rs. 517.99 crore (US\$ 62.56 million), respectively, for promotion of adventure tourism.

Source: Incredible India, Economic Times, News sources

Notable trends in the tourism industry in India ...(2/2)

2. Airlines

- Passengers carried by domestic airlines during January – June 2024 were 79.34 million as against 76.09 million during the corresponding period of the previous year registering an annual growth of 4.28%.
- In the last five years, the number of airline passengers increased from 60 million in 2013-14 to 145 million, and 400 million passengers are expected to travel by 2027.

3. Intercity cab and bus

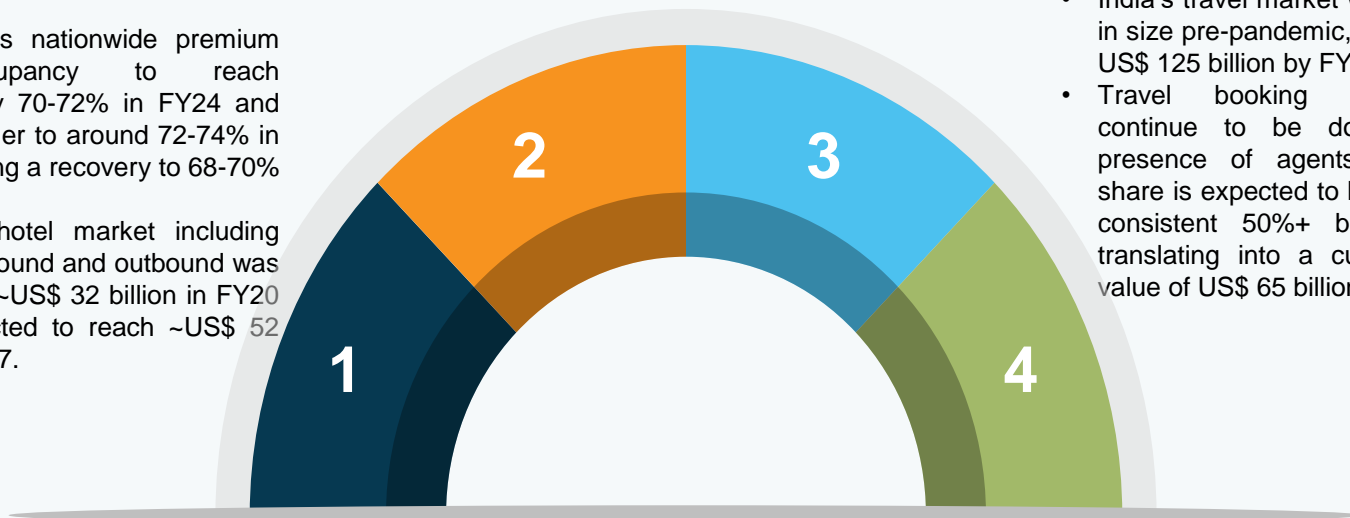
- Metropolitan areas constituted 33% of bus bookings, while the remaining 67% originated from other regions, underscoring the increasing significance of tier-II and tier-III cities.
- In FY20, the intercity cab and bus market was estimated at ~US\$ 2.2 billion and ~US\$ 9.0 billion, respectively, and projected to grow and double in size by FY27, driven by the increasing demand from consumers in India.

1. Hotels

- ICRA projects nationwide premium hotel occupancy to reach approximately 70-72% in FY24 and increase further to around 72-74% in FY25, following a recovery to 68-70% in FY23.
- The Indian hotel market including domestic, inbound and outbound was estimated at ~US\$ 32 billion in FY20 and is expected to reach ~US\$ 52 billion by FY27.

4. Travel Agents

- India's travel market was US\$ 75 billion in size pre-pandemic, expected to cross US\$ 125 billion by FY27.
- Travel booking channels would continue to be dominated by the presence of agents, whose market share is expected to be maintained at a consistent 50%+ between FY20-27, translating into a cumulative booking value of US\$ 65 billion in FY27.



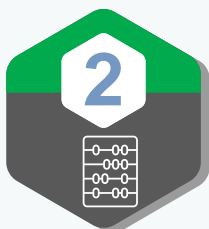
Source: Incredible India, Economic Times, News sources

Strategies adopted...(1/3)

PROMOTION OF DOMESTIC TOURISM



- At least 50 destinations will be selected and developed as a complete package of tourism, announced by the Union Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman. These destinations will be selected through challenge mode using an integrated and innovative approach while the focus of development of tourism would be on domestic as well as foreign tourists.
- The Union budget for 2024 places significant emphasis on promoting domestic tourism. Finance Minister, Ms. Nirmala Sitharaman announced plans to provide interest-free loans to states aimed at enhancing tourism within their respective regions.
- In 2023, Government urged states to establish a “Unity Mall” in their state capital or the busiest tourist attraction to promote and sell “One District, One Product”, GI items and other handicraft items.



- Indian Railways to introduce Bharat Gaurav Deluxe AC Tourist Train under ‘Ek Bharat Shrestha Bharat’ Scheme that is in line with the Government of India initiative “Dekho Apna Desh” to promote domestic tourism.
- Sector-specific skilling and entrepreneurship development will be dovetailed to achieve the objectives of the ‘Dekho Apna Desh’ initiative.

MULTIPLE CHANNELS

- With the help of Adobe solution suite, the Ministry of Tourism will now be able to engage effectively with visitors across web and social channels and measure engagement, to deliver real time personalized experiences for each visitor, based on their interest and travel persona.
- Online travel firm MakeMyTrip has rolled out a channel/platform to help offline travel agents digitalize their operational processes and improve customer services.

SPIRITUAL TOURISM

- India offers a plethora of spiritual destinations due to diversity of religions, cultures, and languages.
- Prime Minister Mr. Narendra Modi stated that the "Ganga Pushkarala Yatra," undertaken by the Bharat Gaurav Tourist Train, starting from Secunderabad Railway Station, Telangana, and passing through revered cities like Puri, Kashi, and Ayodhya, will enhance spiritual tourism in India.



Note: SOPs - Standard Operating Procedures, B&Bs - Bed and Breakfasts

Source: PIB

Strategies adopted...(2/3)



DATA ANALYTICS AND ARTIFICIAL INTELLIGENCE

- Data collection can be beneficial for travel businesses to gain a deeper knowledge of their customer base and potential audiences, which can then inform personalized offerings, deliver important tailored news and ensure a smooth and seamless experience customized to their specific needs.
- In 2022, IRCTC introduced AskDISHA 2.0, an Artificial Intelligence and Machine Learning based Chatbot to promote tourism by answering queries pertaining to various travel related services and even help users perform various transactions like end-to-end ticket booking, and more.
- In 2019, a major international summit held in Kerala to take up use of artificial intelligence (AI) and other technologies in the tourism industry.



DEKHOAPNADESH WEBINAR

- The Ministry of Tourism launched a series of webinars under the “Dekho Apna Desh” Scheme to maintain a dialogue and introduce the citizens to the history, culture, cuisine, heritage, architecture, etc.
- The webinars include glimpses of the culture, heritage, handicrafts, and cuisine of the destinations, in addition to the tourist spots. Concepts of Responsible Tourism, Sustainable Tourism, Accessible Tourism.



M-VISA

- A special type of Visa is launched by the Government of India in 2014 to cater to the medical tourism industry, Indian e-Medical Visa.
- Medical Visa has been introduced, which can be given for specific purposes to foreign travellers coming to India for medical treatment. ‘E-Medical Visa’ has also been introduced for 166 countries.

Note: SOPs - Standard Operating Procedures, B&Bs - Bed and Breakfasts

Source: PIB

Strategies adopted...(3/3)



SAATHI INITIATIVE

- In 2020, the SAATHI initiative with the Quality Council of India was launched to assist the hospitality industry to ensure safety and hygiene for tourists and the workforce.
- This initiative is aligned with Aatmanirbhar Bharat to sensitize the industry on the COVID regulations, and the Government announced Aatmanirbhar Bharat Package vide which Rs. 3 lakh crore (US\$ 36 billion) collateral-free automatic loan has been made available for MSMEs. The loan will have a four-year tenure and a 12-month moratorium.



LIGHTHOUSE TOURISM

- The Government of India has identified 78 lighthouses in the country as centres of tourism, which are in the first phase of Public Private Partnership (PPP).
- In 2022, Government proposes to develop close to 65 lighthouses located along its coastal belt as places of tourist interest under the public-private project (PPP) mode.



TOURIST FACILITATOR CERTIFICATION

- The Ministry of Tourism has introduced the Incredible India Tourist Facilitator (IITF) to provide online training and accreditation of the Tour Facilitators through a centralized PAN India e-learning module.
- The first ever IITF Basic Course online exam was conducted in February 2021 for which result was announced in March 2021 for 2,230 successful candidates.



ONE STOP SOLUTION

- With a view to facilitating and extending support to foreign tourists, the Ministry had set up a portal 'Stranded in India' to disseminate information regarding the services that helped tourists get information/details of State / UT Tourism Departments and Regional offices of Ministry of Tourism.

Note: SOPs - Standard Operating Procedures, B&Bs - Bed and Breakfasts

Source: PIB

Growth Drivers



Growth drivers for the tourism market

2. INFRASTRUCTURE

- Tourism tends to encourage the development of multiple-use infrastructure including hotels, resorts & restaurants, transport infrastructure (aviation, roads, shipping & railways) and healthcare facilities.
- More than half of the Ministry of Tourism's budget is channelized for funding the development of destinations, circuits, mega projects as well as rural tourism infrastructure projects.
- Prime Minister Mr. Narendra Modi inaugurated 9 tourism infrastructure projects worth Rs. 469 crore (US\$ 56.4 million) under Swadesh Darshan and PRASHAD schemes, alongside 43 other projects totaling Rs. 963 crore (US\$ 115.9 million). The launch events occurred simultaneously across 52 destinations, featuring interventions such as pilgrim facilitation centers, ghat development, and heritage site enhancements.

1. RISING FDI

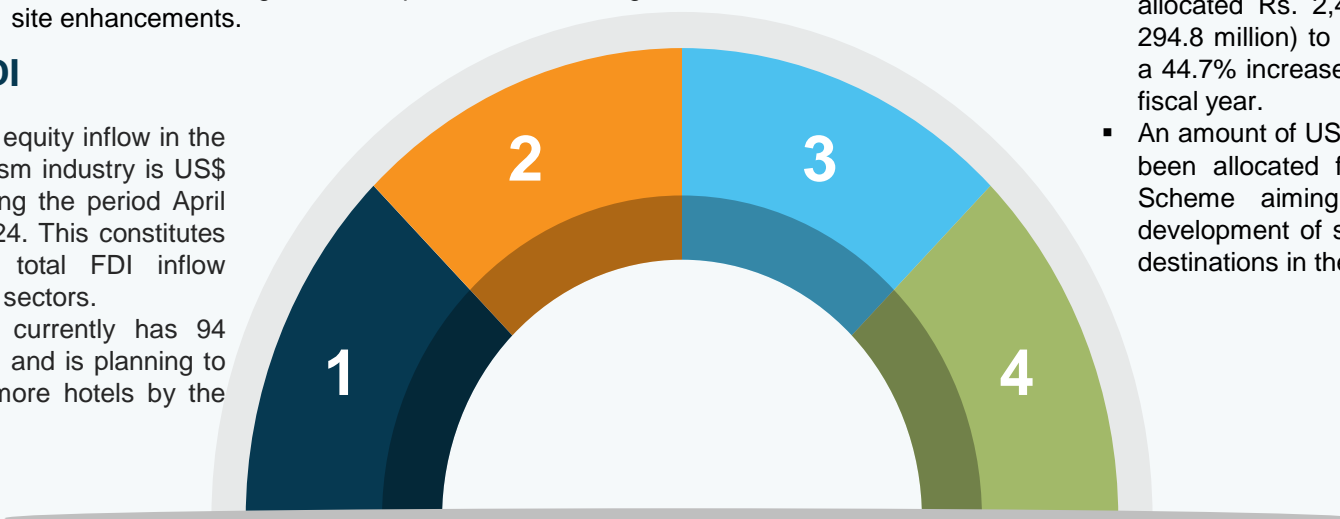
- Cumulative FDI equity inflow in the Hotel and Tourism industry is US\$ 17.2 billion during the period April 2000-March 2024. This constitutes 2.54% of the total FDI inflow received across sectors.
- Carlson Group currently has 94 operating hotels and is planning to add about 30 more hotels by the end of 2023.

3. GROWING DEMAND

- Domestic expenditure on tourism is expected to rise due to the growing income of households.
- Several niche offerings such as medical tourism & eco-tourism are expected to create more demand.
- By 2029, India's tourism sector is expected to reach Rs. 35 trillion (US\$ 488 billion) with a growth of 6.7% and accounting for 9.2% of the total economy.

4. POLICY SUPPORT

- In the 2024 interim Budget, Finance Minister Ms. Sitharaman Nirmala allocated Rs. 2,449.62 crore (US\$ 294.8 million) to the tourism sector, a 44.7% increase from the previous fiscal year.
- An amount of US\$ 30.25 million has been allocated for the PRASHAD Scheme aiming for the holistic development of selected pilgrimage destinations in the country.

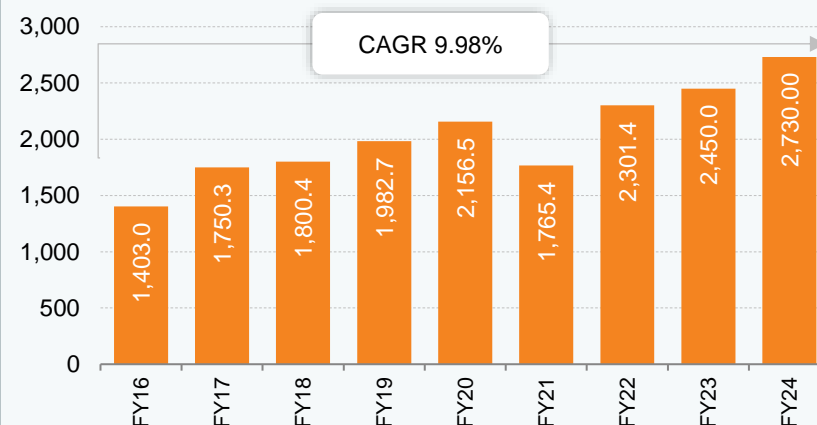


Source: Make in India, DPIIT

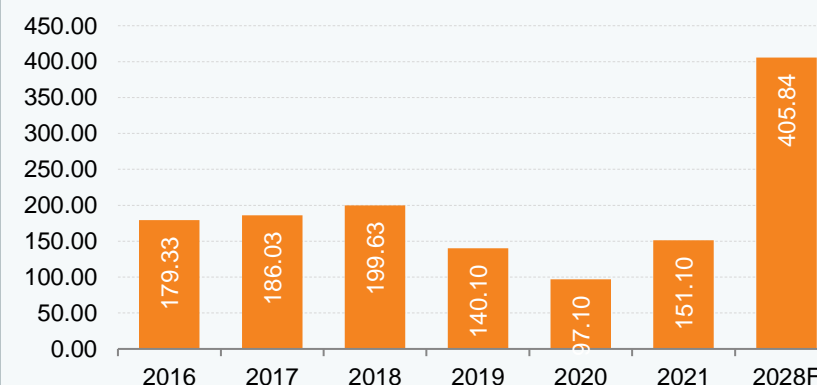
Rising income and changing demographics boosting demand

- India has a robust domestic market which could soften the impact as compared with nations that rely largely on international tourists.
- According to the IMF World Economic Outlook (April - 2021), the GDP per capita of India in 2021 was projected at US\$ 2,191 at current prices. It is expected to reach US\$ 3,209.67 by 2024.
- GDP of India grew 7.8% in the fourth quarter of 2024.
- India's per capita income is likely to grow by nearly 70% to US\$ 4,000 by FY30 from US\$ 2,450 in FY23
- It is expected to reach US\$ 405.84 billion by 2028 from being at US\$ 199.63 billion in 2018.
- ICRA projects nationwide premium hotel occupancy to reach approximately 70-72% in FY24 and increase further to around 72-74% in FY25, following a recovery to 68-70% in FY23.
- The Indian hotel industry is projected to achieve a revenue growth of 7-9% in the upcoming FY25.
- Airport enhancement and the spread of regional airports are opening new opportunities for business, and for drawing larger visits from tourists.
- OYO estimates India to present a US\$ 26 billion opportunity by 2030. To further strengthen its position in India, in October 2021, the company filed its draft red herring prospectus (DRHP) for an initial public offering (IPO) of Rs. 8,430 crore (US\$ 1.2 billion) with the Securities and Exchange Board of India (SEBI).

GDP Per Capita at Current Prices (US\$)



Domestic Expenditure on Tourism (US\$ billion)



Tourism policies and initiatives boosting the industry... (1/8)

Swadesh Darshan

- Ministry of Tourism launched the Swadesh Darshan Scheme to promote the country's integrated development of thematic tourist circuits.
- The Ministry of Tourism launched the Swadesh Darshan Scheme to develop theme-based tourist circuits, sanctioning 76 projects. Upgraded to Swadesh Darshan 2.0 (SD2.0), it targets sustainable tourism, selecting 57 destinations for development, with States/UTs preparing plans accordingly.
- Ministry has sanctioned 76 projects under the scheme since its inception under 13 themes for a revised sanctioned cost of US\$ 668.95 million and has released US\$ 534.9 million (till December 31, 2021).

PRASHAD

- National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive (PRASHAD) launched by the Ministry of Tourism as a Central Sector Scheme with the objective of integrated development of the identified pilgrimage and heritage destinations.
- The Prime Minister Mr. Narendra Modi inaugurates and unveils 52 tourism sector projects valued at over Rs. 1400 crore (US\$ 168.5 million) under the Swadesh Darshan and PRASHAD Scheme.
- Since its launch in January 2015 and Ministry has sanctioned 37 projects in 24 states with an estimated expenditure of US\$ 146.4 million and a cumulative amount of US\$ 82.2 million has been released for these projects
- 68 destinations/sites have been identified in 30 States/UTs for development under the PRASHAD Scheme as on March 31, 2022.

NIDHI

- Ministry of Tourism launched the National Integrated Database of Hospitality Industry (NIDHI) scheme in 2020 serving as a common repository of data about unclassified tourist accommodation units in the country and assists States/UTs to develop policies and strategies for promotion and development of tourism at various destinations.
- This scheme helps tourists to find information on places for accommodation at any destination, assess the carrying capacity of various destinations, assess requirements for skilled human resources, facilitate preventive action and place adequate safety measures.

Note: National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive

Source: Union Budget

Tourism policies and initiatives boosting the industry... (2/8)

SAATHI INITIATIVE

- Ministry of Tourism has partnered with the Quality Council of India (QCI), to assist the Hospitality Industry in their preparedness to continue operations safely and mitigate risks arising out of the COVID-19 pandemic through an initiative called SAATHI (System for Assessment, Awareness and Training for Hospitality Industry).
- A hotel/unit goes through the SAATHI framework and agrees to fully follow the requirements wherever applicable possible, and a self-certification is issued. Self-certified Hotel/units attend webinars to clarify doubts through live interactions.
- If Hotel/unit desires, they may undertake site-assessment based on SAATHI framework through QCI accredited agencies and an assessment report with opportunities for improvement is shared with the assessed unit.

MARKET DEVELOPMENT ASSISTANCE

- MDI Scheme launched by the Ministry of Tourism for the revival and revitalization of domestic tourism sector.
- As per the modified guidelines of MDA dated November 28, 2020, financial support will be extended to the tourism service providers for undertaking the promotional activities within the country such as participation in domestic travel fairs, participation in tourism related, participation in road shows in different regions of the country and for online promotion of tourism destinations and products, tour packages in the domestic market.
- Apart from this, financial support will be extended to tourism departments of State Governments/UT Administrations for undertaking the promotional activities within the country.

LGSCATSS

- Under this Loan Guarantee Scheme for Covid Affected Tourism Service Sector (LGSCATSS), loan up to US\$ 12,110 will be extended to each Tour Operators/ Travel Agents/ Tourist Transport Operators approved/recognized by the Ministry of Tourism.
- Guarantees for Skill Development Loans by the member banks of IBA up to Rs. 1.5 lakh (US\$ 1,801) extended by lending institutions to eligible borrowers without collateral or third-party guarantee.
- Upto US\$ 1,211 will be extended to each Regional Tourist Guide/ Incredible India Tourist Guide approved/ recognized by the Ministry of Tourism and Tourist Guides approved/ recognized by the State Govt./ UT Administration.

Note: National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive

Source: Union Budget

Tourism policies and initiatives boosting the industry...(3/8)

National Tourism Policy 2022

- It is a holistic framework for sustainable and responsible growth of the tourism sector which aims at improving framework conditions for tourism development in the country.
- The policy is architected around six key guiding principles, five national tourism missions and eight strategic pillars supported by an elaborate institutional and governance framework.

Tourist Police

- Ministry of Tourism has organized a National Conference of DGs/IGs of Police Department of the State/UT Administration on October 19, 2022 at New Delhi to implement the uniform Tourist Police Scheme at pan India level.

Tax Incentives

- An investment-linked deduction under Section-35 AD of the Income Tax Act is in place for establishing new hotels under the 2-star category and above across India, thus permitting a 100% deduction in respect of the whole or any expenditure of capital nature.
- In 2019, the Government reduced GST on hotel rooms with tariffs of Rs. 1,001 (US\$ 14.32) to Rs. 7,500 (US\$ 107.31) per night to 12% and those above Rs. 7,501 (US\$ 107.32) to 18% to increase India's competitiveness as a tourism destination.

Safety and Security Initiatives

- Ministry of Tourism launched a 24x7 toll-free multilingual tourist information helpline in 12 languages to facilitate and assist domestic and foreign tourists in terms of information relating to Travel in India and to provide a sense of safety and security.
- Ministry of Tourism had also formulated a set of guidelines in 2012 on "Safety and Quality Norms on Adventure Tourism" as "Basic Minimum Standards for Adventure Tourism Activities"
- Government has set up Nirbhaya Fund, being administered by the Department of Economic Affairs, Ministry of Finance, which can be utilized for projects specifically designed to improve the safety and security of women.

Source: World Travel & Tourism Council, Union Budget

Tourism policies and initiatives boosting the industry...(4/8)

Special Boards & Webinars

- The Ministry has set up Hospitality Development & Promotion Board to monitor and facilitate hotel project clearances/approvals.
- In May 2021, the Union Minister of State for Tourism & Culture Mr. Prahlad Singh Patel participated in the G20 tourism ministers' meeting to collaborate with member countries in protecting tourism businesses, jobs and taking initiatives to frame policy guidelines to support the sustainable and resilient recovery of travel and tourism.
- In March 2021, the Indian regional tourism department organised over 300 virtual meetings to tap the tourism potential in the Philippines, Malaysia and Singapore post COVID-19. The three countries pose tremendous opportunities for the Indian tourism as about 9.28 lakh tourists from ASEAN countries visited India in 2019—an increase of 4.66% over the year.

Bharat Darshan Tourist Train

- The Indian Railway Catering and Tourism Corporation (IRCTC) announced a Bharat Darshan Special Tourist Train which will take tourists to major destinations in the country and learn about India's heritage and culture.

E-tourist Visa

- Electronic Visa facility covers practically all the countries of the world including foreign nationals of 166 countries and valid for entry at 28 designated airports and 5 designated seaports.

Jail Tourism Initiative

- With the 'Jail Tourism' policy, launched in 2019, Tihar Jail in the national capital Delhi, was one of the first to invite tourists.
- On January 26, 2021, the Prison Department of Maharashtra launched its jail tourism initiative starting with more than 150-year-old Yerawada Central Prison in Pune.

Source: World Travel & Tourism Council, Union Budget

Tourism policies and initiatives boosting the industry...(5/8)

State Initiatives to Promote Tourism

There is stiff competition among tourism boards from across the country to woo domestic travellers, with an increasing number of people opting for local destinations. Key recent developments by state tourism departments are as follows:

Jammu & Kashmir:

- In April 2021, a mega tourism promotion event “Tapping the Potential of Kashmir: Another Day in Paradise” was organised in Srinagar. The event aimed to showcase the myriad tourism products of Jammu & Kashmir and promote tourism in the region as the destination for leisure, adventure, eco, wedding, films and MICE tourism steps have been taken by the government to provide better facilities to the old.

Uttarakhand:

- In April 2021, Uttarakhand Chief Minister Tirath Singh Rawat announced an additional 50 vehicles for women drivers for the next tourism season at Corbett Tiger Reserve. Additionally, a light and sound show, apart from an amphitheatre, will also be started and the under-construction wildlife rescue centre at the Dhela Range of the tiger reserve will be opened to tourists. The strategy of Uttarakhand Tourism is to identify key originating regions and tourist segments, which would then be the focus of marketing campaigns.

Kerala:

- The Kerala government has rolled out unique social media campaign where participants could win holiday packages at the lowest possible prices.
- In February 2021, Kerala rolled out a string of new projects for Rs. 60 crore (US\$ 8 million) to encourage tourism and lend visibility to 25 locations in rural and semi-urban areas across the state.

Odisha:

- In February 2021, Odisha Finance Minister Mr. Niranjan Pujari announced an allocation of Rs. 942 crore (US\$ 128 million) for three temple projects in Puri, Bhubaneswar and Sambalpur to boost temple tourism in the state.
- In June 2021, the Odisha government announced to provide a financial package for the COVID-hit tourism sector in the state.
- In July 2021, the Odisha Tourism Development Corporation (OTDC) invited applications to operate shacks on six key beaches of the state.

Madhya Pradesh:

- Madhya Pradesh tourism board has opened the door for private investment within the state by providing all the aid and facilities to the investors.
- In May 2021, the state announced to launch of ‘Safe tourism for women’ in 50 destinations at a cost of Rs. 27.98 crore (US\$ 3.8 million).

Assam

- In June 2021, the state announced to addition of two more national parks—Dihing Patkai and Raimona, taking the total count to seven.

Source: World Travel & Tourism Council, Union Budget, News Articles

Tourism policies and initiatives boosting the industry...(6/8)

State Initiatives to Promote Tourism

Tamil Nadu

- In July 2021, the Tamil Nadu state government decided to implement an integrated mega tourism plan, which included new lighting arrangements for the Thiruvalluvar statue at Kanyakumari, starting renovations at Poompuhar tourist spot and improving roads leading to tourist spots, spiritual places and adventure tourism spots. It also includes unveiling a new tourism policy, establishing more hotels, resorts, and convention centres and increasing the contribution of public and private sectors in the tourism sector. The government is focusing on improving the infrastructure of 300+ tourist sites.

Gujarat

- In June 2021, Gujarat rolled out the development of the National Maritime Heritage Complex to attract international tourists. The complex will include features such as a heritage theme park, a national maritime heritage museum, a lighthouse museum, a maritime institute and eco-resorts. The Gujarat government launched "AATITHYAM", a dashboard for real-time data of domestic and international tourists.
- The Ministry of Tourism sanctioned three projects for a total amount of Rs. 179.68 crore (US\$ 24.24 million) under the Swadesh Darshan scheme in Gujarat.

Andhra Pradesh

- In July 2021, Andhra Pradesh Tourism Authority urged stakeholders in the tourism sector in the state to register with Andhra Pradesh Tourism under the Tourism Trade Registration and Facilitation Guidelines 2020. The AP Tourism Development Corporation (APTDC) plans to establish 100 kiosks across the state in the first phase, providing employment opportunities to the youth.

Tripura

- In October 2021, the Tripura government collaborated with Info Valley Educational & Research (P) Ltd. as part of a public-private partnership (PPP) to run the State Institute of Hotel Management (SIHM). Through the SIHM, the government aims to empower the youth and contribute to the growth of hotels and hospitality management in the state. The government is coming up with the "Tripura Medical Tourism Policy" to incentivize the establishment of ayurvedic parks, wellness retreats and neuropathy centres.

Jharkhand

- Jharkhand Tourism Policy offers attractive incentives and opportunities for investors.

Nagaland

- Nagaland launches initiatives to promote off-road tourism.

Source: World Travel & Tourism Council, Union Budget, News Articles

Tourism policies and initiatives boosting the industry...(7/8)

State Initiatives to Promote Tourism

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New Tourism Policy in Progress

- In March 2021, Tourism Minister Prahlad Singh Patel announced that India will soon unveil a new tourism policy.
- The new policy focuses on developing medical & religious tourism and will add new destinations other than the popular ones such as the Taj Mahal and Qutub Minar.
- Initiatives are also taken to introduce Chinese and Korean languages in tourist destinations that have more than one lakh visitors.

Source: World Travel & Tourism Council, Union Budget, News Articles

Tourism policies and initiatives boosting the industry...(8/8)

All India Tourist Vehicles Authorisation and Permit Rules, 2021

- In 2021, Ministry of Road Transport and Highways announced a new scheme, under which any tourist vehicle operator may apply for an “All India Tourist Authorization/Permit” through online mode.
- The scheme came into effect from April 1, 2021.
- The new rules for permit will promote tourism across various states of the country and thereby growing revenue of the State Governments.

Air bubble

- India has formalized air bubble arrangements with 17 countries, including Afghanistan, Bahrain, Bhutan, Canada, France, Germany, Iraq, Japan, the Maldives, Nigeria, Oman, Qatar, the UAE, Kenya, Bhutan, the UK, and the USA.
- In 2021, India signed an air bubble agreement with neighboring island nation of Sri Lanka under which international flights between the two nations would be allowed to operate.

Strengthening the Hospitality & Tourism Industry

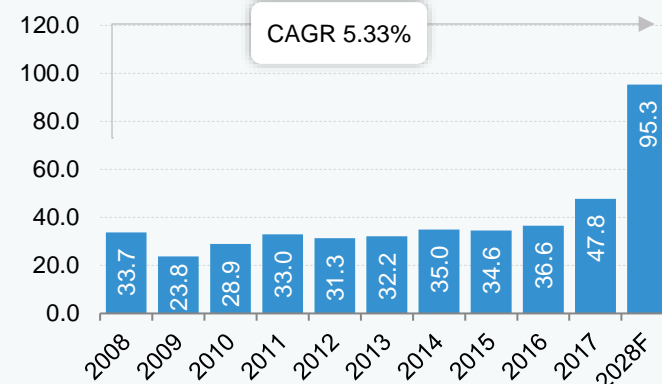
- In the 2024 interim Budget, Finance Minister Ms. Nirmala Sitharaman allocated Rs. 2,449.62 crore (US\$ 294.8 million) to the tourism sector, a 44.7% increase from the previous fiscal year. This marks a positive change from the 2023 Union Budget's initial allocation of Rs. 2,400 crore (US\$ 288.8 million) , later revised to Rs. 1,692.10 crore (US\$ 203.6 million).
- An app will be developed covering all relevant aspects of tourism. States will be encouraged to set up Unity Malls in State Capital as the most prominent tourism centres to promote One District One Product, GI products, handicrafts and products of other States.

Source: World Travel & Tourism Council, Union Budget, News Articles

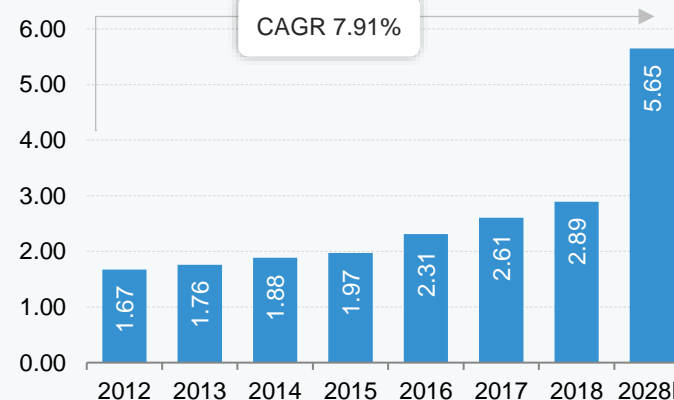
Continued growth in investments in the tourism sector

- In the next 3 to 4 years, Ayodhya is anticipated to host between 50 to 100 hotels. The city, acclaimed as a global religious destination, is primed for substantial development, with Taj Hotels poised to establish its fourth property in the area.
- the Hotels' Association of India (HAI) stated that the hospitality and tourism sector anticipates generating 50 million direct and indirect employment opportunities in the next 5-7 years.
- MakeMyTrip revealed a partnership with the Department of Tourism, Madhya Pradesh, and redBus to boost tourism in the region, aiming for sustainable development and positioning Madhya Pradesh as a premier destination.
- Indian Hotels Corporation Ltd (IHCL) has announced plans to recruit approximately 2,000-2,500 employees in the fiscal year 2025. This expansion of the workforce aligns with IHCL's ambitious plans, which include a pipeline of 85 hotels.
- Mahindra Holidays & Resorts India Ltd (MHRIL) intends to invest around Rs, 4,500 crore (US\$ 541.6 million) over the next three to four years, aiming to double its room capacity to 10,000.
- Oberoi Realty, a real estate developer, has partnered with Marriott International, a global hospitality leader, to develop two Marriott properties in Mumbai.
- OYO announced its venture into sports hospitality, selecting 100 hotels across 12 cities like Delhi, Chennai, and Bangalore. The focus is on catering to large sports events by providing accommodation and services for athletes and officials.
- the Radisson Hotel Group announced its rapid expansion in India, securing agreements for 21 hotels across nine different brands in 2023.
- Lemon Tree Hotels intends to launch 30 new properties across the country this year, potentially increasing its room capacity by over 2,000 rooms. The hospitality chain is optimistic about the demand driven by middle-class consumers.

Capital investments in the tourism sector (US\$ billion)



Collective Government spending on tourism (US\$ billion)

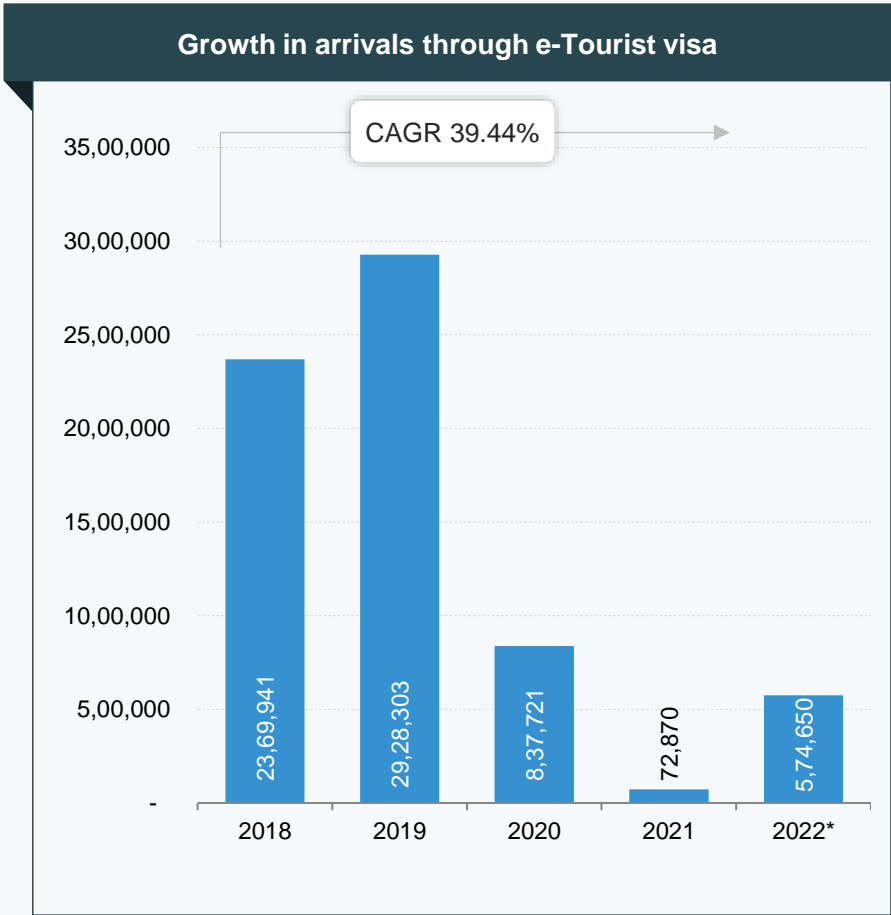


Note: E - Estimated, F- Forecast

Source: World Travel & Tourism Council's Economic Impact, News Articles

Growth in arrivals through e-tourist visa

- The Government of India launched the e - Visa on November 27, 2014, and subsequently e-Tourist Visa was initially introduced for 46 countries. The e-visa facility is being extended to the nationals of 167 Countries. The latest country added is Morocco.
- The e-Tourist Visa is part of the e-Visa facility which includes an e-Business Visa, e-Conference Visa, e-Medical Visa and e-Medical Attendant Visa.
- In 2021, the government of India announced 40,000 e-tourist visas out of 500,000 free regular visas to the tourist, to ensure a geographical spread of the incentive to important source markets globally.
- In December 2019, the e-visa facility was offered to around 170 countries.
- The facility for the e-tourist visa has been extended to passengers arriving at the ports of Mumbai, Mormugao, Mangalore, Kochi and Chennai and immigration counters have been set up at five major ports visited by cruise ships, thus facilitating the cruise passenger arrivals at the seaports.
- 'Medical Visa' has been introduced, which can be given for specific purposes to foreign travellers coming to India for medical treatment. 'E-Medical Visa' has also been introduced for 166 countries.



*Note: * - foreign tourists availing e-Visas till June 2022*
Source: Ministry of Tourism

Opportunities



OPPORTUNITIES

Niche segments offer good opportunities

Medical tourism

- India has invested heavily in AYUSH and is in a unique position to attract medical value travellers for a cure through AYUSH and also for enhancing wellness.
- Medical tourism and wellness retreats draw the attention of 21% of international travelers, capitalizing on top-tier healthcare amenities and traditional healing methods.

Cruise tourism

- Cruise passenger traffic is projected to surge from 0.4 million to 4 million by the year 2032, accompanied by a substantial rise in economic potential from US\$ 110 million to US\$ 5.5 billion.
- Moreover, India is looking to take advantage of its 7,500 km coastline to tap growth potential of the cruise tourism segment.
- Ministry of Tourism is funding the development of cruise terminals, lighthouses and other tourist infrastructure in several coastal location to promote domestic and international cruise terminals at selected ports by 2023.
- Ministry of Tourism has also sanctioned US\$ 27.7 million for various projects towards the development of Cruise Terminals and related infrastructure in different States at the major ports under the scheme for 'Assistance to Central Agencies for Tourism Infrastructure Development.

Spiritual tourism

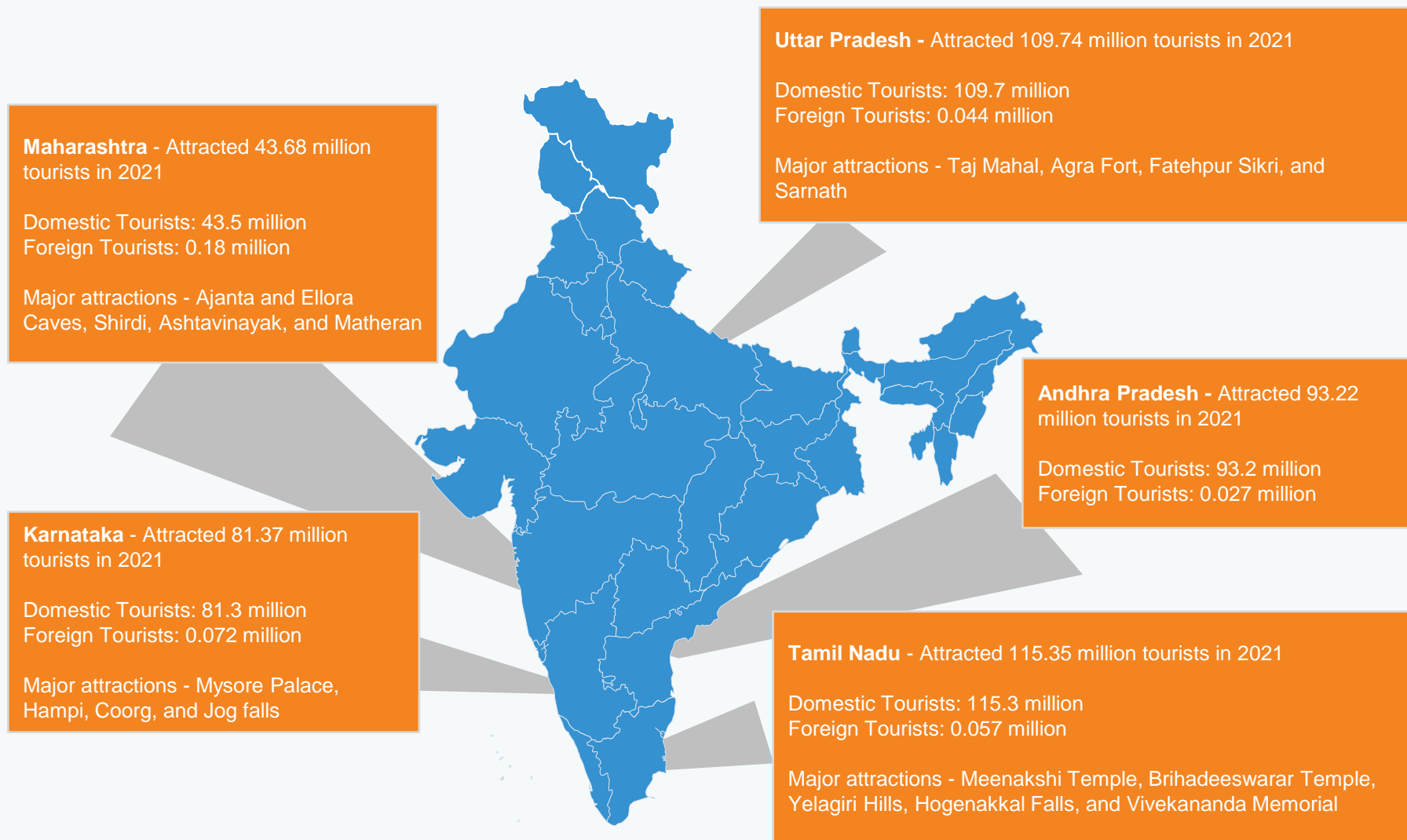
- Pilgrimage travel within India has always been popular domestically. With a significant Indian diaspora spread across the globe, there is also a substantial overseas segment
- There has been a significant 60% increase in the number of tourists choosing spiritual and wellness retreat packages compared to pre-Covid levels.

Eco tourism

- India has rich natural and eco-tourism resources ranging from pristine forests, the snow-clad Himalayas, montane grasslands, golden and silver deserts, rivers, lakes, wetlands, mangroves, beaches, volcanoes and corals, housing tremendous biodiversity.
- Projected to experience a 15.7% growth between 2019 and 2027, reaching a valuation of US\$ 4.55 billion, India presents distinctive locales for exploration, including wildlife encounters and pristine, untouched natural landscapes.

Source: Ministry of Tourism, BMI

Leading states/UTs in terms of tourists



Source: Ministry of Tourism

Airlines industry set to fly higher

Low-cost airlines

- Growth in low-cost airlines is expected to lower ticket fares and increase connectivity. Low-cost airlines will give access to more planes allowing airlines to provide more daily flights, new routes, and more connections on high-frequency routes.
- In 2022, the UDAN Scheme of the Ministry of Civil Aviation completed 5 years of success, more than 10 million passengers flown, and 425 new routes started since the inception of the scheme, 58 airports, eight heliports and two water aerodromes have been connected and 1,000 routes and 220 airports are planned to be facilitated under the scheme by 2026.

Increase in international flight operators

- The market is likely to become more competitive due to the entry of an increasing number of international flight operators expected to offer improved services to tourists. JVs such as Air Asia and Tata SIA is already serving the Indian skies.
- Players like Etihad and Vistara have entered the country in the last few years.

Increasing number of airports

- On March 10, 2024, Prime Minister Mr. Narendra Modi unveiled 15 airport projects, which collectively require a capital expenditure of Rs. 9,800 crore (US\$ 1.2 billion).
- Government of India has set a target to create 220 new airports by 2025.

Higher investments

- In the 2024 interim Budget, Finance Minister, Ms. Nirmala Sitharaman allocated Rs. 2,449.62 crore (US\$ 294.8 million) to the tourism sector, a 44.7% increase from the previous fiscal year.
- During the interim budget 2024, Finance Minister Ms. Nirmala Sitharaman declared on Thursday plans to double the count of airports to 149. Furthermore, the proposal entails augmenting the number of new air routes to 517.

Higher passenger traffic



- In February 2024, domestic air traffic surged to 126.48 lakh passengers, marking a 4.8% increase from the corresponding period last year when it stood at 120.69 lakh.

Source: World Travel & Tourism Council

Key Industry Contacts



Key industry contacts

	Agency	Contact Information
	<p>Federation of Hotel & Restaurant Associations of India (FHRAI)</p>	<p>B-82, 8th Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi - 110001 Phone: 91-11- 40780780 Fax: 91-11- 40780777 E-mail: fhrai@fhrai.com Website: https://www.fhrai.com/</p>
	<p>Hotel Association of India (HAI)</p>	<p>B 212-214, Som Dutt Chamber-I, Bhikaji Cama Place, New Delhi - 110 066 Phone: 91-11-2617 1110/14 Fax: 91-11-2617 1115 E-mail: info@hotelassociationofindia.com hai@hotelassociationofindia.com Website: http://www.hotelassociationofindia.com/</p>



Glossary

- Direct contribution: Spending on accommodation, transportation, attractions and entertainment
- Indirect contribution: Travel and tourism investment spending, and Government collective travel and tourism spending
- Induced contribution: Spending of direct and indirect employees
- GOI: Government of India
- CAGR: Compound Annual Growth Rate
- Rs.: Indian Rupee
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20
2021-22	74.42
2022-23	78.60
2023-24	82.80
2024-25**	83.42

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022	79.82
2023	82.61
2024*	83.22

*Note: *- Until June 2024, **- April-June 2024*

Source: Foreign Exchange Dealers' Association of India

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