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Tourism and Economic Growth: Assessing the Role of Hospitality Industry

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ABSTRACT

Purpose: *The study provides a comprehensive analysis of post- pandemic recovery and emerging trends in global travel and tourism sector. The study keeps special focus on the Asia- Pacific region and India. The study examines the tourism trends in terms of GDP contribution, employment, spendings and capital investment and also suggest some initiatives for mission of Viksit Bharat@2047.*

Approach: *The study has been conducted by analyzing and interpreting highly reliable secondary data which includes Global trends report of travel and tourism of 2025 issued by world travel & tourism council and Indian hospitality trends and opportunity report by Hotelivate.*

Findings: *The study finds that while the global industry has shown resilience with a 6.8% year- on-year growth in GDP contribution, the recover from pandemic remains uneven. The domestic market has recovered but the international market continues to trail pre- pandemic benchmarks. In the Acia- Pacific region the recovery rate was slowest as compared to other regions and China remained behind of its pre pandemic trends. India showed a strong domestic demand and key developments of hospitality industry. The domestic demand was mainly fueled due to infrastructural developments, spiritual tourism and medical tourism. However, the trends of international visitors in India are still not fully recovered. The findings suggest that the sector is poised for long- term growth but requires strategic policy interventions to bridge the gap between domestic resilience and international competitiveness.*

Keywords: *GDP Contribution, Viksit Bharat@2047, Acia- Pacific Travel Trends, India Tourism Trends, Capital Investment, Leisure and Business Spendings.*

1. Introduction

After the end of global health crisis caused by Covid 19 the tourism sector has taken more than four years for revival. Travel and Tourism is a discretionary item and faced severe crisis during and after pandemic, these effects were cyclic in nature. The global pandemic caused the labor market (indirect and induced unemployment) and savings conditions disruptions, these conditions affected consumer spending states which reduced tourist spendings and further led in disturbance in tourism sector. The disturbance in tourism sector caused direct unemployment which further enhance the impact of pandemic.

Post covid also there has been certain political, technological and economic changes around the world. Technical changes include Artificial Intelligence, its use in travel industry and impact on jobs. Economic changes include changes in international tariff policies and supply chain disruption due to war amongst Russia-Ukraine and Isriel- Palestine, political changes due to elections in more than half of the world in 2024 triggered political instability and also conflict amongst public and government in some countries like Sri Lanka, Nepal, Bangladesh and Pakistan added to political instability. Therefore, this study tries to analyze the trends in tourism and travel in last few years around the world and in Asia- Pacific region.

2. Review of Literature

The travel and tourism sector worldwide are undergoing a major revolution, which has been shaped by a multiplicity of factors such as fast-technological changes, the changing socio-cultural environment, environmental concerns, and long-term effects of the recent worldwide pandemic (Omar et al., 2024). Such a dynamic environment presupposes the knowledge of the latest and potential emerging trends to guarantee the further stability and responsiveness of the industry (Garcia-Madurga & Grillo-Mendez, 2023). Namely, in the Asia Pacific region, economic growth, secure political backgrounds, and infrastructural development have traditionally led to a surge in the infrastructural and long-haul market traffic (Tolkach et al., 2015). This increased tourism activity has been a great stimulus to the economic input of the industry, and it is worth mentioning that a lot of scholarly and policy formulation focus has rested on its contribution to revenue generation, employment and foreign exchange earnings (Purwono et al., 2024). The overall economic contribution of the tourism sector their contribution to the gross domestic product is enormous, and they contribute to the existence of several other industries (AHIRWAR et al., 2023). In fact, before the COVID-19 crisis, tourism has been a significant driver of income growth and infrastructural development, making up close to 10 percent of the global GDP, and creating and maintaining more than 300 million jobs around the globe, proving its central role as an elite income generator and initiator of infrastructures, especially in areas which are unlikely to gain as directly as a result of industrial and technological progress (Bashir and Sharma, 2025). The COVID-19 pandemic however derailed this trend significantly forcing a reassessment of policies to maintain and restore the industry (Alam et al., 2022). Its impact on the global economy dropped by half in 2021 but showed a strong improvement of 21.7 the following year, which points to its natural resilience and readiness to react even against the background of real-world challenges that have never before been seen on the global scale (AHIRWAR et al., 2023). This recovery is also reflected by international travel numbers, which had now more than 50% growth in 2022 than in 2021 and almost 90% of the levels before the pandemic and signifies that the normalcy is now restored and travelers are now satisfied with going (Kanrak & Nonthapot, 2024). Acknowledging an apparent economic significance of the tourism and hospitality industry as the drastic effect of COVID-19 yet confirmed its importance as a means of employment and a key economic activity, it consequently gains an emerging role in the context of public policy (Hall, 2022).

Tourism and hospitality serve an important purpose in economic progress in the Indian environment, regularly creating jobs, boosting local industries, and providing a contribution to national GDP (Bashir and Sharma, 2025). The impact of the sector also includes the creation of employment opportunities, foreign exchange earnings, infrastructure growth and diversification of the region economically. Tourist multiplier effect is visible in other related areas like transportation, retail, and cultural sectors (Bashir and Sharma, 2025). It was the objective of the National Tourism Policy of India (2002) to bring about socio-cultural and economic benefits to promote more tourism activities. By 2012, the number of foreign tourists visiting India had hit 6.58 million, bringing in 17.74 billion dollars in terms of foreign exchange earnings and about 128 billion dollars to the GDP of India (Singh, R., 2015). By 2020, the United Nations World Tourism Organization (UNWTO, 2009) estimated 8.9 million foreign visitor arrivals to India, which reflects tremendous growth prospects (Singh, R., 2015). Tourism plays a significant role in Indian employment as it underpins formal and informal employment in the hotel and restaurant sector, transport system, travel agencies, tour operation, and ultimately local markets (Bashir and Sharma, 2025). The industry contributed more than 8.09 crore jobs, which is around 10.75 percent of total employment, in 2019. Although job numbers reduced considerably in 2020 as a result of COVID-19, the employment rates showed some improvement in 2022, with domestic traveling being revived (Bashir and Sharma, 2025). The more pedestrian traffic, the more investments made in physical infrastructure both by the government and the tourism sector, such as roads, airports, sanitation facilities, and local transportation systems. Such enhancements are beneficial to tourists and the local communities (Bashir and Sharma, 2025). The Swadesh Darshan and PRASHAD schemes are government efforts that focus on improving tourism infrastructures, especially heritage, cultural, and religious sites (Bashir and Sharma, 2025).

Tourism has ripple effects in many sectors such as in retail sectors, food services, and handicrafts and also in the local transport. This is the multiplier effect that guarantees that the expenditure of tourism is circulated in the economy of the local market, where several industries have been supported (Bashir and Sharma, 2025). As an example, in some cities such as Jaipur, when tourists buy local textile, jewelry, and handicraft they are not only benefiting retailers, but also craftsmen, transporters and suppliers of raw materials (Bashir and Sharma, 2025). Another issue that comes with the development of tourism includes seasonality, environmental sustainability, and unequal distribution of tourism benefits (Bashir and Sharma, 2025). Policies should be put in place to mitigate these by applying effective policy intervention and digital transformation strategies (Bashir and Sharma, 2025). The National Tourism Policy 2024 puts emphasis on responsible and sustainable tourism with the emphasis that is to grow more private investment and creation of employment without causing an impact on the environment. Programs such as Swadesh Darshan 2.0 are oriented to full development of the destination (Bashir and Sharma, 2025). The digital sphere is changing the tourism industry the use of online booking, mobile applications, and artificial intelligence (AI) systems has become a hat trick. Such campaigns as Dekho Apna Desh take advantage of the digital channels to popularize domestic tourism and make it more accessible and scheduled (Bashir and Sharma, 2025). Considering that Information and Communication Technologies (ICTs) are rapidly developed, they have transformed the hospitality and tourism sector to make the communication dynamic, information propagated efficiently, and sustainable competitive advantage possible (Rasoolimanesh et al., 2020). ICTs have transformed the customer behavior, marketing, and operational efficiencies (Rasoolimanesh et al., 2020) since 1950s with computerized reservation systems and the blow of the internet, social media, and mobile technologies. Tourism and hospitality sustainability is a growing concept and a critical concept due to the fact that it takes into consideration the economic, social, and environment. The uncontrolled development of tourism may cause harmful consequences on the environment and cultural degradation, consequently making sustainable practices of tourism development essential to the long-run advantage (Malheiro et al., 2022). To minimize the environmental effect and achieve competitive advantage, hotels have started implementing energy efficiency policies, waste management policies, water management policies, and eco-design policies (Malheiro et al., 2022). The other important initiative is creating tourist awareness on sustainable practices (Malheiro et al., 2022).

Viksit Bharat is an idea that is inherently associated with lifetime learning and development. Female gender, especially, is playing larger part in this dream through learning non-conservative trades, proving themselves as professional and breaking social stereotypes. Their increasing competence and desire to learn new abilities are helping them get personal growth and facilitate the development of the country (Deshpande and Gupta, 2024). The role of women has changed, and the economic potential of tourism implies development of an environment where growth and sustainable development work together in the future. Inclusion, sustainability, and smartness of tourism are the key towards the future of the tourism industry in India. Rural tourism, environment and digital first infrastructure is not a fad, but it is something that India must have in order to be competitive in the world. Tourism also ought to be considered a long-term investment that will leave an imprint not only in terms of revenue but also in terms of who is also involved, who gains what as well as how cultural and natural heritage is also maintained (Bashir and Sharma, 2025).

3. Objectives of the study

This paper attempts to offer an elaborate and intricate insight into the economic impacts of the travel and tourism industry although with an emphasis on its pathway to the vision of Viksit Bharat@2047. Particularly, the study will attempt to:

- Examine the post pandemic recovery and some of the new trends in the global travel and tourism sector, the factors that are likely to drive the recovery and factors that will hinder it.
- Analyze the dynamics of the Asia-Pacific region and India in the context of the global nature, indicating its peculiarities and prospects in the development of tourism.

- Measuring the tourism industry contributions in a range of vital economic variables; among them Gross Domestic Product (GDP), job creation, the amount spent by tourism on tourists (both regionally and internationally) and capital investments.
- Determine and measure the effect of diverse government initiatives and policy interventions in India including those that encourage spiritual, medical and domestic tourism on the growth and recovery of the sector.
- Provide strategic policy suggestions to be efficient in closing the current gaps between domestic resilience and international competitiveness of the travel and tourism industry in India and help in enabling its long-term sustainable development and towards the Viksit Bharat@2047 vision.

4. Research Methodology

The area of interest of this research is mainly on the economic impacts of travel and tourism sector with specific geographical orientation on the world, Asia-Pacific region, and India. The temporal scope will deal with the post-pandemic recovery up to the year 2024 and the Viksit Bharat vision projections will be up until 2047. This study is methodological being based mainly on a descriptive and an analytical research design to examine the economic contributions and the emerging trends in the travel and tourism industry. The study utilizes only secondary sources of data which are chosen with respect to their authority, relevance and not staleness. This will guarantee the availability of a wide range of existing information and reduce possible biases involved in the primary data collection. Key data sources include:

- Travel and Tourism Global Trends Report (2025) by the World Travel and Tourism Council (WTTC): This report is a reliable source of information on global and regional trends and patterns in tourism, the contribution of the sector to the GDP, employment, and spending.
- Hotelivate (2025): Indian Hospitality Trends and Opportunity Report: The hotelivate report indicates that it is highly specialized in that it offers very detailed information about the hospitality sector in India and gives data with very granular insight into the domestic tourism sector, investment trends, policy implications in the country.
- Respected academic journals, industry publications, and official reports of governmental and international organizations: These other sources are used to support findings, give them a contextual background, and enhance an investigation framework.

The gathered secondary data is subjected to a strict procedure of qualitative and quantitative analysis. The analysis model is aimed at bringing patterns, correlation, and valuable trends in the travel and tourism industry. The process of analyzing historical data, determining trends of growth, recovery, and change of key indicators, including GDP contribution, employment levels, and tourist spending over the years and specifically after the pandemic. Cross region and cross-country comparisons are made with the aim of benchmarking the performance of India with that of the world and Asia-Pacific countries and identifying areas of strength and weakness. Effective use of descriptive statistics to form and provide data, in the form of percentages, growth rates, and absolute numbers, to reflect the extent and direction of changes in the sector. The qualitative analysis of the government policies and initiatives intends to learn their intended and observed effects on the domestic and foreign tourism, spiritual and medical tourism in India.

Although the utilization of the highly dependable secondary data boosts the validity of the study, a limitation may be the nature of the secondary data that may not always serve as a perfect fit to the accurate research questions. This restriction, however, is avoided by a prudent choice of a variety of sources, both authoritative and guaranteeing a full and unbiased outlook.

5. Discussion of Results

5.1 GDP (%):

The trends shows that tourism sector has started reviving from the impact of Covid- 19 pandemic. The share of Travel and Tourism as percentage of GDP has increased 0.3% as compared to 2024. Although it is less than the pre- pandemic level by 0.2%. The table below shows the travel and tourism contribution to GDP via three types of economic activities i.e. direct, indirect and induced. These are explained in detail below:

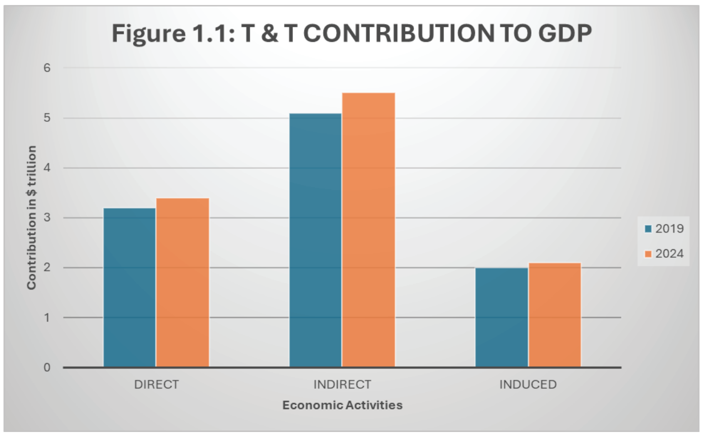
- **Direct activities:** These are economic activities which leads in immediate income generation from tourists and have direct involvement of tourists. These activities include hotel services, airlines, travel agents, restaurants etc.
- **Indirect activities:** These activities include investment and spendings by the businesses who are involved in providing services to tourists. For example: expenditures by hotels on food, vegetables, toiletries, bedsheets and other handloom items, construction companies who build hotels and resorts. These activities also include government spendings like taxpayer money spent on tourism promotion, airports and other infrastructural activities.

- **Induced activities:** These are economic activities generated by the employees of tourism industries like a hotel manager, chief, waiter or an airline pilot, air hostess spendings on their day to da requirements and some portion for investments for future income. These activities support local supermarkets, landlords and retailers who are not in direct contact with tourists.

Table 1.1: Travel and Tourism contribution to GDP (in $ Trillion)

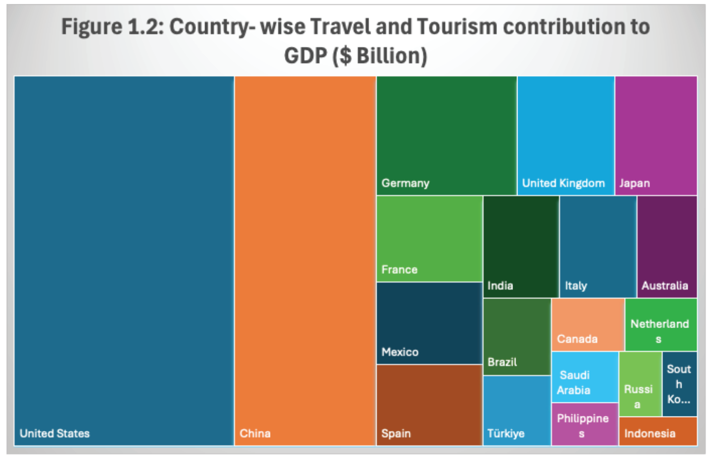
	2019	2024	% change
Direct	3.2	3.4	6.25%
Indirect	5.1	5.5	7.84%
Induced	2	2.1	5.00%
Total	10.3	11	6.80%

Source: https://wttc.org/research/economic-impact



Source: Author's own compilation

The travel and tourism sectors contributions to GDP has crossed the outcomes of pre- covid trends of 2019 in all three activities with highest percentage increase in indirect activities followed by direct and induced activities. Therefore, this shows that travel and tourism have recovered from the covid effects in terms of GDP contribution and is further expected to grow in future. The statistics clearly show that the Travel and Tourism industry in the world is a giant economic powerhouse that has an estimated worth of much more than the conventional tourism operations. The huge multiplier effect of T&T industry is illustrated by the fact that the contribution of the sector is enormous with an enormous amount of Indirect contribution. When every dollar of expenditure is spent directly on tourism (i.e. flights, hotels, attractions) much more money is created in supporting supply chains (i.e. agriculture provides restaurant food, manufacturing supplies hotels, IT and marketing services).



Source: Author's own compilation

If we look at the country wise contribution to GDP by travel and tourism United States comes first with $2,558.40 billion followed by China. India comes at ninth rank with a contribution of $249.30 billion. However, if look at the countries with highest percentage of tourism contribution to GDP Antigua and Barbuda (81.4%), Macau (78.6%), Aruba (68.4%), Grenada (67.8%) and Maldives (61%) are the top five countries. These countries can be labeled as tourism run economies.

5.2 Employment:

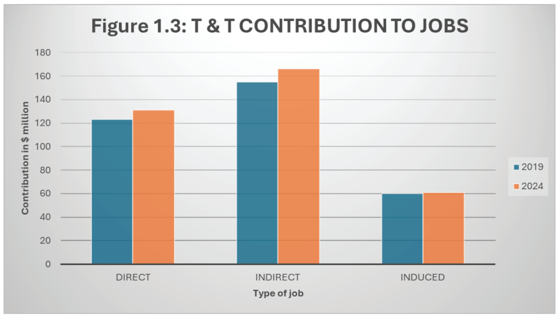
The employment levels however have recorded all time high with 371 million jobs globally; this represents 10.9% of the global employment which is higher than the pre-pandemic level of 10.7% (2019). Although this increase in jobs has reduced year on year basis. In 2024 when compared to previous year (2023) the growth was 6.2% but in 2025 the growth was 4%. The table below shows travel and tourism contribution to employment in three modes i.e. direct, indirect and induced jobs. These are explained in detail below:

- **Direct jobs:** These jobs involve face to face contact with tourists and directly produce the services for tourists. For example: Fight attendants, waiters, tour guides, agents, pilot etc.
- **Indirect jobs:** These are workers who don't have direct contacts with tourists, but their job is dependent on the tourism industry buying their goods and services like a laborer constructing hotel receives wages only when construction takes place, farmer who is growing crops or a supplier of cookery items and other daily necessities to a hotel.
- **Induced jobs:** These are jobs dependent on tourism industry workers like when a hotel receptionist receives salary, s/he spends that money in the local economy and thus creating jobs in local economy.

Table 1.2: Travel and Tourism contribution to Jobs (in million)

	2019	2024	% change
Direct	123	131	6.50%
Indirect	155	166	7.10%
Induced	60	61	1.67%
Total	338	358	5.92%

Source: https://wttc.org/research/economic-impact

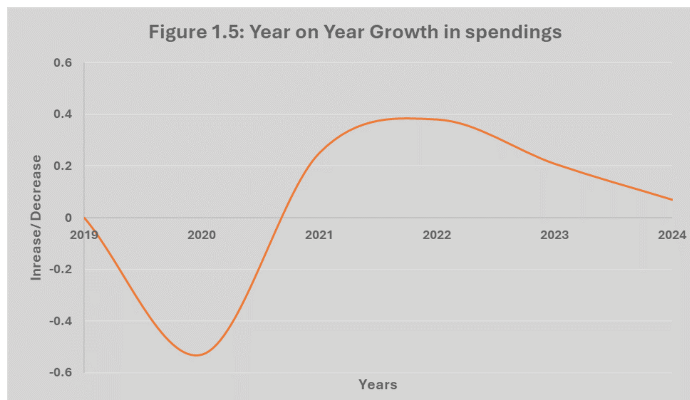


Source: Author's own compilation

The contribution to employment of this sector has crossed the pre pandemic levels of 2019 with highest increase in indirect jobs followed by direct and induced jobs respectively. The figures are a clear indication that the global Travel and Tourists Industry has not just ended the pandemic-related slumps but there is a growth in the total number of jobs employed by 2024. The journey of massive economic multiplier effect of the sector is emphasized by the disproportionately large and increasing Indirect contribution. It highlights that any front-line tourism position that is created (Direct) is accompanied by even a larger quantity of work in the products and services that support it (Supply chain, food service, construction and IT). In the meantime, the level growth of Induced contributions may be indicative that although more employment is being generated, the macroeconomic pressures on the discretionary spending capacity of people actively involved in the T&T ecosystem are wider including inflation or cost-of-living inflation.

Source: Author's own compilation

Despite the fact that U.S. has the highest contribution of T & T to GDP but in case of employment contribution it lies at the third rank, the reason for this can be either high inflation in the country which requires more spending than others or the use of technology instead of human resource. China and India lie on first and second rank in terms of contribution to employment. The statistics are effective in showing how employment in the sector is quite centralized in nations that have huge total population. The size of the jobs in China and India outweighs the rest of the world and indicates the very labor-intensive economic designations and extensive domestic labor pools. Also, the high proportion of such countries as the Philippines, Indonesia, Thailand, etc. also implies that the relevant sphere of tourism or services (based on the specific scope of the paper) heavily depends on human capital. Conversely, the relative light footprint of the developed European countries may reflect a reduced base of workforce as well as perhaps a high rate of labor productivity whereby more economic value is realized per worker due to high level of infrastructure and automation.



Source: Author's own compilation

5.3 Spendings:

The global spending in travel and tourism has gradually increased post covid. During 2020s it marked its lowest point with a dip of approximately 53% in a year. The expenditure pattern overlaid in Figure 1.5 is in completely perfect alignment with the macroeconomic shocks that will be induced by the COVID-19 pandemic. The disastrous decline in 2020 points at the direct influence of world-wide lock down, limited travel, and universal freezing of the economies. The following increase in 2021 and 2022 can be seen as is symptomatic of the so-called rebound effect or revenge spending. With the release of restrictions and because of the opening of economies, people were able to release pent-up demand, which was further enhanced by global economic stimulus measures. Nevertheless, this has been mitigated by the gradual slowdown recorded between 2022 and 2024 indicating a normalization of the market. This cooling down is probably the spread of the pent-up demand, along with more macroeconomic headwind of inflation, increasing interest rates, and an ultimate fall to the pre-pandemic pattern of the growth drive.

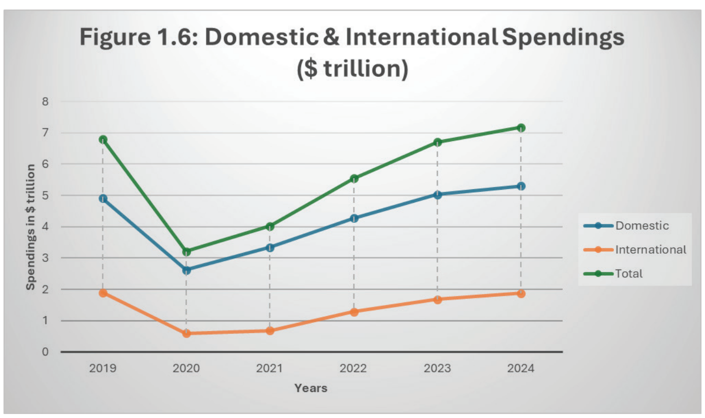
To understand the spending trends by tourists these can be divided into origin of spending and purpose of spending. These are discussed below:

- **Spendings as per origin:** The spendings can either be domestic or international as per origin. Origin means the origin place of person spending money. Domestic spending includes spending by the normal residents of the countries while international spendings are done by international tourists visiting the country. The trends shows that domestic spendings are the major portion of spending with almost a contribution of 70% to 80% every year. Post pandemic trends for domestic spendings have recovered and have attained the 2019 levels, however the international trends are falling behind the 2019 levels. Although the overall levels have crossed the previous high in 2024. The year-on-year growth levels are declining and reaching to a constant pace, although the YoY growth was greater than the estimated constant rate of 2.5% every year, this can be due to recovery effect or due to high inflationary pressure.

Table 1.3: Travel and Tourism Spendings (in $ trillion) (Origin)

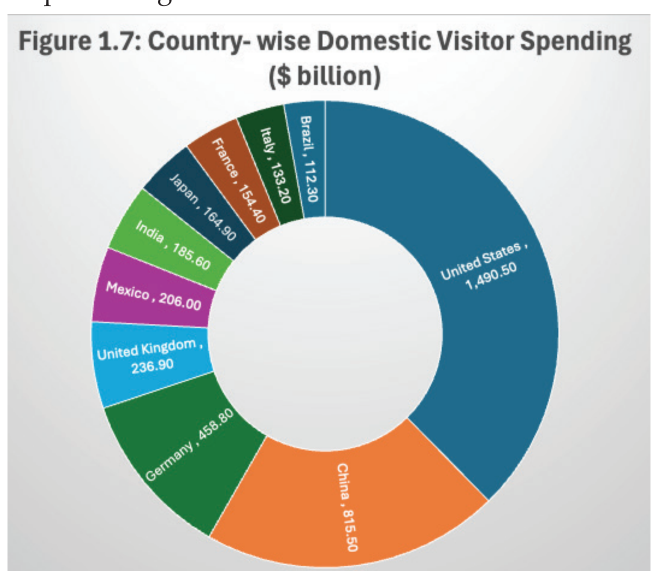
	Domestic	International	Total	Domestic Share	International Share	Year on Year growth
2019	4.91	1.9	6.81	72.10%	27.90%	--
2020	2.62	0.59	3.21	81.62%	18.38%	-52.86%
2021	3.34	0.68	4.02	83.08%	16.92%	25.23%
2022	4.27	1.28	5.55	76.94%	23.06%	38.06%
2023	5.03	1.68	6.71	74.96%	25.04%	20.90%
2024	5.3	1.88	7.18	73.82%	26.18%	7.00%

Source: https://wttc.org/research/economic-impact



Source: Author's own compilation

In terms of country- wise domestic and international spendings U.S. is ranked first. India is ranked sixth in case of domestic spendings. The data indicates that there is a very high correlation between domestic visitor spending and the geographical size, scale of population, and overall economic output of a country. The enormous internal markets of the US and China make high volumes of domestic travel and consumption possible. Furthermore, the rise in the strong positioning of emerging economies such as Mexico, India, and Brazil implies the existence of growing populations with a middle class with more disposable income dedicated to tourism and leisure within their territory. Conversely, despite being geographically smaller, countries such as Germany and UK have high levels of spending, possibly aided by high per-capita income, well-developed transport and good domestic business travel sectors.



Source: Author's own compilation

The data shows a clear hierarchy in international tourism economy. While the United States and China have the lead positions, their dominance in the international market is significantly lower than in the national market, signaling a more fragmented and competitive global market. Spain's particularly good performance - better than France, which is well known for having received a higher overall volume of tourists - hints of extremely good monetization of international tourists, perhaps due to longer average stays or more expenditure per day. Furthermore, the high showing by Turkiye and the UAE reflects a shift in international travel patterns where these countries have successfully capitalized on their geographical location in order to draw profitable international layovers and luxury tourism. In case of international spendings India does not comes in top ten countries which shows weak international tourist attraction and requirements for policy changes and increase in promotional spendings by the government for tourist attractions.

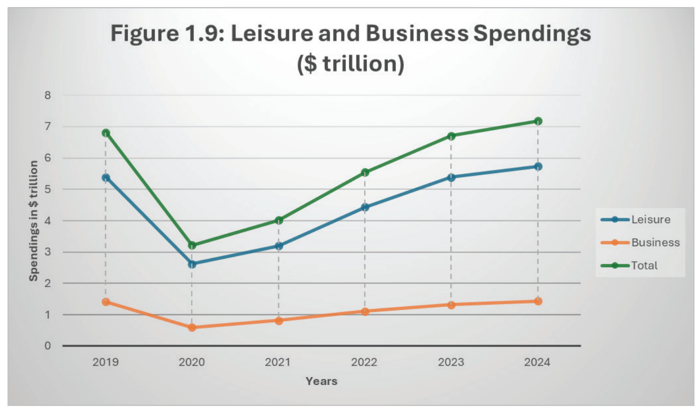
Source: Author's own compilation

- **Spendings as per purpose:** Spendings can be either leisure or business purpose spendings. Leisure purpose is travel by tourists for pleasure and self-satisfaction, this includes individual traveling in holidays, visiting friends and relatives, health travel or religious travel. Business travel includes travel for work purpose like sales meeting, travel by international players for playing sports in a country, attending conference abroad, client visits etc. Although business purposes are not directly linked to tourism, but these helps in creating business for hospitality sector. The trends in 2024 shows that leisure and business spendings of business have surpassed the levels of 2019. Leisure purpose being the direct reason for travel by a person attains major share for spendings with almost 80% share every year.

Table 1.4: Travel and Tourism Spendings (in $ trillion) (Purpose)

	Leisure	Business	Total	Leisure Share	Business Share
2019	5.39	1.42	6.81	79.15%	20.85%
2020	2.62	0.6	3.22	81.37%	18.63%
2021	3.2	0.82	4.02	79.60%	20.40%
2022	4.44	1.11	5.55	80.00%	20.00%
2023	5.39	1.32	6.71	80.33%	19.67%
2024	5.74	1.44	7.18	79.94%	20.06%

Source: https://wttc.org/research/economic-impact



Source: Author's own compilation

The statistics above in Table 1.4 highlight the inherent structural rigidity of the travel market across the world. The 2020 Leisure Share increase to 81.37% was rightly brief to show that business travel was repressed a bit more brutally as compared to Leisure in the same period. The normalization of the past 2021 leisure and business travel that happens at such a rapid rate is however very significant. It invalidates the post-pandemic speculations that corporate travel would be replaced forever by digital communication technology. Rather, the data confirms that business travel increases directly with macroeconomic recovery and holds on to the time-honored discretionary position of 20-percent of the entire travel economy. Moreover, the record high of 7.18 trillion in 2024 is a clear testament that the general global interest in the travel business has not only rebound, but it has indeed increased.

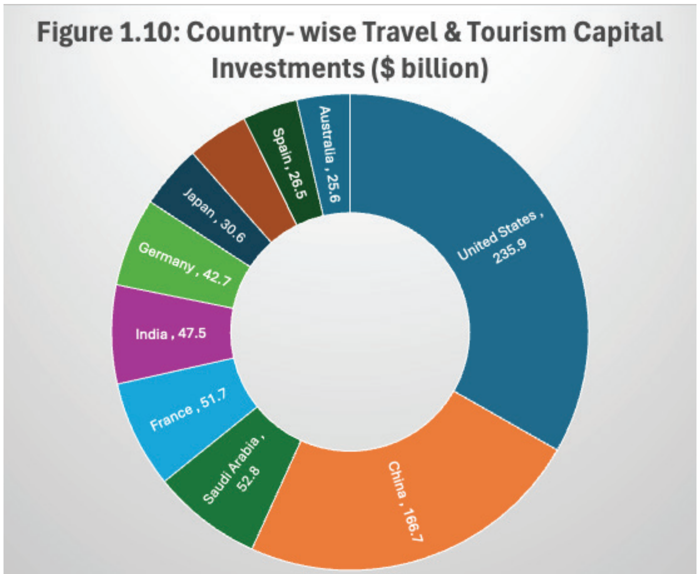


Figure 1.10: Country- wise Travel & Tourism Capital Investments ($ billion)

Source: Author's own compilation

The indicators discussed so far were demand side ones, moving to supply side indicators, the investment around the globe in 2024 grew 9.9% compared to 2023. The investments reached 3.8% of all investments in the global economy. This percentage was higher than previous year but is behind the investment percentage of 2019 (4.8%). As per country wise capital investment trends U.S. has the dominating share of $235.9 billion and investments by India is ranked fifth with $47.5 billion. Figure 1.10 contains the data that represents a proactive signifier of global tourism priorities. The huge capital outlays of the US and China signify a strategic requirement to sustain, modernize, and develop their already huge infrastructures of tourism to underpin their huge domestic markets, as well as the overseas inflows. The most notable point is the eminent positioning of Saudi Arabia, though. Its investment of 52.8 billion reflects a sycophantic macroeconomic shift sponsored by the state. Saudi Arabia is a nation that is fiercely investing capital to develop mega-projects and establish itself as a global destination of choice, shifting its economic dependence into different economic sectors beyond petrochemicals and shifting to a sustainable service and tourism economy. Equally, the high investment profile in India is an indicator of a dynamic attitude towards modernizing the Indian infrastructure to satisfy the increasing number of middle classes and attain a greater market share in the global market.

Therefore, by looking at the global trends this can be concluded that the sector has not fully recovered from the pandemic effects is lagging behind in the investments and international spendings.

5.4 Regional Trends: Asia- Pacific:

Now moving towards the regional trends of Asia-Pacific region for tourist let us see travel and tourism contributions with special focus on India in this zone.

If we consider the overall performance of this region, it was slowest among regions like north America, Arab countries, Europe and other major zones. The region outperforms only in terms of employment by accounting for almost 55% of total employment contribution of travel and tourism in 2024. The region had slowest recovery post covid. The T & T contribution to GDP has just crossed the 2019 levels with a rise of 0.4%. Jobs are higher by 4.5% than 2019 levels. China being the dominating country in this region and second biggest contributors worldwide is far lagging behind the 2019 numbers by 4.8%.

Talking about the spendings in travel and tourism in Acia- Pacific region the growth in domestic spending has just crossed the pre pandemic levels but in case of international spending it is far behind with 2.8% less spendings as compared to 2019 levels. Therefore, the tourism trends in the region are growing at a diminishing rate and has not been able to fully recover from the pandemic effects and the major contributing countries requires some policy changes for improving the number of international visitors in the country. Although the region had showed slowest recovery, it is expected to have fastest compound annual growth rate (CAGR) of 5.7% in the coming decade and the contribution to GDP is expected to reach $6 trillion by 2035. In jobs the region is expected to grow similar to present trends and is likely to generate about 52.7 million more jobs by 2035 which is more than 50% of the total job generation forecast (90.6 million) of this sector in 2025 to 2035.

Now taking a look at the ranking of countries in this region as per contribution to GDP. China is the topmost country accounting for more than 50% of other countries contributions and the country has maintained its second ranking around world in the last decade for contribution to GDP. Despite the slow growing trends of recovery in China post pandemic, it is expected to reach at number one by 2035 in terms of total travel and tourism contribution to GDP globally by surpassing United States.

China	1600
Japan	310.5
India	249.3
Australia	195.9
Philippines	91.8

South Korea	73
Indonesia	71.7
Thailand	67.3
Singapore	54.6
Macau	43

Source: https://wttc.org/research/economic-impact

5.5 India:

India is the third largest contributor in this region and is most populated countries across the world. India is 4th largest economy in the world, its past trend in this sector shows strong domestic demand. The trends show that the domestic spendings in the country rise almost 22.2% from 2019 levels with spendings of $185.6 billion. The domestic spendings accounts for approximately 74.5% of the total contribution to GDP of this sector. Also, the sectors contribution to GDP has increased by 19.9% than pre pandemic levels. In the coming years the domestic growth in India is expected to grow further at 6.9% annually and country is expected to be raked at number three in terms of domestic spendings globally by 2035. In terms of overall global ranking for contribution to GDP the country was at 9th rank in 2014 and has reached to 6th in 2024 and looking at the strong domestic growth of the country, it is expected to reach at number four in 2035. Mumbai remained the highest contributor among all other tourist places in India followed by Bengaluru, Delhi and Hyderabad. Some places like Goa are facing tourist downfall and requires some major policy shifts.

The domestic tourist visits in India are rising well with a 17.5% increase in 2024 from the previous years. In numbers the tourist visits stand at about 294.82 million which is significantly higher the pre pandemic levels. The major share of domestic visitors was in Uttar Pradesh (21.9%) followed by Tamil Nadu (10.4%), Karnataka (10.3%), Andhra Pradesh (9.8%) and Rajasthan (7.8%). However, the international visitors' trends are lagging the pre pandemic levels despite the growth of 7.7% from the 2023. The international visitors number is about 2 million less than the visitors in 2019. The major share in foreign tourist arrival is from U.S. (18.1%) and Bangladesh (17.6%) followed by U.K. (10.3%), Australia (5.2%) and Canada (4.8%). Indian government in tourism sector has launched various policies to increase both domestic and international tourism. Policies like Medical visa for cheaper and superior medical treatment than other countries, Heal in India initiative, PRASHAD scheme, Swadesh Darshan scheme and Dekho Apna Desh schemes are some of the centra government backed initiatives which helped in promoting medical and spiritual tourism.

Policy shifts are accompanied by economical shifts with increase in emphasis in tourism budget. In Budget 25-26 the tourism spendings was raised to ₹2541 crores. The country has set the aim to make India as tourism hub by 2047 as a vision of Viksit Bharat@2047. This vision aims to increase the international visitors to 100 million by 2047 but the allocation of budget for promoting international tourism is far lacking behind with less than 1% of budget expenses for this purpose. The tourism sector has gained from development in Aviation sector also. In the past year it became the 3rd largest aviation market in the world in terms of passenger volume. The passengers served by aviation sector increased from 376.4 million in 23-24 to 411.6 million in 24-25 reflecting a year-on-year growth of 9.4%. Major contributors in this were Hyderabad and Ahmedabad with an increase of 16.8% and 14.5% respectively. The sector has also had intangible gains in terms of listing of NIFTY Tourism Index which has investments in a pool of sixteen listed companies in tourism sector. The index provided an annual return of 9.05%. Along with this various other branded tourism and hospitality operators have listed their companies on the stock exchange like ITC hotels, IHCL, Lemon Hotels, Ventive hospitality etc. These listing reflect the growing needs of funds by tourism operators for increasing quality and quantity of servings for increasing tourist arrivals and also shows the confidence of investors in sector's growth potential in future.

Considering the hospitality sector the occupancy rates of room has risen by about 0.5% from previous year 2023 and has crossed the pre pandemic levels. The revenue per available room (RevPAR) is highest and has reached to peek of 2007-08, along with average daily rate (ADR) similar to the 2007-08 levels. About 177 more branded hotels were setup in the previous year, making the total stand at 2008 branded hotels with more than 1,95,000 rooms, reflecting a 9.3% year-on-year growth of branded hotels in India. Also, the supply of room by branded hotels in India is expected to be 2,85,135 rooms by 2029-30. The occupancy of five-star deluxe category remained highest with about 71.7% with an average rate of ₹16,797 which is almost double the five-star hotels average rate. The occupancy in five-star deluxe hotels has risen by 3.8% in 12 months and average rate is risen by 7.7% in the past 12 months, these percentages are higher than other category levels. The increase in five-star deluxe category hotels shows increase in income levels in India which led to increase in demand of these hotels and thus increasing the rates. If we compare the occupancy, ADR and RevPAR in city tier in 2023-24 and 2024-25, tier 1 and tier 2 cities have showed increase in occupancy rates while tier 3 cities occupancy has reduced by 1.1%. In ADR trends tier 1 cities have shown highest growth with about

₹ 600 increase from previous year and similar are trends in case of RevPAR where tier 1 cities have outperformed the other two with more than ₹ 600 increase.

Therefore, the trends in India showcase the high growing demand and supply in tourism sector. Ther has been infrastructural development at key spiritual locations like Ayodhya Ram Mandir, Mathura, Dwarka etc. which has increased the tourist footfall in these areas and thus the demand has increased. Also, the development of corridors at these location has contributed to the growth of domestic areas. The development of road infrastructure has reduced the time to travel which has increase in travel of people from metro cities to nearby tourist spots like Delhi- NCR people are travelling to locations like Manali, Rishikesh, Kasauli etc. frequently on weekends, this is also adding to domestic demand.

6. Conclusion and Recommendations

Therefore, the study highlights the global travel and tourism sector has shown significant resilience with a 6.8% increase in GDP contribution and high employment levels. However, recovery remains uneven as domestic markets have fully rebounded but international spending and investment continue to lag pre- pandemic levels. The Asia- Pacific region is currently the slowest to recover and is projected to lead future growth with a 5.7% CAGR. In case of India there has been a robust 22.2% rise in domestic spendings driven by infrastructural improvements and sectoral tourism like medical and spiritual tourism, but its international visitors' numbers remain below the 2019 levels. To maintain a sustained long- term growth, the sector requires strategic policy shifts to bridge the gap between domestic success and international competitiveness by particularly boosting capital investment and promotional budgets. For India to meet its Viksit Bharat@2047 goal of 100 million international visitors, there is an urgent need to increase the currently low allocation funds for promoting international tourism. The changing dynamics of future is increasing the importance of sustainable tourism for hotspots and the evolving impact of Artificial Intelligence and Machine learning on tourism employment. The further steps which can be taken by Indian government in its budget can be:

- **Women entrepreneurship and homestay policy:** The tourism budget should focus on promoting women entrepreneurship policy. This should specifically include homestays policy. Homestay is a strategic avenue to be used for promoting employment amongst homemakers. By providing subsidies in LPG gas, electricity, interest free, Interest Subvention Scheme, low interest loans or low collateral loans to women only for developing homestays will have twin benefits. First, women can become independent and can earn their living. Secondly, their day-to-day working does not get affected while maintaining the functioning of a homestay. Therefore, this will add to women entrepreneurship. Beside this the budget should also allocate funds for Homestay Quality Assurance/Certification Program to maintain certain standard. This standardization will help in marketing and also in removing the stereotypes related to Indians civic sense.
- **Tourism Balancing and Off-season Spending:** There have been many floods and landslides in recent times in areas of Himachal Pradesh and Uttarakhand due to increasing movement of tourists and climate change in the hotspot areas. Budget should try to focus on tourism balancing by promoting tourism in off-beat circuits and in outskirts of tourist hotspots as it will promote more inclusive development and promote sustainability. Budget can reduce burden on hotspots by giving firstly increasing promotional expenditure for promoting non- hotspot areas, then giving concession loans and rebates to people living in these areas. Also, budget should try to include off season policy which can promote tourism during off seasons in hotspot areas. Also, for these hotspot areas Green Tourism Infrastructure Fund specifically for ecological restoration in high-risk zones like Uttarakhand/HP should be included.
- **Promotional spending and marketing activities:** The tourism budget should allocate specific spending for promotional activities and should use influencer marketing for promoting non- hotspot areas. Digital content creators and vloggers can act as key partners in this initiative. The budget should ideally fund a Unified Tourism Portal (an app) that connects foreign tourists directly to rural homestays and tribal guides which will eliminate middlemen commissions and increase accessibility.
- **Medical Tourism and Tribal tourism:** Inclusion of medical tourism in previous budget was a very good step in promoting Indian medical science of ayurveda and yoga among tourists. In the anticipated budget the promotional spending of medical tourism should be increased for promoting it among foreigners and also establishment of yoga centers can be done in outskirt areas for promoting tourism balancing. Also, Medical Visa Fast-Track Fund to streamline the entry process for patients. The Indian budget should include tribal tourism with medical tourism as it will help in preserving the culture of tribes with increase in their income. It can include certain promotional spendings and providing training in hospitality, business and digital skills.

- **Foreigners tax concession for indirect taxes:** GST Refund Scheme for International Tourists can be given like 50% to 80% indirect tax rebates by showing GST bills on the airport. This will help in two ways: Firstly, more foreign tourist can be attracted and also their spendings can be increased which will increase net disposable income of our people. Secondly, the tourists will ask for GST bills from every shopkeeper and hotel which can help in improving GST compliance.

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