

## 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?

**Investment in Tourism for Employment-led Growth**

- › Top 50 tourist destination sites in the country to be developed in partnership with states through a challenge mode
- › States to be given performance-linked incentives for effective destination management
- › MUDRA loans for homestays to be provided
- › Special focus on destinations related to the life and times of Lord Buddha
- › Medical Tourism and Heal in India to be promoted in partnership with the private sector

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## 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](#)