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INDUSTRY OUTLOOK

INDIA'S TOURISM INDUSTRY OUTLOOK: RECOVERY AND CHALLENGES

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Introduction

India's vibrant tourism sector is a key driver of economic growth, providing a kaleidoscope of landscapes, cultures, and experiences to global travellers. While positioned at 22nd in the world's most visited countries, the nation's potential for moving up the ladder in the tourism industry is humungous. But the avowed success depends on removal of structural and operational bottlenecks. Towards this end, it is critical to address the issues of infrastructure development, streamlined regulations, robust safety measures, and sustainable practices. Moreover, fostering regional development, community involvement, and investing in skill development can help to bring about a more inclusive and equitable growth path.



Enhancing digital integration and effective crisis management further strengthen India's position as a premier global destination. With the Ministry of Tourism expanding and diversifying its development initiatives, a holistic approach is necessary to realize the full potential of India's diverse tourism offerings, fostering economic prosperity and cultural exchange.

Tourism and ecosystems services are inter-dependent and face distinctive challenges. In India, foreign tourists visit for various purposes, including business, leisure, holidays, recreation, visiting friends and relatives, medical treatment, conferences, education, and employment. As per latest government data, an estimated 125.5 million travellers took to the skies during January-October, an increase of 6 per cent from the same period in the pre-pandemic year of 2019.

Throughout 2023, the travel industry has witnessed a strong recovery in demand, but there was a noticeable dip in air travel during the peak travel times of Diwali and Dusshera. High airfares have been cited as a major concern.¹

India has recorded the highest surge in airfares among other countries in Asia Pacific and Middle East, which is seen as a 'threat' to the civil aviation industry's long-term recovery. According to the Airports Council International (ACI Asia-Pacific), there has been a 41 per cent hike in the airfare in India, followed by United Arab Emirates (34%), Singapore (30%) and Australia (23%). The central government said that the rise in airfares have been seen on select routes. Moreover, due to the Centre's intervention, prices have reduced by 60%.²

World Tourism Scenario and India's Position in World

In 2022, global international tourist arrivals experienced remarkable growth, surging by 111.6 per cent, well exceeding the 12.5 per cent growth observed in 2021 over 2020. The respective figures for international tourist arrivals in 2022, 2021, and 2020 were 969 million, 458 million, and 407 million. France secured the leading position in arrivals for 2022, followed by Spain, the United States, Turkey, Italy, Mexico, the United Kingdom, Germany, Greece, and Austria. Collectively, these top 10 countries contributed to 46.8 per cent of the total international tourist arrivals in 2022.

Analysing regions, Europe attracted the highest number of tourists in 2022, reaching 594.9 million, marking a significant positive growth of 97.4 per cent compared to 2021. The Americas followed with 156.2 million tourists and a positive growth rate of 91.2 per cent over 2021. Asia and the Pacific recorded 102.3 million tourists, reflecting an impressive growth of 312.5 per cent from 2021. The Middle East attracted 69.4 million tourists, experiencing a growth of 124.6 per cent over 2021.

Lastly, Africa welcomed 46.6 million tourists, displaying a notable growth rate of 137.8 per cent compared to 2021 (see Table 1).

Table 1: International Tourist Arrivals Worldwide and by regions, 2020-2022

(Arrivals in million)

REGION	2020	2021	2022*
World			
Arrivals	407	458	969
% Annual change	-72.2	12.5	111.6
Africa			
Arrivals	18.7	19.6	46.6
% Annual change	-72.9	4.8	137.8
% Share in world	4.6	4.3	4.8
Americas			
Arrivals	69.6	81.7	156.2
% Annual change	-68.3	17.4	91.2
% Share in world	17.1	17.8	16.1
Asia and the Pacific			
Arrivals	59.1	24.8	102.3
% Annual change	-83.6	-58.0	312.5
% Share in world	14.5	5.4	10.6
Europe			
Arrivals	239.6	301.3	594.9
% Annual change	-67.7	25.8	97.4
% Share in world	58.9	65.8	61.4
Middle East			
Arrivals	19.8	30.9	69.4
% Annual change	-72.9	56.1	124.6
% Share in world	4.9	6.7	7.2
India			
Arrivals	6.3	7.0	14.3
% Annual change	-64.7	10.6	104.6
% Share in world	1.6	1.5	1.5

*Provisional

Source: UNWTO World Tourism Barometer, September 2023

Why soaring airfares in India?

- The spike in airfares can be attributed to a combination of factors, marking a complex interplay in the aviation industry. The surge in demand following the opening of markets post-Covid-19, coupled with the escalation of aviation turbine fuel (ATF) prices and supply chain disruptions due to the Ukraine-Russia conflict, has significantly contributed to the hike in airfares, as reported by the ministry.
- The de-regulated environment has hindered the imposition of fare caps on various sectors, with concerns raised about potential market distortions and the impact on overall passenger accessibility to the benefits of market competition.
- According to a study conducted by the Airports Council International (ACI), India witnessed the highest airfare increase in the Asia Pacific region, reaching 41 per cent. This surge is part of a broader trend in the aftermath of the pandemic, where airlines in Asia capitalized on low competition and pent-up demand to recover losses and boost profits.
- The ripple effect of such dynamics is evident in the international airfares, witnessing a 50 per cent increase in the September-December quarter of 2022 compared to the pre-pandemic period in 2019.
- The challenges faced by Go Airlines (India), particularly its grounding due to engine issues and subsequent bankruptcy, created a significant void in daily flights, impacting various routes. This factor compounded by the surge in demand during the summer travel season and capacity constraints, resulted in passengers facing premium fares for alternative flight options.
- The impact of Go First's exit is notable in routes, where it had a substantial presence, such as Srinagar, Pune, Ahmedabad, Mumbai, and Leh, where spot airfares experienced significant pressure. Spot airfares on busy routes surged up to three times in the past month, while tickets purchased 30 days in advance witnessed a more modest increase, not exceeding 15 per cent.
- High fuel costs and rupee depreciation have added further pressure on airlines, with jet fuel representing a significant portion of airline costs. The Russia-Ukraine conflict exacerbated the rise in crude prices, with fuel prices soaring by 76 per cent in 2022 compared to 2019. The industry continues to grapple with challenges posed by elevated ATF prices and currency depreciation, affecting airlines' cost structures.
- Supply-chain challenges, including spare part availability and engine issues, have also impacted the overall capacities of airlines, leading to the grounding of certain aircraft, and negatively affecting cash flow generation.

In response to soaring airfares, the aviation ministry has urged airlines to control fares. Some carriers have increased capacity on popular Go First routes to meet seasonal

demand, and the government has requested aircraft manufacturers to expedite the supply of planes to address the demand-capacity imbalance.

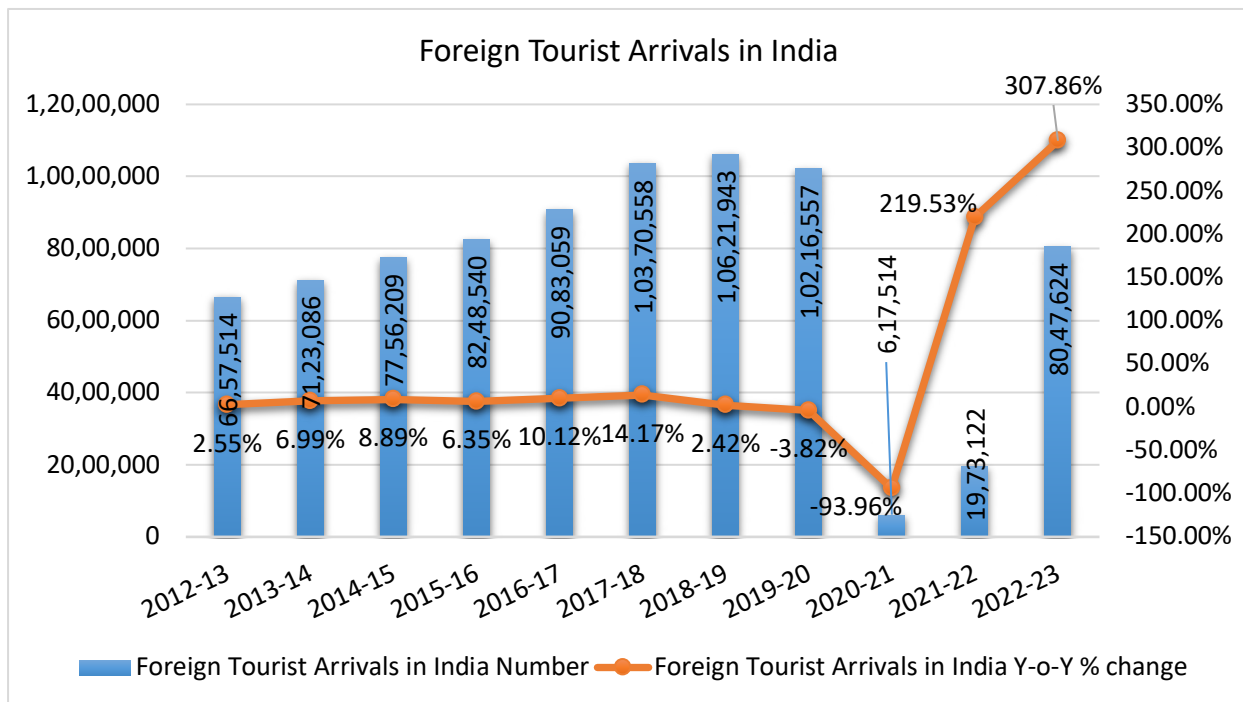
The Airports Council International (ACI) expresses concern that exploitative practices by airlines, such as restricting capacity, may threaten the recovery of air travel, especially on international routes crucial for social and economic growth and airport sector revenues.

Inbound Tourism

Foreign Tourist Arrival (FTAs) in India

The overall growth trend of India’s tourism industry can be observed from the fact that during the period from 2012-13 to 2016-17, there was a consistent and steady increase in the number of foreign tourist arrivals, with year-on-year (Y-o-Y) percentage changes ranging from 2.55 per cent to 10.12 per cent. This period reflects a positive and healthy growth in India's tourism sector. The most notable spike occurred in 2017-18, where the number of arrivals surged by 14.17 per cent. This could be attributed to various factors, such as, improved infrastructure, marketing efforts, or international events that attracted tourists to the country. The subsequent years, 2018-19 and 2019-20, show relatively modest growth and a slight decrease in arrivals, respectively. The Y-o-Y percentage changes during these years are 2.42 per cent and -3.82 per cent, indicating a relatively stable but not exceptional performance (see Chart 1).

Chart 1: Foreign Tourist Arrivals in India from 2012-13 to 2022-23

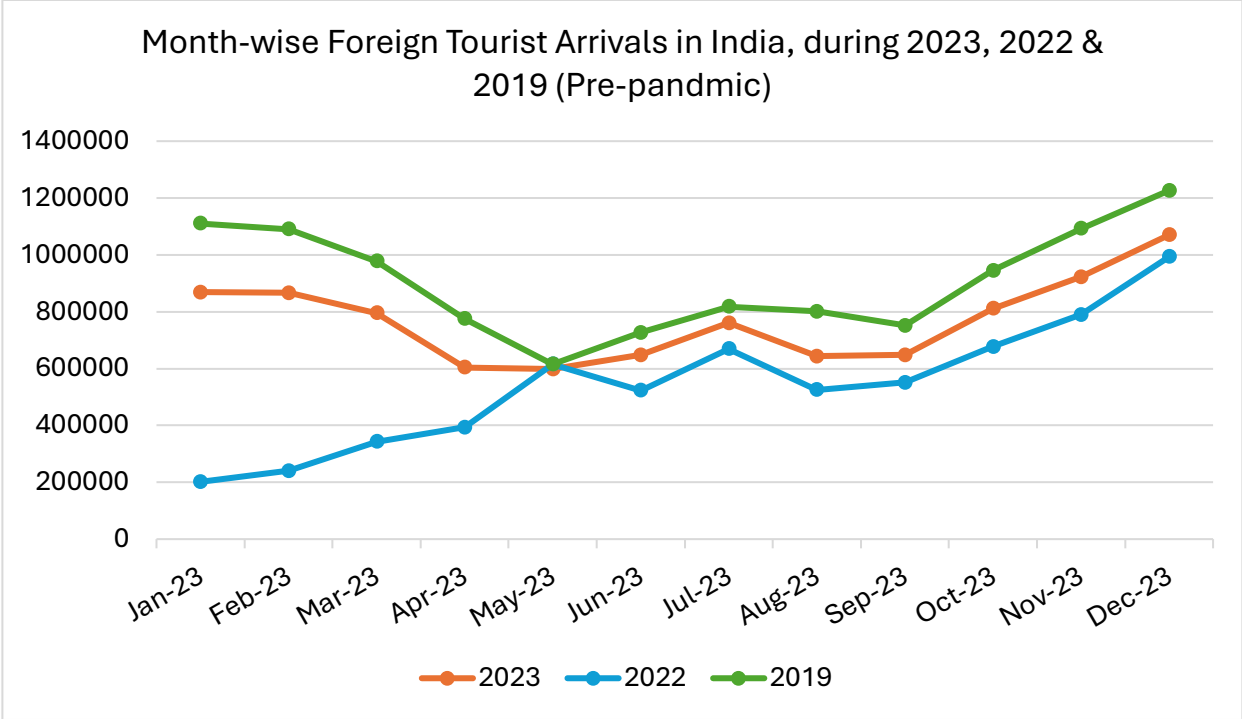


Source: CMIE | Infomeric Economic Research

The year 2020-21 witnessed a drastic decline in foreign tourist arrivals, with a staggering -93.96 percentage change. This significant drop can be attributed to the global COVID-19 pandemic, travel restrictions, and lockdowns that severely impacted international travel. The data for 2021-22 and 2022-23 shows a remarkable rebound, with Y-o-Y percentage changes of 219.53 per cent and 307.86 per cent, respectively. This recovery is indicative of the easing of travel restrictions, increased vaccination rates, and the gradual return to normalcy in global tourism.

As is evident from the above figures, there was a significant drop in tourist numbers in 2020 and 2021. This decline was largely attributed to pandemic-related restrictions on mass movement. Analysing the data for 2023, we find that there is a consistent recovery in tourist arrivals throughout the year. The figures for December 2023 show an increase compared to the corresponding month in 2022, nearing the pre-pandemic levels of 2019. This recovery trend is evident across the months, with notable growth observed from February to December 2023. It is essential to consider ongoing global conditions and policy changes influencing travel to interpret these trends accurately (see Chart 2).

Chart 2: Month-wise Foreign Tourist Arrivals in India



Source: Ministry of Tourism, GoI, | Infomeric Economic Research

The recovery of foreign tourist arrivals in India manifests the inherent strength and resilience of India’s tourism sector, bouncing back from the impact of the pandemic and exhibiting strong growth in recent years. While the post-COVID recovery in India’s tourism industry is encouraging, it is essential for India to address challenges such as

ensuring safety, promoting sustainable tourism practices, and enhancing tourist experiences. Also, continued efforts in marketing and infrastructure development can help to capitalize on the emerging opportunities.

FTAs from top Markets

The United States emerged as the top source country for inbound tourists in December 2023, accounting for 22.33 per cent of arrivals. Bangladesh followed closely behind with 16.97 per cent, while the United Kingdom, Australia, and Canada were the other countries in top five source countries. Interestingly, the data reveals a slight shift in the top source countries throughout the whole year, with Bangladesh holding the top spot for January to December 2023.³

The FTAs from USA during 2019, 2020, 2021 and 2022 had percentage shares of 13.83 per cent, 14.36 per cent, 28.15 per cent and 21.80 per cent respectively. For the year 2022, the positive growth rate in FTAs in India as compared to 2021 was from Vietnam (3272.5 per cent) followed by Malaysia (1803.9 per cent), Saudi Arabia (1601.6 per cent), New Zealand (1122.5 per cent), Mauritius (1068.2 per cent) and Thailand (1064.7 per cent).

The top 10 countries for FTAs in India during 2022 are United States, Bangladesh, United Kingdom, Australia, Canada, Sri Lanka, Germany, Nepal, Singapore, and Malaysia (see Table 2).

Table 2: Nationality-wise Foreign Tourist Arrivals in India, 2019-2022

Country of Nationality	Number of Arrivals				Percentage Change				% Share 2022
	2019	2020	2021	2022	2019-20	2020-21	2021-22	2019-22	
North America									
Canada	351859	122868	80437	289259	-65.1	-34.5	259.6	-17.8	4.49
U. S. A	1512032	394092	429860	1403399	-73.9	9.1	226.5	-7.2	21.80
Others	1	-	2	1	-	-	-	-	-
Total	1863892	516960	510299	1692659	-72.3	-1.3	231.7	-9.2	26.29
Central and South America									
Argentina	12844	4294	530	4720	-66.6	-87.7	790.6	-63.3	0.07
Brazil	25422	8092	2055	12301	-68.2	-74.6	498.6	-51.6	0.19
Mexico	20766	4580	859	8915	-77.9	-81.2	937.8	-57.1	0.14
Others	39894	10002	3354	20221	-74.9	-66.5	502.9	-49.3	0.31
Total	98926	26968	6798	46157	-72.7	-74.8	579.0	-53.3	0.72
Western Europe									
Austria	32332	9182	4411	18375	-71.6	-52.0	316.6	-43.2	0.29
Belgium	39263	11022	7382	24172	-71.9	-33.0	227.4	-38.4	0.38

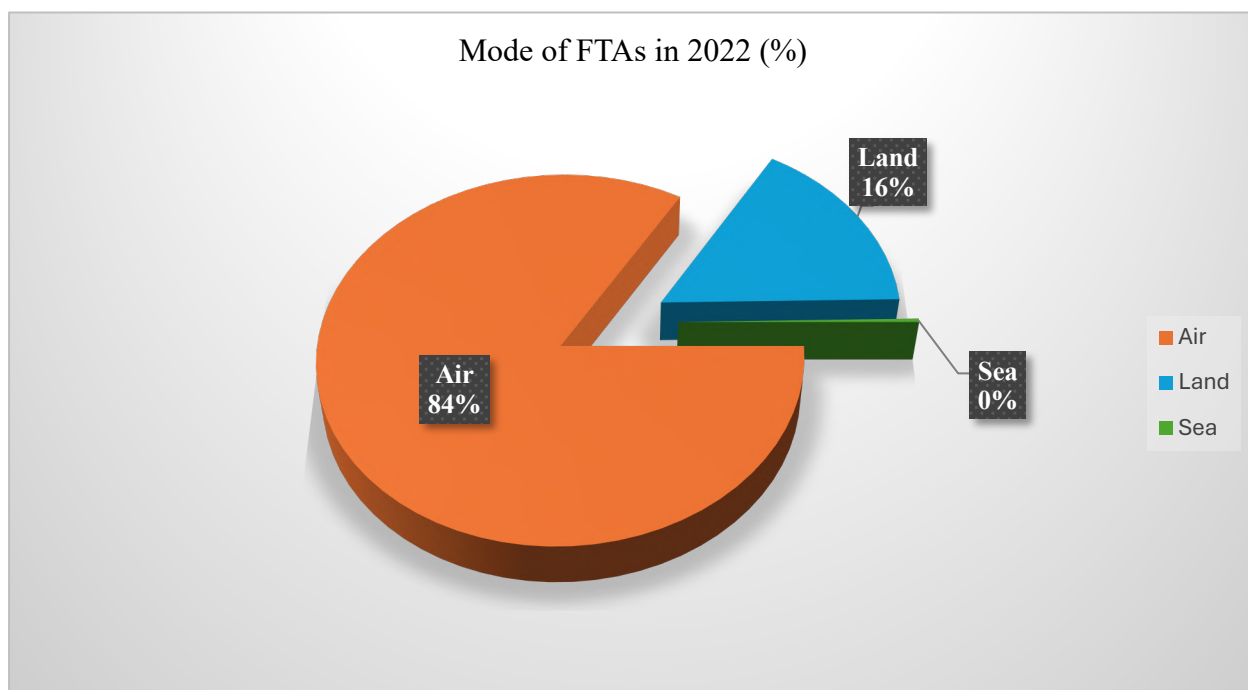
Denmark	26492	8252	2025	12331	-68.9	-75.5	508.9	-53.5	0.19
Finland	18945	4310	1329	8781	-77.2	-69.2	560.7	-53.7	0.14
France	247238	74243	30374	120282	-70.0	-59.1	296.0	-51.3	1.87
Germany	264973	72558	33772	141425	-72.6	-53.5	318.8	-46.6	2.20
Greece	10317	2854	1144	4988	-72.3	-59.9	336.0	-51.7	0.08
Ireland	41183	9708	7600	30959	-76.4	-21.7	307.4	-24.8	0.48
Italy	128572	31186	13659	62226	-75.7	-56.2	355.6	-51.6	0.97
Netherlands	80313	26258	15631	55019	-67.3	-40.5	252.0	-31.5	0.85
Norway	21898	6224	2790	13449	-71.6	-55.2	382.0	-38.6	0.21
Portugal	74743	31005	32064	69522	-58.5	3.4	116.8	-7.0	1.08
Spain	83322	16335	6982	39658	-80.4	-57.3	468.0	-52.4	0.62
Sweden	42318	11992	5579	22372	-71.7	-53.5	301.0	-47.1	0.35
Switzerland	46826	12675	4198	25255	-72.9	-66.9	501.6	-46.1	0.39
U.K.	1000292	291874	164143	641051	-70.8	-43.8	290.5	-35.9	9.96

Source: India Tourism Statistics 2023, Ministry of Tourism, GoI.

Mode of Travel of FTAs in India

Air travel has emerged as the favoured mode of transportation. In 2022, the majority of the 6.43 million foreign tourists visiting India preferred air travel, accounting for 83.5 per cent of arrivals, while land travel constituted 16.2 per cent, and sea travel made up a minimal 0.3 per cent (see Chart 3).

Chart 3: Mode of Travel Foreign Tourists in India in 2022



Source: India Tourism Statistics 2023, Ministry of Tourism, GoI.

In comparison, the figures for 2021 were 87.5 per cent, 11.8 per cent, and 0.7 per cent for air, land, and sea travel, respectively. Notably, land arrivals primarily included tourists from Bangladesh and Pakistan.

During 2022, the Delhi Airport had registered maximum number of FTAs in India, i.e., 31.4 per cent of Total FTAs from all modes followed by Mumbai airport (15.0 per cent), Haridaspur land check post (9.3 per cent), Chennai airport (9.2 per cent), Bengaluru (6.4 per cent), Hyderabad (4.6 per cent), Cochin (4.4 per cent), and Kolkata airport (3.8 per cent).⁴ During the year 2022, FTAs comprised of 57.99 per cent males, 42.00 per cent females and 0.01 per cent third-gender. The male-female break-up of FTAs in 2021 was 59.7 per cent and 40.3 per cent, respectively.

Purpose-wise FTAs in India

In 2022, the analysis revealed that 36.5 per cent of foreign tourist arrivals were for "Leisure Holiday & Recreation," with the Indian diaspora accounting for 21.1 per cent, Business and Professionals at 10.2 per cent, and other purposes making up 16.5 per cent. Specifically, within Australasia, 43.3 per cent of tourists fell into the "Indian Diaspora" category, while North America saw 40.0 per cent, and Western Europe had 28.5 per cent. For Eastern Europe, the majority, 61.4 per cent, arrived for "Leisure Holiday & Recreation," whereas Central & South America and South Asia had 53.9 per cent and 53.0 per cent, respectively, in the same category.

In West Asia, 22.7 per cent of arrivals were categorized as "Medical," with Eastern Europe at 21.2 per cent and South Asia at 19.8 per cent. Finally, in East Asia, 61.1 per cent of arrivals were identified as "Business professionals," followed by Central & South America at 24.9 per cent.

Foreign Exchange Earnings on FTAs

Tourism continues to play an important role as a foreign exchange earner for the country. The Financial Earnings from Expenditure (FEEs) during January-December 2023 stood at ₹2,31,927 crore, reflecting a substantial 65.74 per cent rise from the previous year. In terms of US dollars, FEEs reached \$28.077 billion, demonstrating a robust 59.43 per cent growth, though declining by -8.61 per cent compared with 2019. In 2022, foreign exchange earnings (FEEs) from tourism were US \$ 17.611 billion as compared to US\$ 8.797 billion in 2021, registering a growth of 100.19 per cent and achieved 57.33 per cent recovery as compared to pre-pandemic year 2019 (see Table 3).

Table 3: Foreign Exchange Earnings during Fiscal Year 2023

Year	FEE in ₹ terms		FEE in US\$ terms	
	₹ Crore	% Change over previous year	US \$ Million	% Change over previous year
1991	4318	-	1861	-
2001	15083	-3.5	3198	-7.6
2011	83037	25.49	17707	22.20
2012	95060	15.14	17972	1.50
2013	107563	12.51	18396	2.36
2014	120366	11.90	19699	7.08
2015	134843	12.03	21012	6.67
2016	150750	11.80	22428	6.74
2017	178189	18.20	27365	22.01
2018	195312	9.61	28565	4.40
2019	216467	10.83	30721	7.54
2020	50136	-76.84	6958	-77.35
2021	65070	29.79	8797	26.43
2022*	139935	115.05	17611	100.19

*Revised Estimates

Source: Ministry of Tourism

Outbound Tourism

India's outbound tourism is set to take centre stage at the Arabian Travel Market (ATM) 2024, emphasizing the country's growing preference for Middle East destinations. Recent data indicates that over 30 per cent of Indian traveller's favour destinations in the Middle East, with the UAE and Saudi Arabia being top choices. India serves as a primary market for Dubai, with 1.9 million visitors recorded in the first 10 months of 2023, while Saudi Arabia aims to attract 7.5 million visitors by 2030.

The event from May 6-9, 2024, featured a dedicated India Summit focused on unlocking the true potential of inbound Indian travellers. With India's total travel expenditure projected to reach US\$ 410 billion by 2030 and Indian travellers showing a willingness to spend up to US\$ 7,000 on international trips, the appeal of Middle East destinations, particularly Dubai, is expected to rise.

The significant presence of Indian expatriates in the Gulf states further drives business travel and leisure activities. ATM 2024 anticipates a surge in travel professionals, with a 20 per cent increase in exhibitors from India revealing the diverse offerings of Indian tourism. This aligned with the event's theme of 'Empowering Innovation: Transforming Travel Through Entrepreneurship,' providing a platform for stakeholders to explore innovative solutions in the evolving travel industry.⁵

The number of Indian nationals' departures from India during 1991 was 1.94 million which rose to 21.6 million in 2022 with a compound annual growth rate (CAGR) of 7.82 per cent. Due to the COVID-19 pandemic across the world with economic, social, geopolitical, and environmental implications and the subsequent lockdown announced in India in 2020, tourism parameters decreased drastically in the year 2020. The number of Indian nationals' departures from India during 2022 registered a positive growth of 152.62 per cent over 2021 as compared to 17.23 per cent growth in 2021 over 2020.

Domestic Tourism

The Union Minister for Culture and Tourism, in a written reply to Rajya Sabha, stated that in 2021, Domestic tourism is expected to return to pre-pandemic levels by 2024-25, while foreign tourist arrivals surged by around 435 per cent over the past three years. He stated that in 2021, there were 1,527,000 foreign arrivals. The numbers surged to 6,437,000 in 2022, indicating a sharp rise in tourism. In 2023 (January to November), there were 8,166,000 foreigners, reflecting continued growth compared to the previous year, according to government data.⁶

The recovery of domestic tourist visits in 2023, compared to pre-Covid levels, was more gradual than that of foreign tourist arrivals. Projected at an 18.2 per cent increase, domestic visits were expected to reach two billion in 2023, equivalent to approximately 88 per cent of the pre-Covid levels recorded in 2019. Following the removal of Covid restrictions by the central government in April 2022, domestic tourism in India experienced a resurgence fuelled by pent-up travel demand and a surge in spiritual tourism. The Government initiatives, including the Swadesh Darshan Scheme and the Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) scheme, played a pivotal role in stimulating domestic travel demand within the tourism industry.

According to media reports, India's outbound tourism is projected to reach a staggering US\$ 143.5 billion annually by 2030. Middle Eastern countries are a top choice for approximately 30 percent of Indian outbound travellers, with Saudi Arabia anticipating around 7.5 million Indian visitors by the same year.⁷

Rural Tourism

Rural tourism showcases rural life, culture, and heritage, benefiting the local community economically and socially. It includes agricultural tourism, cultural tourism, nature tourism, adventure tourism, and ecotourism.

Rural tourism can revitalize local art and crafts, prevent displacement of traditional occupations, and expand knowledge and horizons. It aligns with the vision of Aatmanirbhar Bharat by empowering individuals and enterprises in rural areas. The national strategy focuses on benchmarking, digital technologies, developing clusters, marketing support, capacity building, and governance.

State assessment and ranking are used as tools for capacity building and policy formulation. Model policies, best practices, and partnership models are recommended for rural tourism. Digital technologies are crucial for the adoption and promotion of rural tourism. Clusters of villages are identified for tourism development, with a focus on local crafts, culture, and natural attractions. Marketing and promotion efforts include digital marketing, overseas marketing, and market development assistance. This will provide employment opportunities to local people in rural areas.

Rural Tourism Scheme can be given an impetus by providing benefits as in Rajasthan under 'Rajasthan Rural Tourism Scheme':

Stamp duty will be exempted by 100 percent. Initially, 25 percent stamp duty will be payable, reimbursement will be done on submission of certificate of commencement of tourism unit.

- 100 per cent reimbursement of SGST payable and deposited will be done for 10 years.
Under the 'Chief Minister Small Industries Promotion Scheme', 9 percent interest subsidy will be given instead of 8 percent on loans up to Rs 25 lakh.
- Rural tourism units will not require land conversion and building plan approval. Promotion of rural tourism in the area under the Forest Department will be done as per the provisions of the State Eco Tourism Policy, 2021.
- Local folk artists and handicraftsmen and rural startups will be given priority in approval and benefits payable.

Features of 'Rajasthan Rural Tourism Scheme'

Rural Guest Houses: Guest houses will be registered in rural areas, which will have 6-10 rooms. These rooms will be available on rent for tourists to stay. There will also be arrangements for food for tourists in the guest house.

Agriculture Tourism Unit: The approved tourism unit on agricultural land will be set up on a minimum of 2,000 square meters and a maximum of 2 hectares. In 90 percent of this, rural environment will be provided to tourists through activities like agriculture and horticulture work, camel farm, horse farm, bird and livestock, crop sowing, handicrafts, gardens etc.

Profitability of Tourism Industry in India

Table 4: Distribution of Costs & Profitability Ratios of Tourism Industry in India from 2017-18 to 2024-25

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	(in %)							
Operating expenses	94.1	94.05	106.71	140.59	134.26	99.18	97.1	106.47
Raw materials & purchase of finished goods	5	4.65	6.11	13.34	14.79	8.05	7.13	6.87
Salaries and wages	8.47	8.71	13.12	54.69	39.15	13.64	12.8	21.72
Rent & lease rent	1.34	1.32	2.55	9.23	8.33	3.77	3.13	2.99
Selling, marketing & distribution expenses				3.69		1.55	0.87	
Other expenses	79.29	79.37	84.93	59.65	71.99	72.15	73.16	74.89
Other income as % of total income net of P&E	12.3	2.95	2.26	9.96	14.77	5.91	4.52	3.51
Tax as % of PBT	13.35	37.66	-0.02	-0.52	29.99	21.18	41.17	-2.32
Operating profit margin	5.9	5.95	-6.71	-40.59	-34.26	0.82	2.9	-6.47
Net profit margin	12.25	2.98	-27.38	-366.2	-16.54	1.57	2.5	-5.29

Note: Red colour- Forecast

Source: CMIE | Infomerics Economic Research

Institutional Initiatives- A Key Driver of Economic Growth

The Ministry of Tourism, Government of India, through its 08 offices overseas endeavours to position India in the tourism generating markets as a preferred tourism destination, to promote various Indian tourism products *vis-à-vis* competition faced from various destinations and to increase India's share of the global tourism market.

These objectives are sought to be met through an integrated marketing and promotional strategy and a synergised campaign in association with the Travel Trade, State Governments, and Indian Missions. The specific elements of promotional efforts undertaken overseas include Advertising in the Print & Electronic Media, Participation in Fairs & Exhibitions, Organising Seminars, Workshops, Road Shows & India Evenings, Printing of Brochures and Collaterals, Brochure Support/Joint Advertising with Travel Agents/Tour Operators, inviting the Media and Travel Trade to visit the country under the Hospitality Programme etc.⁸

The Ministry of Tourism has now revamped its Swadesh Darshan scheme in the form of Swadesh Darshan 2.0 with the mission to create a robust framework for integrated development of tourism destinations in partnership with the States/UTs and local governments for promoting sustainable and responsible tourism in the country. In consultation with the State Governments/UT Administrations 57 destinations across 32 States/UTs have been identified for development under Swadesh Darshan 2.0 scheme.⁹

Under the 'Swadesh Darshan' scheme, the government has initiated 76 projects to facilitate the integrated development of tourism through identified thematic circuits. Simultaneously, the 'National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive (PRASHAD)' scheme has sanctioned 46 projects across the country. India has also outlined a National Strategy for EcoTourism to position itself as a premier global destination for ecotourism, showcasing its commitment to sustainable and nature-focused travel experiences.

The government of India actively promotes tourism through a comprehensive approach, focusing on various themes such as heritage, spiritual, wellness, eco, and adventure tourism. This promotional effort is executed through the official website, showcasing the diverse tourism destinations across the country. Additionally, the government provides accessible support through a 24x7 toll-free Multi-Lingual Tourist Helpline (1800111363 or short code 1363) available in 12 languages, including 10 international languages like German, French, Spanish, Italian, Portuguese, Russian, Chinese, Japanese, Korean, and Arabic.

The government is actively engaged in developing infrastructure to boost MICE (meetings, incentives, conventions, and exhibitions) tourism in India, aiming to address the country's less than 1 per cent share in global MICE events, as reported by the Rajya Sabha parliamentary standing committee on transport, tourism, and culture. Newly inaugurated convention centers such as Bharat Mandapam, Yashobhoomi Convention Centre, and Jio World Convention Centre are poised to contribute significantly to the growth of MICE tourism in India.

In the medical tourism sector, the government has introduced initiatives like the Ayush visa and heals in India to attract more foreign visitors for medical treatments. Launched in 2022, the Ayush visa facilitates easy access for foreigners seeking Ayurveda, Yoga, Naturopathy, Unani, Siddha, and Homeopathy (AYUSH) therapies. The Heal in India scheme, introduced the same year, features a comprehensive one-stop portal providing visa support, language assistance, and hospital support for international patients seeking medical treatments in India.

The Ministry of Ports, Shipping, and Waterways has unveiled a ₹450 billion investment plan to boost river cruise tourism and harness India's inland waterways for economic advancement. This initiative allocates ₹350 billion for cruise vessels and ₹100 billion for cruise terminal infrastructure, envisioning comprehensive development by 2047. The strategic decision, made during the inaugural Inland Waterways Development Council (IWDC) meeting in Kolkata, aims to transform India's inland waterways into dynamic commercial channels.¹⁰

The Hotels Association of India (HAI) projects a substantial boost in employment for the Indian hospitality and tourism sectors, aiming to create 58.2 million jobs by 2033, with an immediate goal of adding five million direct and indirect jobs in the next 5-7 years. HAI emphasizes the crucial need for government support in granting industry and infrastructure status to fully unlock the employment potential. HAI President Puneet Chhatwal highlights the gap between recognizing tourism's significant contributions to employment and GDP (10 per cent and 8 per cent respectively) and the implementation of supportive policies. Vice-President K B Kachru notes a notable 271 per cent increase in hirings over the last two years, urging heightened focus on tourism development.

Amitabh Kant, India's G20 Sherpa, calls for effective communication of the sector's potential, suggesting that emphasizing the goal of creating 25 million jobs by 2030 could significantly impact politicians. Chhatwal acknowledges government efforts in infrastructure development but advocates for a comprehensive infrastructure status to propel the sector's success further.¹¹

There are also larger issues of socio-cultural dimensions of tourism, back to basics in hospitality, strategic repositioning in tourism and hospitality, cross-cultural exchange and communication, ethics and responsible behaviour and environment and climate change. An evolving issue is the metaverse revolutionizing tourism management, transforming consumer behaviour, and motivating tourists to visit destinations. Going forward, this aspect of the metaverse can also be effectively used in a comprehensive tourism strategy.

Industry Risks

India's tourism industry in 2024 shows promise but encounters significant risks. Despite advancements, infrastructure bottlenecks persist, including gaps in transportation, accommodation, and sanitation facilities, potentially impeding the overall tourist experience. Another concern is the inadequately skilled hospitality workforce, posing a risk to tourist satisfaction. Apart from these issues, the complex visa procedures and limited e-visa options for various nationalities constitute barriers that might discourage potential visitors. Addressing these challenges is crucial for unlocking the sector's full potential and ensuring sustained growth.

India's hospitality sector, with a total of only 160,000 branded hotel rooms in the organized sector, trails significantly behind its Asian counterparts. This figure is markedly lower compared to China, which boasts nine times more hotel supply. Furthermore, Singapore's branded hotel supply surpasses the combined total of India's three most developed hotel markets—Delhi, Mumbai, and Bengaluru. This disparity underscores a significant opportunity for growth and development in India's hospitality industry, highlighting the potential for expansion and investment in this sector.¹²

The absence of GST credit for hotel construction in India poses a significant hurdle to the growth of the nation's hospitality sector. Rationalizing GST rates and allowing for GST credit could lead to more affordable hotel stays. Such a move by the Hon'ble Finance Minister would not only make accommodations more accessible to tourists but also encourage further investment in the sector and increase India's organised hotel supply. Lower hotel rates could trigger a surge in both domestic and inbound tourism, benefiting a wide array of stakeholders, including local artisans and transport services, thus creating a multiplier effect across the tourism ecosystem.

The Road Ahead

In the upcoming fiscal year of 2024-25, India is poised to witness a remarkable recovery in foreign tourist arrivals, surpassing pre-Covid levels. This surge can be attributed to an upswing in business and medical tourism, coupled with a positive shift in global macroeconomic conditions, driving increased demand for leisure travel. Moving up the pecking order could be facilitated by research, accessibility, connectivity, affordability and adequacy of hotels and travel experience.

Similarly, domestic tourist visits throughout the calendar year 2024 are projected to exceed pre-Covid levels. This growth is fuelled by a substantial boost in spiritual tourism and the continuous improvement of tourism infrastructure.

The anticipated rebound in foreign tourist arrivals during 2024-25 is primarily driven by a robust surge in leisure travel demand, supported by improved global macroeconomic conditions. Additionally, growth is propelled by an increase in business and medical tourism, bolstered by strategic policies implemented by the central government.

To further enhance foreign tourist inflow, the central government is actively focusing on developing niche segments, including cruise tourism, MICE tourism, medical tourism, adventure tourism, as well as spiritual and religious tourism. These targeted initiatives aim to diversify and expand the spectrum of experiences for international visitors in India.

In conclusion, India's tourism industry has demonstrated remarkable recovery post-COVID-19 disruptions. Despite being positioned as the 22nd most visited globally, challenges such as soaring airfares pose threats to sustained growth. The surge, driven by post-COVID demand, rising aviation fuel prices, and supply chain disruptions, necessitates strategic interventions.

The frontiers and path of India's tourism development rebound is evident in foreign tourist arrivals, with a staggering 307.86 per cent year-on-year growth in 2022-23. However, challenges, such as, fluctuating airfares, influenced by the exit of Go First and geopolitical events, persist. The government's efforts to control fares and boost capacity are crucial for sustaining the recovery.

The outbound tourism landscape reflects India's growing preference for the Middle East, highlighting opportunities for collaboration and market exploration. Initiatives like Swadesh Darshan 2.0, National Mission on Pilgrimage Rejuvenation, and the National Strategy for Ecotourism underscore India's commitment to sustainable tourism.

However, risks persist, with the hospitality sector lagging in infrastructure compared to regional counterparts. Addressing challenges like GST credit for hotel construction can catalyse growth, making accommodations more accessible and fostering a ripple effect across the tourism ecosystem.

Given the severity of the challenges and the huge opportunities available in this sector, a holistic approach is imperative to adroitly navigate the path ahead and move to a higher orbit. Since India's tourism sector is influenced by a set of social, cultural, political, and economic forces and their interplays in a dynamic environment, collaboration between the government, industry stakeholders, and global partners is needed to unlock the full potential of India's diverse tourism offerings. This would lead to sustained economic prosperity and promote cultural exchange.

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