

Bright future ahead for India's hospitality sector: FHRAI President K Syama Raju

The future of India's hospitality sector and tourism is bright, with substantial growth expected in 2025 and beyond. Domestic tourism is projected to grow by 15–20%, driven by government initiatives such as 'Dekho Apna Desh' and the Swadesh Darshan 2.0 scheme, which are enhancing infrastructure and connectivity.

Improvements like expanded regional airports and better road and rail networks are opening up new travel destinations, fueling further growth. The travel market is on track to reach \$125 billion by FY27, with the hotel market set to grow from \$32 billion in FY20 to \$52 billion.

International tourism is recovering strongly, with foreign arrivals expected to surpass 17 million in 2025, contributing significantly to foreign exchange earnings. In the first half of 2024, foreign tourist arrivals reached 4.78 million. Wellness, adventure, and heritage tourism, coupled with streamlined e-visa policies and global marketing efforts, are positioning India as a preferred destination.

Hotel occupancy rates are expected to climb to 75% or higher, supported by increased leisure, business, and MICE (Meetings, Incentives, Conferences, and Exhibitions) tourism. Hosting multiple high-profile global events will further boost the sector, which is projected to grow by 10–12%, significantly contributing to GDP and employment.

To sustain this momentum, targeted government support is essential. Uniform recognition of hospitality as an industry across all states is a critical demand. This would bring benefits like reduced electricity tariffs, streamlined land-use permissions, and better access to finance.

Simplifying infrastructure status rules, which currently exclude many hotels, and establishing uniform laws across states can reduce operational challenges. Rationalizing the 18% GST on room tariffs above ₹7,500 to 12% would make

India more competitive for both domestic and international travelers. Simplified licensing through a single-window clearance system and support for green technologies are vital for long-term sustainability.

With these measures, India's hospitality sector could grow by 12–15% annually, generate millions of jobs, and firmly position the country as a global tourism leader by 2047.