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TRANSFORMING INDIA'S TOURISM AND HOSPITALITY INDUSTRY: EMERGING TRENDS, ECONOMIC CONTRIBUTIONS, AND FUTURE OPPORTUNITIES

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ABSTRACT **DOI No: 10.36713/epra27828** **Article DOI: https://doi.org/10.36713/epra27828**

The tourism and hospitality sector has become one of the most dynamic sectors in India, making a substantial contribution to the growth of the economy, job creation, infrastructure development, and the promotion of the Indian culture. This theoretical and descriptive article is an analysis of the growth, structure, emerging trends, policy initiatives and future opportunities in the Indian tourism ecosystem in light of recent industry developments and government initiatives. The study emphasizes the growing significance of tourism in the Indian economy, the growth of domestic and foreign demand for tourism, the emergence of new tourism trends like wellness tourism, medical tourism, spiritual tourism, eco-tourism, luxury tourism and adventure tourism. The article also addresses the importance of digital transformation, artificial intelligence, better connectivity of transportation and investment in the hospitality industry to improve tourist experiences and competitiveness. The government initiatives such as Swadesh Darshan 2.0, PRASHAD, SAATHI, e-Visa reforms, Dekho Apna Desh campaigns etc. are discussed as important enablers of supporting the sustainable tourism development and regional inclusion. The results show that India has tremendous potential in terms of cultural diversity, cultural richness, medical expertise and growing infrastructure network to become a global tourism hub. The conclusion of the article is that sustainable policy implementation, integration of technology and responsible tourism practices will help India's tourism and hospitality industry to grow sustainably, be economically resilient and remain competitive in the global market.

KEYWORDS: ***Tourism Industry, Hospitality Sector, Sustainable Tourism, Medical Tourism, Digital Transformation***

INTRODUCTION

The tourism and hospitality sector has become one of the most influential service industries that has contributed to the economic development, job creation, preservation of culture and international recognition of India (Mehta, 2025). India's tourism industry stands unique with its heritage, spirituality, biodiversity, medical excellence, adventure tourism, and rapidly growing tourism sector. It not only is a major part of the Gross Domestic Product (GDP) but also generates direct and indirect jobs in cities and villages. Tourism was seen to have played a significant role in national development as it accounted for about 5.22% of the Indian GDP and 13.34% of the employment, according to the India Brand Equity Foundation (IBEF).

Tourism is rebounding from the pandemic at an increasing rate due to the assistance of digital transformation, better transport links, positive governmental policies, and increased purchasing power (Bondarenko et al., 2025). Domestic tourism is the key driver of growth in the sector, whereas the international tourism market is experiencing a revival with the launch of the e-visa regime, medical tourism and infrastructure development. To promote the travel destinations and the experience of the tourists in the country, the Government of India has launched various schemes like Swadesh Darshan 2.0, PRASHAD, SAATHI and Incredible India campaign.

Moreover, India's tourism industry is witnessing diversification towards niche tourism like eco-tourism, wellness tourism, cruise tourism, heritage tourism, spiritual tourism and adventure tourism (Ahmed, 2026). The growing involvement of private investors, hotel groups, airlines, the travel industry and state-run tourism organizations further confirms the strong growth of the sector. The IBEF Tourism and Hospitality Report 2026 explores the changing landscape of India's tourism sector, key growth factors, emerging trends, government support, and future prospects.

Evolution and Structure of India's Tourism and Hospitality Industry

The tourism sector in India has come a long way from a pilgrimage and heritage-driven tourism system to a diversified

and technology-driven service industry (Raju et al., 2026). In India, the development of organized tourism has started in accordance with the National Tourism Policy of 1982. Later on, several states recognized tourism as an industry, and started promoting public-private partnership and investment in the sector. During the early 2000s, policy changes centered on the development of travel facilities, and the advent of internet travel services and airlines with lower fares greatly increased domestic tourism.

The e-tourist visa and digital tourism platforms have revolutionized access and convenience for tourists (Mallick, 2025). In 2025, AI and digital systems were already a vital part of tourism management, suggesting holiday packages and facilitating booking and virtual tourism. The Incredible India Digital Platform (IIDP) exemplifies the transformative power of digital innovation in a world of destination management and visitor engagement.

The tourism and hospitality sector can be broken down into various interconnected component parts such as accommodation, transport, attractions, travel agencies, and tour operators (Suhail&Srinivasulu, 2017). The basic infrastructure for tourism and for economic activity in the host community is provided by accommodation facilities. The tourism products consist of attractions or heritage monuments, wildlife sanctuaries, museums, spiritual centers and transportation systems are key to accessing the tourist attractions. Travel agents and tour operators provide assistance in arranging travel, service for travelers, package development and promotion to destinations.

Table 1: Major Segments of India's Tourism and Hospitality Industry

Segment	Role in Tourism Development
Accommodation	Provides lodging facilities and supports local economies through tourist spending
Transportation	Ensures accessibility and connectivity between tourist destinations
Attractions	Includes heritage sites, wildlife, cultural centers, museums, and recreational parks
Travel Agents	Assist in booking, planning, insurance, and travel consultation
Tour Operators	Develop customized tour packages and manage tourism experiences

Source: IBEF Report 2026

The above table illustrates the nature of the tourism ecosystem. Each segment plays a part in the visitor satisfaction and economic viability of destinations. Accommodation and transportation are infrastructural supports and attractions are the key drivers for travel decisions. Travel agents and tour operators are the channels through which organizations arrange and interface with the tourism products, meeting the needs of consumers. This interdependency is the reason for the need to coordinate investments in the various sectors for tourism development.

Economic Contribution and Market Growth

Tourism and hospitality is one of the key sectors of the Indian economy. In India, the World Travel and Tourism Council (WTTC) estimated the sector's contribution to the GDP to be around US$ 249.3 billion or about 6.6% of the economy in 2024. This contribution is projected to increase to US$ 501.1 billion, or 10.9% of GDP in 2035.

Tourism is also a significant contributor to job creation (Nguyen et al., 2025). In 2024, the sector accounted for almost 46.5 million jobs, accounting for 9.1% of all jobs. Tourism has special importance in terms of employment opportunities for rural development, women empowerment, entrepreneurship promotion and the inclusion of the regions in the economy. Continued growth of tourism infrastructure, investments in tourism and transport continues to offer employment opportunities for skilled and semi-skilled labor in the country.

Domestic tourism is becoming the major growth contributor (Kabote, 2020). The domestic travel demand is driven by the expanding middle class in India, rising disposable income, urbanisation and digitalisation. Wellness Travel, adventure travel and short recreational trips are becoming highly sought-after by younger consumers who have more experience and travel time. Domestic tourism expenditure in 2024 was valued at US$ 185.6 billion, and will substantially increase by 2028.

Table 2: Contribution of Tourism Sector to India's Economy

Year	GDP Contribution (US$ Billion)
2019	211
2023	231
2024	249
2034 (Forecast)	523

Source: IBEF Report 2026

The table shows that the contribution of the tourism sector in India's GDP has been consistently increasing. In spite of the disruptions wrought by the Covid-19 pandemic, the industry bounced back quickly with the help of policy interventions, digitalization, build-up of domestic tourism and infrastructure development. The forecasts suggest tourism will be one of the strongest growth drivers in India's economy within the next decade. This is likely to be further spurred by smart mobility, airports, high-speed rail, and sustainable tourism investments.

The foreign tourist numbers are also gradually improving following the pandemic. The earnings from international tourism were reached at Rs. 2,73,638 crore (US$ 31.33 billion) in 2025. The rise in the reputation of India in medical, heritage and spiritual tourism has improved India's tourism competitiveness in the international market. The e-visa facilities for citizens of 172 countries have also been expanded to make it easier to travel.

Emerging Tourism Segments and Industry Trends

Indian tourism industry is steadily moving towards niche and experiential tourism (Sneha& Nagarjuna, 2023). Government support, sustainable development efforts and the increasing emphasis on rural tourism, have propelled tourism to a vital sector in rural areas.The development of government support, sustainable development and the growing awareness of rural tourism, have turned tourism into an important sector in rural areas. Ecological and cultural uniqueness of the places like Majuli, Khonoma and Pipili are being promoted as their destinations. Rural tourism improves the livelihoods of the people and helps to conserve traditional arts, crafts and lifestyles.

The spiritual tourism is one of the most promising segments in the Indian tourism market, with India's religious diversity and the richness of its heritage. Religious tourists represent very significant economic return in terms of overnight accommodation, transportation, food and rituals. The pilgrimage circuits like Kashi, Ayodhya, Kedarnath and Tirupati still continue to get hundreds of thousands of domestic and foreign visitors every year.

The eco-tourism and wellness travel are the two major growth areas in the post-pandemic era. The growing trend towards health and sustainability has driven a shift towards nature-based and wellness experiences among travelers. The segments offer strong competitive edge for India, due to its biodiversity, ayurvedic heritage, and yoga traditions, along with its natural landscapes.

Luxury tourism also has a strong growth. Personalization, luxury lodging, cultural experiences and destination weddings are among the top preferences of high-spending travelers. Indian luxury travel market is projected to expand at a CAGR of 9.8% to reach US$ 123.7 billion by 2030.

Table 3: Emerging Tourism Segments in India

Tourism Segment	Key Features and Growth Potential
Rural Tourism	Sustainable village tourism and local livelihood generation
Spiritual Tourism	Pilgrimage circuits and religious heritage destinations
Eco-tourism	Nature-based tourism and wildlife exploration
Wellness Tourism	Ayurveda, yoga, and health-centered travel experiences
Luxury Tourism	High-spending travelers and personalized tourism services
Adventure Tourism	Trekking, camping, water sports, and mountain activities
Medical Tourism	Affordable and quality healthcare services

Source: IBEF Report 2026

The development of these tourism segments is the result of consumer preferences and the changes in tourism in the world. People are looking for experiential, sustainable and wellness oriented travel experiences. With its varied geography, cultural heritage and medical know-how, the country has a strong future in these specialized areas. The Government's initiatives, investments in tourism infrastructure, and digital marketing efforts further bolster India's position in the international tourism sector.

Important technological changes are also taking place in the tourism sector. Customer experience and operational efficiency are enhanced through the use of AI, digital booking systems, chatbot systems, and data analytics. The Ministry of Tourism has adopted digital engagement strategies via various online platforms, webinars and virtual tour campaigns like Dekho Apna Desh.

Government Initiatives and Policy Support

The development and modernization of the tourism and hospitality sector in India have been greatly aided by government policy support. The Ministry of Tourism has launched various schemes to enhance the infrastructure, promote the destination, promote sustainability, develop skills and provide facilities to the visitors. Some of the most productive activities in this context are Swadesh Darshan and PRASHAD which are focusing on development of integrated tourism circuits and development of the pilgrimage destinations.

Swadesh Darshan 2.0 is a scheme of sustainable tourism and destination specific development. Likewise, under the PRASHAD scheme, the integrated development of pilgrimage and heritage sites is promoted for improving the cultural tourism infrastructure and amenities for the visitors. The National Integrated Database of Hospitality Industry (NIDHI) is also useful for policymakers in the tourism planning and accommodation management process.

The pandemic has resulted in improved hygiene and safety protocols in the hospitality industry, starting with the initiative SAATHI, which was started by Quality Council of India. Actions for tourists' safety, multilingual helplines, tourist police programs and women's safety programs have improved tourists' confidence and credibility in the destinations.

The growth of tourism has also been boosted by tax reforms and visa liberalisation. The tax rate on hotel rates cut below Rs. 7,500 and increase in e-visa facilities have made it more affordable to travel. Apart from this, medical visa programs and AYUSH visas also promote India's aspiration to transform into a world-class medical tourism center.

Table 4: Major Government Tourism Initiatives in India

Initiative	Objective
Swadesh Darshan 2.0	Sustainable development of thematic tourist circuits
PRASHAD Scheme	Pilgrimage and heritage destination development
SAATHI Initiative	Safety and hygiene certification for hospitality industry
NIDHI	Hospitality database and tourism planning support
E-Visa System	Simplification of international travel procedures
Dekho Apna Desh	Promotion of domestic tourism
Tourist Police Scheme	Tourist safety and security enhancement

Source: IBEF Report 2026

The above-mentioned projects are representative of the integrated approach to the development of tourism infrastructure that encompasses sustainable, digital, cultural, and safe tourism. These policies are not only aimed at boosting tourist numbers but also at developing a more inclusive economic tourism opportunity and enhancing the image of India in the tourism world. Government measure has gained a new significance particularly in the promotion of regional, rural and underdeveloped tourism.

Investment Opportunities and Future Prospects

The changing dynamics of increasing tourism demand, urbanization, digitization, and modernization of the infrastructure provide ample opportunities for investment in the tourism and hospitality sector in India. By 2028, the market is expected to generate almost US$ 60 billion in the sector. In the 25-year period from 2000 to 2025, foreign direct investment (FDI) in the hotel and tourism sector amounted to more than US$ 18.93 billion.

Investors' confidence is reflected in the expansion of airports, highways, cruise terminals, railway tourism and hospitality projects. Under the UDAN scheme, India is looking to operationalise 50 new airports, and boost connectivity in the region. The introduction of cheap flights has grown domestic passenger fares and made access to distant tourist destinations easier.

Medical tourism is one of the fastest-growing parts of the tourism sector of India. The sector is expected to expand from US$ 7.7 billion to US$ 16 billion by 2030. India's cost-effective treatment, top-notch health care facilities, trained doctors, and health care systems make it an ideal place for foreign patients to visit.

State governments are also actively supporting tourism by investing in tourism destinations and promoting them. The policy of Kerala for women-friendly tourism, the expansion of tourism infrastructure in Tamil Nadu, the eco-tourism initiatives in Gujarat and the investments in the tourism sector in Andhra Pradesh are examples of the regional initiatives to promote tourism-led development.

Sustainability, digital tourism ecosystems, smart infrastructure, wellness tourism and experiential tourism are likely to be the game-changers for the future of Indian tourism. There is a growing focus on environmental protection, community involvement and responsible tourism by tourism enterprises. Therefore, sustainable tourism development will continue to be important to balance economic growth and ecological and cultural protection.

CONCLUSION

The tourism and hospitality sector in India has become one of the most dynamic sectors and also the most important sectors in terms of economy. The sector makes significant contribution to GDP, job creation, foreign exchange and development of the region. The industry has shown great potential, with an increasing number of domestic tourists, as well as rising international tourist numbers and the diversification of the tourism market segments, such as wellness, medical, eco, and adventure tourism.

The government's policies, such as Swadesh Darshan 2.0, PRASHAD, SAATHI, reforms in e-visas and digital campaigns in tourism have boosted the infrastructure of tourism, accessibility, safety and competitiveness of the destination. The digital revolution is reshaping the way visitors are treated and destination managed, through the use of technological innovations like artificial intelligence, digital booking and data analytics.

Sustainable infrastructure developments, inclusive policies on tourism, skill development and ongoing investments in transportation and the hospitality sector are all essential for the continued development of the Indian tourism sector. The tourism sector is poised to become a more significant part of India's economic growth, job generation, cultural marketing, and foreign relations as the country strives to become a world class tourism hub. The importance of the tourism and hospitality industry is thus not only an economic opportunity, but also a tool for inclusive and sustainable development in India.

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