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INDUSTRY OUTLOOK

TOURISM INDUSTRY: YET TO TAKE OFF INTO SELF-SUSTAINED GROWTH

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1. 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 tourism industry is humungous. Travel and tourism are important economic activities in most countries around the world. The travel and tourism (T&T) industry has a significant direct and indirect impact on the economy.



The direct impact of the industry reflects the spending on tourism-related activities such as hotels, airlines, airports, travel agents, and leisure and recreation services, while the indirect impact measures the jobs supported by this spending. In other words, tourism contributes significantly to India's GDP, creates productive employment across sectors, promotes cultural understanding and exchange, and facilitates infrastructure development throughout the country.

Globally, T&T industry witnessed 1.4 billion international visitors in 2024, marking an increase of 11 per cent over 2023. International tourism receipts reached USD 1.6 trillion marking an increase of 3 per cent over 2023. In India, tourism consisted of a domestic and foreign component. Foreign tourist arrival (FTA) stood at 9.6 million with total foreign exchange earnings (FEE) from T&T standing at USD 3.858 billion, registering a growth of 18.2 per cent over 2023. There were 2.509 billion Domestic Tourist Visits (DTV) in 2023. The tourism sector contributes 5 per cent to the overall GDP.

2. Overview

The tourism sector serves as an economic powerhouse and a potential tool for economic growth. The tourism sector improves the quality of people's lives with its capacity to create large-scale employment of diverse kinds and provide leisure activities. It also supports environmental protection, promotes diverse cultural heritage, and strengthens integration across regions, income groups and nations.

2.1 Global Tourism Overview

Global tourism recovered for the first time to pre-pandemic levels in 2024. The recovery was marked by an increase in international tourist arrivals and an increase in the international tourism receipts.

International tourism recovered (99 per cent) to the pre-pandemic level in 2024, with most destinations exceeding the 2019 level. An estimated 1.4 billion international tourists (overnight visitors) were recorded around the world in 2024, an increase of 11 per cent (by 140 million) over 2023. Tourism receipts recorded USD 1.6 trillion in 2024, about 3 per cent more than in 2023 and 4 per cent more than in 2019 (real terms). Receipts, which had already recovered at pre-pandemic levels in 2023, recorded revenues at a record USD 1.9 trillion in 2024, about 3 per cent higher than 2019.

Table 1: International tourist arrivals and tourism receipts

Year (CY)	2019	2020	2021	2022	2023	2024 (E)	Over 2023 (per cent)	Over 2024 (per cent)
Arrival (millions)	1465	406	460	975	1305	1445	11	-1.3
Receipts (USD Billion)	1490	561	641	1140	1536	1590	3	4
Receipts (per arrival in USD)	1017	1381	1392	1169	1177	1100		
Data Source: UN Tourism (January 2025) E- Estimated								

The recovery has been fuelled by strong post-pandemic demand, robust performance from large source markets, and the ongoing recovery of destinations in Asia and the Pacific. Geographically, the Middle East continued to be the strongest-performing region when compared to 2019, with international arrivals climbing 32 per cent above pre-pandemic levels in 2024, when compared to 2023 it is only marginally higher by 1 per cent. Europe welcomed 1 per cent more arrivals than in 2019 and 5 per cent over 2023. While Africa saw 12 per cent increase in arrival in 2023 and a 7 per cent increase in arrivals compared to 2019. Americas recovered 97 per cent over its pre-pandemic arrivals. Asia and the Pacific recovered 87 per cent over 2019 level.

Economic issues may continue to pose significant risks to the sector in 2025. International tourist arrivals are, however, expected to grow between 3 per cent to 5 per cent in 2025 w.r.t 2024. This is attested by the positive outlook for the sector in the latest UN Tourism Confidence Index, with a score of 130 for 2025, where on a scale of 0 to 200 where 100 indicates similar expected performance.

2.2 Indian Tourism Overview

Tourism is an integral pillar of the economy. It has major potential to contribute to the Indian economy. Being diverse in landscapes, cuisines, heritage, adventure, wildlife, and culture, India has emerged as a well-known destination for both overseas and domestic travellers in recent years. This increased optimism in the tourism sector is reflected in the better performance in the Travel and Tourism Index from 54 in 2021 to 39 in 2024.

According to the Ministry of Tourism, in 2022-23, tourism had a direct contribution of 2.6 per cent to GDP while the overall GDP (direct and indirect) contribution was at 5 per cent. In terms of employment, Direct tourism employment constituted 5.48 per cent and indirect tourism employment constituted 12.57 of the total employment. The total tourism characteristic employment stood at 33.2 million in 2022-23.

The Indian tourism industry can be classified in 3 major components, namely foreign tourism in India, Indian tourism in foreign country and domestic tourism. The details of the Indian tourist industry are:

Foreign Tourism in India

In the year 2024, India recorded Foreign Tourist Arrivals (FTAs) of 9.66 million (Provisional) accounting for Foreign Exchange Earnings (FEEs) of 2.77 lakh crores (Provisional estimates), denoting a growth of 19.8 per cent over past year.

The USA, with 18.14 per cent, had the highest share in FTA. Bangladesh (17.57 per cent), UK (10.28 per cent), Australia (5.20 per cent) and Canada (4.78 per cent) followed suit. Due to concentration of developed Countries in FTA, arrivals were concentrated through airport in major cities. Delhi (32.4), Mumbai (15.66), Bangalore (7.01) and Chennai (8.2) were the major inbound centre for FTA. Bangladesh stands an exception whereby FTA are channelled through Haridaspur border in India (Petrapole - Benapole border checkpoint).

In terms of the purpose of visit of FTA, leisure holiday and recreation (44.8 per cent) were the leading purpose followed by Indian diaspora visit (28.5 per cent), unknown (8.8 per cent), and Business and Professional Visit (10.49 per cent). Medical tourism, which is a growing field, recorded a share of 6.47 per cent, up from 3 per cent in the previous year.

Domestic Outbound Tourism

In 2024, in case of Indian National Departures (IND), 30.23 million departures were witnessed compared to 27.8 million departures in 2023, This marked an increase of 8.44 per cent. Departures were destined to UAE (25.09 per cent), Saudi Arabia (11.03 per cent), USA (6.93 per cent), Thailand (6.15 per cent) and Singapore (4.94 per cent). In terms of purpose of visit of IND, leisure holiday and recreation (42.4 per cent) were the leading purpose followed by Indian diaspora visit (34.48 per cent), business and professional visit (14.91), pilgrimage (3.98 per cent) and education (1.95 per cent).

Comparison of inbound (FTA) vs outbound tourism (IND) represent a difference, wherein inbound tourism is occurring from Developed countries and routed through major airport cities. Outbound tourism is destined to Middle Eastern -UAE & Saudi Arabia, and South Asian countries - Thailand and Singapore, and the USA.

Domestic Inbound Tourism

Domestic tourism has emerged as a key driver of economic growth. As per data furnished by State/UT Governments and other information available with the Ministry of Tourism, there were 2.509 billion Domestic Tourist Visits (DTV's) all over the

country during the year 2023, representing a growth of 44.98 per cent. 2023 also marked DTV surpassing the pre pandemic level of 2.32 billion visits. Uttar Pradesh (19.07 per cent), Tamil Nadu (11.4 per cent), Karnataka (11.32 per cent), Andhra Pradesh (10.15 per cent) and Rajasthan (7.13 per cent) were the top states where domestic tourists were destined. This is expected to further increase for 2024 and 2025 due to increased travel, promotion and occurrence of key spiritual events in the country. Certain forms of domestic tourism are:

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 the 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.

Film-induced Tourism

New and lesser-known tourist destinations emerge because of excellent reviews in the public domain, surge in digital platform-dominated entertainment industry, recommendations by friends and families, a movie or TV series. With effective brand positioning and differentiating the tourist destination, these exotic locations, destinations, or resorts could be sold to new market segments and acquire and consolidate the market share. These measures help to enhance short-term revenue generation from these destinations and also lead to long-term prosperity.

Other Innovative Options

Of late, coastal tourism, which attempts to promote inter-regional trade among Indian Ocean Rim (IOR) countries, has become important. Similarly, staycation, where people stay at luxurious hotels to revive themselves of stress “*far from the madding crowd*”, has increasingly come of age. Wedding tourism, destination weddings, and net-zero hotels could also form important planks of the sustainability growth saga.

3. Government Schemes

The Ministry of Tourism has launched a variety of schemes to promote and support the development of the tourism industry in the country. Some of the schemes include:

3.1 Central Government Schemes:

Table 2: Central Government Scheme Impacting the Tourism sector	
Scheme Name	Description
National Integrated Database of Hospitality Industry	The database offers to facilitate digitalization and promote ease of doing business for hospitality & tourism sector. The NIDHI Portal would help in assessing the facilities available at various destinations, requirements for skilled human resources and to frame policies & strategies for promotion /development of tourism at various destinations.
National Digital Tourism Mission (NDTM)	The mission is intended to connect stakeholders in the tourism ecosystem digitally. The mission aims to bring tourism activities under a unified system and thereby enhance the competitiveness of the Hospitality & Tourism sector.
National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive (PRASHAD)	The scheme aims at integrated development of identified pilgrimage destinations. The scheme aimed at creation of pilgrimage/spiritual tourism infrastructure development at the identified destinations. Ministry of Tourism has sanctioned 48 projects in 27 States/UTs at the total sanctioned cost of ₹1646.99 crore of which ₹ 1036.96 crore has been sanctioned.
Swadesh Darshan Scheme	The scheme aims to compliment the efforts of respective State Governments / UT Administrations for developing tourism facilities across the Country. Amount of ₹ 5292.91 Crore has been sanctioned for undertaking 76 projects, out of which 75 projects are reported physically complete. Recently, the scheme has been revamped as Swadesh Darshan 2.0 (SD2.0) with the objective to develop sustainable and responsible destinations following a tourist &

	destination centric approach. 34 projects have been sanctioned for ₹ 793.20 Crore under SD2.0
Capacity building for service providers (CBSP)- Skill testing and Certification	The scheme provides financial assistance to conduct Skilling (Capacity Building) and Re-Skilling (Capacity Enhancement) Programmes. Under this scheme, education, training, and certification is provided to tourism service providers at every level. The scheme aims to capitalise on the vast tourism potential of the country and provide professional expertise to the local populace as well as create fresh opportunities for employment generation.
Marketing Development Assistance Scheme	The scheme operates under the Overseas Promotion & Publicity (OPP) Scheme. The scheme aims to provide financial support to tourism service providers for undertaking promotion and marketing of Indian tourism in overseas markets.
Chalo India campaign	The campaign aims to encourage the Indian diaspora to become Incredible India ambassadors and encourage their non-Indian friends to visit India. As an incentive under this initiative gratis e-tourist visa for foreign visitors traveling to India is granted, the program is valid till 31 March 2025.
Data Source: Ministry of Tourism -Annual Report Note: Large number of state schemes are components of Central Schemes announced during various years.	

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.

3.2 Schemes of State Governments:

State governments have launched schemes to promote domestic and foreign tourism in the country. Some of the salient schemes are:

Table 3: State Government Scheme Affecting the Tourism Sector		
State	Scheme Name	Description
Haryana	Swaran Jayanti Guru Darshan Yatra Scheme-2016	Launched to facilitate visit to Sri Hazoor Sahib Gurudwara (Nanded Sahib), Sri Nankana Sahib, Sri Hemkunt Sahib, and Sri Patna Sahib by providing financial assistance to the pilgrims of the State of Haryana
Haryana	Kailash Mansarovar Yatra	Scheme financial assistance to the pilgrims of the State of Haryana. The financial assistance will be provided up to the extent of ₹ 50,000/- or 50 per cent of the actual expenditure per person whichever is less.

Haryana	Sindhu Dharshan Yatra Scheme 2016	Scheme provides financial assistance to the pilgrims. The financial assistance will be provided up to the extent of ₹10,000/- or 50 per cent of the actual expenditure per person whichever is less
West Bengal	Incentive Scheme: Additional Incentive on Generation of Employment	The Scheme aims to provide financial assistance and help entrepreneurs to start their own business as a self-employed youth with objective of becoming employer in upcoming days and generate more employment.
West Bengal	Incentive Scheme: Additional Incentive for Adventure Tour Operators and Others schemes	Eligible unit which has been qualified for bringing in more than 50 International or 100 Domestic Inbound Tourists in a financial year, shall be entitled to an additional incentive for purchase of tourism related equipment's.
Punjab	Farm Tourism Scheme	Scheme envisages to provide to tourists with a clean, hygienic, and comfortable stay in the farmhouses spread across the State of Punjab
Meghalaya	Tourism Development & Investment Promotion	Provision for providing affordable accommodation in the form of Homestay and Resorts.
Assam	Promotion and Development of Tea Tourism Infrastructure	Includes the overall experience of tourists amid a tea garden or state, with an accommodation facility in an iconic bungalow with modern amenities. The assistance or sharing pattern under the scheme is 50:50 (Government's share: Beneficiary share) with an upper ceiling of ₹ 2 Crore as Govt. Share
Arunachal Pradesh	Chief Minister's Paryatan Vikas Yojana	Aims to develop tourism facilities in the state to attract more tourists.
Arunachal Pradesh	Chief Minister's Paryatan Siksha Yojana	The scheme aims to promote tourism and develop the industry by means of trained individuals.
Andaman & Nicobar Punjab	Bed & Breakfast / Home Stay Establishment Scheme	The concept of the scheme is to provide supplementary and quality accommodation for foreigners and domestic tourists to stay with an Indian family to experience.
Delhi	Mukhyamantri Tirth Yatra Yojana	The scheme provides opportunities for free travel for senior citizens who cannot bear to travel alone.

Odisha	Baristha Nagarika Tirtha Yatra Yojana	Scheme aims that pilgrims will be taken on a visit to different pilgrimage centres in the country from boarding points in the state as per the schedule approved for the journeys. Scheme is envisaged to help senior citizens over 60-75 years of age to undertake pilgrimage with Government assistance
Puducherry	Grant of Financial Incentives for Hotels, Resorts, and Tourism Projects-2004	Aims to encourage private entrepreneurs in the field of tourism by providing financial incentives for the development of hotels, resorts, and other tourism-related projects
Puducherry	Annual Tour to the Differently Abled Persons	Scheme allow differently abled persons, especially those who hail from weaker sections of society to see the places of cultural and historic importance.
Data Source: www.myscheme.gov.in		

Other Schemes impacting the tourism sector are as follows:

Table 4: Other Schemes Affecting the Tourism Sector	
Scheme	Description
Approval and Classification of Hotel	Ministry classifies hotels under the star rating system. Under this system, hotels are given a rating. The classification is done based on inspection of hotels which is undertaken by the Hotel and Restaurant Approval and Classification Committee (HRACC).
Other categories of Accommodation units approved	Voluntary schemes for approval in categories such as Timeshare Resorts, Operational Motels, Guest Houses, Bed & Breakfast / Homestay Establishments, Tented Accommodation, as well as Online Travel Aggregators, Stand-alone Air Catering Units, Convention Centres, Standalone Restaurants, also exist.
Incentives announced before Budget year 2025	The GST rate on hotel rooms with tariffs of up to ₹ 7,500 per night has been cut to 12 per cent from the existing 18 per cent. Similarly, the tax on room tariff of above ₹ 7,500 has been slashed to 18 per cent from the existing 28 per cent. There will be no GST on room tariffs of below ₹ 1,000 per night.
Loan Guarantee scheme for COVID Affected Tourism Sector (LGSCATS)	Provides guarantee coverage for the loans provided by the Scheduled Commercial Banks to the above-mentioned beneficiaries, to discharge their liabilities and restart their business affected due to the COVID-19 pandemic.
Nirbhaya Fund	It is a dedicated non-lapsable corpus fund which can be utilized for projects specifically designed to improve the safety and security of women.

Approval of Travel Trade Service Provider	The Ministry of tourism gives recognition to Travel Trade service Providers. The existing guidelines have been consolidated into one single Guideline for 'Recognition of Tourism Service Providers by the Ministry of Tourism'.
E- Visa	Steps have been taken to liberalize and simplify the Visa regime, especially the tourist visa regime, through introduction of the e-Visa facility. E-Visa is presently available under nine sub-categories i.e. e-Tourist Visa, e-Business Visa, e-Medical Visa, e-Medical Attendant Visa, E-Conference Visa, e-Ayush Visa, e-Ayush Attendant Visa, e-Student Visa and e-Student X Visa. e-tourist visa is available under 3 options – (i) 05 years with multiple entry; (ii) 1 year with multiple entry and (iii) one month with double entry.
Market Development Assistance (MDA) Scheme for promotion of Domestic tourism	Support has been extended to the tourism service providers for undertaking promotional activities within the country.
Regional Connectivity Scheme (RCS)	Scheme aims to facilitate/stimulate regional air connectivity by making it affordable.
Road connectivity and Way Side amenities to the important Tourist Destinations	Scheme aims to improve Road connectivity and Way Side amenities to the important Tourist Destinations. MORTH has recognised a list of 50 destinations where roadside facilities will be developed.
Tourist Police Scheme	Ministry of Tourism has taken up the matter with all State Governments/Union Territory (UT) Administrations for setting up of dedicated Tourism Police. Certain states have also deployed tourist police in one form or the other.
Protected Area Permit (PAP)/Restricted Area Permit (RAP)	For smooth travel experience of Tourists in the Restricted/ Protected areas of the country, Ministry of Home Affairs has relaxed the PAP/RAP for a further period of 5 Years till 31.12.2027
Data Source: Ministry of Tourism	

4. Budget Allocation

The Central and State government works toward the development of the tourism sector in India through its various schemes and continuous budgetary resources allocation. Budgetary allocations towards various schemes implemented over the years are:

4.1 Central Government

Table 5: Central Budgetary Allocation				
	23-24 (A)	24-25 (B)	24-25 (R)	25-26 (B)
Central Sector Schemes/Projects				
Tourism Infrastructure				
Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	349.87	1750.00	350.00	1900.00
Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive (PRASHAD)	125.90	240.00	100.00	240.00
Assistance to Central Agencies for Tourism Infrastructure Development	50.62	90.00	90.00	90.00
Champion Services Sector Scheme	2.81	0.03	...	0.03
Total-Tourism Infrastructure	529.20	2080.03	540.00	2230.03
Promotion and Publicity				
Overseas Promotion and Publicity including Market Development Assistance	51.04	33.02	33.00	3.07
Domestic Promotion and Publicity, including Market Development Assistance	71.51	176.97	92.95	136.90
Total-Promotion and Publicity	119.50	209.99	125.95	139.97
Training and Skill Development				
Assistance to IHMS/FCIs/IITTM/NIWS	31.71	50.00	32.00	35.00
Capacity Building for Service Providers	21.69	34.05	34.05	25.00
Total (Tourism)	801.82	2479.62	850.36	2541.06
Data Source: Central Budget				

The tourism sector has seen a minor increase in budgetary allocation over the past year. The budgetary allocation rose by only 8.5 per cent over the past year. Budgetary allocation increase has been led by SWADESH Darshan scheme. The tepid increase in budgetary allocation has occurred due to low utilization of funds in the Swadesh Darshan and PRASHAD scheme in the past year. Total Promotion and publicity have also seen an overall decrease in the current budget year while Domestic promotion and publicity have also seen a large increase in budgetary allocation. Overseas promotion, which holds the largest potential for growth has seen a 90 per cent drop in allocation. Further, Training and skill development have also seen a drop in allocation. Budgetary utilization stands at one-third of the allocation, even though overall budgetary allocation has been increasing. A crucial factor determining the allocation in future may turn out to be utilization rate.

4.2 State Government

The state government, in its annual budgetary statement, makes announcements to promote the development of the Tourism industry. These programs and schemes aim at supporting and simplifying the various aspects of the tourist industry. The collective budgetary allocation towards tourism by states tends to outweigh the budgetary allocation by the Centre towards tourism.

Some of the announcements made in the current budgetary cycle are:

Table 6: State Budget Tourism Allocation		
State Name	Budgetary Allocation (₹ Crore)	Key Points for Budget Year 2025-26
Andhra Pradesh	469	<ul style="list-style-type: none"> Akhanda Godavari and Gandikota projects have been launched.
Assam	101	<ul style="list-style-type: none"> Promotion of Concert tourism, Tea tourism (under eco-tourism scheme).
Bihar	1103	<ul style="list-style-type: none"> Government assistance for home-stay facility for Chhath Puja
Chhattisgarh	Not found	<ul style="list-style-type: none"> Development of Adventure Tourism & Tourism Circuit at Jashpur Provision for construction of a Gurudwara (Moti Mahal) at Bhandarpuri, District Baloda Bazar - Bhatapara
Gujarat	6500	<ul style="list-style-type: none"> Establishment of District Tourism Development Societies in every district.
Haryana	262.31	<ul style="list-style-type: none"> The International Surajkund Mela in Faridabad will be organized twice a year by upgrading the basic infrastructure of the Mela Loharu Fort and Rakhigarhi site to be developed. Development of Mahabharata Anubhav Kendra at Jyotisar, Kurukshetra
Himanchal Pradesh	544	<ul style="list-style-type: none"> Wellness centers in Manali, Kullu, Naggar, and Nadaun Ice skating rinks in Dharamshala, Shimla, and Mandi; Beautification of Palampur and Nagrota Bagwan; Tourism facilities at premises of Baba Balaknath temple
Jammu and Kashmir	390.2	<ul style="list-style-type: none"> Proposal to constitute a multi-stakeholder Advisory Committee to address key issues and recommend policy measures. Our goal is to increase
Jharkhand	366.4	<ul style="list-style-type: none"> Ropeways in Jonha, Hundru, Kauleshwari and Trikut. Heli Service planned from Ranchi to Deoghar, Basukinath, Rajrappa, Itkhor
Karnataka	284.22	<ul style="list-style-type: none"> New Tourism Policy 2024-29 with objective to attract investment of ₹ 8,000 crore and job creation of 1.5 lakh.

		<ul style="list-style-type: none"> • Tourist destinations in 10 select districts • 25 monuments are given for adoption
Kerala	385	<ul style="list-style-type: none"> • K-Homes- aims to use the empty and unoccupied homes across the state for tourism • ₹ 80 crore is earmarked for various marketing activities in National and International Tourism Markets
Madhya Pradesh	1610	<ul style="list-style-type: none"> • ₹ 2,005 crores have been set aside for the grand organization of the Simhastha Kumbh Mela 2028. • ₹ 507 crores for the development of 14 religious and cultural monuments • ₹ 100 crores for establishing Gita Bhawan
Maharashtra	3159	<ul style="list-style-type: none"> • Passenger and port taxes exemption • Tourism Policy with aim to attract investment worth ₹ 1 lakh crore. • ₹ 146.10 crores are being undertaken for the development of Ramkund, Kalaram Temple, and the Goda Riverfront
Odisha	820	<ul style="list-style-type: none"> • Development of Chilika Lake as a special tourism zone • The government aims to transform the tourism sector into a major driver of economic growth, employment generation, and cultural promotion through development of sustainable tourism.
Punjab	204	<ul style="list-style-type: none"> • Development of Nagal as tourism hub. • Construction of a Heritage Street and an auditorium in Shaheed Bhagat Singh Nagar at a cost of ₹ 54 crore
Rajasthan	975	<ul style="list-style-type: none"> • Tribal Tourist Circuit will be developed with ₹ 100 crore. • 10 iconic tourist destinations will be developed under Heritage Tourism
Tamil Nadu	272.46	<ul style="list-style-type: none"> • ₹ 300 crores for developing infrastructure facilities in key tourist hubs.
Uttar Pradesh	2026	<ul style="list-style-type: none"> • ₹ 400 crores earmarked for the Chief Minister's Tourism Sites Development Scheme
Uttarakhand	478	<ul style="list-style-type: none"> • ₹ 100 crores have been allocated for Tehri Lake development, • ₹ 25 crore for the Manskhanda Scheme, • ₹ 20 crore for the Vibrant Village Scheme
West Bengal	523.98	<ul style="list-style-type: none"> • Promotion of Tea tourism.
Data Source: Budget Statement of state government		

Developed states have a higher allocation of budgets towards the tourism sector. States of Maharashtra and Gujarat have the highest budgetary allocation, while Uttar Pradesh and Madhya Pradesh have assigned large budgetary allocation due to their large tourism potential.

The states of Maharashtra and Gujarat have also announced state-specific tourism policies to develop the tourism sector as a catalyst for economic growth and employment generation. Various Schemes have been announced to promote infrastructure development, historical site rejuvenation, and promotion of cultural tourism in states.

5. Government Recommendation for Promotion of Tourism Sector

The Central government, through the Department-Related Parliamentary Standing Committee Report (DPSC), works towards guiding and promoting the tourism sector. The DPSC Committee regularly reviews the development in the tourism sector, utilization of budgetary resources, and action on the policy recommendations. According to the latest DPSC, some of the recommendations are:

5.1 379th report for Demand for Grants (2025-26) of Ministry of Tourism¹:

Destination Digital Twins: The Committee recommended creating a digital twin of 100 premier tourist destinations. This will help in the evaluation of carrying capacity of tourist sites in real time and optimize visitor experience through predictive crowd control.

Tourism Micro-entrepreneurship Ecosystem: A support system for the tourism microentrepreneur was recommended. These entrepreneurs form the backbone of the tourist experience but lack access to formal business infrastructure.

Tourism Implementation Rating System: A performance-based framework to evaluate states based on their efficiency in implementation of tourism projects and fund utilization. This will create healthy competition among states while providing objective metrics for allocation of resources.

Integrated Digital Project Management System: A comprehensive digital platform towards tourism data collection & analysis and project management has been recommended.

Fund Utilization Task Force: A specialized task force to conduct a monthly review of fund utilization pattern has been recommended.

Adventure Tourism Licensing Framework: The Committee recommended implementing a centralized licensing framework for adventure tour operators to ensure compliance with safety regulation and mandatory certification.

5.2 357th DPSC on Transport, Tourism and Culture².

The 357th DPSC report submitted in September 2023 proposed to develop Niche tourism in the country. Niche tourism aims to cater to small groups of people and provides curated and personalised tour packages to appeal to the customers' interests. The Report recognised 10 niche tourism products to be promoted. The 10 niche tourism products are: Sustainable, Rural, Adventure, Ecotourism, MICE (Meetings Incentives, Conference and Exhibition) & Weeding, Cruise, Medical and Wellness, Film, Golf, and Spiritual Tourism in India. In the past year study reports have been published on the various niche tourism products by FICCI and PHDCCI in July 2024. Certain niche tourism products are also being actively sold by the Tourism Service providers to both domestic and international tourists.

6. Recommendations submitted to promote the Tourism Industry

Recommendations have been made by the industry body report and Internal research reports of the Government to further promote the development of the tourist sector in the country. Some of the recommendations are³:

Future ready workforce: To build a future ready workforce recent trends of digital transformation, sustainable tourism, and premiumization will need to be integrated. To achieve this a mentorship program combining advance training will be required.

Leveraging Gig Economy: This workforce model provides mechanism to enhance service quality while allowing us to deal with flexibility in addressing seasonal peaks in certain forms of niche tourism. It also aligns with the growing global trend on providing on-demand employment.

Establishing a Central Tourism Body: A centralized body for the promotion of tourism industry may be set up in line with the Singapore Tourism Board (STB) or Tourism Authority of Thailand (TAT). The body will help overcome the silo-based approach to tackle the issue of infrastructure deficit, weak global positioning of Indian Tourism, and inconsistent funding.

Positioning India as a creative tourism hub: To promote India as a creative tourism hub, India must move from passive Cultural experience to immersive, interactive activities that combine traditional elements with contemporary innovation.

Elevating Tourism and Hospitality sector through industry status: Granting industry status to tourism industry will help offer access to a range of subsidies and incentives. It will help provide opportunities for formalized job creation and support skill development in the country.

7. Output- Outcome Framework for Tourism Sector

The Government has set forth targets in the Output Outcome Monitoring Framework (OOMF) towards the development of the Tourism Industry. In FY25, the government is tracking the progress of schemes implemented by the Ministry of Tourism, the Northeast Council and the Ministry of Port & Shipping.

Table 7: Output Outcome Framework for Tourism Sector

FINANCIAL OUTLAY (₹ in Cr)	OUTPUTS 2025-26			OUTCOMES 2025-26		
	Output	Indicators	Targets 2025-26	Outcome	Indicators	Targets 2025-26
Ministry of Tourism						
1,900	Destinations development under Swadesh Darshan (SD) and its sub schemes	Number of Projects sanctioned under Swadesh Darshan 2.0 and other sub schemes of SD	50	Employment Generation	Direct Employment generated through project sanctioned during the year under Swadesh Darshan 2.0 and other sub schemes of SD	300
		Number of project sub-components developed under Swadesh Darshan 2.0 and other sub schemes of SD	300			
		Number of Projects/Interventions completed under Swadesh Darshan 2.0 and other sub schemes of SD	30			
		Number of projects where O&M agency has been on boarded	30			
		Number of Tribal Home Stays sanctioned for development under PM-JUGA325 (SD 2.0)	100		Direct Employment generated through project sanctioned under PM –	100

					JUGA for development of Tribal Home Stays	
		Number of Projects completed under SD 1.0(annual)	1		Direct Employment generated through project sanctioned under SD 1.0 during the year	10
Schemes of Northeast Council (CS)						
part of 822 cr	Improve tourism infrastructure.	Number of infrastructure projects to be completed.	12	Increased tourist footfall in tourist sites	Per cent increase in tourist footfall (YoY)	26
Ministry of Ports, Shipping and Waterways Sagarmala (CS)						
Part of 866 cr	Creation of Infrastructure at ports and undertaking modernization of ports.	No. of Ro-Ro Passenger Jetties projects to be completed during the year.	7	Enhancement of tourism.	Number of tourists visiting the ports during the year	1,00,000
		No of Cruise Terminal projects to be completed during the year.	1			

In terms of the development of tourism sites under the Swadesh Darshan, the government sanctioned 50 tourism-related projects. Government also aims at developing 100 tribal homestays in the country. To promote tourism in the northeast, ₹ 822 crores have been allocated for infrastructure development with the aim to increase tourist footfall by 26 per cent. Further, Ro-Ro facilities will also be developed under the port monetisation programme. This will help in enhancing Cruise tourism in the country.

8. Financial Performance of Major Firms Involved in the Tourism Sector

Several firms are involved in the tourism sector. These are mainly of 2 types- Tour & Travel Providers and Hotels. Both have seen increasing growth in the past year.

Travel agencies have seen sales increase in the last 3 years. The higher sales in may be attributed to the low base due to COVID. Travel, tourism and hospitality which had been crippled by the epidemic were the last ones to return to normalcy.

With economic expansion gaining traction, businesses increase their expenditures on corporate travel, and leisure travel grows because of higher spending of discretionary income. Profit margin (OPM) and PAT have seen a rise in the last year for all major travel operators in India. Thomas Cook (India), which is one of the largest Travel operator India and earned 84 per cent income from Travel and services, has seen the sales and profit growth of 12.75 per cent and 26.38 per cent respectively.

Table 8: Financial Performance of Tour and Travel Operators

S.No.	Name	Sales (Rs.Cr.)	Sales Qtr (Rs.Cr.)	Sales Var 3Yrs per cent	OPM per cent	PAT 12M (Rs.Cr.)
1	Thomas Cook (I)	7834.53	2061.01	109.4	5.97	244.4
2	Ecos (India)	625.71	168.25	75.21	14.08	60.01
3	Intl. Travel Hse	233.62	58.27	54.1	15.39	25.65
4	Travels & Rentals	7.53	5.18	55.57	57.77	2.97
5	Naturewings Hol.	21.81	12.47	150.95	7.38	1.12
6	Sailani Tours N	15.1	7.47	177.32	5.96	0.18
7	Mahasagar Travel	38.24	9.09	10.11	2.64	-0.34

Data Source: Screener (data pertains to PAT of top 7 companies by mCap) till December

Hotel and restaurant companies have also seen large growth in the past 3 years. All major companies have seen a large increase in profit and Sales in the past year. The top five companies have seen sales growth of more than 10 percent with profit growth surpassing sales growth. In the current year, ITC, a major player in the hotel business, split its hotel business component from its core business. (These changes have not been reflected in the table below.) The top 50 companies have seen a cumulative Sales of ₹ 25,000 crore, with PAT of ₹ 3690 crore in the past 12 month. This is expected to grow in the future as more people, particularly the younger generation, continue to travel.

Table 9: Financial Performance of Hotels

S.No.	Name	Sales (₹ Cr.)	Sales Qtr (₹ Cr.)	Sales Var 3Yrs per cent	OPM per cent	PAT 12M (₹ crore)
1	Indian Hotels Co	7814.74	2533.05	62.58	32.92	1561.99
2	Mahindra Holiday	2802.23	678.43	16.06	20.01	134.57
3	EIH	2657.04	800.17	72	36.52	703.4
4	Chalet Hotels	1614.11	457.79	70.57	41.96	101.12
5	Lemon Tree Hotel	1234.88	355.18	62.05	48.69	178.92
6	Samhi Hotels	1090.36	295.77	78.06	33.93	47.36
7	Juniper Hotels	787.65	216.14	65.34	34.56	61.15
8	Apeejay Surrend.	609.81	177.49	47.94	32.31	75.43
9	I T D C	535.86	149.41	44.25	15.98	73.19
10	Ventive Hospital	477.98	155.58	37.63	59.38	165.08
11	TajGVK Hotels	440.76	126.94	63.02	33.28	92.1
12	Oriental Hotels	414.65	121.9	50.26	23.6	39.13
13	Speciality Rest.	405.54	119.39	37.83	16.74	20.42
14	EIH Assoc.Hotels	400.83	133.01	55.98	28.91	85.87
15	Kamat Hotels	354.54	110.89	66.46	29.01	35.89

Data Source: Screener (data pertains to PAT of top 15 companies by mCap)

9. Challenges

India's tourism industry has immense potential, driven by its rich cultural heritage, diverse landscapes, and vibrant traditions. However, the sector faces multiple domestic and international challenges - the challenges of global competition from other tourist destinations, balancing tourism growth with environmental and cultural concerns, which hamper its sustained growth. Possible measures to address the situation could include:

- 1. Inadequate Infrastructure:** The tourism sector is plagued by a lack of adequate, robust, and scalable infrastructure. Inadequate tourism infrastructure, including transportation, roads, hotels, tourist information centers, and other amenities, hampers tourism development. India has a low availability of hotels and boarding facilities, with a hotel room per 100 population at 0.19 against the world median of 0.65⁴. Continued investment in infrastructure development and investment in transportation, accommodation, and amenities, through budgetary support and private sector participation are needed to enhance the tourist experience.
- 2. Safety and Security Concerns:** The tourist industry has been grappling with safety and security concerns for tourists, particularly women and foreign

tourists. Incidents of harassment and violence against tourists have been reported, leading to a decline in tourism in recent years. The lack of a robust law enforcement system and inadequate security measures at tourist sites and accommodations deters visitors. Maintaining safety and security standards is non-negotiable and the *sine qua non* of tourism. This requires implementing robust safety and security measures, including tourist police and emergency services.

- 3. Inadequate Marketing and Promotion:** Grossly insufficient marketing and promotion limit India's visibility as a tourist destination. Despite steps taken for promoting the Indian Tourism industry, India's tourism industry suffers from ineffective marketing and promotion efforts. The government's promotion campaigns are often limited to cultural and heritage tourism and do not adequately factor in other potential tourist attractions, such as adventure tourism, medical tourism, and eco-tourism.
- 4. Lack of Skilled Manpower:** Another challenge facing the tourism sector in India is the lack of skilled manpower. The industry requires skilled professionals in various areas, including tour guidance, hospitality, and travel management.
- 5. Environmental Concerns:** The tourism industry has an important impact on the environment because unmanaged tourism can lead to environmental degradation, cultural exploitation, and community displacement. It leads to faster waste accumulation and puts strain on the physical & tourist infrastructure around. It also leads to the commodification of culture in a need to increase the economic potential of the tourist location. Encouraging eco-tourism, community-based tourism, and responsible tourism practices may help address environmental concerns.
- 6. Policy Implementation:** Inconsistent policy implementation and bureaucratic red tape hinder tourism development. By Streamlining policies, reduce bureaucratic hurdles, and provide incentives for tourism investments policy reforms may be carried out.

10. Way Forward

The significance of the 'sunrise' tourism sector, the multiplier effect, and its interlinkages with the broader national economy need to be fully understood to enhance both tourism and economic growth. India's tourism industry holds immense potential. Addressing challenges and implementing recommendations are, however, crucial to driving economic growth and enhancing its global outreach. Where do we go from here?

Given the magnitude of the task ahead and its implications for the process and pattern of development, India needs a ‘*short-term programme of survival*’ and a ‘*blueprint for growth and structural transformation*’. The short-term strategy must focus on developing and upgrading infrastructure in key tourist destinations, enhancing safety and security measures, and launching targeted marketing campaigns. Over the medium term, attempts must be made to implement sustainable tourism practices, develop niche tourism products (e.g., adventure, wellness, cultural), and encourage private sector investment. There must also be focused attempts at establishing India as a premier tourist destination, developing integrated tourism circuits, and fostering community engagement and participation to ensure that tourism development does not remain a one-off measure or a flash in the pan, but is sustained over the long haul.

Moving up the pecking order is a tall order and requires *inter alia* a comprehensive national tourism policy, investment in infrastructure development projects, sustained eco-friendly and responsible tourism measures, and greater cooperation between government and private sector as partners in development between the two as a seamless team drives the most success to drive those outcomes. Technology helps hotels monitor and limit energy and water use.

The tourism industry witnessed significant growth with a steep hike in demand due to the pent-up rise in domestic consumption in travel, tourism, and hospitality post-COVID-19 and the recovery of both international and domestic tourism. With a sharper focus on travel and tourism, highways, airports, rail connectivity, and surging capex, there has been a paradigm shift in the tourism growth theory from foreign tourism to domestic tourism. This is why domestic tourism transcended pre-COVID levels, fuelled by increased travel facilitated by key spiritual events such as the Maha Kumbh Mela.

The sector has seen enhanced infrastructure development, including airport expansions, the approval of more projects under SWADESH Darshan and PRASHAD (initiatives by the Ministry of Tourism, Government of India- the Swadesh Darshan Scheme focuses on developing sustainable and responsible tourism destinations, while the PRASHAD Scheme focuses on rejuvenating pilgrimage sites), and greatly improved road infrastructure. The government supported the sector with a budgetary allocation of ₹ 2541 crore and the launch of initiatives promoting the development of domestic and international tourism in the country, such as *Chalo India* and *Paryatan Didi*, among others.

The industry has been repeatedly making a case to be granted industry status to meet the deficit in demand capacity. With the Indian tourism industry reaching some breadth and scale, tourism in India is well-positioned for steady growth. The growing economy, urbanization, increased disposable income, and heightened spending on tourism provide tailwinds to this industry. A well-conceived and well-implemented roadmap, policy reforms, segmentation and brand differentiation, a renewed thrust on the basic ease of living, and investments can provide an impetus to this industry to develop the required capabilities and help India become a premier tourist destination.

Moreover, fostering regional development, community involvement, and investing in skill development can help to bring about a more inclusive and equitable growth trajectory. The industry is sometimes subjected to tough questions about pollution, policy, and climate narratives.

Accordingly, the local administration must play a catalytic role in this onward and higher movement by embedding sustainability initiatives across all areas to curb smog and high levels of air pollution, waste management, overcoming challenges in bringing sustainability into the mainstream of tourism discourse, and leveraging indigenous and local knowledge in sustainability tourism education across all verticals in India's travel, tourism, and hospitality industry, progressively greater use of technology, scaling digital capabilities and AI. These aspects can be facilitated by research, accessibility, connectivity, affordability and adequacy of hotels, and travel experience.

In sum, a holistic approach is crucial for skilfully navigating the path ahead and ascending to a higher orbit. Given that India's tourism sector is shaped by a complex interplay of social, cultural, political, and economic forces in a dynamic environment, collaboration among the government, industry stakeholders, and global partners is essential to unlock the full potential of India's diverse tourism offerings. This will result in sustained economic prosperity and promote cultural exchange.

As Purnel Collicott wrote (January 2, 2003),

*“They have just begun
They've barely started,
and the best is yet to come!”*

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