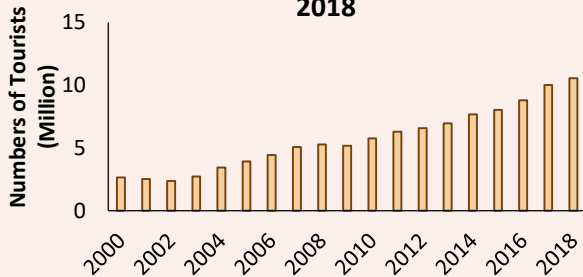


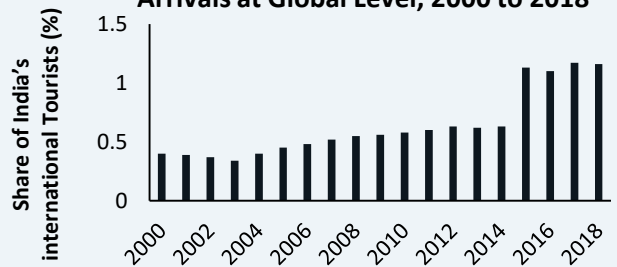
Sector Review : Indian Tourism Industry

- The Tourism industry is an important pillar of the Indian service sector contributing substantially to the economic growth. Indian tourism has grown over the years as the preferred destination of travelling for both the domestic and foreign travellers.
- The rich historical heritage, geographical diversity, presence of different types of cultures, customs and languages across the nation, a comparatively cheaper place to travel for the foreign tourists, wide ranging ecological and bio logical reserves, accessibility of the advanced medical services at reasonable cost have been some major reasons for growth of tourism in India over the years.

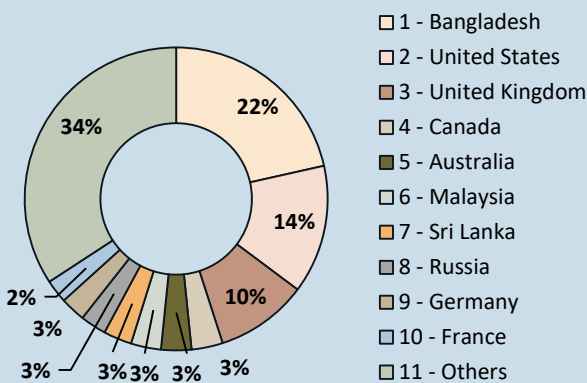
Foreign Tourist Arrivals in India, 2000 to 2018



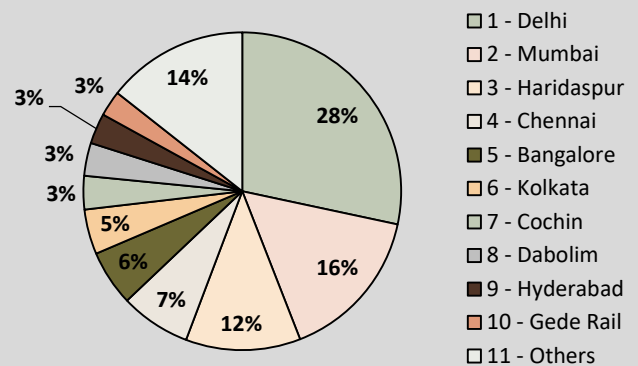
Share of India's International Tourist Arrivals at Global Level, 2000 to 2018



Top 10 Countries from Where People Visit India

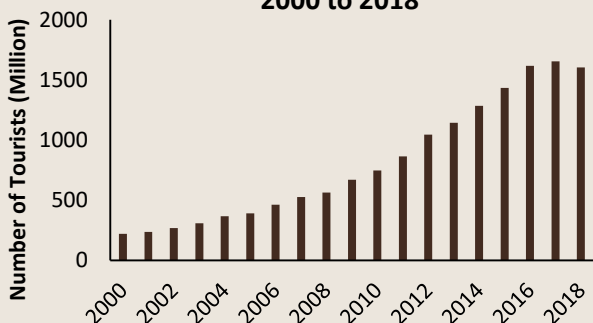


Top 10 Indian Places Mostly Preferred by Foreign Tourists to Visit

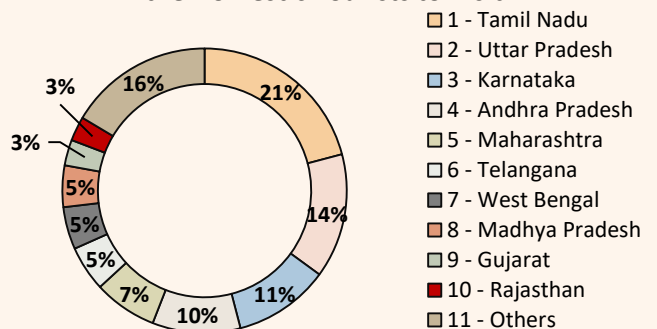


- Between 2000 to 2018, the foreign tourist arrivals in India has increased at a CAGR of **7.98%**.
- At the global level, the share of International Tourist Arrival in India which used to be **0.4%** in 2000 increased to **1.2%** in 2018.
- The price competitiveness advantage of India, i.e. the lesser value of rupee compared to the European and American countries is a prime cause to attract more tourists from these places.

Visit of Domestic Tourists across India, 2000 to 2018



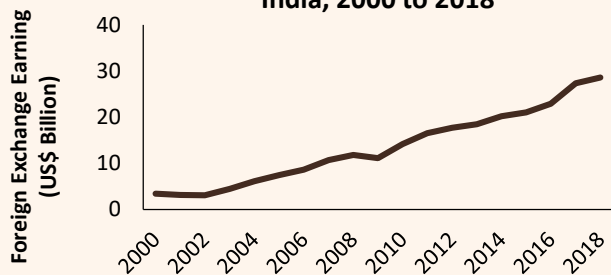
Top 10 Indian Places Mostly preferred by the Domestic Tourists to Visit



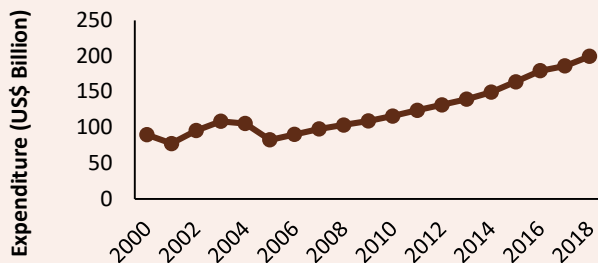
- Along with the booming numbers of foreign tourists, the domestic tourism has also expanded in India over the years. Between 2000 to 2018, the tourism level of the Indian citizens within the country has increased at a CAGR of **11.66%**.

Different Sources of Earning in the Indian Tourism Industry

Foreign Exchange Earning through Tourism, India, 2000 to 2018

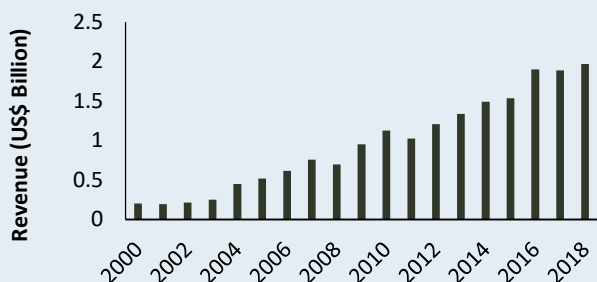


Domestic Tourism Expenditure, India, 2000 to 2018

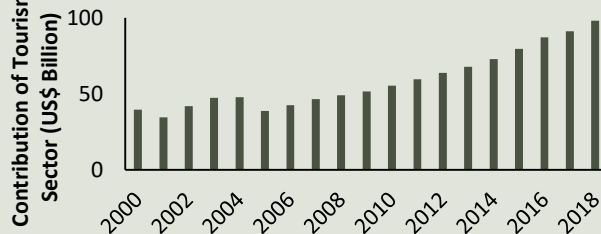


- With the rising numbers of tourists, the range of earning and expenditures in Indian tourism industry have also expanded over the years.
- Between 2000 to 2018, the **Foreign Exchange Earning (FEE)** through tourism has grown at a CAGR of **12.45%**, whereas the expenditure level at the domestic tourism area in India has also increased at a CAGR of **4.54%**.

India's Tourism Revenue, 2000 to 2018

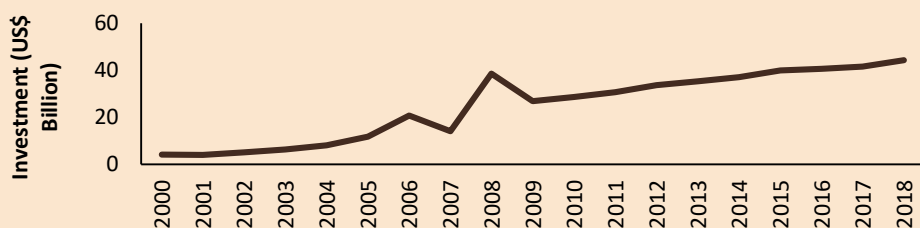


Direct Contribution of Tourism Sector to GDP, India, 2000 to 2018



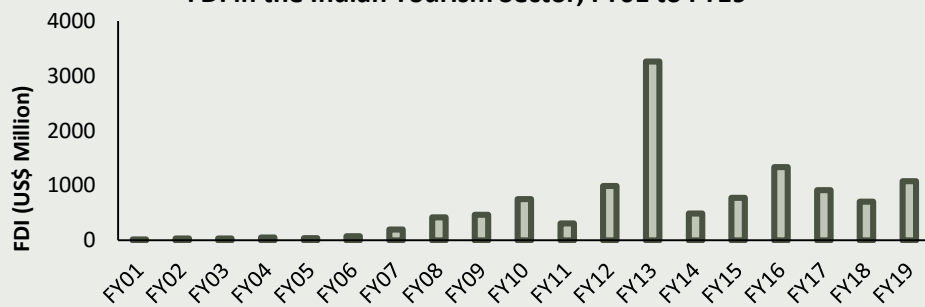
- The rising level of disposable income of the Indians has influenced domestic travel thus leading to overall revenue growth of the Indian tourism industry.
- Between 2000 to 2018, the profit level of the this industry has increased at a CAGR of **13.42%**.
- An effect of this hike can also be seen in the country's GDP. The **Direct Contribution** (*Spending on accommodation, transportation, attraction and entertainment*) of the Indian Tourism sector to the GDP has risen at a CAGR of **5.19%** during that mentioned time period.

Capital investment in Travel and Tourism, India, 2000 to 2018



- Apart from the different sources of income generation, the level of investment has also increased in the Indian tourism industry.
- The capital investment has risen at a CAGR of **14.01%** in this industry between 2000 to 2018.
- The business opportunities are expected to be flourished with this rising range of investment.
- Besides, the FDI to this industry has also increased at a CAGR of **27.7%** between FY01 to FY19.

FDI in the Indian Tourism Sector, FY01 to FY19



Best Performing Indian States in the Tourism Sector

Each Indian state has some distinct speciality. It could be its diversified natural beauty and resources, interesting cultural practices, professional trading environment, authentic food habits, different weather condition and many more known and unknown factors. Based on these features, all the states are capable enough to attract countless tourists and provide them the opportunities to explore different corners of their territories with a pleasant experience.

Among the 29 states and 7 union territories, some of the states have developed tourism immensely in the last few years to attract all types of tourists.

Which are the top 5 states among them and what types of initiatives do they usually take for achieving remarkable growth in their tourism industry?

Some of the initiatives are as follows:

1. Andhra Pradesh

- Project like “**INS Viraat**” for having 5 star hotel, convention centre, gaming zones, museums etc.
- Construction of **Havelock Bridge** (one of the longest bridges with the length of 2.7 Kms) for connecting east and west Godavari districts.
- Creation of a **seven island group** (700 acres) which will consist of entertainment zone, wellness & eco resort, botanical gardens, retail node.

2. Tamil Nadu

- Soft Loan at the rate of interest of 0.1% p.a. for first five years to pay Sales Tax by the investors of Tourism Projects
- Setting up of Tourist Information Centres at Airports, Railway Stations, Bus Stands.
- Operation of helicopter services at important tourist destinations and launch of sea-plane service are few of the innovative projects

3. Gujarat

- Capital Subsidy to the Eligible Tourism Units
- Encouragement to PPP (Public Private Partnership) in Tourism Projects
- The Urban Development and Urban Housing Department (UD&UHD) has formulated the “Regulations for Hotels” which have specific planning provisions in terms of FSI (Floor Space Index), margins, built-up area, height, parking facilities, etc.

4. Madhya Pradesh

- Developing and promoting as water tourism destination
- Several Subsidy scheme for capital incentives for tourism projects like wayside amenities under green field or franchise model
- Development of heritage hotels under proprietorship
- Development of eco-adventure tourism for experiencing the nature and wild life (water sport, trekking, canoeing safari, hot air ballooning, paragliding and many more)

5. Uttar Pradesh

- Promotion of agri-tourism with the help of local players of agri market.
- Promoting regional craft work like Varanasi’s silk, Gorakhpur’s terracotta, Bhadohi’s carpet, Lucknow’s Chikan etc.
- Initiatives for enabling the tourists to experience special village cuisine, culture, art and lifestyle



Drivers and Challenges

- According to the research of *World Travel and Tourism Council (WTTTC)*, the top 10 fastest growing destinations for leisure-travel spending will be **India**, followed by Angola, Uganda, Brunei, Thailand, China, Myanmar, Oman, Mozambique and Vietnam between 2016 to 2026.
- Besides, India is also one of the most improved nations, gaining 12 places to reach the 40th position among the 136 countries globally according to the latest analysis of *The Travel & Tourism Competitiveness Report of World Economic Forum*.
- Based on this report, a glimpse of the performance of the several parameters of Indian Tourism industry under the four pillars (**Enabling Environment, Natural and Cultural Resources, Travel & Tourism policy and enabling conditions, Infrastructure**) at the global level are as follows:

Enabling environment					Natural and Cultural Resources	
Business environment	Safety and Security	Health and Hygiene	Human Resource & Labour Market	ICT readiness	Natural Resources	Cultural Resources & Business Travel
4.3	4.1	4.4	4.4	3.2	4.4	5.3
Travel & Tourism (T &T) policy and enabling conditions				Infrastructure		
Prioritization of T&T	International Openness	Price Competitiveness	Environmental Sustainability	Air Transport Infrastructure	Ground and Port Infrastructure	Tourist Service Infrastructure
3.9	3.7	5.8	3.1	3.9	4.5	2.7

Note: Scores of all the parameters are on a scale of 1 to 7

Which Factors have caused growth in the Tourism Industry so far and which things are need to be rectified?

Some of the factors are as follows:

Drivers
<ul style="list-style-type: none"> •The developed infrastructure like expanded road network, multiple flyover, airports, railroad structure, ground transport efficiency etc. •Numerous world heritage sites, existence of distinct types of species •Rich and intangible cultural heritage •Price Competitiveness i.e. accessibility of ticket taxes, airport charges, hotel price at cheaper cost •Growing air transport infrastructure i.e. various operating airlines, large numbers of available seats, several packages for lower air fare •Promising business environment with efficiency of legal framework, extent of market dominance, skilled working age population, cheaper cost of labour and other capital etc. •An environment with expertise in Yoga, herbal cure, an accessibility of several medical treatments at reasonable cost

Challenges
<ul style="list-style-type: none"> •Lesser level of Safety for the tourists who are unaware about the surroundings and businesses, especially in the outskirts areas. •Lesser maintenance for hygiene and sanitation for having a healthy lifestyle. •Emerging but not yet advanced condition of digitization •Lesser participation and opportunities for the females in the workforce causing discouragement to the foreigners for the expansion of many of the business activities. •Stringency of environmental regulation. •Lesser attention to the tourist service infrastructure at various places. •Lengthy time frame for approval of land acquisition or construction permits delay the business activities



Union Budget 2019 -20 for Tourism Sector

According to the **Union Budget 19 -20**, the outlay for tourism and culture ministries saw marginal increase of **1.82 %** and **7%** per cent respectively in the Union Budget 2019-2020.

INR 1,378.53 crore has been allocated for building tourism infrastructure, while **INR 575.50 crore** has been allocated for promotion and publicity. For the culture ministry, an allocation of **INR 875.33 crore** has been made for central schemes and projects.

17 iconic sites will be transformed into world-class destinations for enhancing the experience of the tourists.

An approach for preserving the rich tribal culture has been thought by linking the creative industry with the economy. A digital repository has been developed where documents, folk songs, photos and videos about their evolution, place of origin, lifestyle, architecture, education level, traditional art, folk dances and other anthropological details of the tribes in India are stored. The repository will further be enriched and strengthened.

A programme has also been launched for promoting the local artisans and their creative products in the global market. One hundred new clusters will be set up in 2019-20 to enable 50,000 artisans to come into the economic value chain. Their handmade products will be protected with intellectual property rights in the national and international market front.

Other Initiatives to Promote Tourism

e-Ticketing for cultural sites

Digital platform for booking hotels, versatile transports, tickets for different cultural shows and performances

Multi-lingual telephone help lines

Facility of **e-Tourist visa** for eligible countries

Swachh Paryatan mobile app for maintaining the hygiene at various tourist destinations

UDAN scheme for providing air connectivity to smaller cities.