



DAILY EDITORIAL ANALYSIS

TOPIC

**INDIA'S TOURISM SECTOR:
UNLOCKING A NEW MILESTONE**

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INDIA'S TOURISM SECTOR: UNLOCKING A NEW MILESTONE

Context

- India's tourism and hospitality sector has been making news again with sustained post-pandemic growth, increased investments, **FAITH's policy recommendations** and the government's focus on making India a global tourism powerhouse.

Tourism Sector in India: Present Situation and Future Prospects

- Tourism is one of the largest **service industries** in India and a key driver of economic development, employment generation, cultural preservation and regional development.
- It is a **classic multiplier sector** where each direct job creates many indirect jobs in transport, handicrafts, food processing, retail and local services.
- It has passed the post-pandemic recovery and entered a period of sustained expansion.
- It contributes **around 7% to the GDP of India** and provides more than **9% of the total employment** in the country (**direct & indirect**).
 - It is projected to grow to **10% of India's GDP by 2030** and contribute **\$523.6 Bn to India's GDP by 2034**.
- Domestic tourist** visits in India are projected to more than double from 2.5 Bn in 2024 to an estimated **5.2 Bn by 2030**.
- Almost \$18.47 Bn FDI received 30.5 Mn in forex earnings since April 2000 - Dec 2024 and 25 Mn foreign arrivals expected to be achieved by 2030.
- It adds to the generation of valuable foreign exchange earnings as well as enhancing India's global cultural presence through its soft power.

Why Is Tourism Important to the Economy of India?

- Strong Industry Performance:** Hotel occupancy in key markets has maintained very high levels.
 - Average room rates (ARRs) have exceeded pre-pandemic levels.
 - Leisure, business travel, **MICE (Meetings, Incentives, Conferences and Exhibitions)** and religious tourism continue to drive demand.
- Increasing Investments:** Increased participation from institutional investors, public hotel companies, developers and family offices.
 - Investment is growing but institutional participation is still below that in mature global hospitality markets, suggesting there is room to grow.
- Emerging Tourism Geography:** A defining trend is the diffusion of tourism outside of metropolitan cities.
 - Tier-II and Tier-III cities** are emerging as important tourism and hospitality destinations.
 - New tourism circuits being developed by regional airports under UDAN scheme, better highways and industrial corridors.
 - Hotels are being driven by airport-centric development for business travellers, transit passengers and convention tourism.

Other Significance of Tourism Industry

- Important Driver Of Economic Growth:** Tourism makes a significant contribution to GDP and fuels a number of sectors such as transport, aviation, retail, handicrafts, food processing and construction.
- Employment Generation:** Tourism is labour intensive. For every direct job created in hotels, travel agencies or transport, many indirect jobs are created in local economies.
- Regional and Inclusive Development:** Tourism generates income opportunities in rural, tribal, coastal and hilly areas where industrialisation is not much.
- Infrastructure Development:** Investments in airport, roads, railways, convention centres and digital infrastructure improve connectivity and spur regional development.

- **Foreign Exchange Earnings:** Inbound tourism generates valuable foreign exchange earnings, which help to strengthen India's external sector.
- **Promotion of India's Soft Power:** Tourism is a reflection of India's civilisational heritage, yoga, Ayurveda, spirituality, cuisine and cultural diversity and thus contributes to building India's image abroad.

Related Issues and Concerns

- **Lack of Industry Status:** Tourism is not universally recognised as an industry by states, which prevents access to cheap finance and institutional credit.
- **Infrastructure Gaps:** Many destinations still suffer from poor last mile connectivity, sanitation, accommodation, digital infrastructure and visitor facilities.
- **Policy Fragmentation:** The lack of coordination between the ministries and state governments hinders the integrated development of tourism.
- **High Taxation and Compliance Burden:** High taxes and complex approval processes reduce India's competitiveness against global tourism destinations.
- **Limited Global Branding:** India does not have a sustained international tourism promotion campaign like leading tourism economies.
- **Visa and Travel Ease:** e-Visa facilities have been extended, but further simplification of entry procedures and expansion to more countries could significantly boost inbound tourism.
- **Sustainability Challenges:** Responsible tourism practices to combat over-tourism in popular destinations, environmental degradation and climate change vulnerabilities.

Tourism Related Efforts and Initiatives

- **Swadesh Darshan Scheme:** Development of integrated theme based tourist circuits with improved infrastructure.
- **PRASHAD Scheme:** Concentrates on revival of pilgrimage and spiritual tourism places.
- **Dekho Apna Desh Campaign:** Promotes domestic tourism by motivating citizens to explore India's diverse destinations.
- **UDAN (Regional Connectivity Scheme):** Enhances regional air connectivity and unlocks new destinations.
- **e-Visa Facility:** Facilitates travel of foreign tourists, ease of entry.
- **Digital Tourism Initiatives:** The Ministry of Tourism has enhanced tourism data systems and digital platforms to promote destinations and plan policies.
- **National Integrated Database of Hospitality Industry (NIDHI+):** The objective is to empower, digitise and facilitate hospitality and tourism sectors.
 - ♦ It is a common national registry for different parties like accommodation establishments, travel agents, tour operators, independent restaurants to make doing business easier and to provide government services electronically.

Way Ahead: Strengthening the Tourism Sector of India

- The **Union Budget 2026-27** has taken a comprehensive strategy to strengthen tourism infrastructure, improve skills development and take advantage of digital platforms. They include:
 - ♦ Experience tourism and development of destinations;
 - ♦ Regional and Niche Tourism Promotion;
- **Recommendations for FAITH:** The Federation of Associations in Indian Tourism & Hospitality (FAITH) has suggested:
 - ♦ Recognition of tourism as an industry in all States.
 - ♦ Mission-mode development of **50 tourism destinations**.
 - ♦ Launching a well-funded **Brand Bharat** global tourism campaign.

- ♦ Liberalising visa policies.
- ♦ Rationalising taxation.
- ♦ Establishing a single-window clearance mechanism for tourism projects.
- India needs to adopt an integrated and long-term strategy to realise the estimated **\$3-trillion travel and tourism opportunity**.
- There is a need to:
 - ♦ Integrate tourism planning with infrastructure development, urban planning and regional economic corridors.
 - ♦ Create world-class tourism infrastructure, including last-mile connectivity, digital services and visitor amenities.
 - ♦ Promote greater private sector investment with industry status, easier financing and regulatory reforms.
 - ♦ Promote sustainable and community tourism, to reach balanced development of regions.
 - ♦ Develop destination management through skills development, safety standards and digital governance.
 - ♦ Make a Brand Bharat campaign to be known globally, showcasing India's heritage, wellness, eco-tourism and cultural diversity.
 - ♦ Wider e-visa coverage, seamless multimodal transport and simplified procedures make travel easier.

Daily Mains Practice Question

[Q] Examine the role of India's tourism and hospitality sector in achieving inclusive and sustainable economic growth. Discuss the key challenges hindering its potential and suggest policy measures to transform India into a global tourism powerhouse.

Source: IE

