



ACHINTYA

Achintya Securities Limited

Decoding India's Tourism Renaissance

A Deep Dive into India's \$35 Billion
Tourism Renaissance



Introduction

India's tourism narrative is undergoing a spectacular metamorphosis. For decades, the country was primarily marketed as a land of ancient historical monuments, spiritual retreats, and vibrant cultural tapestries. While these elements remain the soul of Indian tourism, the modern era has introduced a robust backbone: world-class physical infrastructure, seamless digital connectivity, and a strategic pivot towards experience-led travel.

This holistic upgrade is rapidly strengthening India's position on the global tourism map, transforming it from a "bucket-list" destination for a few into a highly accessible, recurring, and lucrative travel hub. Let us deeply explore the mechanics, hidden drivers, and unprecedented investment opportunities within India's booming travel economy.



The Macro Landscape: Sizing the Global and Domestic Boom

The financial and demographic metrics of India's tourism sector reflect a post-pandemic resurgence that is outpacing global averages. India currently commands 1.40% of international tourist arrivals and captures 2.02% of global tourism receipts, signalling that tourists visiting India are spending more per capita than in many competing destinations.

In 2024, International Tourist Arrivals (ITAs) breached the 20.57 million marks. This figure represents not only an 8.89% year-on-year growth but also sits a comfortable 14.82% above pre-pandemic (2019) baselines. Foreign Exchange Earnings (FEEs) mirrored this optimism, generating a massive influx of foreign capital.

While Foreign Tourist Arrivals (9.95 million) and Non-Resident Indian visits (10.62 million, up 13.22%) are vital, the undeniable anchor of the industry is domestic tourism. With a staggering 2,948.19 million domestic visits in 2024, local travellers are buffering the industry against global geopolitical shocks. Uttar Pradesh leads the charge with 646.81 million visits, trailed by Tamil Nadu with 306.84 million, driven heavily by spiritual and cultural pilgrimages.



Beyond the Golden Triangle: The Infrastructure Revolution

The most profound catalyst for this tourism explosion is the aggressive expansion of India's physical infrastructure. The historic bottlenecks of poor last-mile connectivity and tedious transit times are being systematically eliminated.

The government's multifaceted approach—encompassing roads, aviation, railways, and waterways—has redefined travel accessibility:

Infrastructure Pillar	Baseline Metric (circa 2004/Past)	Current/2025 Benchmark	Impact on Tourism
National Highways	65,569 km (11.6 km/day build rate)	1,46,204 km (34 km/day build rate)	Drastic reduction in inter-city transit times; boom in road trips.
Aviation (Airports)	74 Airports	160 Airports	Regional connectivity under the UDAN scheme unlocking Tier-II & Tier-III cities.
Metro Rail	248 km	1,013 km	Seamless intra-city transit in major tourist hubs, reducing urban congestion.
Maritime & Ports	1,400 MMTPA Capacity	2,762 MMTPA Capacity	Unlocking vast potential for coastal, cruise, and lighthouse tourism.

The Bairabi-Sairang Rail Line in Mizoram perfectly illustrates this dynamic, single-handedly boosting state tourist footfall by 114.29% in a single fiscal year. Furthermore, India's digital public infrastructure (DPI)—specifically the Unified Payments Interface (UPI)—has been extended to foreign tourists from G20 nations, entirely eliminating currency exchange frictions and enriching the street-level travel experience.

The Spiritual Economy: Temples as Macro-Growth Engines

A novel and exceptionally powerful driver of India's current tourism wave is the formalization and redevelopment of religious corridors. Spiritual tourism is no longer just a demographic tradition; it has evolved into a highly structured economic engine.

- **The Kashi Vishwanath Effect:** Following the inauguration of the redeveloped corridor in 2021, Varanasi experienced a paradigm shift. Tourist footfall skyrocketed from a mere 6.7 million in 2017 to an astounding 110 million by 2024. This has led to a surge in boutique hotel investments, F&B outlets, and local artisan employment.
- **The Ayodhya Phenomenon:** Independent financial estimates suggest that the newly inaugurated Ram Mandir in Ayodhya could attract upwards of 50 million tourists annually. This localized boom is projected to generate billions in regional tax revenues, mirroring the global economic impact of spiritual centres like Mecca or the Vatican.



Emerging Vectors: Medical, MICE, and Niche Tourism

India is actively diversifying its portfolio beyond leisure and spiritual travel to capture high-yielding global segments.

Medical and Wellness Tourism

Supported by initiatives like "Heal in India", the country is marrying its ancient Ayurvedic traditions with cutting-edge, cost-effective allopathic healthcare. The introduction of streamlined e-Medical visas is drawing patients globally. This sub-sector is projected to expand into a US\$ 13.42 billion market by 2026.

MICE Tourism (Meetings, Incentives, Conferences, and Exhibitions)

Historically losing out to hubs like Singapore or Dubai, India is reclaiming the lucrative MICE market. The successful hosting of the G20 Summit, bolstered by massive new infrastructure like the Bharat Mandapam and Yashobhoomi convention centres in Delhi, is positioning India as a premier destination for global corporate events.

Niche Experiential Tourism

The sector is also branching into river tourism (e.g., the MV Ganga Vilas, the world's longest river cruise), lighthouse tourism, and eco-tourism, catering to the modern traveller's demand for unique, sustainable experiences.

Government Catalysts: Schemes and Policy Frameworks

The central and state governments have institutionalized tourism growth through heavily funded, targeted initiatives aimed at sustainable regional development:

- **Swadesh Darshan 1.0 & 2.0:** After successfully completing 75 out of 76 sanctioned projects in its first iteration, version 2.0 has pivoted toward sustainable and responsible tourism. The government has aggressively approved an outlay of ₹793.2 crore across 34 specific destinations.
- **PRASHAD Scheme:** Dedicated entirely to the integrated development of pilgrimage sites, this scheme boasts a US\$ 198.4 million outlay across 48 approved projects (25 completed), ensuring that mass spiritual gatherings are supported by resilient infrastructure.
- **Foreign Direct Investment (FDI):** India currently allows 100% FDI under the automatic route for tourism and hospitality, significantly lowering the barrier to entry for global hotel chains and travel-tech aggregators.



The Multiplier Effect: Strategic Implications for Investors

The tourism sector is highly attractive to institutional and retail investors due to its exceptional economic multiplier effect. In FY23, tourism contributed roughly 5% to India's GDP and supported employment for nearly 7.6 crore (76 million) people. Every dollar spent by a tourist cascade through the economy, benefiting aviation, hospitality, retail, local transport, and unorganized MSMEs.

Key Investment Opportunities

- **Hospitality Infrastructure:** The government's decision to classify hotels as "Infrastructure" allows developers to access long-term loans at highly competitive interest rates. This is a game-changer for building capital-intensive luxury resorts and mid-scale hotel chains in Tier-II and Tier-III cities.
- **Travel Tech and Aggregators:** Startups focusing on AI-driven itinerary planning, vernacular travel booking platforms, and localized experiential travel are prime targets for venture capital.
- **Real Estate Investment Trusts (REITs):** Hospitality-focused REITs are emerging as an avenue for retail investors to gain exposure to high-yield commercial hotel properties without direct ownership overheads.

Navigating the Risks

Investors must proceed with calculated caution. Tourism remains inherently vulnerable to external shocks:

- **Seasonality:** Revenue streams can fluctuate wildly based on weather patterns and holiday seasons.
- **Policy Sensitivity:** Local taxation (like GST on hotel rooms) and aviation fuel pricing directly impact profitability.
- **ESG Compliance:** With over-tourism threatening ecological hotspots (like Himalayan hill stations), companies failing to adopt sustainable practices face severe regulatory and reputational risks.

What's Next? The Road to FY30

As we look toward the end of the decade, India's tourism sector is at an inflection point. The baseline of roads, airports, and hotels has been successfully established. The next phase of hyper-growth will rely heavily on qualitative improvements: ensuring absolute travellers' safety, maintaining stringent cleanliness standards (Swachh Bharat integration), and deploying artificial intelligence for hyper-personalized visitor experiences.

If the current momentum in domestic consumption and infrastructure build-out is sustained, tourism will transcend its role as a mere revenue generator. It will undoubtedly solidify itself as India's most powerful engine for decentralized wealth creation, rural empowerment, and global soft power projection.





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