

# TOURISM & HOSPITALITY



February 2023

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# Executive summary

## 1. Contribution to GDP above world average

- In 2021, the travel & tourism industry's contribution to the GDP was US\$ 178 billion; this is expected to reach US\$ 512 billion by 2028.
- In India, the industry's direct contribution to the GDP is expected to record an annual growth rate of 7-9% between 2019 and 2030.
- In 2020, the travel & tourism industry's contribution to the GDP was US\$ 121.9 billion.

## 2. Creating higher employment

- In FY20, tourism sector in India accounted for 39 million jobs, which was 8.0% of the total employment in the country.
- By 2029, it is expected to account for about 53 million jobs.

## 3. Lighthouse & Cruise Tourism

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

## 6. New visa reforms

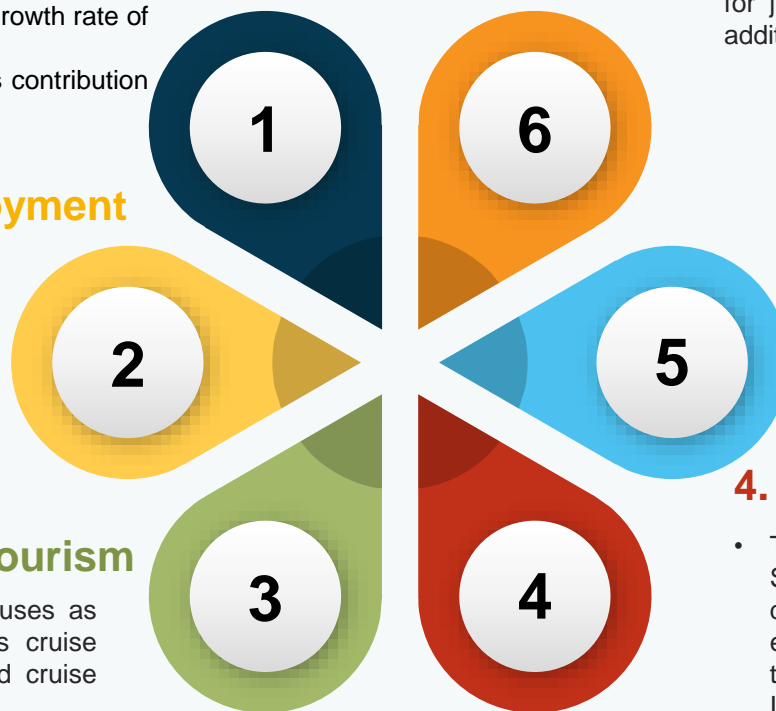
- Visa reforms include a significantly expanded Golden Visa scheme, a five-year Green residency and new entry permits, including one for job seekers. The new system also offers additional benefits to sponsor family members

## 5. New policy rollout plan

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

## 4. Higher investment

- The Emergency Credit Line Guarantee Scheme (ECLGS) covered through a liberal definition of MSME (micro small and medium enterprises) has been expanded to include tourism and hospitality stakeholders. Infrastructure status has been granted to exhibition-cum-convention centres.
- A separate liquidity window of Rs. 15,000 crore (US\$ 1.81 billion) has been released for the sector.





# Advantage India

## 1. Diverse attractions

- ▶ India is geographically diverse and offers a variety of cultures that come with its own experiences, making it one of the leading countries in terms of international tourism expenditure.
- ▶ Travel and tourism are two of the largest industries in India, with a total contribution of about US\$ 178 billion to the country's GDP.
- ▶ The country's big coastline is dotted with attractive beaches.



## 2. Robust demand

- ▶ The Medical Tourism sector was projected to reach US\$ 13 billion in 2022 from US\$ 5-6 million in 2019.
- ▶ The travel market in India is projected to reach US\$ 125 billion by FY27 from an estimated US\$ 75 billion in FY20.
- ▶ International tourist arrivals are expected to reach 30.5 million by 2028.

## 4. Policy support

- ▶ US\$ 2.1 billion is allocated to Ministry of Tourism in budget 2023-24 as the sector holds huge opportunities for jobs and entrepreneurship for youth.
- ▶ Under the Union Budget 2023-24, an outlay of US\$ 170.85 million has been allocated for the Swadesh Darshan Scheme.
- ▶ 68 destinations/sites have been identified in 30 States/UTs for development under the PRASHAD Scheme as on March 31, 2022.

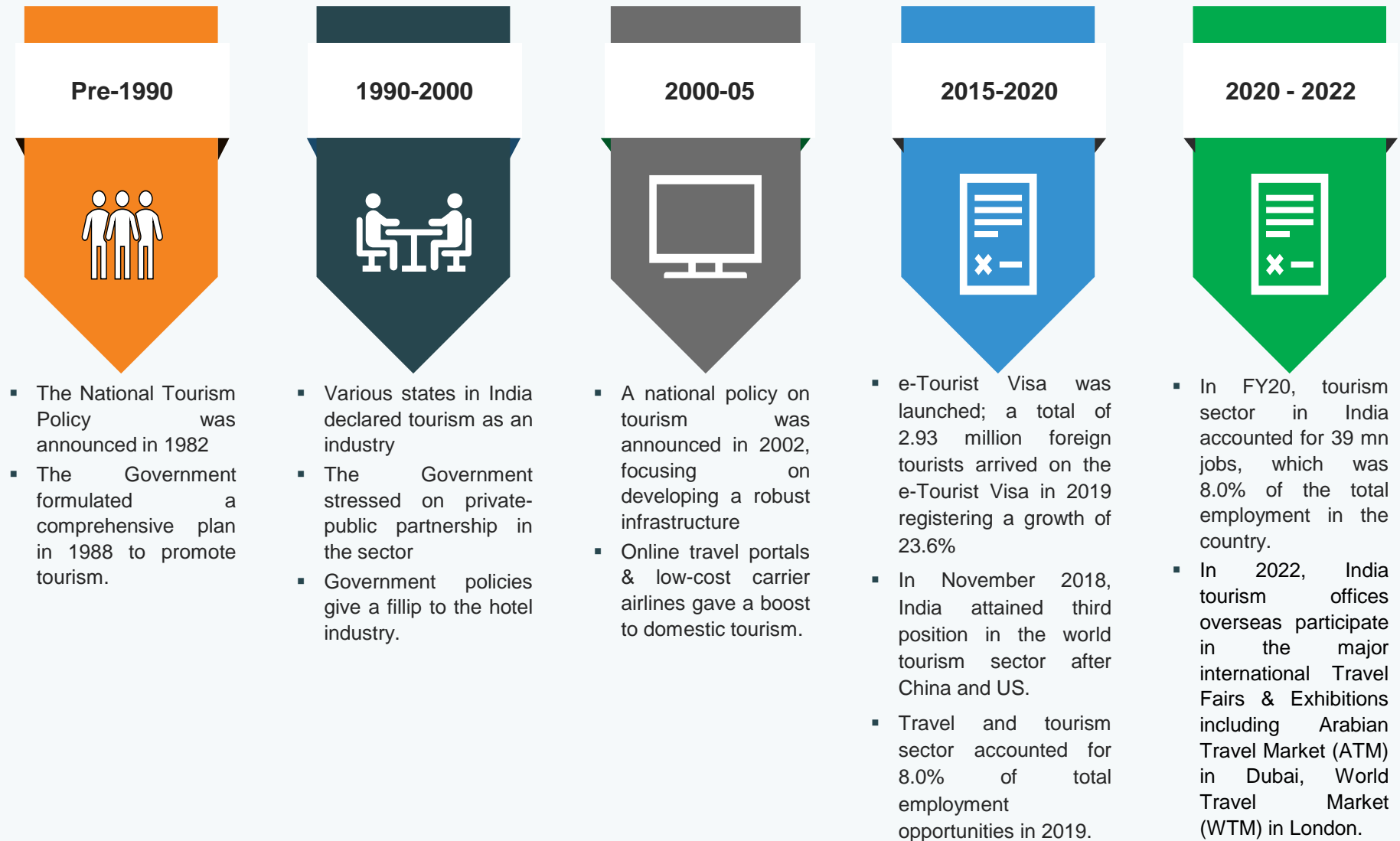
## 3. Attractive opportunities

- ▶ India offers geographical diversity, world heritage sites and niche tourism products like cruises, adventure, medical, eco-tourism, etc. Incredible India has spurred growth in Tourists Arrivals and Employment.
- ▶ In 2021, Government of India announced 40,000 e-tourist visas out of 500,000 free regular visas to the tourist, to ensure a geographical spread of the incentive to important source markets globally

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

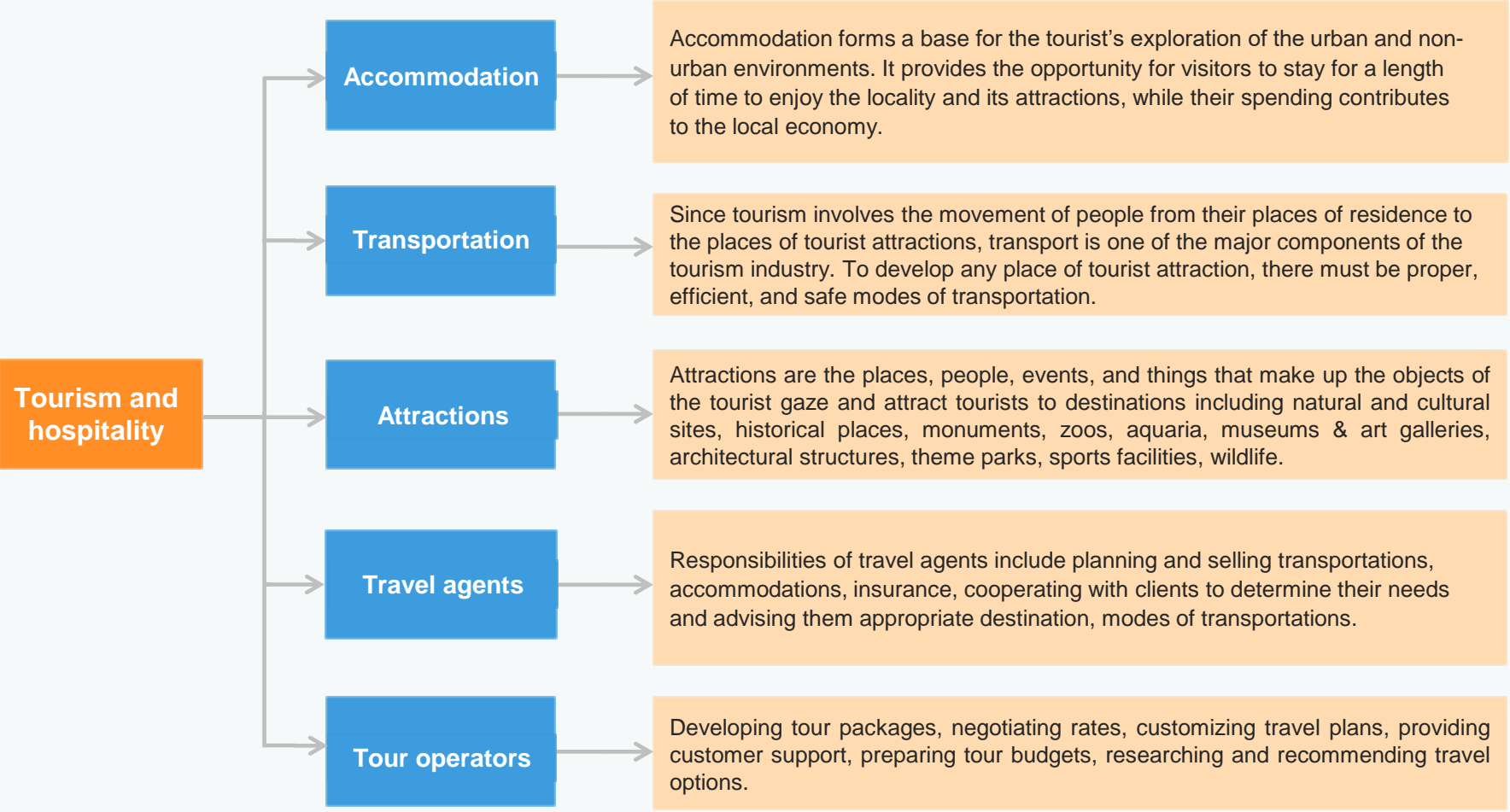


# Evolution of the Indian tourism and hospitality sector





# Segments of tourism and hospitality



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



# Emerging tourism and hospitality segments

## 1. Rural tourism

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

## 2. Pilgrimage tourism

- PRASHAD Scheme aims to integrate pilgrimage destinations in a prioritized, planned, and sustainable manner to provide a real religious tourism experience.

## 3. Eco-tourism

- Ecotourism typically involves travel to destinations where flora, fauna, and cultural heritage are the primary attractions and offer tourists an insight into the impact of human beings on the environment and to foster a greater appreciation of the natural habitats.



## 4 Luxury tourism

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

## 7. Adventure tourism

- Adventure tourism is growing exponentially in India with local and foreign tourists visiting destinations which allows for new & unpopular destinations to market themselves as truly unique, appealing to those travellers looking for rare experiences.

## 6. Medical tourism

- Medical tourism is backed by corporate hospitals offering high-end medical services and an effective healthcare network with the hospitality sector.

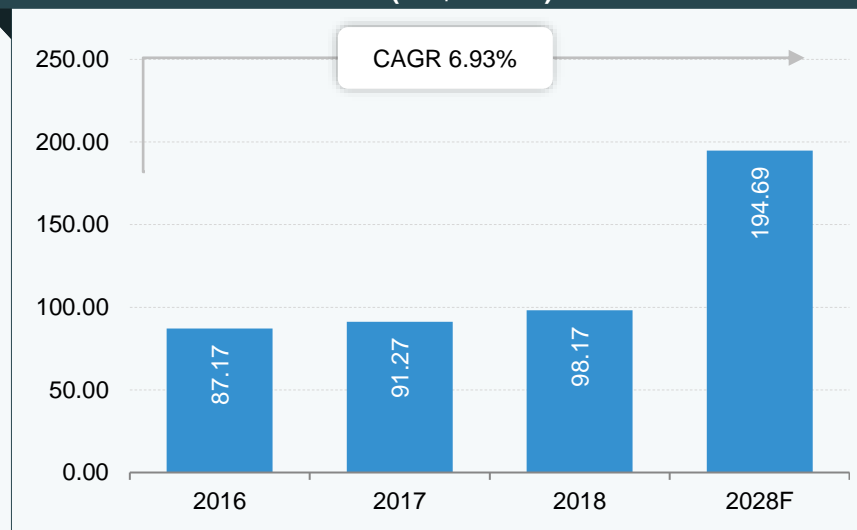
## 5. Heritage tourism

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

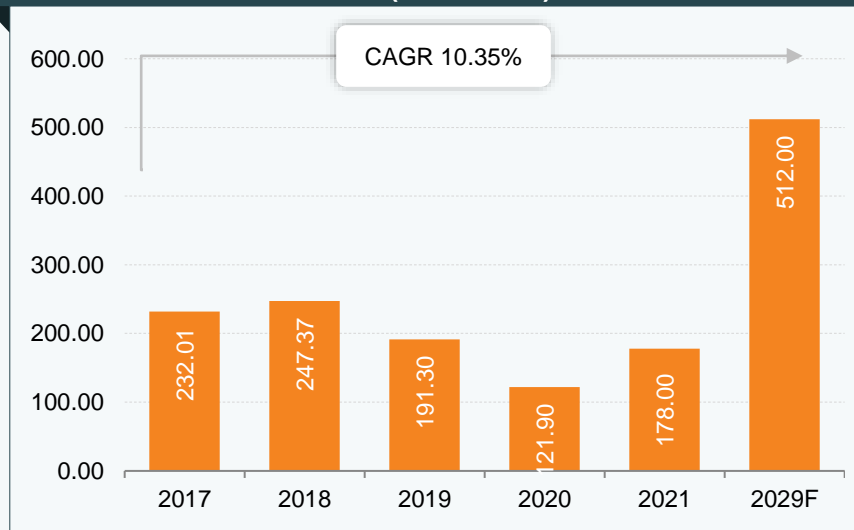
Source: Dun and Bradstreet's Report on Tourism in India

# Rising contribution to India's GDP

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



**Total Contribution of Travel and Tourism to GDP at Real 2021 Prices (US\$ billion)**



- India has been ranked as 54th in Travel and Tourism Development Index (TTDI) in 2021 published by the World Economic Forum and contributed ~US\$ 178 billion to the country's GDP.
- The Indian travel and tourism industry is expected to record an annual growth at 6.7% per annum and achieve 9.2% of GDP with US\$ 488 billion.
- In 2020, the travel & tourism industry's contribution to the GDP was US\$ 121.9 billion. In 2019, it contributed US\$ 212.8 billion to the GDP.
- In WTTC's Economic Impact 2022 report, India's Travel & Tourism GDP contribution grew by 5.8%, which was the sixth-highest after US, China, Germany, Japan and Italy.
- Tourism is the third largest foreign exchange earner for the country.

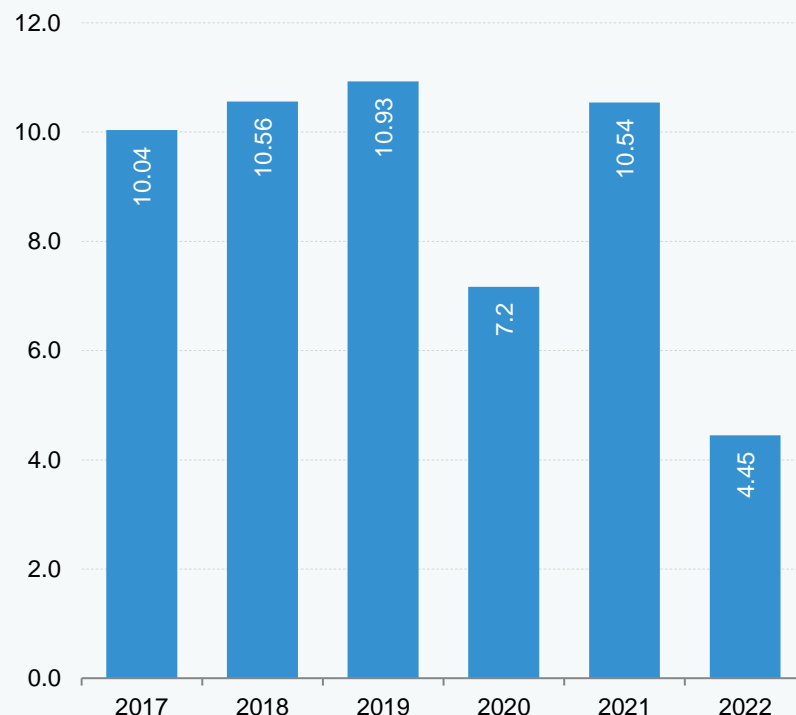
**Note:** CAGR - Compound Annual Growth Rate, F -Forecast,

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

# Foreign arrivals post pandemic

- As per Ministry of Tourism, Foreign Tourist Arrivals (FTAs) in October 2022 were 656,895 with a positive growth rate of 243.2% as compared to 191,415 in October 2021.
- FTAs during the period January-October, 2022 were 4,456,454 as compared to 945,600 in January-October 2021.
- The percentage share of Foreign Tourist Arrivals in India during October, 2022 among the top 15 source countries was highest from Bangladesh (21.77%), followed by USA (17.30%), UK (10.21%), Canada (4.92%), Australia (4.81%), Sri Lanka (2.87%), Germany (2.56%), Nepal (2.25%), France (2.19%), Russian Fed.(2.18%), Malaysia (1.99%), Singapore (1.71%), Japan (1.30%), Korea (Rep.of) (1.12%) and Thailand (1.07%).
- The G-20 Presidency will give India's tourism sector an unparalleled opportunity to highlight India's tourism offerings and share India's tourism success stories on a global stage.
- By 2028, Indian tourism and hospitality is expected to earn US\$ 50.9 billion as visitor exports compared with US\$ 28.9 billion in 2018.
- Tourism Ministry has undertaken 'NamasteIndia' Campaign for encouraging International visitors to travel to India.
- The United Nations World Tourism Organisation selected Pochampally in Telangana as one of the best tourism villages in November 2021.

Foreign tourists arriving in India (million)

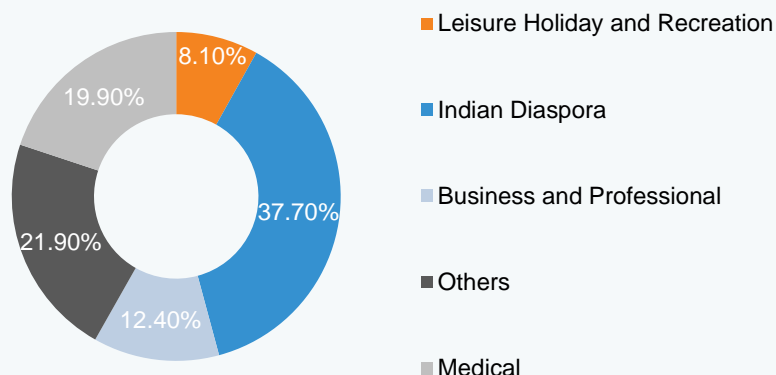


**Note:** For the year 2022, FTAs recorded as of the period Jan-Oct,22

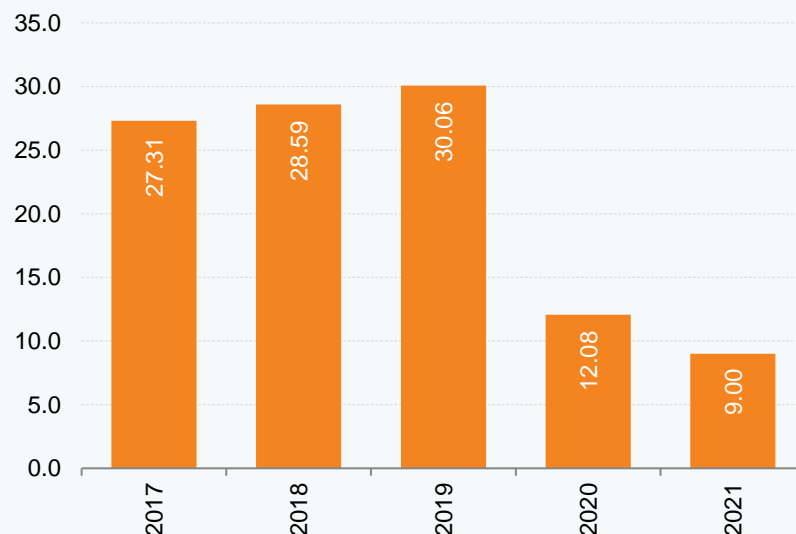
**Source:** Ministry of Tourism, News Articles

# Diaspora was the major purpose for foreign tourists

Foreign Tourist Arrivals – By Purpose of Visit (2020)



Foreign Exchange Earnings\*(FEEs) in US\$ billion



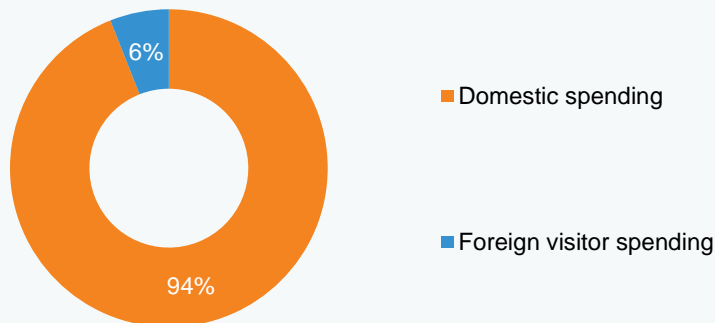
- In 2021, 37.7% of foreign tourists visited for Indian Diaspora.
- Tourism is an important source of foreign exchange in India similar to many other countries. The foreign exchange earnings between 2016 and 2019 increased at a CAGR of 7%, but dipped in 2020 due to the COVID-19 pandemic.
- In 2021, foreign exchange earnings from tourism amounted to US\$ 8.79 billion as compared to US\$ 6.95 billion in 2020.
- The Ministry of Tourism, India has undertaken 'NamasteIndia' Campaign with the objective of encouraging International visitors to travel to India.
- The demand of Indian Medical Tourism was expected to grow at a healthy 19% CAGR during 2022-2032.

**Note:** \*- Revised estimates

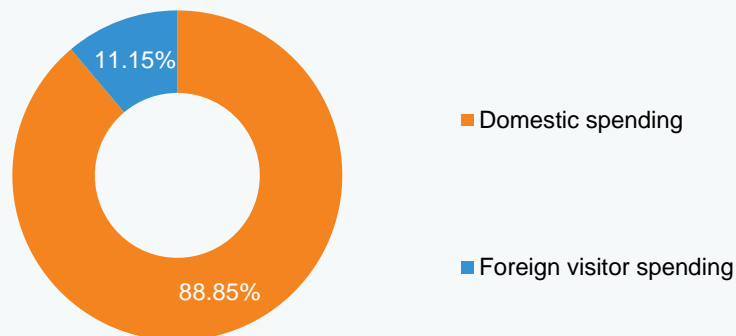
**Source:** World Travel & Tourism Council's (WTTC's) Economic Impact 2020, Ministry of Tourism

# Domestic consumers to lead growth

Share of tourists by expenditure (2021)



Expected share of tourists by expenditure (2028F)




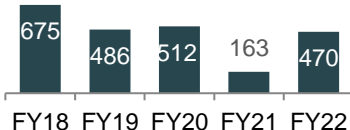

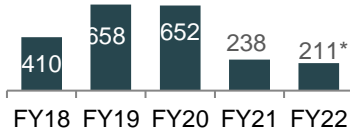

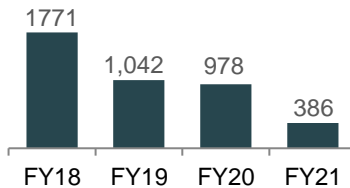
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- Domestic travel is anticipated to further increase to US\$ 405.8 billion by 2028F.
- Ministry of Tourism organized National Conference of State Tourism Ministers from 18th to 20th September 2022 in Dharamshala, Himachal Pradesh to bring in diverse perspectives from all the States and Union Territories of India on tourism development and growth and to create a direct dialogue with the States on Schemes, policies and steps being taken at a national level for overall tourism improvement in India.
- India as a 360 degree destination was promoted by Ministry of Tourism to the international travel industry through participation in major international travel exhibitions like Arabian Travel Mart, Dubai and World Travel Market, and London, etc.

*Note: F- Forecasted*

*Source: News Articles*

# Major companies across segments

As per the Federation of Hotel & Restaurant Associations of India (FHRAI), in FY21, the Indian hotel industry has taken a hit of >Rs. 1.30 lakh crore (US\$ 17.81 billion) in revenue due to impact of the COVID-19 pandemic.

Company	Segment	Revenue (US\$ million)	Other major players												
	Online booking	 <table><thead><tr><th>FY</th><th>Revenue (US\$ million)</th></tr></thead><tbody><tr><td>FY18</td><td>675</td></tr><tr><td>FY19</td><td>486</td></tr><tr><td>FY20</td><td>512</td></tr><tr><td>FY21</td><td>163</td></tr><tr><td>FY22</td><td>470</td></tr></tbody></table>	FY	Revenue (US\$ million)	FY18	675	FY19	486	FY20	512	FY21	163	FY22	470	Yatra.com, cleartrip.com
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	Hotel	 <table><thead><tr><th>FY</th><th>Revenue (US\$ million)</th></tr></thead><tbody><tr><td>FY18</td><td>410</td></tr><tr><td>FY19</td><td>658</td></tr><tr><td>FY20</td><td>652</td></tr><tr><td>FY21</td><td>238</td></tr><tr><td>FY22</td><td>211*</td></tr></tbody></table>	FY	Revenue (US\$ million)	FY18	410	FY19	658	FY20	652	FY21	238	FY22	211*	ITC, Oberoi, Marriott
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**Note:** \* Taj Hotel Revenue – Q3, 2022

**Source:** Respective company website

# Recent Trends and Strategies





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

## 1. Lighthouse Tourism

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

## 2. Wellness tourism/ Staycation

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

## 3. Cruises

- In 2021, Ministry of Tourism has sanctioned various projects for the development of Cruise Terminals and related infrastructure at the major ports for US\$ 18.38 million under the Scheme for 'Assistance to Central Agencies for Tourism Infrastructure Development'.
- Government of India has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31. The Government is planning to set up five cruise terminals in the country and increase cruise ships to 1,000.



## 5. Camping sites

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

## 4. Adventure

- Adventure tourism market is estimated to grow at a CAGR of 17.4% from 2017-2023 in India.
- Adventure tourism is the key to make India a 12-month destination for tourists.
- In July 2021, Modair, India's leading adventure travel company begins offering exciting sky adventure tourism services for the first time in India with a variety of flight activities including adventure flying, cockpit flying and skydiving.

*Source: Incredible India, Economic Times, News sources*

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

## 2. Airlines

- For 2022, Domestic Revenue Passenger-Kilometres (RPKs) in India accounted for 85.7% of 2019 levels while December 2022 stood 3.6% below traffic for the same month in 2019.
- In the last five years, number of airline passengers increased from 60 million in 2013-14 to 145 million, and 400 million passengers are expected to travel by 2027.

## 1. Hotels

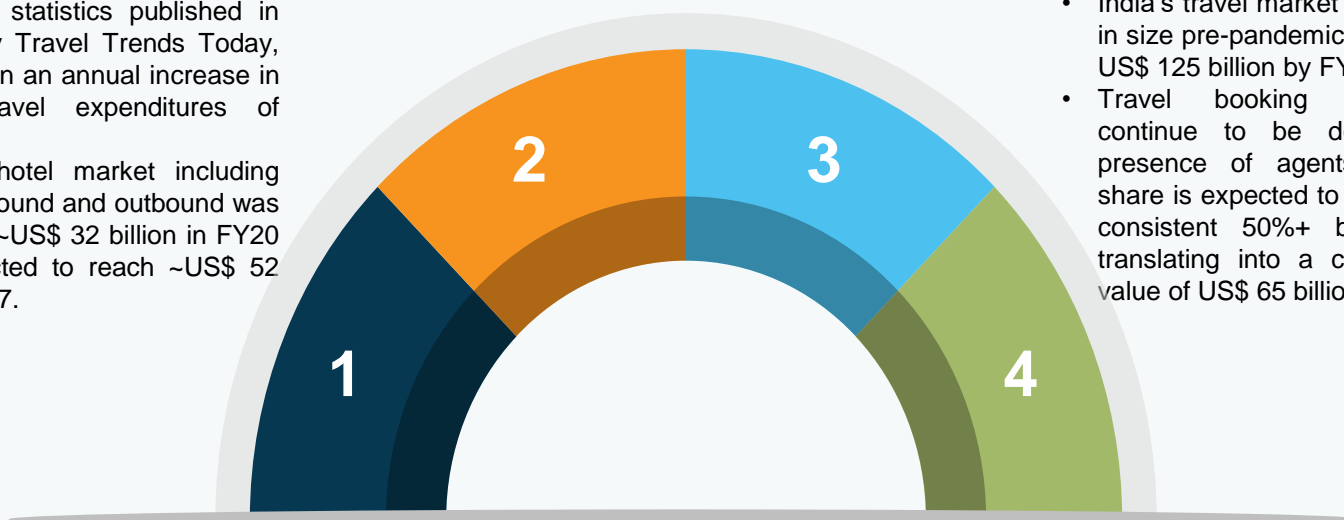
- According to statistics published in May 2021 by Travel Trends Today, India has seen an annual increase in corporate travel expenditures of 11.4%.
- The Indian hotel market including domestic, inbound and outbound was estimated at ~US\$ 32 billion in FY20 and is expected to reach ~US\$ 52 billion by FY27.

## 3. Intercity cab and bus

- In FY20, the intercity cab and bus market was estimated at ~US\$ 2.2 billion and ~US\$ 9.0 billion, respectively, and projected to grow and double in size by FY27, driven by the increasing demand from consumers in India.

## 4. Travel Agents

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



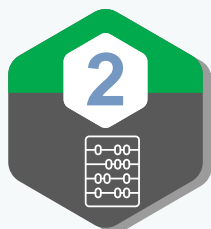
Source: Incredible India, Economic Times, News sources

# Strategies adopted...(1/3)

## PROMOTION OF DOMESTIC TOURISM



- “Dekho Apna Desh” initiative introduced by Government of India aims at promoting domestic tourism and encouraging travellers to explore the cultural diversity and heritage of India.
- Under the Union Budget 2023-24, a sum of US\$ 2.11 billion has been allocated towards the development of tourism infrastructure and US\$ 29.3 million for branding and promotional activities.
- In 2023, Government urged states to establish a “Unity Mall” in their state capital or the busiest tourist attraction to promote and sell “One District, One Product”, GI items and other handicraft items.
- Indian Railways to introduce Bharat Gaurav Deluxe AC Tourist Train under ‘Ek Bharat Shrestha Bharat’ Scheme that is in line with the Government of India initiative “Dekho Apna Desh” to promote domestic tourism.



- Sector specific skilling and entrepreneurship development will be dovetailed to achieve the objectives of the ‘Dekho Apna Desh’ initiative.

## MULTIPLE CHANNELS

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



## SPIRITUAL TOURISM

- India offers a plethora of spiritual destinations due to diversity of religions, cultures, and languages.
- In the year 2014-15 that GOI expanded its focus to spiritual tourism exclusively, and the Pilgrimage Rejuvenation and Spiritual and Heritage Augmentation Drive (PRASHAD Scheme) were set in motion under the Ministry of Tourism.

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

**Source:** PIB

# Strategies adopted...(2/3)



## DATA ANALYTICS AND ARTIFICIAL INTELLIGENCE

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



## DEKHOAPNADESH WEBINAR

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



## M-VISA

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

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

*Source: PIB*

# Strategies adopted...(3/3)



## SAATHI INITIATIVE

- In 2020, SAATHI initiative with Quality Council of India launched to assist the hospitality industry to ensure safety and hygiene for tourists and workforce.
- This initiative is aligned with Atmanirbhar Bharat to sensitize the industry on the COVID regulations and to instill confidence amongst the staff and guests that the hospitality unit has exhibited intent towards ensuring safety and hygiene at the workplace.



## LIGHTHOUSE TOURISM

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



## TOURIST FACILITATOR CERTIFICATION

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



## ONE STOP SOLUTION

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

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

*Source: PIB*

# Growth Drivers



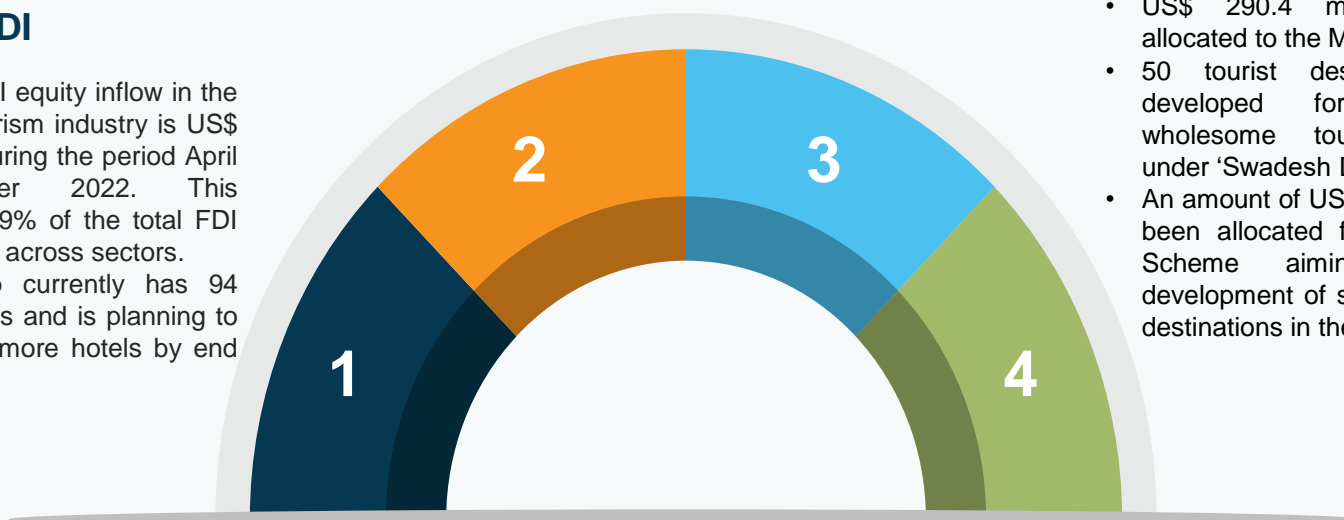
# Growth drivers for the tourism market

## 2. INFRASTRUCTURE

- Tourism tends to encourage the development of multiple-use infrastructure including hotels, resorts & restaurants, transport infrastructure (aviation, roads, shipping & railways) and healthcare facilities.
- More than half of the Ministry of Tourism's budget is channelized for funding the development of destinations, circuits, mega projects as well as rural tourism infrastructure projects.
- Ministry of Tourism has sanctioned financial assistance of around US\$ 76.35 million to States/UTs for infrastructure development under Coastal Circuit theme of Swadesh Darshan Scheme.
- A total of 48,775 accommodation units have been registered on NIDHI portal and 11,220 units have self-certified for SAATHI standards in September, 2022.

## 1. RISING FDI

- Cumulative FDI equity inflow in the Hotel and Tourism industry is US\$ 16.61 billion during the period April 2000-September 2022. This constitutes 2.69% of the total FDI inflow received across sectors.
- Carlson group currently has 94 operating hotels and is planning to add about 30 more hotels by end of 2023.



Source: Make in India, DPIIT

## 3. GROWING DEMAND

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

## 4. POLICY SUPPORT

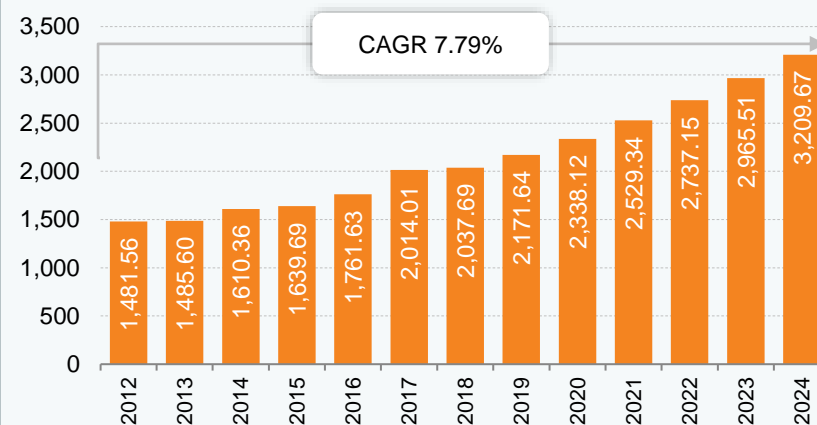
- In the Union Budget 2023-24:
  - US\$ 290.4 million has been allocated to the Ministry of Tourism
  - 50 tourist destinations to be developed for providing a wholesome tourism experience under 'Swadesh Darshan Scheme'.
  - An amount of US\$ 30.25 million has been allocated for the PRASHAD Scheme aiming for holistic development of selected pilgrimage destinations in the country.



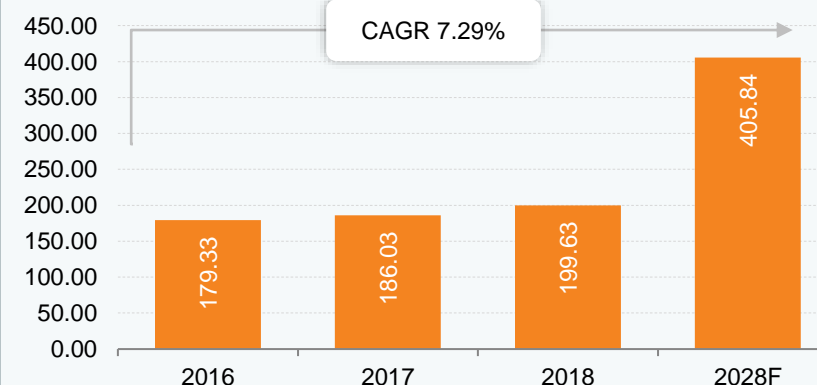
# Rising income and changing demographics boosting demand

- India has a robust domestic market which could soften the impact as compared with nations that rely largely on international tourists.
- According to the IMF World Economic Outlook (April - 2021), GDP per capita of India in 2021 was projected at \$2,191 at current prices. It is expected to reach US\$ 3,209.67 by 2024.
- GDP of India grew 0.8% in the third quarter of 2022 compared to the previous quarter.
- It is expected to reach US\$ 405.84 billion by 2028 from being at US\$ 199.63 billion in 2018.
- In 2021, the hotel occupancy recovered substantially, reaching 56-58% in October 2021, from 30-32% in April 2021.
- Airport enhancement and the spread of regional airports are opening new opportunities for business, and for drawing larger visits from tourists.
- OYO estimates India to present a US\$ 26 billion opportunity by 2030. To further strengthen its position in India, in October 2021, the company filed its draft red herring prospectus (DRHP) for an initial public offering (IPO) of Rs. 8,430 crore (US\$ 1.2 billion) with the Securities and Exchange Board of India (SEBI).
- In 2022, WelcomHeritage announced expansion of its hotel portfolio in some of the most exquisite tourist destinations in the country.

**GDP Per Capita at Current Prices (US\$)**



**Domestic Expenditure on Tourism (US\$ billion)**



Source: International Monetary Fund, World Economic Outlook Database, April 2021, WTTC - Travel & Tourism Economic Impact 2021

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

## Swadesh Darshan

- Ministry of Tourism had launched Swadesh Darshan Scheme to promote integrated development of thematic tourist circuits in the country.
- Under the Union Budget 2023-24, an outlay of US\$ 170.85 million has been allocated for the Swadesh Darshan Scheme to develop a complete package of 50 tourist destinations for providing a wholesome tourism experience by facilitating physical, digital and virtual connectivity, availability of tourist guides and tourist security.
- Ministry has sanctioned 76 projects under the scheme since its inception under 13 themes for a revised sanctioned cost of US\$ 668.95 million and has released US\$ 534.9 million (till December 31, 2021).

## PRASHAD

- National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive' (PRASHAD) launched by the Ministry of Tourism as a Central Sector Scheme with the objective of integrated development of identified pilgrimage and heritage destinations.
- Under Budget 2023-24, the Government has allocated US\$ 30.25 million for the development of tourist circuits under PRASHAD.
- Since its launch in January 2015 and Ministry has sanctioned 37 projects in 24 states with estimated expenditure of US\$ 146.4 million and a cumulative amount of US\$ 82.2 million has been released for these projects
- 68 destinations/sites have been identified in 30 States/UTs for development under the PRASHAD Scheme as on March 31, 2022.

## NIDHI

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

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

**Source:** Union Budget

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

## SAATHI INITIATIVE

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

## MARKET DEVELOPMENT ASSISTANCE

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

## LGSCATSS

- Under this Loan Guarantee Scheme for Covid Affected Tourism Service Sector (LGSCATSS), loan upto US\$ 12,110 will be extended to each Tour Operators/ Travel Agents/ Tourist Transport Operators approved/recognized by the Ministry of Tourism.
- Upto US\$ 1,211 will be extended to each Regional Tourist Guide/ Incredible India Tourist Guide approved/ recognized by the Ministry of Tourism and Tourist Guides approved/ recognized by the State Govt./ UT Administration.

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

**Source:** Union Budget

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

## National Tourism Policy 2015

- Objective of this policy is to increase India's share in world tourist arrivals from the present 0.68% to 1% by 2020 and increase to 2% by 2025 and position tourism as a priority on the National political and economic agenda.
- The emphasis of the policy is on skill development across all segments including setting up of a dedicated university for tourism and hospitality education and deployment of technology in promotion of tourism.

## Tourist Police

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

## Tax Incentives

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

## Safety and Security Initiatives

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

Source: World Travel & Tourism Council, Union Budget 2020 - 21

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

## Special Boards & Webinars

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

## Bharat Darshan Tourist Train

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

## E-tourist Visa

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

## Jail Tourism Initiative

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

*Source: World Travel & Tourism Council, Union Budget 2020 - 21*

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

## State Initiatives to Promote Tourism

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

### Jammu & Kashmir:

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

### Uttarakhand:

- In April 2021, Uttarakhand Chief Minister Tirath Singh Rawat announced an additional 50 vehicles for women drivers for the next tourism season at Corbett Tiger Reserve. Additionally, a light and sound show, apart from an amphi-theatre, will also be started and the under-construction wildlife rescue centre at the Dhela Range of the tiger reserve will be opened to tourists.

### Kerala:

- In February 2021, Kerala has rolled out a string of new projects for Rs. 60 crore (US\$ 8 million) to encourage tourism and lend visibility to 25 locations in rural and semi-urban areas across the state.
- In July 2021, the Kerala government, in collaboration with Vythiri in Wayanad, has initiated a campaign to vaccinate all tourism and hospitality stakeholders.

### Odisha:

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

### Madhya Pradesh:

- In May 2021, the state announced to launch ‘Safe tourism for women’ in 50 destinations at a cost of Rs. 27.98 crore (US\$ 3.8 million).

### Assam

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

*Source: World Travel & Tourism Council, Union Budget 2020 – 21, News Articles*

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

## State Initiatives to Promote Tourism

### Tamil Nadu

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

### Gujarat

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

### Andhra Pradesh

- In July 2021, Andhra Pradesh Tourism Authority urged stakeholders in the tourism sector in the state to register with the Andhra Pradesh Tourism under the Tourism Trade Registration and Facilitation Guidelines 2020.

### Tripura

- In October 2021, the Tripura government collaborated with Infovalley Educational & Research (P) Ltd. as part of a public-private partnership (PPP) to run the State Institute of Hotel Management (SIHM). Through the SIHM, the government aims to empower the youth and contribute to the growth of hotels and hospitality management in the state.

### Jharkhand

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

### Nagaland

- Nagaland launches initiatives to promote off-road tourism.

*Source: World Travel & Tourism Council, Union Budget 2020 – 21, News Articles*



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

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## New Tourism Policy in Progress

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

Source: World Travel & Tourism Council, Union Budget 2020 – 21, News Articles

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

## All India Tourist Vehicles Authorisation and Permit Rules, 2021

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

## Air bubble

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

## Strengthening the Hospitality & Tourism Industry

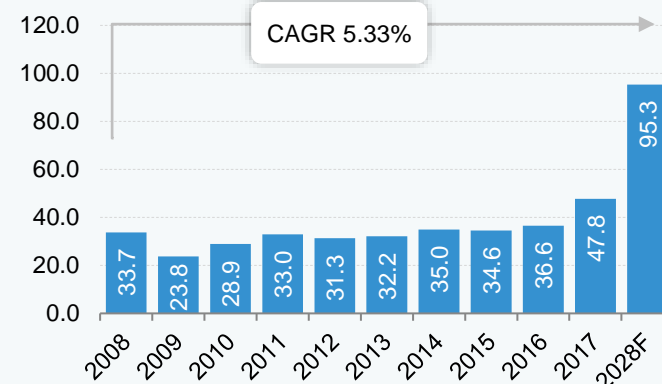
- In Union Budget 2023-24, US\$ 290.64 million was allocated to Ministry of Tourism as the sector holds huge opportunities for jobs and entrepreneurship for youth in particular and to take promotion of tourism on mission mode, with active participation of states, convergence of government programmes and public-private partnerships.
- An app will be developed covering all relevant aspects of tourism. States will be encouraged to set up Unity Malls in State Capital as the most prominent tourism centres to promote One District One Product, GI products, handicrafts and products of other States.

*Source: World Travel & Tourism Council, Union Budget 2020 – 21, News Articles*

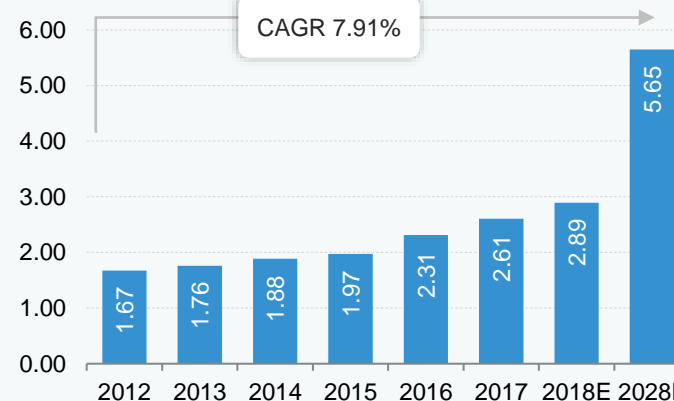
# Continued growth in investments in the tourism sector

- In October 2022, Indian Hotels Company (IHCL) announced the launch of its new Indian-concept restaurant brand, Loya. Debuting at Taj Palace, New Delhi, Loya captures the culinary essence traversing the landscape of North India.
- Hospitality unicorn OYO has acquired Europe-based vacation rental company Direct Booker for US\$ 5.5 million in May 2022.
- Singapore-based Raffles Hotels & Resorts opened its first hotel in Udaipur, Rajasthan, on August 2, 2021.
- Marriott International signed 22 new hotel agreements in South Asia – comprising India, Bhutan, Bangladesh, Sri Lanka, Maldives and Nepal – in the past 18 months and is planning to add more than 2,700 rooms to its portfolio.
- Wyndham Hotels & Resorts has announced plans to open a 300-room hotel near the Mumbai International Airport in the summer of 2022.
- Hilton plans to add 18 hotels pan India by 2021, along with 15 operational hotels under its brands—Hampton, Hilton Garden Inn, Conrad, Hilton Hotels & Resorts and DoubleTree by Hilton. On October 22, 2020, Hilton launched its first DoubleTree by Hilton brand in Jaipur, Rajasthan.
- OYO Rooms is planning to invest about Rs. 1,400 crore (US\$ 200 million) towards capital expenditure, technology and leadership in its Indian and South Asia business.
- In January 2021, the Fern Hotels & Resorts India announced plan to open 8 new hotels in the first half of 2021. The new hotels will be opening in Gujarat, Maharashtra, Madhya Pradesh and Andhra Pradesh.
- In February 2021, hospitality firm Choice Hotels India announced plans to open 10 hotels in locations such as Bengaluru, Indore, Kochi, Manali, Rishikesh, Udaipur, Kolkata, Chennai and Bareilly.
- In April 2021, Dream Hotel Group announced plans to invest about US\$ 300 million in the next 3-5 years for development of the cruise sector in India.

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



**Collective Government spending on tourism (US\$ billion)**

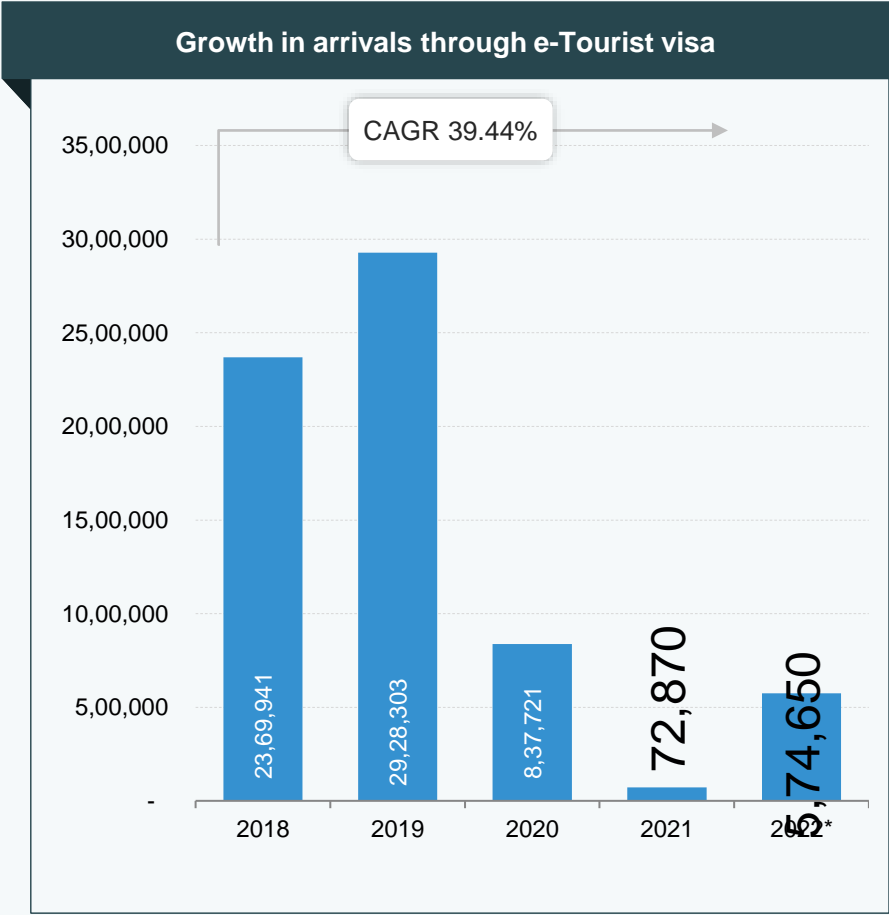


*Note: E - Estimated, F- Forecast*

*Source: World Travel & Tourism Council's Economic Impact 2018, 2017, News Articles*

# Growth in arrivals through e-tourist visa

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



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

# Opportunities



OPPORTUNITIES

# Niche segments offer good opportunities

## Medical tourism

- India has invested heavily in AYUSH and is in a unique position to attract medical value travellers for a cure through AYUSH and also for enhancing wellness.
- India is ranked 10th out of the top 46 countries in the world in the Medical Tourism Index 2020-21 by Medical Tourism Association. The Indian medical tourism industry was estimated to be valued at US\$ 7,417 million in 2022 and it is projected to surpass US\$ 42,237.47 million by 2032.

## Cruise tourism

- Cruise tourism is one of the most vibrant and fast-growing sectors of the leisure and travel industry. Indian government has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31.
- Moreover, India is looking to take advantage of its 7,500 km coastline to tap growth potential of the cruise tourism segment.
- Ministry of Tourism is funding the development of cruise terminals, lighthouses and other tourist infrastructure in several coastal location to promote domestic and international cruise terminals at selected ports by 2023.
- Ministry of Tourism has also sanctioned US\$ 27.7 million for various projects towards the development of Cruise Terminals and related infrastructure in different States at the major ports under the scheme for 'Assistance to Central Agencies for Tourism Infrastructure Development.

## Rural tourism

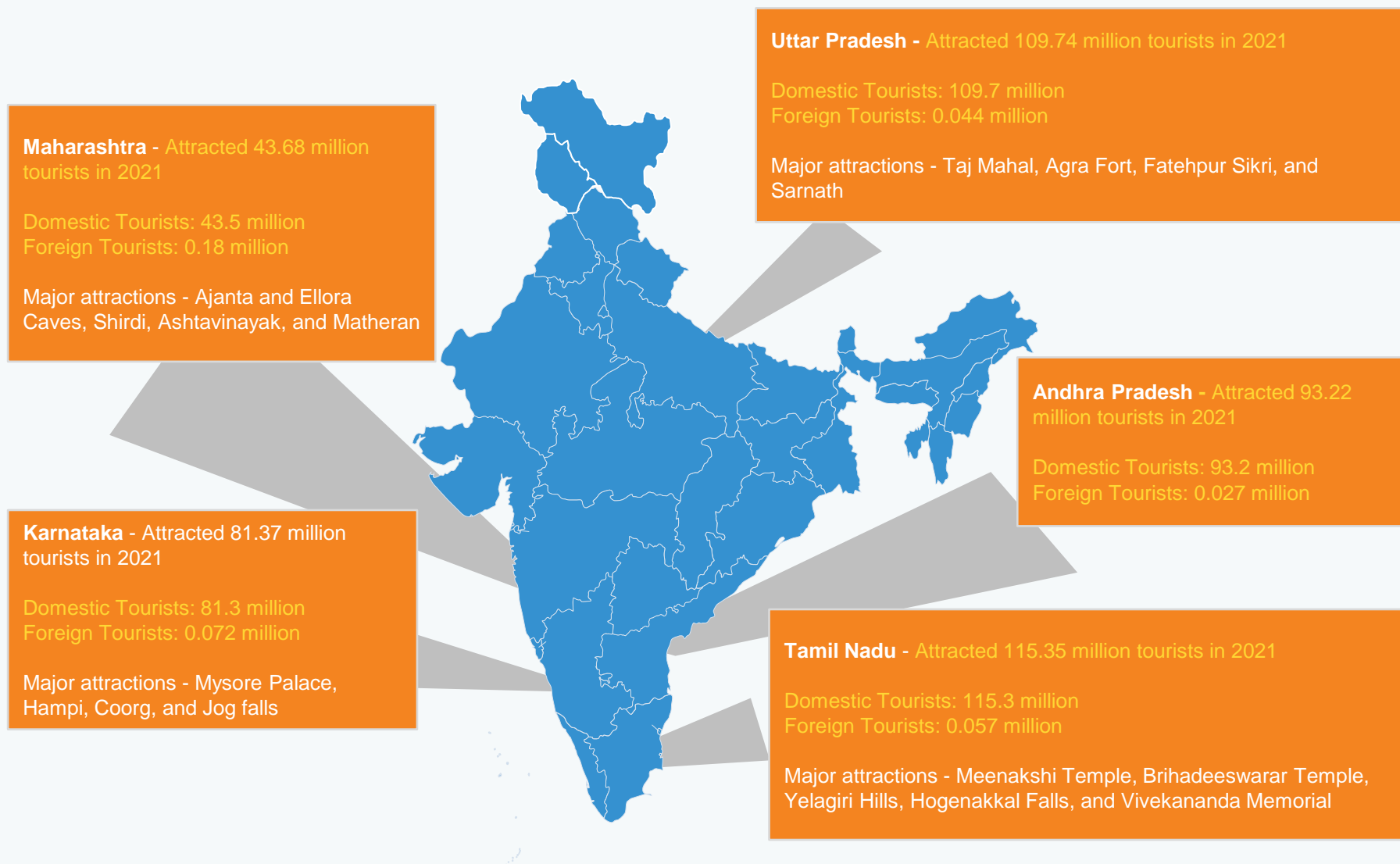
- National strategy and roadmap for the development of rural tourism aims at prioritization of rural tourism at the national level.
- This can benefit the local community economically and socially and facilitate interaction between tourists and locals for a mutually enriching experience.

## Eco tourism

- India has rich natural and eco-tourism resources ranging from pristine forests, the snow-clad Himalayas, montane grasslands, golden and silver deserts, rivers, lakes, wetlands, mangroves, beaches, volcanoes and corals, housing tremendous biodiversity.
- In 2021, Ministry of Forest, Environment and Climate Change issued "Ecotourism guidelines in and around protected areas 2021" based on the key recommendations of the Tiger Task Force (2005), provisions contained in the Wildlife (Protection) Act 1972, Scheduled Tribes and Other Forest Dwellers (Recognition of Forest Rights) Act 2006.

Source: Ministry of Tourism, BMI

# Leading states/UTs in terms of tourists



Source: Ministry of Tourism



# Airlines industry set to fly higher

## Low-cost airlines

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

## Increase in international flight operators

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

## Increasing number of airports

- In 2022, total number of airports in India counts to 487, out of which Airport Authority of India manages 137 airports which include 34 International airports and 10 customs airports, and 103 domestic airports.
- Government of India has set a target to create 220 new airports by 2025.

## Higher investments

- Union Budget 2022-23 allocated US\$ 1.3 billion for the civil aviation ministry and US\$ 50.4 million for the Ministry of Tourism.

## Higher passenger traffic



- In 2022, India air passenger traffic has risen by 47% on year to 123.2 million passengers indicating a strong recovery from the dampened travel sentiment seen in 2021 and 2020 due to covid pandemic.

Source: World Travel & Tourism Council

# Key Industry Contacts



# Key industry contacts

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



# Glossary

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

# Exchange rates

**Exchange Rates (Fiscal Year)**

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

**Exchange Rates (Calendar Year)**

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022	79.82
2023*	82.74

*Note: \*- Until February 2023*

*Source: Foreign Exchange Dealers' Association of India*

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