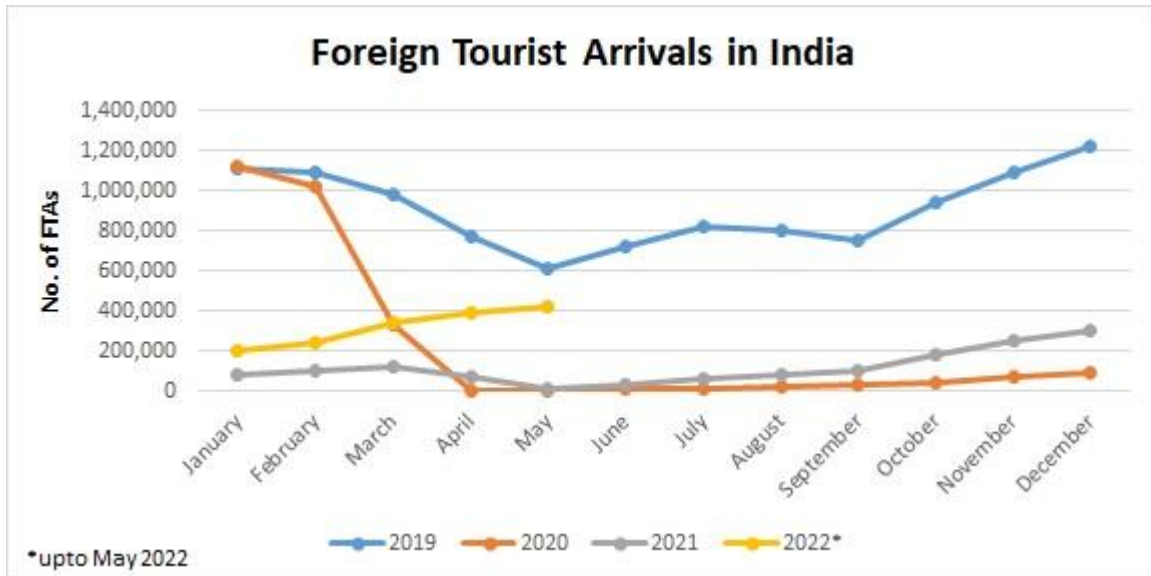


# Tourism Industry Analysis

Tourism industry is a major engine of economic growth that contributes significantly in terms of gross domestic product (GDP), foreign exchange earnings and employment. India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE (Meetings, Incentives, Conferences and Exhibitions), eco-tourism, film, rural and religious tourism. India's rich cultural heritage and diverse geographic landscape makes it an attractive destination for tourists from all over the world. The country is bestowed with 40 UNESCO - World Heritage Sites, beautiful beaches and snow clad mountains that offer the perfect mix of travel options. With an ever-increasing millennial population, higher disposable incomes, and more affordable options for travel and accommodation, tourism trends have largely shifted from destination-based tourism to experience-based tourism. India has been recognised as a destination for spiritual tourism for domestic and international tourists. The tourism sector not only leads to economic growth, but also improves the quality of people's lives with its capacity to create large-scale employment of diverse kind, supports environmental protection, promotes diverse cultural heritage, and strengthens peace in the world. In 2020, the travel & tourism industry's contribution to the gross domestic product (GDP) was \$121.9 billion. In 2019, it contributed \$191.3 billion to the GDP.

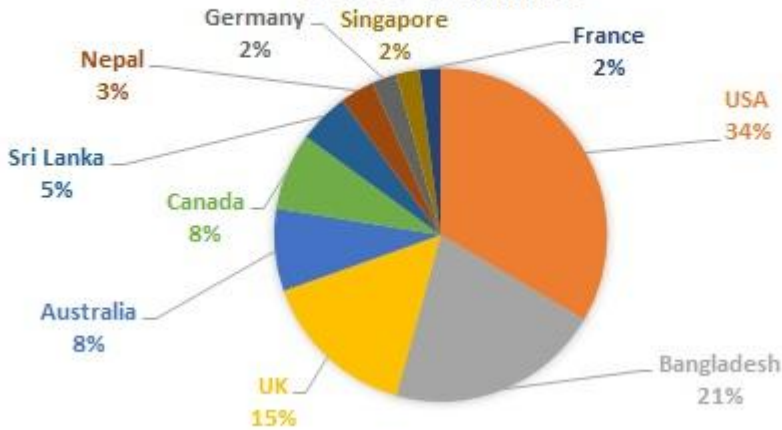
## Foreign Tourist Arrivals

Foreign Tourist Arrivals (FTAs) in the country got impacted due to covid restrictions and lockdown in the nation. FTAs in March 2020 slipped to 328,304 from 1,018,440 in February 2020 and it is also lower than pre-covid level of 978,236 in March 2019. It further plunged to 2,820 in April 2020 and remained sluggish throughout the year. The 2021 year also continued slothful growth in FTAs, due to second wave of coronavirus in the country. However, FTAs in May 2022 were 4,23,701 with a massive positive growth as compared to 19,765 in May 2021. It was just 30% lower than the pre-covid level FTAs of 615,136 in May 2019. Foreign tourist arrivals are showing turnaround and growing rapidly with easing restrictions on travel and tourism. FTAs during the period January-May, 2022 were 16,01,381 as compared to 4,37,225 in May, 2021 registering a positive growth of over 3-fold.



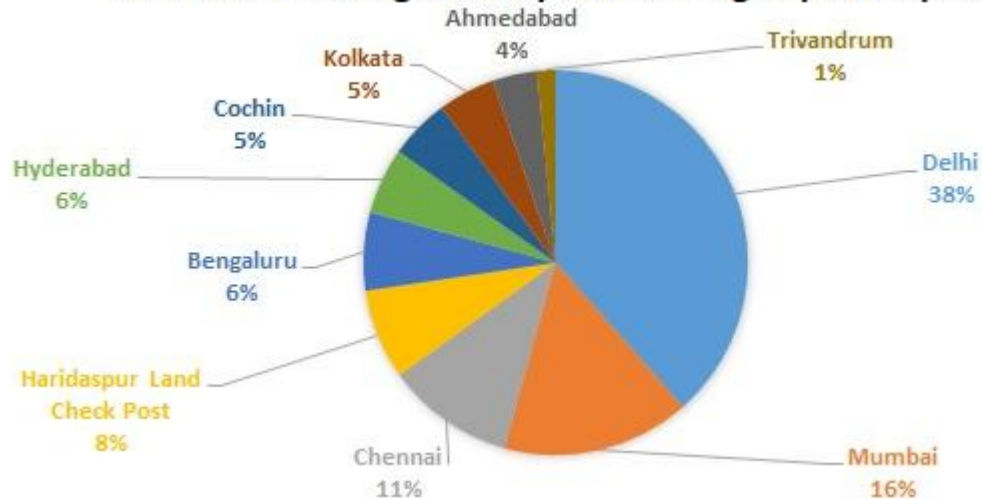
The percentage share of Foreign Tourist Arrivals in India during January- May 2022 among the top 10 source countries was highest from USA (25.57%) followed by Bangladesh (15.86%), UK (11.65%), Australia (6.10%), Canada (5.70%), Sri Lanka (3.74%), Nepal (2.57%), Germany (1.82%), Singapore (1.72%), France (1.58%).

### FTAs in India during Jan-May 2022 among top 10 source countries



The percentage share of Foreign Tourist Arrivals in India during January-May 2022 among the top 10 ports was highest at Delhi Airport (35.50%) followed by Mumbai Airport (14.58%), Chennai Airport (9.92%), Haridaspur Land Check Post (7.00%), Bengaluru Airport (6.06%), Hyderabad Airport (5.14%), Cochin Airport (4.71%), Kolkata Airport (4.42%), Ahmedabad Airport (3.45%), Trivandrum Airport (1.43%).

### FTAs in India during Jan-May 2022 among top 10 Airports



#### FTAs on e-Tourist Visa

International travel to India is a bit slow to pick up with just a little over 15,000 free tourist visas being issued up to March 31, 2022 out of the five lakh visas that were provisioned by the government. In June 2021, the Ministry of Finance had announced a scheme to offer free tourist visas till March 31, 2022. The scheme was applicable for the first 5 lakh visas that will be issued. 10.93 million foreign tourists visited India in 2019 and spent \$30 billion. India has restored all currently valid five year e-tourist visa, which was suspended since March 2020, given to citizens of 156 countries and regular paper visa to nationals of all countries with immediate effect, two years after their suspension follow the COVID-19 outbreak. All currently valid old long duration (10 years) regular tourist visa given to nationals of the US and Japan have been restored. Fresh long duration (10 year) tourist visa will also be issued to the US and Japanese nationals. The government instructions will not be applicable to Afghanistan nationals who will continue to be governed by the separate instructions issued by the Union Home Ministry regarding grant of -e-Emergency X-Misc visa.

#### FDI in the sector

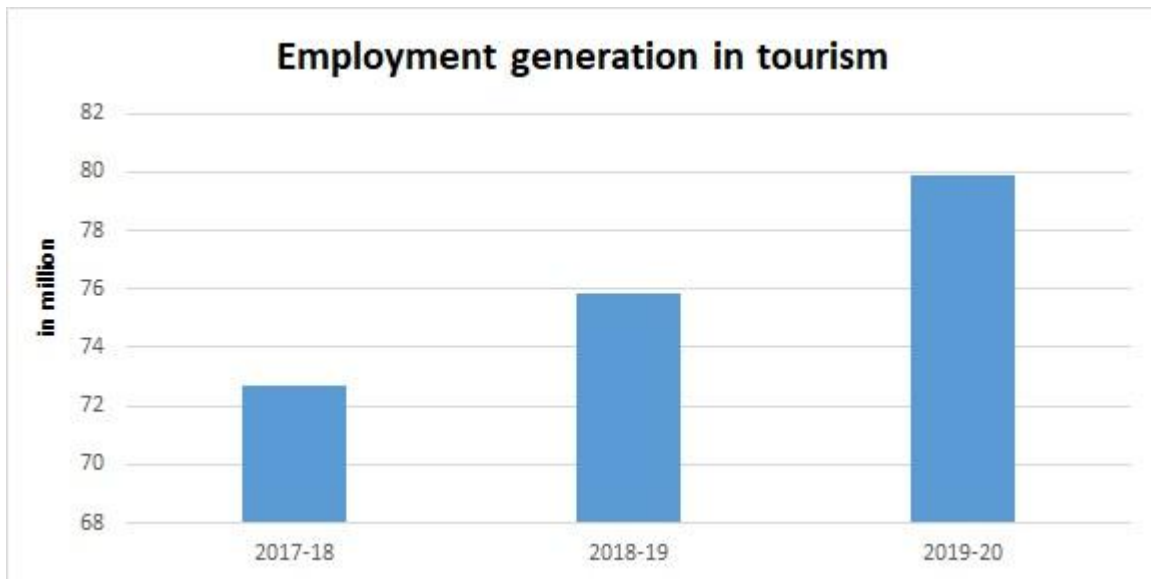
The hotel and tourism sector has attracted foreign direct investment (FDI) worth \$86.51 million or Rs 645.91 crore during the January-March quarter (Q4) of FY22, lower by 68 percent as compared to \$272.67 million or Rs 2,036.53 crore in October-December quarter (Q3) of FY22, when it was almost doubled over July-September quarter (Q2) of FY22. While in April-June quarter (Q1) of FY22 inflows stood at \$233.26 million. In FY21, foreign

inflows saw continued fall amid covid restrictions and lockdowns in several countries. FDI declined from \$159.31 million in Q1FY21 to just \$43.31 million in Q4FY21. Meanwhile, in the hotel and tourism sector, 100 percent Foreign Direct Investment (FDI) is allowed through the automatic route.



#### Employment generation in tourism sector

Tourism sector has provided 79.86 million direct & indirect jobs in year 2019-20, 5.29 percent higher as compared to 75.85 million direct & indirect jobs in year 2018-19. Earlier, in the year 2017-18, in industry had provided 72.69 million direct & indirect jobs. Meanwhile, there were 14.5 million job losses during the first wave of COVID-19 outbreak, 5.2 million job losses in the second wave and 1.8 million job losses in the third wave.



#### India ranked 54th on WEF's Travel and Tourism Competitiveness Index 2021

The World Economic Forum's (WEF) Travel & Tourism Development Index which comprises 117 countries, shows that despite the positive trends, the travel and tourism sector is still facing many hurdles with its recovery. India, with a score of 4.2, ranks 54th, eight lower than 46th rank in 2019. Though, data showed that India is the top scorer in South Asia. Japan, the United States, Spain, France and Germany are at the top of the list. While overall international tourism and business travel are still below pre-pandemic levels, the sector recovery has been bolstered by greater vaccination rates, a return to more open travel, and growing demand for domestic and nature-based tourism.

#### Swadesh Darshan Scheme

Swadesh Darshan Scheme is a Central Sector scheme by the Ministry of Tourism and Culture, Government of India for the integrated development of theme-based tourist circuits. The scheme aims to promote, develop and harness the potential of tourism in India. Under the Swadesh Darshan scheme, the Ministry of Tourism provides

Central Financial Assistance (CFA) to State Governments, Union Territory Administrations for the infrastructure development of circuits. This scheme is envisioned to synergise with other schemes like Swachh Bharat Abhiyan, Skill India, Make in India etc. with the idea of positioning the tourism sector as a major engine for job creation, the driving force for economic growth, building synergy with various sectors to enable tourism to realise its potential.

### **PRASAD Scheme**

The full form of the PRASAD scheme under the Ministry of Tourism is 'Pilgrimage Rejuvenation and Spiritual Augmentation Drive'. This scheme focuses on developing and identifying pilgrimage sites across India for enriching the religious tourism experience. It aims to integrate pilgrimage destinations in a prioritised, planned and sustainable manner to provide a complete religious tourism experience. The growth of domestic tourism hugely depends on pilgrimage tourism. For tapping the potential of pilgrimage tourism, there is a need for holistic development of the selected pilgrimage destinations by the government along with the cooperation of other stakeholders. The PRASAD scheme aims at paving the way for the development and promotion of religious tourism in India. Since its launch in January 2015, the Ministry has sanctioned 37 projects in 24 states with estimated expenditure of Rs 1210 crore and a cumulative amount of Rs 757 crore has been released for these projects.

### **Government initiatives**

#### **Govt formulates National Strategy for Adventure Tourism**

To position India as a preferred destination for adventure tourism globally, Ministry of Tourism has formulated a National Strategy for Adventure Tourism. Ministry of Tourism has recognised Adventure Tourism as a Niche Tourism Product, which inter alia includes Water Sports activities, to promote India as a 365 days destination and attract tourist with specific interest. Following strategic pillars have been identified in the strategy document for development of adventure tourism: State assessment, ranking and strategy; Skills, capacity building and certification; Marketing and promotion; Strengthening adventure tourism safety management framework; National and State-level rescue and communication grid; Destination and Product Development; Governance and Institutional Framework.

#### **Govt working towards a comprehensive national tourism policy**

The government is working towards a comprehensive national tourism policy to give an impetus to the industry. Union tourism and culture minister G Kishan Reddy urged the industry stakeholders to prepare a road map for the development of the cruise tourism industry and asked them to create an action plan on cruise tourism in a mission mode. The government is taking a slew of initiatives to promote river cruise tourism, which include river front development, increasing the number of cruise ships to 1,000, infrastructure development for water parks, among others.

The key strategic objectives of the draft policy are:

- To enhance the contribution of tourism in Indian economy by increasing the visitation, stay and spend
- To create jobs and entrepreneurial opportunities in tourism sector and ensure supply of skilled work force
- To enhance the competitiveness of tourism sector and attract private sector investment
- To preserve and enhance the cultural and natural resources of the country
- To ensure sustainable, responsible and inclusive development of tourism in the country.

#### **Govt sanctions 76 projects under SDS for development of tourism infrastructure**

The Ministry of Tourism under its Swadesh Darshan Scheme (SDS) has sanctioned 76 projects for Rs 5399.15 crore for development of tourism infrastructure in the country. These sanctioned projects include Tribal and Rural tourism projects. The Ministry of Tourism has now revamped its Swadesh Darshan scheme as Swadesh Darshan 2.0 (SD2.0) in order to develop sustainable and responsible tourism destinations in the country with tourist and destination centric approach. The guidelines for Swadesh Darshan 2.0 scheme has been issued to all the States/Union Territory Administrations including Maharashtra and Tamil Nadu however no destination for development has been identified under Swadesh Darshan 2.0 scheme. The Ministry of Tourism has already sanctioned 2 projects in Maharashtra and 1 project in Tamil Nadu under Swadesh Darshan scheme. As per the information given by the States Governments/Union Territory Administrations, out of the total 76 sanctioned projects, 50 projects are now physically complete.

### **Recent developments**

#### **India, Australia sign MoU on Tourism cooperation in the field of Tourism**

India and Australia have signed Memorandum of Understanding (MoU) on Tourism cooperation in the field of Tourism. The MoU in the field of tourism will enhance cooperation and encourage Expansion of bilateral relations in tourism. The MoU will facilitate Exchange of information and data related to tourism, Cooperation between tourism stakeholders, particularly hotels and tour operators, Cooperation and exchanges between training and

education providers in tourism and hospitality, Investment in the tourism and hospitality sectors, Visits of tour operators and wholesalers, media and opinion makers, High quality, safe, ethical and sustainable tourism development, Interest in major cultural, artistic and sporting events, Opportunities for traveler education on applicable laws, rules and instructions in each other's country and Enhanced tourism engagement in multilateral fora.

### **Govt signs MoU with Indian Railway Catering and Tourism Corporation to promote tourism**

Ministry of Tourism to strengthen the Hospitality & Tourism Industry has signed a Memorandum of Understanding (MoU) with Indian Railway Catering and Tourism Corporation (IRCTC). Ministry of Tourism has already signed similar MOUs with Easy My Trip, Cleartrip, Yatra.com, Make My Trip and Goibibo. The primary objective of this MOU is to provide an extensive visibility to accommodation units, which have self-certified themselves on SAATHI (System for Assessment, Awareness & Training for the Hospitality Industry) on the OTA platform. The idea is also to gather more information on accommodation units in order to gain actionable insights & designing evidence based & targeted policy measures and to promote safe, honourable and sustainable tourism.

### **Govt introduces IITF, IITG Certification Programme**

The Government of India, Ministry of Tourism has introduced the Incredible India Tourist Facilitator (IITF) and Incredible India Tourist Guide (IITG) Certification Programme, which is a digital initiative that aims at creating an online learning platform with the objective of creating a pool of well trained and professional Tourist Facilitators and Tourist Guides across the country, including in remote areas with tourism potential. The candidates can pursue these online courses from anywhere and at any time and at their own pace. The tourist facilitators and Guides are essentially interpreters of a place/event/experience tasked with making tourist spots appealing, explaining the history, myths, legends and culture associated with the destinations.

### **Outlook**

With the help of large-scale vaccination programmes, strong pent-up demand, easing of entry restrictions and supportive measures from government, the Indian tourism industry is likely to regain growth trajectory in coming time, as Indian travel sentiments are reviving. India's cumulative COVID-19 vaccination coverage exceeds 207.03 crore till August 10, 2022. Restart of tourism will help kick-start recovery and growth. After almost two years of restriction on travel, Indian travellers are looking for quick getaways through road trips, weekend breaks and staycations that offer local stay experiences, and considering all this factors domestic tourism industry is likely to revive very soon. With the gradual opening up of international borders, restoration of the confidence to travel among the public and the lessons learnt from previous waves of infections, tourism activity is likely to soon move towards normalcy. Growth in foreign tourist arrivals in India, rising foreign direct investment will also aid the revival of the industry. Meanwhile, there are still many opportunities in the industry like expansion of e-Visa scheme, which may increase the tourist inflows in the country. Also, higher budgetary allocation of Rs 2,400 crore in the Union Budget 2022-23 over Rs 1,181.30 crore in FY 2021-22, which is 18.42 % higher, will support the industry.