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**India's hospitality Industry**

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## INDIA'S HOSPITALITY INDUSTRY

### In Context

- India's hospitality industry is seeking to expand the frontier of tourism in the country.

### About the Hospitality Industry

- India's allure, with its vibrant culture, historical landmarks, and picturesque landscapes, has mesmerised travellers from all corners of the world, making it a popular tourist destination.
  - ◆ As a result, the **hospitality sector** in the country has witnessed encouraging growth, making a significant contribution to the economy.
- India's hospitality industry witnessed a historic year marked by double-digit revenue growth in 2023.
  - ◆ Premium hotels recorded impressive occupancy rates and increased room rates during the year.
  - ◆ This was fuelled by factors like the G20 Summit, ICC World Cup and increased domestic leisure travel, a resurgence in Meetings Incentives Conferences and Exhibitions (MICE) events.

### Data Analysis

- The direct contribution of the Indian hotel industry to the country's GDP is estimated to touch \$1 Tn by 2047 driven by a significant jump in domestic tourist visits and international arrivals. The direct contribution of the hotel industry to GDP was \$40 Bn in 2022 and is expected to reach \$68 Bn by 2027.
- By 2028, India's tourism and hospitality industry is projected to generate revenue of over \$59 billion, with Foreign Tourist Arrivals (FTAs) anticipated to reach 30.5 million.

### Importance and Potential

- **Economic Growth** :The tourism and hospitality sector is an integral part of the Make in India initiative.
  - ◆ It serves as a vital economic catalyst, fueling job creation and rapid development.
- **Use of Infrastructure**: The industry stimulates the growth of multi-use infrastructure, including world-class hotels, resorts, exquisite restaurants, efficient transportation networks (aviation, roads, shipping, and railways), and state-of-the-art healthcare facilities.
- **Geographical Diversity**: India proudly boasts a tapestry of geographical diversity, encompassing awe-inspiring world heritage sites and niche tourism offerings.
  - ◆ From captivating cruise tourism to exhilarating adventure tourism, renowned medical tourism, and mesmerising eco-tourism, India has it all.
- **Gender Empowerment**: Recognizing the importance of diversity and gender empowerment, the tourism industry stands as a leading employer of women.

### Steps

- Government initiatives like **Swadesh Darshan, PRASAD**, and campaigns like **Dekho Apna Desh** have enhanced infrastructure and spotlighted lesser-known destinations.
- The Ministry of Tourism is dedicated to promoting the industry through active participation from all states, convergence of government programs, and impactful public-private partnerships.
- **Visit India Year**: The Ministry of Tourism has designated 2023 as the 'Visit India' year, inviting the world to witness the splendor and magnificence that our nation has to offer.
- **Foreign Direct Investment (FDI)**: India welcomes 100% FDI in the tourism industry under the automatic route.
  - ◆ Additionally, 100% FDI is permitted for tourism construction projects, including the development of exquisite hotels, resorts, and unparalleled recreational facilities.

### Challenges

- Hospitality is known to have **gruelling working conditions**, with low salaries, and the talent story is under severe stress.
- Most of the nation's branded hotel rooms are located in urban agglomerations, which has restricted tourism to a narrow field.
- Given the geographical diversity of the subcontinent, its tourism potential has been exploited timidly.
  - ◆ This exerts undue strain on the available hospitality infrastructure where available, and leaves large parts of the country underserved.
- India is grappling with a significant **talent shortage in the hospitality industry**.

### Conclusion and Way Forward

- The Indian hospitality industry is poised for continued growth despite global economic and health challenges
- There is a need for expanding commercial office markets and the development of infrastructure such as new airports, expressways, and increasing pilgrimage travel, leading to the emergence of new realty and tourism hotspots across the country
- The local industry needs to match service quality expectations of a growing proportion of travellers.
  - ◆ This has to be done at internationally competitive prices.
- It is crucial to cultivate a workforce with a balanced blend of technical expertise, soft skills, and cultural sensitivity, ensuring that guests receive exceptional experiences without any hindrances.
- The government and industry stakeholders must come together to **create a conducive environment for growth and investment**.
- **Expanding infrastructure**, streamlining regulatory policies, and promoting lesser-known destinations can attract more tourists and bolster the sector.
- As the nation aspires to become a leading tourism destination, recognising the untapped potential of the hospitality sector will propel India towards new heights of success and prosperity.

Source:ET

### Mains Practice Question

Q. India's hospitality sector holds enormous potential, waiting to be effectively realised and harnessed. Discuss

