



TOURISM & HOSPITALITY INDUSTRY IN INDIA

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ABSTRACT:

Tourism is a practice of travelling for recreational or leisure purpose. Tourism has become a popular global leisure activity. It is a short term and temporary movement of people. It provides a source of income for the country. Tourism involves an overnight stay away from the normal place of residence. It includes "travel" and "stay" in the place outside the usual environment. Tourism includes transportation, accommodation and entertainment. There are different types of tourism like adventure tourism, cultural tourism, medical tourism, sports tourism, water tourism, wild life tourism, space tourism etc. It is rightly said that, "All tourism is travel but all travel is not tourism". Tourism is related to pleasure, holidays, travel and going or arriving somewhere. It involves movement of people to, and their stay at various destinations.

Keywords: *Tourism, Hospitality, Industry, Tourism Services, Investment and Development.*

INTRODUCTION:

With a total area of 3,287,263 sq. km extending from the snow-covered Himalayan heights to the tropical rain forests of the south, India has a rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. This provides a significant opportunity to fully exploit the potential of the tourism sector. India being one the most popular travel destinations across the globe has resulted in the Indian tourism and hospitality industry emerging as one of the key drivers of growth among the services sector in India. Tourism industry in India has significant

potential considering that Tourism is an important source of foreign exchange in India similar to many other countries. The foreign exchange earnings from 2016 to 2019 grew at a CAGR of 7% but dipped in 2020 due to the COVID-19 pandemic.

It is widely acknowledged that the tourist and hospitality sector, which encompasses travel and hospitality services like hotels and restaurants, is a development agent, a catalyst for socioeconomic growth, and a significant source of foreign exchange gains in many countries. India's rich and exquisite history, culture, and diversity are showcased through tourism while

also providing significant economic benefits. The consistent efforts of the central and state governments have helped the tourism industry to recover from the covid-19 pandemic shock and operate at the pre-pandemic level.

MARKET SIZE IN TOURISM & HOSPITALITY INDUSTRY IN INDIA:

According to WTTC, India is ranked 10th among 185 countries in terms of travel & tourism's total contribution to GDP in 2019. During 2019, the contribution of travel & tourism to GDP was 6.8% of the total economy, Rs. 1,368,100 crore (US\$ 194.30 billion). In 2020, the Indian tourism sector accounted for 39 million jobs, which was 8% of the total employment in the country. 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. In 2022, the contribution of the travel and tourism industry to India's economy stood at US\$ 15.7 trillion.

The travel market in India is projected to reach US\$ 125 billion by FY27 from an estimated US\$ 75 billion in FY20. The Indian airline travel market was estimated at ~US\$ 20 billion and is projected to double in size

by FY27 due to improving airport infrastructure and growing access to passports. 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, driven by the surging demand from travellers and sustained efforts of travel agents to boost the market.

By 2028, international tourist arrivals are expected to reach 30.5 billion and generate revenue of over US\$ 59 billion. However, domestic tourists are expected to drive the growth, post-pandemic. International hotel chains are increasing their presence in the country, and it will account for around 47% share of the tourism and hospitality sector of India by 2020 and 50% by 2022.

INVESTMENT & DEVELOPMENT IN TOURISM & HOSPITALITY INDUSTRY IN INDIA:

1. An investment of Rs. 2,400 crore (US\$ 289.89 million) was allocated to the Ministry of Tourism as the sector holds huge opportunities for jobs and entrepreneurship for youth.
2. An investment-linked deduction under Section 35 AD of the Income Tax Act is in place for establishing new hotels under the 2-star category and above across India, thus permitting a 100% deduction

- in respect of the whole or any expenditure of capital nature.
3. 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.
 4. In Union Budget 2023-24, US\$ 290.64 million was allocated to the Ministry of Tourism as the sector holds huge opportunities for jobs and entrepreneurship for youth in particular and to take the promotion of tourism on mission mode, with the active participation of states, the convergence of government programmes and public-private partnerships.
 5. 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.
 6. 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.
 7. Government of India has set a target to create 220 new airports by 2025.
 8. 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.
 9. A separate liquidity window of Rs. 15,000 crore (US\$ 1.8 billion) has been released for the sector.
 10. FDI inflows in the Tourism & Hospitality sector reached US\$ 16.48 billion between April-June 2022.
 11. A total of 48,775 accommodation units (both classified and unclassified) have been registered on the National Integrated Database of Hospitality Industry (NIDHI) portal and 11,220 units have self-certified for SAATHI standards in September 2022.
 12. 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.
 13. Hospitality unicorn OYO has acquired Europe-based vacation

- rental company Direct Booker for US\$ 5.5 million in May 2022.
14. Accor, a French hospitality major will expand its India's portfolio by adding nine additional hotels in the mid-scale and economy categories, bringing the total number of hotels 54 in India.
 15. The Medical Tourism sector is expected to increase at a CAGR of 21.1% from 2020-2027.
 16. India was globally the third largest in terms of investment in travel and tourism with an inflow of US\$ 45.7 billion in 2018, accounting for 5.9% of the total investment in the country.
 17. Indian government has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31. Dream Hotel Group plans to invest around US\$300 million in the next 3-5 years for the development of the cruise sector in India.
 18. India is the most digitally advanced traveller nation in terms of digital tools being used for planning, booking, and experiencing a journey. India's rising middle class and increasing disposable income has supported the growth of domestic and outbound tourism.
 19. The United Nations World Tourism Organization selected Pochampally in Telangana as one

of the best tourism villages in November 2021.

GOVERNMENT INITIATIVES IN TOURISM & HOSPITALITY INDUSTRY:

The Indian Government has realized the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives planned by the Government of India to boost the tourism and hospitality sector of India are as follows:

In the Union Budget 2023-24, US\$ 290.4 million has been allocated to the Ministry of Tourism. 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 of Tourism 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). 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\$ 91.6 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.

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. Under this Loan Guarantee Scheme for Covid Affected Tourism Service Sector (LGSCATSS), loan up to US\$ 12,110 will be extended to each Tour Operators/ Travel Agents/ Tourist Transport Operators approved/recognized by the Ministry of Tourism.

Guarantees for Skill Development Loans by the member banks of IBA up to Rs. 1.5 lakh (US\$ 1,801) extended by

lending institutions to eligible borrowers without collateral or third-party guarantee.

1. 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.
2. To ease travels for international tourists, the Government of India has launched a scheme wherein five lakh tourists will get free visas.
3. In August 2022, Ministry of Tourism sanctioned 76 projects for Rs. 5,399.15 crore (US\$ 678.39 million) under Swadesh Darshan Scheme for development of tourism infrastructure in the country.
4. In June 2022, the Ministry of Tourism along with Associations of Indian Universities (AIU) initiated a 12 episode webinar series under 'Azadi Ka Amrut Mahotsav' (AKAM) to engage and expose young minds of our country to the rich and diverse heritage of the country.
5. Till the end of September 2022, a total of 155 Dekho Apna Desh webinars have been organized by Ministry of Tourism.
6. The Ministry of Tourism has launched the National Strategy for Sustainable Tourism and

- Responsible Traveller Campaign in June 2022.
7. From November 15, 2021, India allowed fully vaccinated foreign tourists to visit India, which in turn will help revive the Indian travel and hospitality sector.
 8. In November 2021, the Ministry of Tourism signed a Memorandum of Understanding (MoU) with Indian Railway Catering and Tourism Corporation to strengthen hospitality and tourism industry. The ministry has also signed a MoU with Easy My Trip, Clear-trip, Yatra.com, Make My Trip and Goibibo.
 9. In November 2021, the Indian government planned a conference to boost film tourism in the country with an aim to establish domestic spots as preferred filming destinations. This move is expected to create jobs and boost tourism in the country.
 10. In September 2021, the government launched NIDHI 2.0 (National Integrated Database of Hospitality Industry) scheme which will maintain a database of hospitality sector components such as accommodation units, travel agents, tour operators, & others. NIDHI 2.0 will facilitate the digitalization of the tourism sector by encouraging all hotels to register themselves on the platform.
 11. Government is planning to boost the tourism in India by leveraging on the lighthouses in the country. 71 lighthouses have been identified for development as tourist spots.
 12. The Ministry of Road Transport and Highways has introduced a new scheme called 'All India Tourist Vehicles Authorization and Permit Rules, 2021', in which a tourist vehicle operator can register online for All India Tourist Authorization/Permit. This permit will be issued within 30 days of submitting the application.
 13. The Indian Railway Catering and Tourism Corporation (IRCTC) runs a series of Bharat Darshan tourist trains aimed at taking people to various pilgrimages across the country.
 14. During 2019-20, an additional fund Rs. 1,854.67 crore (US\$ 269.22 million) was sanctioned for new projects under the Swadesh Darshan scheme.
 15. Ministry of Tourism sanctioned 18 projects covering all the North Eastern States for Rs. 1,456 crore (US\$ 211.35 million) to develop and promote of tourism in the region under Swadesh Darshan and PRASHAD schemes.]
 16. Statue of Sardar Vallabhbhai Patel, also known as 'State of Unity', was inaugurated in October 2018 and the total revenue generated till

November 2019 stood at Rs. 82.51 crore (US\$ 11.81 million).

TOURISM & HOSPITALITY INDUSTRY FOR ADVANTAGE INDIA:

- 1. Robust Demand:** The Medical Tourism sector is predicted to increase at a CAGR of 21.1% from 2020-27. 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.
- 2. Attractive Opportunities:** 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.
- 3. 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. Rs. 2400 crores (US\$ 289.89 million) allocated to the Ministry of Tourism 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.

- 4. Diverse Attraction:** 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.

CONCLUSION:

The India's Tourism & Hospitality Industry for The National Tourism Policy, 2002 earmarked considerable changes and policy inclusions in the Indian Tourism Industry. 'Incredible India' campaign-fallout of the Policy insisted on worldwide publicity of Indian tourism. The most significant aspect of the new tourism policy rests on the coordinated efforts of public and private sectors in tourism planning and promotion. The new policy centers around seven broad objectives known as Seven Ss -Welcome (Swagat), Information (Suchana), Facilitation (Suvidha), Security (Suraksha). Cooperation (Sahyog),

Infrastructure Development (Sanrachana), and Cleaniness (Safai) which are the main areas of operation in the policy.

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