

Chapter 19

Unveiling the Economic Tapestry: Statistical Insights Into India's Thriving Travel and Tourism Sector

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ABSTRACT

This research analyses the pivotal role of India's travel and tourism sector in its growing economy through comprehensive statistical analysis. Utilizing diverse quantitative data, the study unveils the sector's impact on GDP growth, employment, and foreign exchange. Beginning with an overview of the industry's current state, emphasizing rapid growth and evolving dynamics, the analysis delves into its contributions to various economic facets. Examining statistical data, the chapter underscores the sector's substantial role as a key driver of India's GDP, both directly and indirectly. A thorough exploration of employment statistics highlights the sector's crucial role in job creation. In conclusion, this study synthesizes extensive statistical data to emphasize the significant contributions of the travel and tourism sector to India's economic landscape. Aimed at informing policymakers, industry stakeholders, and researchers, the research facilitates evidence-based decision-making for sustainable economic development.

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BACKGROUND

Introduction to India's Travel and Tourism Landscape

India's expanding middle class is poised to lead the way in travel trends. The middle class is already the largest spender on a global scale, and by 2030, India is projected to be the fourth largest spender on travel. By then, the middle class will make up 47% of India's population and will have more purchasing power. This information comes from reports by Booking.com-McKinsey & Company and PRICE-ICE (People Research on India's Consumer Economy-India's Citizen Environment). According to "How India Travels," a report by Booking.com and McKinsey, India's total travel spending in 2030 is estimated to reach \$410 billion, which is a significant increase from the \$150 billion spent in 2019, the best year for the tourism industry worldwide before the Covid-19 pandemic.

India's young population is one of the many factors that make the country an attractive destination for global tourism. With a median age of 28.2 years, India's population is more than 10 years younger than that of major economies around the world. The United Nations World Tourism Organization reports that India is among the top three fastest-growing outbound tourism markets. When it comes to planning their vacations, Indians typically prefer domestic travel over international destinations. According to official figures released by the Ministry of Tourism in July 2023, there were 1.7 billion domestic tourist visits to Indian states in 2022, compared to only 21 million international departures. The majority of domestic tourist visits were concentrated in just four states, including Uttar Pradesh in the north, and Tamil Nadu, Andhra Pradesh, and Karnataka in the south. Similarly, when it comes to outbound tourism, Indians also tend to concentrate on a handful of destinations. Personal safety is a paramount concern for tourists, influencing their destination choices and travel behaviour. Destinations perceived as unsafe often struggle to attract travellers, impacting their tourism industry and economic development (Liu & Pratt, 2017; Rittichainuwat & Chakraborty, 2009). This paper provides a comprehensive review of the role of personal safety in tourism, drawing insights from empirical studies and theoretical frameworks. Tourists prioritize personal safety when selecting destinations, considering factors such as crime rates, political stability, health risks, and natural disasters. Perceptions of safety are shaped by various sources, including media coverage, word-of-mouth, and official travel advisories. Negative perceptions of safety can significantly deter travellers, leading to decreased visitation and revenue losses for destinations. Understanding the dynamics of personal safety perceptions is crucial for destination management organizations, policymakers, and tourism stakeholders. Strategies to enhance safety perceptions may include improving infrastructure, implementing effective security measures, promoting destination branding campaigns, and fostering positive visitor experiences.

India is a popular tourist destination that welcomed over 6.19 million foreign visitors in 2022. The country's tourism industry is one of the largest service industries in South Asia, employing over 80 million people in fiscal year 2018. Domestic tourism is the industry's primary source of revenue. To boost tourism, the Indian government has allocated more funds to the industry. The Swadesh Darshan scheme has sanctioned over 70 projects worth around 863 million dollars, and e-visa facilities have been extended to around 170 countries since December 2019. Additionally, a Tax Refund for Tourists scheme has been introduced in select countries to encourage tourist expenditure and increase revenue. In 2024, the occupancy rate of Indian hotels is estimated to be 70%, up from 66% the previous year. The hotel and tourism sector has also seen a boost, with 100% FDI

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