



## TOURISM AND HOSPITALITY

---

### SUMMARY

---

The Tourism and Hospitality industry in India is one of the largest service industries. Tourism is an integral pillar of the Make in India programme.

India is the 8<sup>th</sup> largest country in terms of contribution to travel & tourism GDP. <sup>1</sup>

The Tourism industry in India generated USD 247.3 Bn showing a growth of 6.7% during the year 2018, accounting for 9.2% of the total economy. <sup>2</sup>

In 2018, the total number of domestic tourist visits (DTVs) to states and Union Territories stood at 1854.93 Mn. with an annual growth rate of 11.9%. About 10 Mn foreign tourist arrivals have been recorded in 2017. The contribution to employment, by the Tourism industry in India, has been 42.7 Mn jobs in 2018. <sup>3</sup>

The World Heritage List has 38 sites inscribed which include 30 cultural, 7 natural and 1 mixed category site. There are 3686 monuments/sites under the protection of the Archaeological Survey of India (ASI). <sup>4</sup>

---

### REASONS TO INVEST

---

Tourism is the third largest foreign exchange earner for the country. The Foreign Exchange Earnings (FEE), from the Tourism industry in India, stood at USD 28.585 Bn in 2018.

Globally, India is also the 3<sup>rd</sup> largest in terms of investment in travel & tourism with an investment of USD 45.7 Bn in 2018. <sup>6</sup>

India has a diverse portfolio of niche tourism products which includes cruises, adventure, medical, wellness, sports such as Golf and Polo, MICE (meetings, incentives, conferencing, exhibitions), eco-tourism, film, rural and religious tourism.

Hotels with a project cost of USD 29.85 Mn or above are already included in the Harmonized Master List (HML) of Infrastructure. The MoF (Ministry of Finance) is constantly being pursued for the inclusion of Hotels with a project cost of USD 3.7 Mn to USD 29.85 Mn in the HML. <sup>7</sup>

The centrally funded scheme of Swadesh Darshan and Pilgrimage Rejuvenation and Spirituality Augmentation Drive (PRASAD) provide for introducing suitable Public Private Partnership (PPP) for improved sustainability of the projects. Viability Gap Funding may be provided under the schemes in accordance with the relevant guidelines/instructions of the Government.

[Explore more about infrastructure availability in Tourism and Hospitality sector >](#)

---

### RECENT ANNOUNCEMENTS

---

**10th December 2020:** Union Minister of State (IC) for Tourism & Culture Shri Prahlad Singh Patel virtually inaugurates the ABTO (Association of Buddhist Tour Operators) International Convention.

[Read More](#)

**4th November 2020** Union Minister of State (IC) for Tourism & Culture Shri Prahlad Singh Patel inaugurated the “Tourist Facilitation Centre” under PRASHAD Scheme. The scheme aimed at infrastructure development such as last mile connectivity, basic tourism facilities like Information/ Interpretation Centers, ATM/ Money exchange, eco-friendly modes of transport, area Lighting and illumination with renewable sources of energy.

[Read More](#)

**26th October 2020:** The Ministry of Tourism’s Dekho Apna Desh Webinar series titled “Bundi: Architectural Heritage of a Forgotten Rajput Capital” on 24th October 2020 focused on Bundi, Rajasthan. The webinar boosts the experience in managing planning and design of urban infrastructure and development projects including Airports, Special Economic Zones, Transportation & Urban Redevelopment, Metro Rail, Environmental Sustainability and Slum Rehabilitation.

[Read More](#)

**23th October 2020:** Gujarat will once again be highlighted on the global tourism map as the Prime Minister will inaugurate the Ropeway at Girnar on 24th October, 2020. Initially, there will be 25-30 cabins, with a capacity of 8 people per cabin. A distance of 2.3 kms will now be covered in just 7.5 minutes through the ropeway. In addition to this, the ropeway will also provide a scenic view of the lush green beauty surrounding the Girnar mountain.

[Read More](#)

---

### STATISTICS

---

The Tourism and hospitality industry in India is an employment generating industry and every USD 1 Mn invested in tourism creates 78 jobs.

The Tourism industry in India is the 3<sup>rd</sup> largest foreign exchange earner after gems, jewellery and readymade garments.

India ranks 14<sup>th</sup> in terms of absolute Foreign Exchange Earnings (FEE) and 122<sup>nd</sup> in terms of share of visitor exports in total export. <sup>8</sup>

Foreign Exchange Earnings (FEEs) during 2019 were US\$29.962 Bn (Provisional estimates) with a growth of 4.8% from previous year. <sup>29</sup>

Foreign Tourist Arrivals (FTAs) during 2019 were 10.89 Mn (Provisional) with a growth of 3.2% from previous year. <sup>29</sup>

The cumulative FDI equity inflow in the Hotel and Tourism industry in India is USD 15.28 Bn during the period April 2000 to March 2020. <sup>27</sup>

---

### GROWTH DRIVERS

---

The Government of India has recently been focusing upon fast-track infrastructure development and promoting tourism digitally.

Sustained efforts have led to a jump of 31 places in World Economic Forum Travel & Tourism Competitiveness Index ranking between 2013 and 2019.<sup>10</sup> India has shown the maximum improvement among the top 25% of all countries ranked, since year 2017.

The key initiatives undertaken are:

E-Visa facility extended to 169 countries for visit to India through 28 international airports and 5 sea airports.<sup>24</sup>

During 2019, a total of 2.93 million foreign tourists arrived on e-Tourist Visa registering a growth of 23.6%.<sup>29</sup>

Undertaken promotional activities such as Incredible India 2.0 campaign and India Tourism Mart in 2018.

In Swadesh Darshan Scheme INR 60357.0 Mn (USD 825.91 Mn) has been sanctioned for 77 projects with a total release of Rs. 36761.4 Mn (USD 503.03 Mn ) till 31.12.2019 covering all thematic circuits.<sup>29</sup>

In PRASHAD scheme, 51 sites have been identified at present in 28 States for development. The inception of the scheme has INR 8400.2 Mn (USD 114.95 Mn) sanctioned for 28 projects in 17 States with a total release of INR 5051.5 Mn (USD 69.12 Mn ) till 31.12.2019.<sup>29</sup>

India's first 'Adventure Tourism Guidelines' launched covering 29 land, air and water-based activities.

'Swachh Paryatan Mobile App' & 24x7 Tourist Helpline launched in 12 international languages.

The Ministry of Tourism has been complemented by progressive initiatives by other ministries, such as UDAN scheme by the Ministry of Civil Aviation, tourist trains by the Ministry of Railways, Sagarmala project and development of lighthouses by the Ministry of Shipping.

The traditional themes of culture & heritage, religious and nature-based Tourism are still the frontrunners shaping the inbound tourism landscape in India. Rich history & vibrant culture, deeply entrenched faith in religion and unparalleled diversity in natural resources present a distinct advantage to India.<sup>12</sup>

Availability of medical experts offering speciality treatment, advanced equipment and low cost have positioned India as a preferred medical tourism destination in several international markets.

Adventure tourism is another rapidly growing segment which has a tremendous potential based on the diverse natural landscape on offer in India.<sup>13</sup>

---

## **FDI POLICY**

100% FDI is allowed under the automatic route in the Tourism and hospitality industry in India, subject to applicable regulations and laws.

100% FDI allowed in tourism construction projects, including the development of hotels, resorts and recreational facilities.

The cumulative FDI equity inflow in the Hotel and Tourism industry is USD 15,571.53 mn during the period April 2000 to September 2020. This constitutes 3.11% of the total FDI inflow received across sectors.<sup>27</sup>

[Read more about Foreign Direct Investment Policy in India >](#)

---

## **SECTOR POLICY**

### **NATIONAL TOURISM POLICY**

A National Tourism Policy was formulated in 2002. However, considering the widespread interrelated global advancements, a new draft National Tourism Policy has been formulated, which is yet to be approved and has the following salient features:<sup>14</sup>

The focus of the Policy is on employment generation and community participation.

Stress on the development of tourism in a sustainable and responsible manner.

An all-encompassing Policy involving linkages with various Ministries, Departments, States/Union Territories and Stakeholders.

The Policy enshrines the vision of developing and positioning India as a "MUST EXPERIENCE" and "MUST RE-VISIT" destination for global travellers, whilst encouraging Indians to explore their own country.

To develop and promote varied tourism products including the rich culture and heritage of the country, as well as niche products such as medical & wellness, MICE (meetings, incentives, conferences and exhibitions, Adventure, Wildlife and so on.

Development of core infrastructure (airways, railways, roadways, waterways, etc.) as well as Tourism Infrastructure.

Developing quality human resources in the Tourism and Hospitality industry in India, across the spectrum of vocational to professional skills development and opportunity creation.

Creating and enabling an environment for investment in tourism and tourism-related infrastructure.

Emphasis on technology-enabled development in tourism.

Focus on domestic tourism as a major driver of tourism growth.<sup>15</sup>

[Explore Government policies/ schemes in Tourism and Hospitality sector >](#)

---

## **FINANCIAL SUPPORT**

### **KEY PROVISIONS OF BUDGET:**

Allocation of USD 333.33 Mn (INR. 2500 crore) for 2020-21 for tourism promotion.<sup>25</sup>

To develop and enhance tourist infrastructure a provision of USD 158 Mn is made for developing Swadesh Darshan.<sup>16</sup> States have been given greater flexibility in the development of Tourist infrastructure as per local requirement from their enhanced resources

A host of benefits have been provided under the GST regime. Extremely low taxes on food and hotel rooms have been very beneficial. GST is proving to be a major benefit for the tourism and hospitality industry. The process to claim and avail ITC (input tax credit) is simple and clear.<sup>17</sup>

Resources to be provided to start work along landscape restoration, signage and interpretation centres, parking, access for the differently abled, visitors amenities, including securities and toilets, illumination and plans for benefiting communities around them at various heritage sites which include Churches & Convents of Old Goa, Hampi, Karnataka, Elephanta Caves, Mumbai, Kumbalgarh and other hill forts of Rajasthan, Rani ki Vav, Patan, Gujarat, Leh Palace, Ladakh, J&K, Varanasi Temple town, UP, Jalianwala Bagh, Amritsar, Punjab and Qutub Shahi Tombs, Hyderabad, Telangana

The e-Tourist Visa facility has now been increased for travellers of 166 countries.<sup>18</sup>

#### **TAX INCENTIVES:**

An investment-linked deduction under Section 35 AD of the Income Tax Act is in place for establishing new hotels in the 2-star category and above across India, thus permitting a 100% deduction in respect of the whole or any expenditure of a capital nature excluding land, goodwill and financial instruments incurred.

#### **STATE INCENTIVES:**

Incentives offered by state governments include subsidised land cost, relaxation in stamp duty, exemption on sale/lease of land, power tariff incentives, concessional rate of interest on loans, investment subsidies/tax incentives, backward areas subsidies and special incentive packages for mega projects.

Incentives are provided for setting up projects in special areas – the North-east, Jammu & Kashmir, Himachal Pradesh and Uttarakhand.

#### **INCENTIVES FROM THE MINISTRY OF TOURISM:**

Assistance in large revenue-generating projects

Support for Public-Private Partnerships (PPPs) in infrastructure development such as viability gap funding

Schemes for capacity-building of service providers

---

### **INVESTMENT OPPORTUNITIES**

---

#### **TOURISM:**

The presence of world-class hospitals and skilled medical professionals make India a preferred destination for medical tourism.

As an opportunity for cruise owners and operators by capturing/capitalizing the opportunity from a vast beautiful coast line, vast forest and undisturbed idyllic islands.

Rural tourism is mainly promoted by the Incredible India 2.0 Campaign.<sup>19</sup>

The Ministry of Tourism has sanctioned Rural Tourism projects at 185 sites in several states/union territory administrations up to 31 March 2012.<sup>20</sup>

Under Swadesh Darshan Scheme, Ministry of Tourism identified Rural & Coastal Circuits as one of the thematic circuits for development.

Eco-tourism is at a nascent stage, but there are conscious efforts to save the fragile Himalayan eco-system and the culture and heritage of indigenous people.

The Tourism and hospitality industry in India offers opportunities across various sub-segments such as timeshare resorts, convention centres, motels, heritage hotels . Investment opportunities in the setting up of tour operations and travel agencies cater to burgeoning tourist inflow.

Explore projects to invest in Tourism and Hospitality sector >

---

### **FOREIGN INVESTORS**

---

Accor (France)

The Four Seasons Group (Canada)

Thomas Cook (UK)

Marriott Hotels (USA)

Expedia (USA)

Premier Travel Inn (UK)

Cox & Kings (UK)

Hyatt Hotels Corporation (USA)

Airbnb (USA)

---

### **AGENCIES**

---

Adventure Tour Operators Association of India (ATOAI)

Association of Domestic Tour Operators of India (ADTOI)

Hotel Association of India

India Convention Promotion Bureau (ICPB)

Indian Association of Tour Operators (IATO)

Indian Heritage Hotels Association

Indian Tourist Transporters Association (ITTA)

Federation of Hotel and Restaurant Associations of India (FHRAI)

Travel Agents Federation of India (TAFI) <sup>21</sup>

---

### **KEY ACHIEVEMENTS**

---

Swadesh Darshan launched - 15 theme-based tourist circuits identified, 5 pan-India mega circuits identified, 77 projects worth USD 880 Mn underway.<sup>22</sup>

PRASAD launched – 41 sites in 25 states identified, 24 projects worth USD 104 Mn underway.<sup>23</sup>

India's ranking in the Travel and Tourism Competitive Index (TTCI) of World Economic Forum moved up by 6 positions from 40<sup>th</sup> position in 2017 to 34<sup>th</sup> position in 2019.<sup>26</sup>

### Adopt a Heritage

The Adopt a Heritage project aims to encourage companies from public sector, private sector, corporate citizens, NGOs, individuals and other stakeholders to become “Monument Mitras” and take up the responsibility of developing and upgrading the basic and advanced tourist amenities at these sites. Under this Mission, 26 Memorandum of Understanding (MoUs) have been awarded to 12 Monuments Mitras for twenty-four sites and two Technological interventions across India.

The Global Medical Tourism Market was worth USD 19.7 Billion in 2016 and estimated to be growing at a CAGR of 18.8 %, to reach USD 46.6 Billion by 2021.<sup>30</sup>

---

## SOURCES

---

1. Federation of Indian Chambers of Commerce and Industry, India Inbound Tourism Unlocking the Opportunity, <http://ficci.in/spdocument/23082/India-Inbound-Tourism-Knowledge-Paper-ficci.pdf>
2. Federation of Indian Chambers of Commerce and Industry, India Inbound Tourism Unlocking the Opportunity, <http://ficci.in/spdocument/23082/India-Inbound-Tourism-Knowledge-Paper-ficci.pdf>
3. India Tourism Statistics 2019, Ministry of Tourism, <http://tourism.gov.in/sites/default/files/Other/India%20Tourism%20Statistics%202019.pdf>
4. "36 sites from India inscribed on World Heritage List: Dr Mahesh Sharma", Ministry of Culture, PIB, <https://pib.gov.in/PressReleasePage.aspx?PRID=152593>
5. Federation of Indian Chambers of Commerce and Industry, India Inbound Tourism Unlocking the Opportunity, <http://ficci.in/spdocument/23082/India-Inbound-Tourism-Knowledge-Paper-ficci.pdf>
6. The Times of India, Hotel projects over Rs 50 crore likely to get infra status, <https://timesofindia.indiatimes.com/business/india-business/hotel-projects-over-rs-50-crore-likely-to-get-infra-status/articleshow/63358545.cms>
7. Federation of Indian Chambers of Commerce and Industry, India Inbound Tourism Unlocking the Opportunity, <http://ficci.in/spdocument/23082/India-Inbound-Tourism-Knowledge-Paper-ficci.pdf>
8. Annual report 2019-20, [http://tourism.gov.in/sites/default/files/annualreports/Annual%20Report%20Tourism%202019\\_20\\_Final.pdf](http://tourism.gov.in/sites/default/files/annualreports/Annual%20Report%20Tourism%202019_20_Final.pdf)
9. The Travel & Tourism Competitiveness Report 2019, World Economic Forum accessed on 12 May 2020, [http://www3.weforum.org/docs/WEF\\_TTCR\\_2019.pdf](http://www3.weforum.org/docs/WEF_TTCR_2019.pdf)
10. Federation of Indian Chambers of Commerce and Industry, India Inbound Tourism Unlocking the Opportunity, <http://ficci.in/spdocument/23082/India-Inbound-Tourism-Knowledge-Paper-ficci.pdf>
11. Federation of Indian Chambers of Commerce and Industry, India Inbound Tourism Unlocking the Opportunity, <http://ficci.in/spdocument/23082/India-Inbound-Tourism-Knowledge-Paper-ficci.pdf>
12. Federation of Indian Chambers of Commerce and Industry, India Inbound Tourism Unlocking the Opportunity, <http://ficci.in/spdocument/23082/India-Inbound-Tourism-Knowledge-Paper-ficci.pdf>
13. National Tourism Policy, Ministry of Tourism, PIB, <http://pibarchive.nic.in/newsite/PrintRelease.aspx?relid=169063>
14. National Tourism Policy, Ministry of Tourism, PIB, <http://pibarchive.nic.in/newsite/PrintRelease.aspx?relid=169063>
15. Press Information Bureau, Cabinet approves Swadesh Darshan Scheme: Integrated Development of Theme-based Tourist Circuits in the country, <http://pib.nic.in/PressReleaseIframePage.aspx?PRID=1565300>
16. The Institute of Cost Accountants of India, Impact of GST on travel and tourism sector in India, [http://icmai.in/TaxationPortal/upload/IDT/Article\\_GST/82.pdf](http://icmai.in/TaxationPortal/upload/IDT/Article_GST/82.pdf)
17. Press Information Bureau – Ministry of Home Affairs, Liberalization of visa regime of India during the last one year, <http://www.pib.nic.in/Pressreleaseshare.aspx?PRID=1552720>
18. "Year End Review -2017: Ministry of Tourism", PIB, <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1514505>
19. Schemes for Promotion of Rural Tourism, Ministry of Tourism, PIB, <http://pibarchive.nic.in/newsite/PrintRelease.aspx?relid=90052>
20. Federation of Associations in Indian Tourism & Hospitality, Request for Proposal, <https://iato.in/uploads/circulars/RFP.pdf>
21. Ministry of Tourism, Statistics, <http://swadeshdarshan.gov.in>
22. Ministry of Tourism, Updated list of PRASAD cities, <http://tourism.gov.in/sites/default/files/Updated%20list%20of%20PRASAD%20cities.PDF>
23. Annual Report 2019-20, [http://tourism.gov.in/sites/default/files/annualreports/Annual%20Report%20Tourism%202019\\_20\\_Final.pdf](http://tourism.gov.in/sites/default/files/annualreports/Annual%20Report%20Tourism%202019_20_Final.pdf)
24. Expenditure Budget, Ministry of Tourism, <https://www.indiabudget.gov.in/doc/eb/sbe98.pdf>
25. Travel & Tourism Competitiveness Index, World Economic Forum, <https://reports.weforum.org/travel-and-tourism-competitiveness-report-2019/rankings/>
26. Factsheet on FDI - April 2000 to March 2020, Department for Promotion of Industry and Internal Trade, [https://dipp.gov.in/sites/default/files/FDI\\_Factsheet\\_March20\\_28May\\_2020.pdf](https://dipp.gov.in/sites/default/files/FDI_Factsheet_March20_28May_2020.pdf)
27. Factsheet on FDI - April 2000 to September 2020, Department for Promotion of Industry and Internal Trade, [https://dipp.gov.in/sites/default/files/FDI\\_Factsheet\\_June20\\_23Sept2020.pdf](https://dipp.gov.in/sites/default/files/FDI_Factsheet_June20_23Sept2020.pdf)
28. Annual Report 2019-20 [http://tourism.gov.in/sites/default/files/2020-02/Annual%20Report%20Tourism%202019\\_20\\_Final.pdf](http://tourism.gov.in/sites/default/files/2020-02/Annual%20Report%20Tourism%202019_20_Final.pdf)
29. Annual Report 2019-20 [http://tourism.gov.in/sites/default/files/2020-02/Annual%20Report%20Tourism%202019\\_20\\_Final.pdf](http://tourism.gov.in/sites/default/files/2020-02/Annual%20Report%20Tourism%202019_20_Final.pdf)
30. PIB Release, <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1680657>



**MAKE IN INDIA**