



DAILY EDITORIAL ANALYSIS

TOPIC

**TOURISM IN INDIA: THE TARIFF-
PROOF SECTOR**

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TOURISM IN INDIA: THE TARIFF-PROOF SECTOR

Context

- In an era of global economic uncertainty and rising protectionism, like the recent U.S. hike on Indian steel and chemical products, India's tourism sector stands out as a resilient, inclusive, and tariff-proof engine of growth.

About Tourism Sector in India

- Current Statistics (2023–24):** India's tourism sector has rebounded strongly post-pandemic, with both domestic and international travel showing impressive growth:
 - Foreign Tourist Arrivals (FTAs):** 9.52 million (2023), up 47.89% from 2022;
 - Non-Resident Indian (NRI) Arrivals:** 9.38 million (2023), up 18.9% from 2022;
 - Domestic Tourist Visits (DTVs):** Domestic visitor spending ₹14.64 trillion (2023), up 15% from 2019;
 - Foreign Exchange Earnings (FEEs):** ₹2.3 lakh crore (2023), up 31.5% from 2022;



- GDP Contribution:** About **5% to India's GDP** (Global average of 10%); Countries like Spain and the UAE earn around 12% of GDP from tourism;
- Global Ranking:** India ranks **39th** in the **Travel & Tourism Development Index (World Economic Forum) 2024**; Strong performance in:
 - Price Competitiveness: 18th;
 - Air Transport Infrastructure: 26th;
 - Ground & Port Infrastructure: 25th;

Tourism's Transformative Potential

- Tourism Vision @2047:** 100 million foreign tourists by 2047; Focus on adventure, wellness, heritage, and niche tourism segments;
- Raising tourism's **share of GDP from 5% to 10% over the next decade** could:
 - Add **\$516 billion annually** to the economy;
 - Create **40 million new jobs**;
 - Boost foreign exchange earnings to **\$130–140 billion**;
- India currently has 1,80,000 branded hotel rooms and 1.5 million unbranded ones. Both categories need to triple to meet demand and keep prices competitive.

Why Is Tourism Tariff-Proof?

- Contrast with Tariff-Vulnerable Sectors:** Key sectors like steel, chemicals, telecom equipment, and medical devices are vulnerable to tariffs that can reduce competitiveness, shrink export volumes, and lead to job losses.
 - However, tourism, by contrast, is insulated from these risks.

- **No Border Duties:** When a foreign tourist visits India, they spend money on hotels, food, transport, and experiences—all within India.
 - ♦ There are no import/export tariffs involved, making tourism immune to global trade wars or protectionist policies.
- **Direct Foreign Exchange Earnings:** In 2024, India earned **\$28 billion (₹2.45 lakh crore)** in foreign exchange from inbound tourism.
 - ♦ It is not subject to customs duties, unlike goods exports which can be taxed or restricted by other countries.
- **Economic & Strategic Value:** Tourism supports millions of jobs across urban and rural India.
 - ♦ It has one of the highest economic multipliers—every rupee spent by a tourist flows through multiple sectors like transport, crafts, and hospitality.

Related Efforts & Initiatives

- **Budgetary Provision:** ₹2,541 crore for tourism development (FY 2025–26) for infrastructure, skill development, travel facilitation, and heritage conservation.
- **Swadesh Darshan Scheme:** Integrated development of theme-based tourist circuits, like Buddhist Circuit, Coastal Circuit, Desert Circuit.
 - ♦ Financial assistance to states/UTs for infrastructure and amenities.
- **Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive (PRASHAD) Scheme:** Development of pilgrimage sites and spiritual destinations.
 - ♦ To enhance religious tourism and visitor experience.
- **E-Visa Expansion:** It is available under 7 sub-categories including e-Tourist Visa; e-Medical Visa; and e-Ayush Visa.
 - ♦ It has 5-year multiple entry, 1-year multiple entry, 1-month double entry options.
- **Incredible India Tourist Facilitator Certification:** Online training platform to create a pool of certified tourist guides.
- **Capacity Building for Service Providers (CBSP):** Training programs for hospitality and tourism workers. It aims to improve service standards and employability.
- **MUDRA Loans for Homestays:** Financial support for individuals to start or upgrade homestay businesses.
- **Performance-Linked Incentives to States:** Rewards for effective destination management, cleanliness, and marketing.
- **Heal in India Initiative:** It promotes India as a global medical tourism hub. It includes visa facilitation, private sector collaboration, and upgraded healthcare infrastructure.

Strategic Pathways for Growth

- **Develop World-Class Destinations:** The Union Budget's plan to develop 50 destinations in partnership with states is a strong start.
 - ♦ Each state needs at least one world-class hub combining infrastructure, sustainability, and branding.
- **Streamline Travel Facilitation:** Simplified e-visas, shorter immigration queues, and seamless arrivals are essential.
 - ♦ With Indian airlines expanding by 1,000 aircraft, connectivity can be leveraged to attract more visitors.
- **Leverage Digital Storytelling:** The future lies in content-led promotion. By partnering with influencers and global platforms, India can amplify its presence through AI-enabled curation and digital campaigns.
- **Unlock Private Investment:** Including tourism infrastructure in the Harmonised Master List can catalyse PPP investments in hotels, ropeways, wayside amenities, and convention centres.
- **Strengthen Domestic Tourism:** The **Dekho Apna Desh** campaign can be scaled into a national movement.
 - ♦ With 86% of revenues already from domestic tourism, making interstate travel more affordable will enhance cultural exchange and economic redistribution.

Source: IE

Daily Mains Practice Question

[Q] Discuss how tourism in India functions as a tariff-proof sector and evaluate its potential to drive inclusive economic growth in the face of global trade uncertainties.