Tourism in India – Potential and Prospects

Mains: *GS II – Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.*

Why in News?

Tourism has been identified as sectors that can deliver transformative results, not just as a showcase of our heritage and soft power, but as an economic engine capable of generating growth, employment, and foreign exchange.

What is the status of tourism in India?

- **GDP** – At present, tourism contributes around *5% to India's GDP*, compared to the *global average of 10%.*
    - Countries like Spain and the UAE, where tourism accounts for about 12% of GDP, illustrate the potential when the sector is treated as a national growth priority
- **Forex earnings** – In 2024, tourism generated $28 billion or *Rs.2, 45,000 crore* in foreign exchange earnings for India.
- This is only a fraction of our potential.
- **Outbound travel** – In 2024, over *28 million Indians travelled abroad,* spending an estimated $28-31 billion.
- **Highest spenders** – *Indian travellers are among the highest spenders globally,* with a growing appetite for luxury, leisure, and immersive experiences.
- This presents both a challenge and an opportunity.
- Unless we offer comparable or superior experiences within India, much of this spending will continue to flow outward.

What are the Potential of tourism sector?

- **Economic growth** – Tourism has one of the highest economic multipliers of any sector.
- Every rupee spent flows through *transport, crafts, food services and community enterprises.*
- **Employment generation** – Tourism is among the most labour-intensive industries in the world, generating livelihoods across transport, hospitality, food services, handicrafts, wellness and entertainment.
- **Driver of green growth** – When developed sustainably, tourism is also a green growth driver, *creating livelihoods without large-scale environmental costs.*
- **Capacity building** – Inward-looking in development, outward-facing in benefits.
- It generates demand that cannot be taxed at foreign borders, creates jobs that cannot

be offshored, and *builds national pride alongside prosperity.*

- **Acts as a shock absorber** – Improving the inbound share of tourism GDP will not only strengthen our external account but *also provide a steady buffer against fluctuations in merchandise trade.*
- **Potential of India** – The rise of wellness tourism, *spiritual journeys, medical value travel, and immersive cultural experiences* aligns perfectly with India's civilisational strengths.
- We do not need to reinvent ourselves, we simply need to present the India that already exists more effectively, more consistently and with world-class standards.
- **Hotels** – India currently has about *1, 80,000 branded hotel rooms and 1.5 million unbranded rooms.*
- **Future prospects** – If we can raise tourism's GDP contribution from 5% to 10% over the next decade, the results would be transformative
- An additional *$516 billion to the economy* each year,
- *40 million* new jobs
- Foreign exchange earnings rising *to $130-140 billion.*
- Unlike goods exports, it is shaped primarily by perception, infrastructure, and facilitation all of which can be directly enhanced. There are some strategic pathways for this growth.

What are the initiatives introduced in budget 2025-26?



What measures can be taken?

- **Focusing on every state** – A world-class destination in each state, blending infrastructure, sustainability, and brand, can shift India's positioning from a *"place to see" to a "place to experience*."
- **Simplification of e-visas** – Reducing immigration queues and delivering a seamless arrival experience are vital.
- With India's airlines set to expand their fleet by 1,000 aircraft, improved connectivity can give a decisive boost to tourism.
- **Advertisement and promotion** – The future lies in *content-led promotion, influencer engagement and strategic digital storytelling*.
- Millions of creators already showcase India to the world.
- The task now is to amplify this through AI-enabled curation and partnerships with global platforms.
- **Increase private investment** – Expanding the tourism sector's inclusion in the Harmonised Master List of Infrastructure can catalyse investments.
- This includes *PPP projects like hotels, ropeways, wayside amenities, and convention centres.*
- **Focus on quality of hotels** – Industry estimates indicate that we need to triple our capacity in branded and un-branded hotels to remain price-competitive, and position ourselves to host major global events and conventions.
- **Dekho Apna Desh campaign** – It can evolve into a national movement.
- *Domestic tourism, accounting for 86% of sector revenues,* fosters cultural exchange, economic redistribution, and national integration.
- Making interstate travel more affordable and convenient will amplify these benefits.

What lies ahead?

- There is a need to frame a tourism strategy that is bold, ambitious, and executed with purpose.
- International tariffs may be beyond our control, but the warmth of our welcome is entirely in our hands.

Reference

The Indian Express| Tourism in India – Potential and Prospects

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