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Unlock the potential  
**A look into Outbound Tourism**







## Foreword

The past decade has witnessed an extraordinary transformation in the way Indians perceive travel. The desire to explore new destinations, experience different cultures, and embark on memorable adventures has surged within the hearts of millions of Indians. As a result, the outbound tourism industry in India has experienced remarkable growth, creating both opportunities and challenges for stakeholders across the globe.

Almost 27 million Indians travelled overseas in 2019 in the pre-Covid world. Year 2020 and 2021 were largely lost to the Covid-19 pandemic. However, with the world gradually opening to travel and tourism, in 2022, almost 20 million Indians have travelled overseas. According to Ministry of Home Affairs, Bureau of Immigration, over 18 million Indians have travelled outside the country between January-November 2022. For those more optimistic about the recovery in outbound travel, the number is expected to reach the 2019 pre-Covid high of 27 million this year, or else full recovery are expected by 2024.

India outbound travel is growing much faster than any other country. Data from many sources reveal that while outbound travel searches from most Asia-Pacific countries increased between 30% and 60% from 2019, searches from travelers in India jumped by 225%. From January 2019 to mid-May this year, hotel, and flight searches by Indian travelers to Indonesia increased by 256%, 215% to Singapore, and 147% to Thailand. And searches to Vietnam, a country long overlooked by Indian travelers grew even more (a 390% rise from 2019).

Whether it's a short getaway in Asia or a long holiday in Europe, Indians are spending money. Last year, Indian travelers spent about 30% more on accommodations for their international travels than before the pandemic, and 20% more than the average Chinese customer.

While some may perceive this trend as merely an outward cash flow, it is essential to recognize the tremendous opportunity it presents for the growth of the Indian economy. The cross-border spending not only enhances the global economy but also encourages international trade and cultural exchange. The exposure gained through travel broadens horizons and opens doors to business opportunities, enabling Indian entrepreneurs to leverage their experiences and networks to contribute to the global economy. Outbound tourism fosters the development of ancillary industries, such as travel insurance, foreign exchange services, and visa processing. The growth in outbound tourism also acts as a catalyst for the development and promotion of domestic tourism, benefiting local communities, preserving cultural heritage, and driving regional economic growth.

As we look to the future, it is essential for all stakeholders to work together to nurture and maximize the benefits of outbound tourism, ensuring that it becomes an integral component of India's economic growth story. Governments can play a pivotal role by implementing supportive policies, investing in infrastructure development, and promoting India as a source market for outbound tourism.

With great pleasure and anticipation, I present the "India Outbound Tourism Report". The report goes beyond statistics and figures, it delves deep into the economic, social, and technological factors that influence the outbound tourism market. I hope the insights of the report will help in understanding the ever-evolving landscape of Indian outbound travel and tourism.

Sincerely,

**Ankush Nijhawan**

Chairman, FICCI Outbound Tourism Committee



## Foreword

India has emerged as the largest source market for outbound travellers in Asia in 2022. India accounted for around ten million foreign trips, making it the leading Asian source market for outbound travel. By 2024, Indians are expected to spend more than \$42 billion per year on outbound travel.

India's impressive rebound as a source market for outbound travel in Asia is a positive sign for the tourism industry, indicating a pent-up demand for travel.

India's outbound tourism market is projected to expand at 11.4 percent CAGR between now and 2032. This growth is primarily attributed to the increased desire of Indians especially millennials to visit international destinations before they turn 60. A significant number of people opt to visit USA, Canada, Saudi Arabia, Thailand, Australia and Germany for education, business and travel purpose. Apart from this, nearly 60 percent of Indians travel to Thailand and USA for luxury high end vacations due to location, weather and beautiful beaches.

Compared to densely populated nations such as China, India's population is youthful and with Digital India initiative leading to increased penetration of social media, Indians are more passionate about travelling internationally on the back of rising YOLO (You Live Only Once) trend.

Increasing trend of YOLO and desire for education from foreign universities will further boost the Indian Outbound Travel. Favourable government initiatives and availability of attractive tour and travel packages will give impetus to the growing

Indian outbound tourism market. However, Low ranking of the Indian passport – 144th on the Henley Passport Index which ranks 199 passports, with only 68 countries accessible without a visa or with visa on arrival to Indian nationals, could potentially be a major barrier to realising the full potential of the Indian outbound travel market.

It is therefore imperative to dispel the notion that outbound tourism only benefits foreign economies. While Indian travellers contribute to the economies of their chosen destinations through their expenditures, the Indian economy also reaps rewards from outbound tourism. The travellers spending indirectly contributes to India's GDP and strengthens economic ties between nations. Furthermore, outbound tourism facilitates cultural exchange, nurtures diplomatic relations, and positions India as an influential player in the global tourism landscape.

It is my privilege to present the "India Outbound Tourism Report", an invaluable resource that provides an in-depth analysis of India's burgeoning outbound tourism industry. This report sheds light on crucial aspects, dispelling misconceptions, and offering insights into the immense potential of outbound tourism from India.

I hope that this report serves as a guiding light for policymakers, industry leaders, and travel enthusiasts, enabling them to grasp the immense opportunities that outbound tourism from India presents and to foster its sustainable growth for the benefit of India's economy, cultural exchange, and global prominence.

Sincerely,

**Suraj Nangia**

Head (Government and Public Sector Advisory)  
Nangia Andersen LLP



## Foreword

We are over with the major Pandemic of all the times, we are watching travellers and tourists enjoying different destinations “Despite Pandemic, India logs impressive recovery, surpasses China, South Korea and Japan in outbound travel” (outlook April 29 , 2023) that’s actually quite exciting .

As per the report published by IPK international at ITB Berlin India is among the top source market for outbound tourists in Asia 2022. We see an impressive year-on year rise of 190% . As per our study and surveys major movement of outbound tourism has been seen for the Asian countries like Dubai, Singapore, Bangkok, Bali, Malaysia and Saudi Arabia. We are also seeing little high end tourists going to Europe, Australia & USA .Study clearly shows a major revenue generation by Indian Travel & Tourism industry on these outbound tourism activities . **“Indians spent nearly \$10 billion in overseas travel during the first nine months of fiscal 2022-23, which is more than any full financial year”** As stated by Times of India in a report. On an average Indian tourist spends 75-200 USD per person per night , which is according to international standards quite lavish.

However, there is a fallacy surrounding this notion that outbound tourism primarily benefits the economies of the destination countries, while India loses out on potential revenue. But the reality is that **outbound tourism does have a positive impact on the Indian economy** as well. Indian travellers start their journey from India, which is totally managed by the Indian travel agency. Yes! the tourists contribute to foreign economies through spending on accommodation, transportation, dining, shopping, and various tourism-related activities. But

looking at the Indian tourists’ foreigners are attracted towards our culture , which becomes a major pull factor for them to visit India. Hence every Indian tourist attracts two foreign tourists to India, in turn impacting our economic growth. Additionally, outbound tourism promotes cultural exchange, fosters business connections, and enhances India's global reputation, all of which can have long-term economic benefits.

We in our report have tried to cover facts & figures on the outbound tourism from India. **It is with great pleasure that I present the “India Outbound Tourism Report”, in association with FICCI.** This report is a comprehensive analysis of India's growing outbound tourism industry. This report sheds light on the evolving travel patterns, preferences, and economic impact of Indian travellers venturing beyond their homeland. The report highlights & addresses the challenges that must be overcome along with valuable recommendations that the Indian government may take for fostering its future growth.

I am sure the readers will gain valuable insights that can guide destination countries in customising their offerings and marketing strategies to capture the attention of Indian travellers. I also hope this report serves as a guiding document for policymakers, industry stakeholders, and travel enthusiasts alike, as we collectively work towards enhancing India's position in the global travel landscape.

Please feel free to connect with us for any details or information.

Sincerely,

**Poonam Kaura**

Partner (Government and Public Sector Advisory)  
Nangia Andersen LLP

## Outbound Tourism - Unlocking the Potential

Year	July 2023	
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# Executive Summary





The international tourist arrivals have reached 80% of pre-pandemic levels in the first quarter of 2023 boosted by strong results in Europe and the Middle East, compared to a 66% recovery level for the year 2022. An estimated 235 million tourists travelled internationally in the first three months, more than double those in the same period of 2022.

The Middle East saw the strongest performance (+15%) and is the first world region to recover pre-pandemic numbers in a full quarter. Europe reached 90% of pre-pandemic levels in Q1 2023, supported by robust intra-regional demand. Africa and the Americas (North America and South America) reached about 85% of 2019 levels in the first three months of 2023, while arrivals in Asia and the Pacific climbed to 54% of prepandemic levels.

In 2022, India's outbound travel market surpassed those of China, South Korea, and Japan, ranking fifth behind Taiwan, Japan, South Korea, and China in 2019. The Indian National Departures have registered a growth of 59.2% with respect to 2022. UAE, Saudi Arabia, USA, Singapore, and Thailand are the top destinations for Indian travelers. India's outbound tourism market estimated to reach US\$ 15163.4 Million in 2022 and projected to rise by 11.4% CAGR between 2022 and 2032. India's impressive rebound as a source market for outbound travel in Asia and Europe is a positive sign for the tourism industry, indicating a growing demand for travel.

The growth in the Indian travel and tourism industry is driven by a combination of rising income levels and changing lifestyles, development of diverse tourism offerings, and policy and regulatory support by the government authorities. Rising disposable income, advancements in transportation and technology, globalization and interconnectedness and social media and travel influencers are few of the key factors contributing the growth of Outbound Tourism.

As Indians increasingly travel abroad, more tourism boards are dubbing it among their key source markets, expected to outpace many countries in the west and Asia Pacific region. Countries like South Korea, New Zealand and South Africa are betting big on Indian tourists. Opening of tourism offices in India is a strategic move by several countries tourism boards to establish a physical presence and promote their destinations directly to Indian travellers. The outbound tour operator association of India works hard, through its many events and initiatives, to work towards the development of its members and support them in growing their businesses, with the goal of having a targeted member base of 2000 plus verified agencies and tour operators.

This report provides valuable insights into the current state and potential of India's outbound tourism industry. It also highlights the significant economic impact, key challenges, and opportunities for growth.

Further the report provides few recommendations for the Indian Government to foster the growth of outbound tourism, capitalize on its potential, and position India as a key player in the global travel market. The recommendations include permanent rolling back of TCS (Tax collected at source), enhancing opportunities of partnership with foreign countries, collaboration with airlines, experiential promotions, joint marketing campaigns, allowing foreign cruise vessels to operate on Indian waters, strengthening Indian passport, streamlining visa processes, and strengthening bilateral relations with tourist-friendly countries.

# Introduction



Outbound tourism comprises of the activities of residents of a given country travelling to and staying in places outside their country of residence and outside their usual environment for not more than twelve consecutive months for leisure, business, and other purposes. *The European Union* defines outbound tourism as ‘visits by residents of a country outside that country’. Similarly, *Visit Britain* states that outbound tourism is ‘The activities of a resident visitor outside of their country of residence’.<sup>1</sup>

Outbound tourism is an important type of tourism. Countries that are small or that do not have a variety of tourist provision tend to experience high levels of outbound tourism. Outbound tourism is also popular amongst countries that are within close proximity of desirable overseas holiday destinations. Outbound tourism is one of the biggest and most important types of tourism around the world. Many countries rely heavily on travellers leaving their home country in search of an international tourism experience.

Worldwide the outbound tourism market has grown considerably throughout the years. Although the outbound tourist market has grown at different rates in different parts of the world, but the reasons for this growth are largely the same.

Three of the biggest factors contributing to the growth of outbound tourism are:



Figure 1: Factors contributing growth of outbound tourism

## International Tourism 2023<sup>2</sup>

International tourist arrivals have reached 80% of pre-pandemic levels in the first quarter of 2023 (- 20% compared to the same quarter of 2019) boosted by strong results in Europe and the Middle East, compared to a 66% recovery level for the year 2022 overall. An estimated 235 million tourists travelled internationally in the first three months, more than double those in the same period of 2022.

<sup>1</sup>

<https://tourismteacher.com/outboundtourism/#:~:text=The%20importance%20of%20outbound%20tourism,Outbound%20tourism%20is&text=Outbound%20tourism%20can%20help%20to,too%20much%20on%20outbound%20tourism.>

<sup>2</sup> World Tourism Barometer, May 2023

The Middle East saw the strongest performance (+15%) and is the first world region to recover pre-pandemic numbers in a full quarter. Europe reached 90% of pre-pandemic levels in Q1 2023, supported by robust intra-regional demand. Africa and the Americas (North America and South America) reached about 85% of 2019 levels in the first three months of 2023, while arrivals in Asia and the Pacific climbed to 54% of pre-pandemic levels.

The UNWTO (United Nations World Tourism Organisation) Panel of Experts survey indicates that almost 70% of experts expect better performance in May-August 2023. Yet, most continue to believe international tourism will not return to 2019 levels until 2024 or later. In response to the challenging economic environment, tourists are expected to increasingly seek value for money and travel closer to home this year.

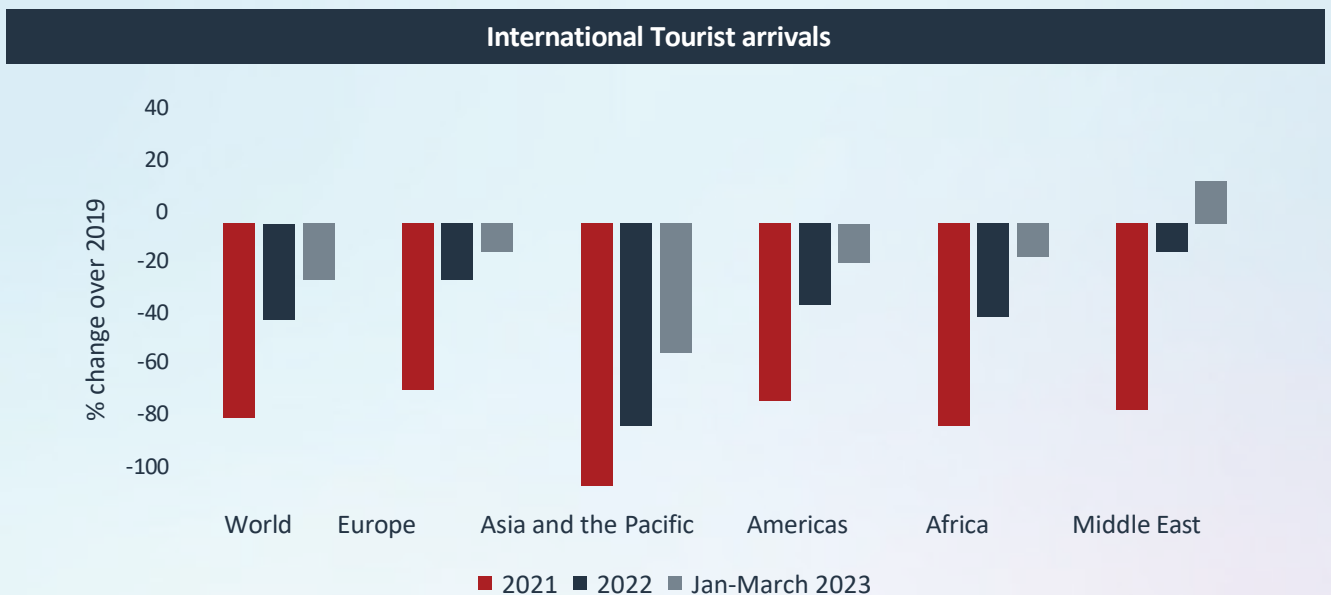


Figure 2: Percentage Change in International Tourist Arrivals by Region  
Source: UNWTO

### Significance of Outbound Tourism

Outbound tourism is hugely important to many countries around the world. Outbound tourism has many positive economic impacts that reaches more than just the tourism industry. Outbound tourism can help to enhance the economies of many countries by providing economic boosts in a range of sectors such as retail, healthcare and education.

Outbound tourism can be beneficial for both the traveller generating region and the tourist destination region. In the tourist’s home country, outbound tourism can help to boost the economy. If tourists use a local operator to organise their travel arrangements, such as the national airline or a domestic travel agent, then some of the profits made will be retained in the home country. When the tourist reaches their holiday destination there are many economic advantages to the host destination.

- Accommodation
- Arts, entertainment and recreation
- Food and beverage services
- Real estate activities
- Alcoholic beverages and tobacco products
- Transportation and Storage
- Manufacturing
- Wearing apparel
- Food and non alcoholic drinks
- Human health and social work activities
- Information and communication
- Administrative and support service activities
- Other

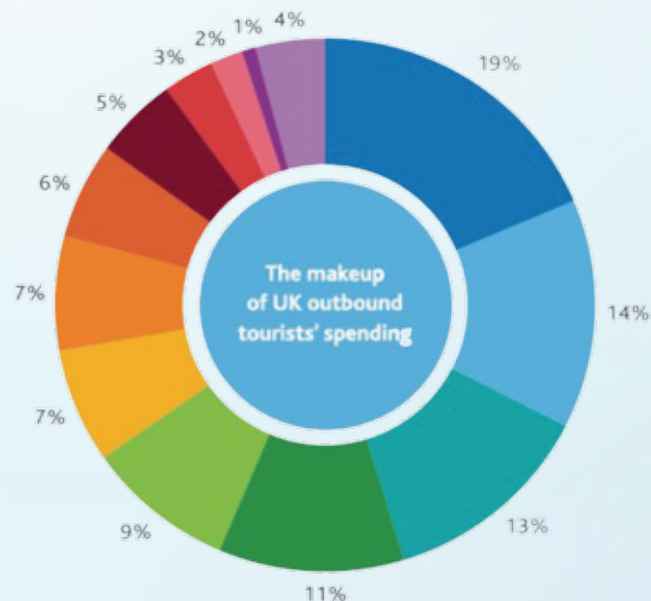


Figure 3: Areas of Profit from Outbound Tourism in UK  
Source: Office of National Statistics 2016

Foreign exchange income can be particularly beneficial in destinations where the currency is weak. Many destinations focus their marketing efforts in countries that have strong currencies, such as the UK, USA or Europe.

Another positive impact of outbound tourism is that income from tourism can be used to help boost the wider economy. Money can be reinvested in areas such as healthcare and education.

## General overview of Outbound Tourism

Almost 20 million Indians have travelled overseas in 2022 in comparison to 7.72 million in 2021 or the pre-pandemic peak of outbound visits of over 26.91 million. According to the latest available outbound travel data for 2022 released by the Ministry of Home Affairs, Bureau of Immigration, over 18 million Indians have travelled outside the country between January-November 2022. This is about 68-69 percent recovery in 2022 when compared to the pre-pandemic peak of 2019 outbound visits, much better than inbound recovery that recorded just by 6.2 million FTA (Foreign Tourist Arrivals) visitors, around 56 percent recovery when compared with the peak FTA recorded in 2019 at over 10.93 million.<sup>3</sup>

India's outbound tourism market estimated to reach US\$ 15163.4 Million in 2022 and projected to rise by 11.4% CAGR between 2022 and 2032. The growth in the market is primarily attributed to the increasing desire of Indians, especially millennials, to visit international destinations before they turn sixty. Further, growing opportunities for business and education in the USA, Germany, the United Kingdom, Japan, and Italy will propel the demand in the market.<sup>4</sup>

Further, regions such as Europe and Latin America are improving their tourism to improve their business, which will aid the growth in India's outbound tourism market over the forecast period (2022 to 2032). On the back of this, the sales in the market are projected to surpass US\$ 44799.9 Million by the end of 2032.<sup>5</sup>

<sup>3</sup> Outbound Travel: Trending and Evolving | Travel Trends Today

<sup>4</sup> India Outbound Tourism Market- Size, Share, Outlook & Trends (futuremarketinsights.com)

<sup>5</sup> <https://www.futuremarketinsights.com/reports/india-outbound-tourismmarket#:~:text=Key%20Drivers,the%20Indian%20outbound%20tourism%20market.>



## Outbound Tourism Market

Market Size 2022 (estimated)

**US\$15163.4 Million**

Projected Market value 2032

**US\$44799.9 Million**

Value based CAGR (2022 - 2032)

**11.4%**

According to a recent report by IPK International published at ITB Berlin 2024, India has emerged as the largest source market for outbound travellers in Asia in 2022. The report indicates an impressive year-on-year rise of 190%, indicating a significant recovery from the impact of the pandemic. Despite the ongoing travel restrictions, India recorded slightly more than half of the travel volume achieved in 2019.<sup>6</sup>

In 2022, India's outbound travel market surpassed those of China, South Korea, and Japan, ranking fifth behind Taiwan, Japan, South Korea, and China in 2019. The report states that India accounted for around ten million foreign trips, making it the leading Asian source market for outbound travel.<sup>7</sup>

Dubai, USA, Thailand, Saudi Arabia, and Singapore are the top destinations for Indian travellers, with 70% of travellers undertaking trips within Asia. The report also predicts that Indian travellers' interest in going abroad for trips will continue in 2023.<sup>8</sup>

On an average, Indian travellers spent 235 euros per person per night on foreign trips, covering all costs, including transport, accommodation, catering, and shopping. The report notes that holiday trips registered an above-average year-on-year increase of 64%, while business trips accounted for a quarter of foreign travel, and other outbound private trips comprised around 10%.<sup>9</sup>

India's impressive rebound as a source market for outbound travel in Asia is a positive sign for the tourism industry, indicating a growing demand for travel. With a variety of popular destinations to choose from and increased spending power, Indian travellers are expected to continue exploring the world.<sup>10</sup>

<sup>6</sup> <https://www.outlookindia.com/outlooktraveller/travelnews/story/72103/india-emerges-as-largest-source-market-for-outbound-travel-in-asia>

<sup>7</sup> <https://www.outlookindia.com/outlooktraveller/travelnews/story/72103/india-emerges-as-largest-source-market-for-outbound-travel-in-asia>

<sup>8</sup> <https://www.outlookindia.com/outlooktraveller/travelnews/story/72103/india-emerges-as-largest-source-market-for-outbound-travel-in-asia>

<sup>9</sup> <https://www.outlookindia.com/outlooktraveller/travelnews/story/72103/india-emerges-as-largest-source-market-for-outbound-travel-in-asia>

<sup>10</sup> <https://www.outlookindia.com/outlooktraveller/travelnews/story/72103/india-emerges-as-largest-source-market-for-outbound-travel-in-asia>



Outbound  
Tourism :  
India

## Analysis of Indian National Departures

More Indians than ever before are traveling. However, compared to domestic travel, very few Indians go abroad. One of the factors contributing to an increase in peoples' disposable incomes was the various tax breaks issued by the government in recent years. Given that a significant portion of Indian culture travels due to necessity, this seems to have been a wise decision. Spending on travel and tourism appears to have increased because of the economy's recent expansion, particularly among the middle and lower classes, who have built up greater capacity for saving. As per UNWTO (United Nations World Tourism Organisation), from last 10 years Indian National Departure have seen an exponential growth and achieved a CAGR of 10%, which is amongst the highest in the world. In volume, Indian national departure surpasses 26 million in total in pre pandemic year of 2019. Recently, it has regained its path and till first quarter of 2023 Indian national departure were at 10.69 million, which directly indicates the rebound to pre pandemic state of Indian outbound tourism sphere.

**Number of Indian National Departures from 2012-2023 (in millions)**

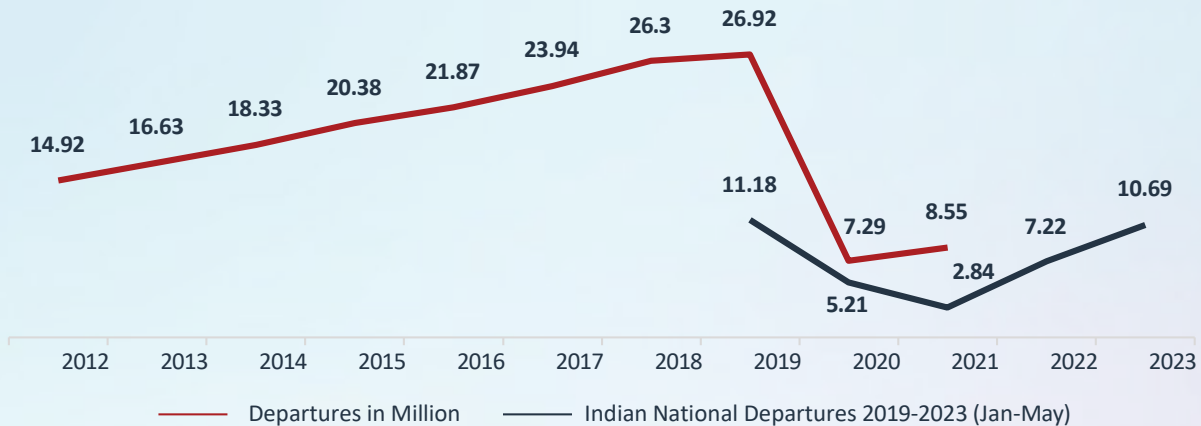


Figure 4: Indian National Departures 2012-2023  
Source: UNWTO – Tourism Dashboard

**Month wise Indian National Departures (in millions)**



Figure 5: Month wise Indian National Departures 2021-2023  
Source: India Tourism Statistics 2022 and 2023



## Gender wise distribution of IND (Indian National Departures)

Within the realm of outbound travel, a distinctive gender pattern emerges, with a male-to-female ratio of 70:30, showcasing the intriguing dynamics of gender preferences in venturing beyond borders. The male-female ratio in outbound tourism signifies a gender disparity in terms of participation in international travel. This ratio indicates that a higher proportion of male travellers are engaged in outbound tourism compared to female travellers.

### Gender distribution of male and female IND

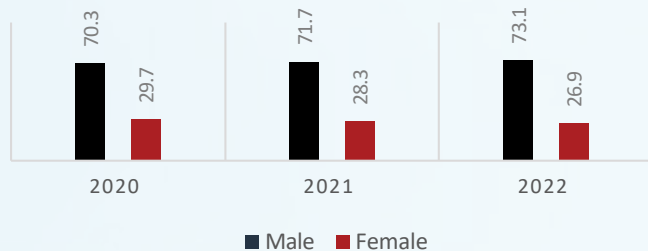


Figure 6: Gender Distribution of Outbound Travellers from India  
Source: India Tourism Statistics

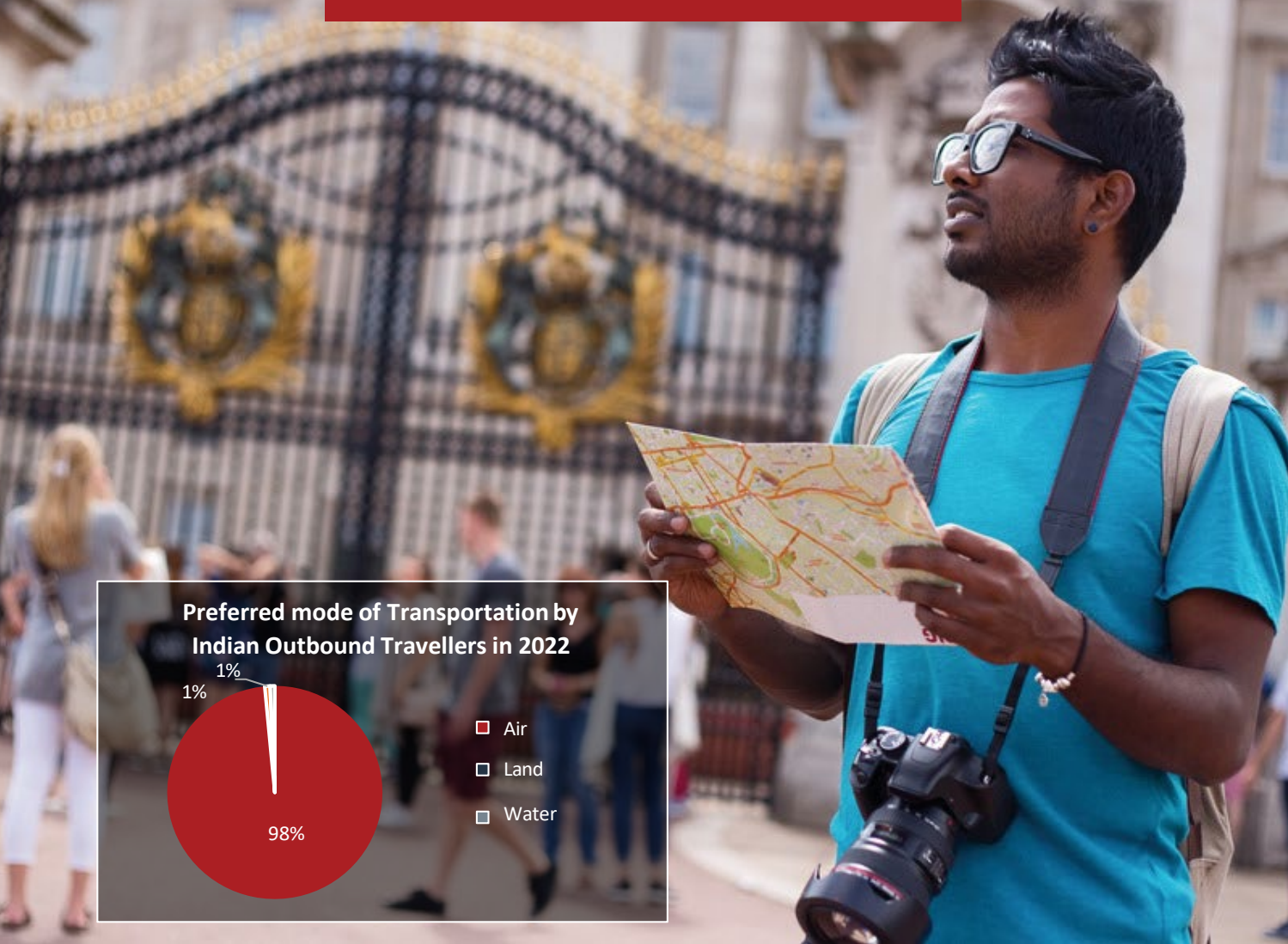


There could be several factors contributing to this gender disparity in outbound tourism:

- **Societal Norms and Gender Roles:** Cultural and societal norms influence travel patterns and choices. In some societies, traditional gender roles assign different expectations and responsibilities to men and women, including their involvement in travel and leisure activities.
- **Safety and Security Concerns:** Safety concerns and perceptions of safety play a role in shaping travel decisions. Women face different safety considerations and may be more cautious about traveling alone or to certain destinations, leading to a lower participation rate in outbound tourism.
- **Work and Family Responsibilities:** Work and family responsibilities also impact travel patterns. Women face greater challenges balancing professional commitments and family responsibilities, which could limit their opportunities for leisure travel, including outbound tourism. **Cultural Restrictions:** In certain cultures, there be specific cultural or religious restrictions that influence the travel choices and freedom of women, which impact their participation in outbound tourism.
- **Economic Factors:** Economic factors, including income disparities and spending patterns, contribute to the gender disparity in outbound tourism. Variations in income levels and financial independence influence the ability of individuals to afford and undertake international travel.

## Preferred mode of traveling

The prevalence of air travel as the preferred mode of transportation for outbound tourism is substantial, statistical data from reputable sources reveals a significant upswing in the number of air passengers in recent years. Almost 98.5 % of total outbound travellers chose air as their means of transport. Several concrete facts bolster this assertion, underscoring the overwhelming preference for air travel among individuals:



Preferred mode of Transportation by Indian Outbound Travellers in 2022

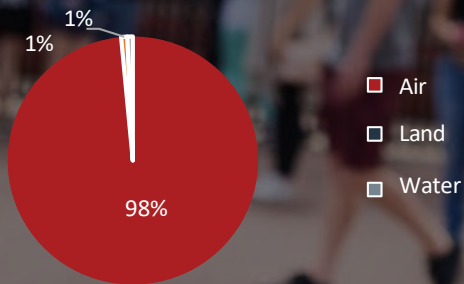


Figure 7: Preferred mode of Transportation by Outbound Travellers  
Source: India Tourism Statistics

- **Speed and Efficiency:** Air travel offers the fastest and most efficient mode of transportation for long-distance travel. It enables travellers to cover vast distances in significantly less time compared to other modes like land or sea transport.
- **Global Connectivity:** Air travel provides extensive global connectivity, allowing travellers to reach destinations that may be inaccessible or time-consuming to reach by other means. Airports are typically well-connected, offering a wide range of flight options to various destinations worldwide.
- **Convenience and Accessibility:** Airports are easily accessible and located in or near major cities, making air travel a convenient option for many travellers. The availability of numerous airlines and flight schedules provides flexibility and convenience for outbound tourists.
- **Safety and Security:** The aviation industry has made significant advancements in safety and security measures, making air travel one of the safest modes of transportation. Stringent regulations, comprehensive safety protocols, and regular inspections contribute to the high over the past ten years. In terms of passenger traffic, Delhi's Indira Gandhi International Airport was the busiest in 2022, with people flying from India primarily to the United Arab Emirates. For many Indians, the UAE remained both a vacation and business destination.

## Preferred destination by Indian Outbound Travelers



With more than 125 operating airports in the nation as of this writing, the aviation sector has likewise experienced tremendous growth over the past ten years. In terms of passenger traffic, Delhi's Indira Gandhi International Airport was the busiest in 2022, with people flying from India primarily to the United Arab Emirates. In the dynamic realm of outbound tourism from India, a handful of destinations have risen to prominence, captivating the imagination of discerning travelers. Topping the list is the United Arab Emirates (28%), drawing Indian tourists with its irresistible blend of alluring attractions, thriving business opportunities, and rich cultural experiences. Following closely is Saudi Arabia (12%), renowned for its profound religious significance and serving as a cherished destination for pilgrimage to holy sites like Mecca and Medina. The United States (8%), with its diverse landscapes and vibrant cities, emerges as a favoured choice for Indian travelers seeking a blend of leisure, education, and business pursuits. Singapore (5%), known for its seamless fusion of modernity and tradition, captivates visitors with its world-class attractions and shopping experiences. Thailand (4%), a tropical paradise renowned for its pristine beaches, ancient temples, and warm hospitality, completes the roster of top outbound destinations for Indian tourists.

### Top preferred destinations by Indian Outbound Travellers in 2022

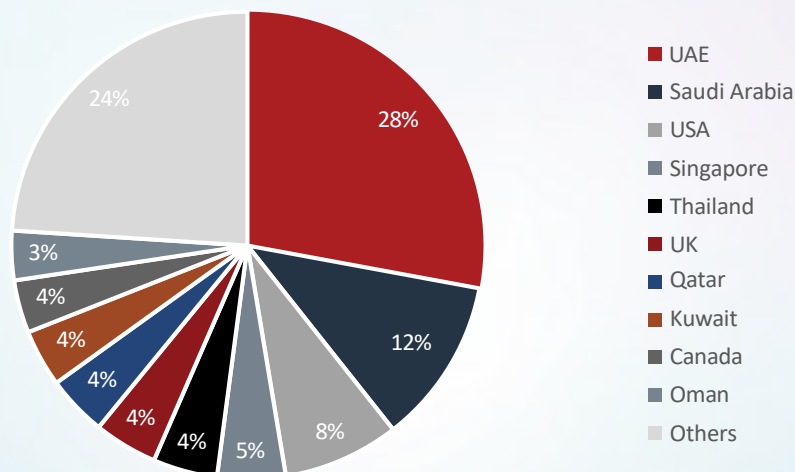


Figure 8: Top Preferred Destinations by Indian Outbound Travellers in 2022  
Source: India Tourism Statistics

In 2023, Top 3 remained the same, but there is a shift in 4<sup>th</sup> and 5<sup>th</sup> position as Thailand surpasses Singapore in the ranking, reason behind so is the accumulation of disposable income and people’s travel purpose inclined more towards leisure.

**Preferred destinations by Indian Outbound Travellers in 2023 (Jan-April 2023)**

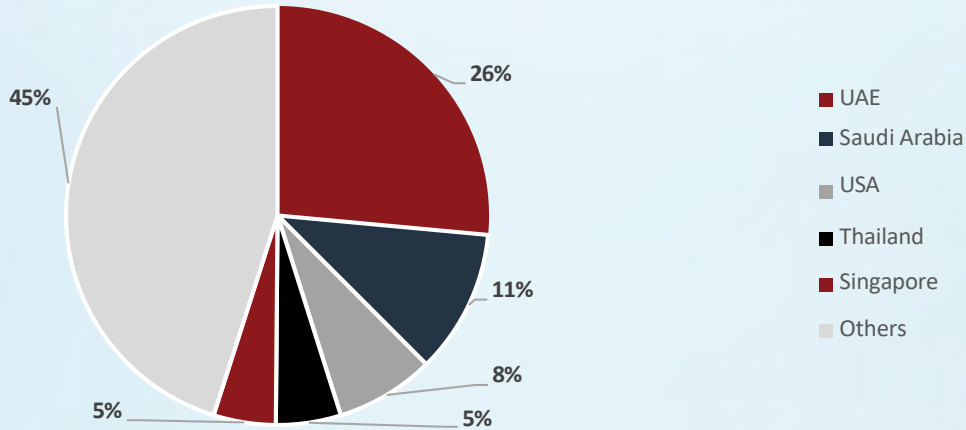


Figure 9: Preferred Destinations by Indian Outbound Travellers in 2023 (Jan 2023 - Apr 2023)  
Source: India Tourism Statistics

**Travel Purpose and Expenditure by Indian National Departures**

**Travel purpose of Indian National Departures**

A notable shift in the purpose of outbound travel from India has been observed, with a transition from primarily business trips to an increasing focus on leisure travel. Indian travellers are increasingly seeking experiences that go beyond work-related obligations, opting instead for leisure trips that encompass relaxation, exploration, and immersion in diverse cultures. Apart from these purposes another major purposes for Indian Nationals to visit abroad include VFR (Visiting Family and Relatives) and “others” purpose which comprises education, medical etc. The change in travel purpose from business trips to leisure among Indian nationals that can be attributed to several factors such as Changing Work Culture, Changing Demographics, Rising Awareness and Exposure, Affordable Travel Options etc.

**Travel Purpose of Indian National Departures (2019-2022)**

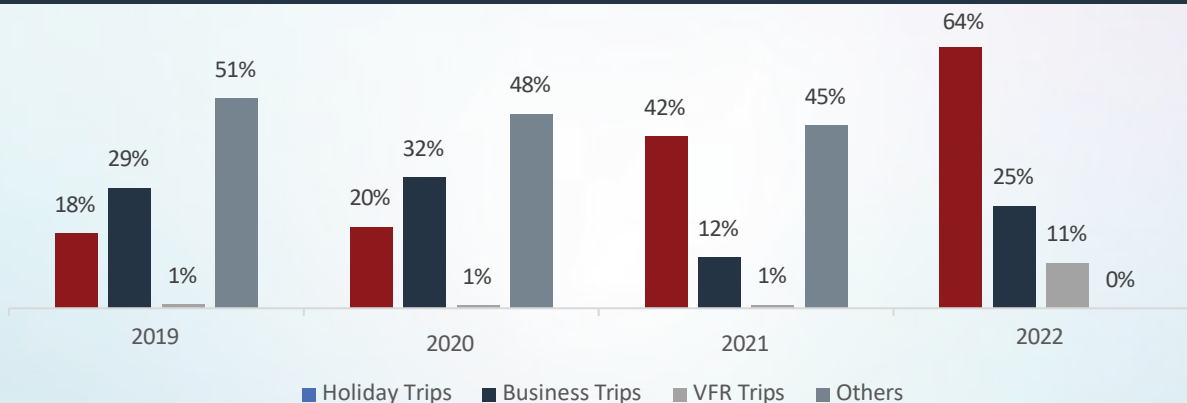


Figure 10: Travel Purpose of Indian National Departures  
Source: India Tourism Statistics

## Outbound Tourism Expenditure

Generation Z and millennials comprise the largest share of population in India constituting an important consumer group, with disposable incomes fuelling recovery of the tourism sector. There are approximately 60 countries that Indians can travel to without obtaining a visa in advance and more and more countries — like Kazakhstan recently, and Malaysia in a limited way — are looking to facilitate easier visa regimes. India emerged as the largest source market for outbound travelers in Asia in the year 2022. With an estimated year over year rise of 190%, India made an above-average recovery, wherein the travel bugs logged numbers slightly more than half of the travel volume achieved in 2019. Accordingly, an average Indian spent around USD 2000 in a trip, which directly attributes to the overall spending of Indians national total expenditure in international tourism. The data indicates that total expenditure regaining its pre-pandemic pace and accounts to \$15.2 Billion\*.

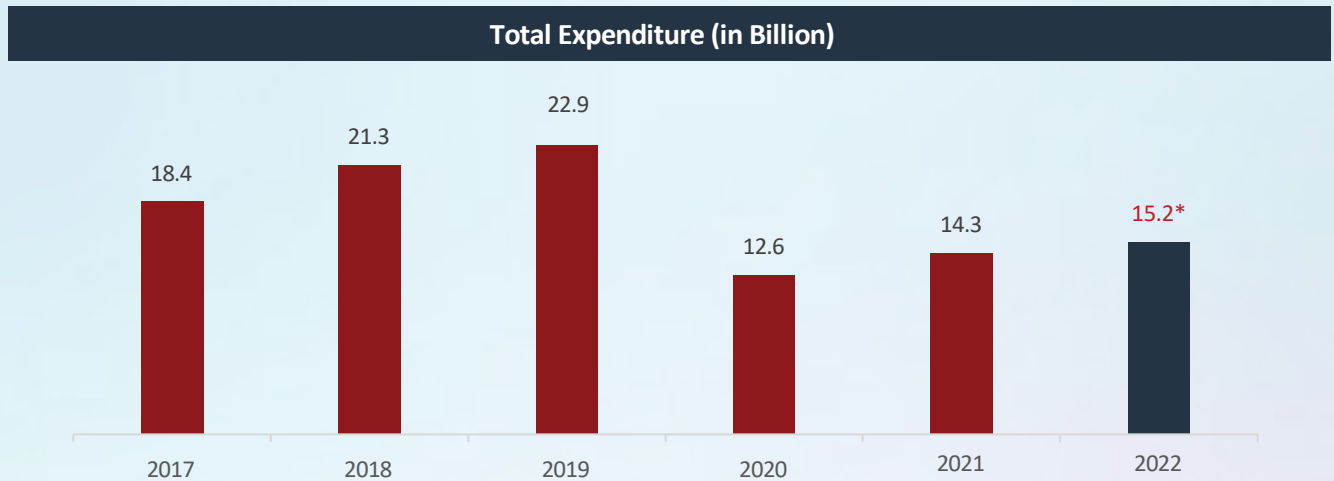


Figure 11: Total Expenditure in USD Billion by Indian National Departures  
Total Expenditure for 2022 is being projected on pre-pandemic growth pace\*

Source: India Tourism Statistics and ITB Berlin

Driving factors  
of growth of  
Outbound  
Tourism



In recent years, the India outbound tourism has experienced significant growth, with more individuals choosing to explore destinations beyond their home countries. The growth in the Indian travel and tourism industry is driven by a combination of rising income levels and changing lifestyles, development of diverse tourism offerings, and policy and regulatory support by the government authorities. Whether it is to meet a relative settled abroad, a shopping trip, a global sport event or just for leisure, Indians are increasingly travelling abroad. Personal and Official Travel for holiday/ leisure, business and MICE tourism are the most significant contributors for growing outbound travel.



- **Rising Disposable Income:** As economies prosper and incomes rise, people have more financial resources at their disposal, enabling them to allocate a larger portion of their budget to travel and tourism. This financial empowerment has opened opportunities for people to embark on international adventures and explore new cultures and destinations. Gross National Disposable Income (GNDI) at current prices is estimated at ₹236.07 lakh crore for the year 2021-22, while the estimate for the year 2020-21 stands at ₹201.15 lakh crore, showing a growth of 17.4 per cent for year 2021-22 as against contraction of 1.6 per cent in the year 2020- 21.<sup>11</sup>
- **Advancements in Transportation and Technology:** The availability of affordable airfares, the rise of low-cost carriers, and improved connectivity have made international travel more accessible and convenient. Furthermore, technological advancements have simplified the process of planning and booking trips, allowing individuals to research and organize their travel itineraries with ease.
- **Globalization and Interconnectedness:** As people become more exposed to diverse cultures, cuisines, and lifestyles through various media channels, social networks, and international collaborations, their curiosity and desire to explore new destinations intensify. The interconnectedness of our global society has made it easier for individuals to connect with like- minded travellers, share experiences, and discover hidden gems in different parts of the world.

<sup>11</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1903091>

- **Shifting Lifestyles and Priorities:** Travel has emerged as a means of personal growth, self-discovery, and enrichment. People are actively seeking unique experiences, immersing themselves in different cultures, and expanding their horizons through travel. This shift in mindset has fueled the growth of outbound tourism as individuals prioritize memorable experiences and exploration.
- **Proliferation of the Internet, Advent of Social Media Platforms, and the rise of Travel Influencers:** The proliferation of the internet has significantly changed the way Indian travellers now plan and book their trips. The availability of information on the internet has instilled greater confidence among Indian travellers to look farther when planning their travels. With information readily available at the click of a mouse, consumers are no longer dependent on traditional travel agents. However, feedback and recommendation from travel agents is still held in high regard.

The advent of social media platforms and the rise of travel influencers have had a profound impact on the growth of outbound tourism. Platforms such as Instagram, YouTube, and Facebook showcase captivating travel content, enticing individuals to explore new destinations. Travel influencers, with their visually appealing imagery and personal recommendations, inspire and influence travel choices, providing valuable insights and creating a desire to visit new places.

- **Government Initiatives:** As tourism benefits directly and indirectly the economic sector, the government has implemented various initiatives which include relaxing visa restrictions, offering financial incentives, launching marketing campaigns, and establishing strategic partnerships. Such measures encourage individuals to embark on international travel, driving the growth of outbound tourism.

## Key factors contributing to the growth of outbound tourism in recent years

### Initiatives/ incentives by Foreign Tourism Boards to encourage Outbound Travellers from India

As Indians increasingly travel abroad, more tourism boards are dubbing it among their key source markets, expected to outpace many countries in the west and Asia Pacific region. Countries like South Korea, New Zealand and South Africa are betting big on Indian tourists.

#### Korea Tourism Organization launches K-incentive Scheme for Indian travel agents

Korea Tourism Organization (KTO) India office launched a special K-incentive Scheme to boost sales of Korea travel packages in the market. With this new initiative, KTO India hopes to get travel agents in India in the spirit for this being a special year as 2023 commemorates the 50th anniversary of diplomatic relations between India and Korea.

The incentive scheme's main benefits include providing travel agents with prizes of USD 30 per passenger and support for quick, simple, and hassle-free tour visas for visitors to Korea between June and December 2023.

<sup>11</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1903091>



## Korea Tourism Organization launches K-incentive Scheme for Indian travel agents

In addition to Seoul, KTO is keen to promote regional destinations in Korea including Busan, Gangwon province and Jeollanam-do province. Including any of these regional destinations in the itinerary would be a necessary condition to be eligible for the benefits of the K-incentive Scheme.

This is the first time any NTO is launching an incentive scheme for leisure travel packages in India.

Source: <https://traveltradejournal.com/korea-tourism-organization-launches-k-incentive-scheme-for-indian-travel-agents/>

As the world reopens tourism sectors, countries are competing to tempt tourists with subsidies, discounts, and vouchers. Few of them are as listed below:



### Maldives

- The MaldivesBorderMiles program, rewards tourists for the duration and frequency of their visit to the country. These travel points can be used to avail exclusive benefits and privileges during their stay.
- To strengthen the Maldives' brand visibility and secure the Indian outbound market **Maldives Marketing and Public Relations Corporation (MMPRC/Visit Maldives)** is gearing up to take part in prominent upcoming trade fairs in the country. The strategy follows MMPRC's ongoing efforts to maintain India as the top source market for the island nation.
- The Maldives Roadshow '**Connect with Maldives, Your Safe Haven**' targeting top travel trade of India. With the help of the roadshow, 11 Maldivian companies connected with about 100 key travel trade partners from the Indian market to discuss potential business.



### Japan

- The Go-To Travel Tourism Program of Japan encourages domestic tourism by subsidizing 35% of travel . Coupons will be provided as a refund on the costs. These coupons can be used to collect souvenirs or to experience local delicacies. This symbiotic incentive will boost travel demand and also help local businesses to revive.
- Japan has streamlined the visa application process for Indian travellers, making it more convenient and efficient. The introduction of multiple-entry visas and simplified visa requirements has facilitated easier access for Indian tourists, encouraging more travellers to explore Japan.
- Japan Tourism has forged collaborations with the Indian film industry, particularly Bollywood, to showcase the country's stunning landscapes and architectural gems as settings for films. This integration of Japan into Indian cinema has contributed to increasing awareness and generating interest in Japanese destinations among Indian travellers.



## Canada

- The Explore NB Travel Incentive Program of Canada will provide upto a 1,000 dollars as a part of the 20% rebate on travel costs.
- 'Destination Canada' the national tourism marketing organisation of Canada, promoted the country to the Indian tourists and to bridge the gap between India-Canada tourism businesses.



## Bulgaria

- Bulgaria is now even more tempting to visit with the government providing free access to the beaches. The sun loungers, sun beds, and even the tables at the beaches are among the facilities that will be made available to the visitors for free.
- The Minister of Tourism, Bulgaria stressed on Bollywood to tap the potential of Indian outbound market. Bollywood has emerged as a powerful tool of diplomacy by promoting Indian film in Bulgaria.



## Italy

- The country is seriously wooing tourists with discounted air fares to bonus nights in hotels. Heavily dependent on tourism for its economy, Sicily will reimburse half the price paid by tourists for an air ticket. While entry to several museums and tourist destinations has been made free. For every three nights spent in Sicily, the hotel will pay you a refund on one night.
- the Italian Ministry of Foreign Affairs (Italian MFA) has introduced a super interesting video game called, ITALY. Land of Wonders. With the introduction of this video game, the country aims to showcase the cultural heritage and wonders of the country on a global platform.
- Italy has reopened its national tourism board office in Mumbai recently. There is room for interconnection between tourism promotion agencies of both the countries. Italy proposes promotion of 'wedding tourism' with India.
- Italy Tourism has collaborated with the Indian film industry, particularly Bollywood, to showcase the country's picturesque locations as settings for films. This exposure in Indian cinema has significantly contributed to increasing awareness and generating interest in Italian destinations among Indian travellers, who are often inspired to visit these iconic film locations.



## United Kingdom

- VisitBritain, the banner of the British Tourist Authority, is offering a list of never-heard-before incentives to keep the spirit of travel alive.
- Introduction of a new five-year visitor visa: An additional £2 billion in revenue by reducing the cost of a five-year multiple entry visa to £145 and encourage international visitors to upgrade from a £95 standard visa, thus stimulating demand for return visits.
- The UK is a popular destination for Indian students pursuing higher education. UK Tourism actively promotes its educational institutions, highlighting the quality of education, research opportunities, and career prospects available in the UK. This focus on education encourages Indian students and their families to consider the UK as a study destination, ultimately attracting them as tourists as well.

Source:

<https://www.outlookindia.com/outlooktraveller/explore/story/70909/to-travel-has-never-been-cheaper-as-countries-tempt-tourists-with-lucrative-financial-incentives>



- **Foreign Countries Tourism Board Opening Tourism Offices in India**

Opening of tourism offices in India is a strategic move by several countries tourism boards to establish a physical presence and promote their destinations directly to Indian travellers. Some of them are:

#### **VisitBritain India**

VisitBritain, the national tourism agency for Great Britain, has an office in Mumbai, India. The office focuses on promoting travel to England, Scotland, and Wales, showcasing the diverse attractions, cultural experiences, and natural landscapes available in the United Kingdom.

#### **Tourism Australia India**

Tourism Australia, the national tourism agency for Australia, has a dedicated office in Mumbai, India. This office actively promotes Australia as a destination and provides information on various experiences, including wildlife encounters, stunning landscapes, vibrant cities, and unique cultural experiences.

#### **Japan National Tourism Organization India**

The Japan National Tourism Organization (JNTO) has established an office in Delhi, India. JNTO's aim is to promote Japan as a tourist destination, highlighting its rich history, vibrant cities, cultural heritage, and unique experiences such as cherry blossom viewing, traditional festivals, and culinary delights.

#### **Tourism New Zealand India**

Tourism New Zealand has a presence in India with an office in Mumbai. The office focuses on promoting New Zealand as a picturesque destination known for its breathtaking landscapes, adventure activities, Maori culture, and world-class hiking trails.

#### **Qatar Tourism Authority (QTA) India**

- Qatar Tourism Authority (QTA) has opened a representative office in Mumbai. The steps taken to make accessing Qatar easier are particularly targeted at visitors who are seeking to experience our country's luxury hospitality and unique cultural offerings, all while benefiting from the convenience of relatively short flights.
- QTA's representative office in India will oversee a wide range of promotional initiatives, including workshops, sales visits, travel agent destination training through QTA's online Tawash programme, partnerships with tour operators, familiarisation trips, media campaigns and a variety of innovative activities to raise Qatar's profile as a leisure and business tourism destination among Indian tourists.

- **Growing Middle Class Population with Higher Disposable Income in India**

The growth within India's economy directly contributes to a boost in the middle-class population, resulting in increased wealth and disposable income. It poses an excellent opportunity for destination marketers to capitalize on the young population comprising of Gen Z and millennials who have a propensity to travel abroad. Furthermore, its improving infrastructure and developing low-cost airline market means outbound travel is both affordable and accessible. According to a Global Data Q3 2021 Global Consumer survey, 56% of Indian respondents said that accessibility and affordability were the main motivation to go on holiday, highlighting the impact of improved transportation links and low- cost airlines.<sup>12</sup>

- **Outbound Tour Operators Association of India (OTOAI)**

Outbound Tour Operators Association of India (OTOAI) is one of the Travel Associations in India that has been formed for the benefit of the members in the outbound travel trade. It is a national, non- profit organisation comprising India's Outbound Tour Operators and Travel Agents, who are into serious business of selling outbound. With the aim of having a targeted member base of 2000 plus verified agents and tour operators, the association strives hard, through its numerous activities and initiatives, to work towards the betterment of its members and help them in increasing their business.<sup>13</sup>

OTOAI sets guidelines and codes of conduct. It ensures that its members provide reliable and high- quality travel services to Indian travellers instilling confidence among travellers and encourages them to choose OTOAI-affiliated tour operators for their outbound travel needs. The association helps build trust among Indian travellers by helping them identify reputable outbound tour operators who adhere to industry best practices. It facilitates knowledge sharing and skill development within the outbound tour operator community through workshops, seminars, and conferences. It acts as a collective voice for outbound tour operators in India. It collaborates with various stakeholders, including tourism boards, airlines, hotels, and government bodies, to address industry-related challenges and promote the interests of its members.

- **Attractive Offerings from Outbound Tour Operators in India**

Companies such as Thomas Cook, Cox and Kings, and Mercury Travels are offering amazing deals on India's Outbound Tourism. They are expanding their customer base with attractive packages, customized tour trips, and services. By doing so, they are attracting new customers who have never used their services. Offering Services in a new country allow them to gain more experience and knowledge about how different cultures operate and what they expect from a service provider.<sup>14</sup>

Thomas Cook (India) Ltd., a Mumbai based Indian Travel firm offers services such as foreign exchange, international and domestic holidays, visas, passports, travel insurance, and MICE. It has announced the launch of a series of unique GoAir offers: Companion Holidays, Full Holidays for half the price free, upto 20% discount flights, free cancellation is also offered. Another company Cox & Kings have expanded their product offerings to include new experiences geared towards adventure seekers and an increased focus on offering services such as tours and shopping to appeal to a younger demographic. Mercury travels provides a comprehensive variety of vacation and travel services. From planning the most memorable vacations at the world's most magnificent hotels, booking tickets on the most popular airlines at the most affordable airfares, and organizing the most enriching business meetings, conferences, incentive programs, and events.<sup>15</sup>

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<sup>12</sup> <https://www.airport-technology.com/comment/outbound-tourism-india-potential/>

<sup>13</sup> <http://otoai.org/>

<sup>14</sup> <https://www.futuremarketinsights.com/reports/india-outbound-tourism-market>

<sup>15</sup> <https://www.futuremarketinsights.com/reports/india-outbound-tourism-market>

Key Indian  
government  
initiatives aimed at  
promoting  
outbound tourism





The Indian government has undertaken various initiatives which somehow directly or indirectly promotes outbound tourism, encouraging Indian travellers to explore international destinations. Some key initiatives include:



Figure 12: Government Initiatives aimed at promoting Indian Tourism Industry

- **Participation in travel fairs and exhibitions**

India tourism offices overseas participates in the major international travel fairs and exhibitions in important tourist generating markets the world over as well as in emerging and potential markets to showcase and promote the tourism products of the country. These include *Arabian Travel Market (ATM) in Dubai, World Travel Market (WTM) in London, ITB in Berlin, ITB Asia, IMEX in Frankfurt and Las Vegas, FITUR in Madrid, Top Resa in Milan* etc.<sup>16</sup>

<sup>16</sup> <https://tourism.gov.in/overseas-marketing>



The specific elements of promotional efforts undertaken overseas include advertising in the print & electronic media, participation in fairs & exhibitions, organising seminars, workshops, road shows & India evenings, printing of brochures and collaterals, brochure support/joint advertising with travel agents / tour operators, inviting the media and travel trade to visit the country under the hospitality programme etc.<sup>17</sup>

In January 2023, India participated in an international tourism trade fair in Madrid to help expedite the recovery of the country's tourism industry to the pre-pandemic levels.<sup>18</sup>

In November 2022, Indian government participated in World Travel Market (WTM) in London which is one of the largest international travel exhibitions. The objective was to showcase the diverse tourism products and services including Medical Value travel, luxury trains and the gamut of tourism products to the international business community.<sup>19</sup>

- **E-Visa Facilities**

The Indian government introduced the e-visa facility, making it easier and more convenient for Indian travellers to obtain visas for several countries. This streamlined visa process has encouraged more Indians to consider international travel and explore a wider range of destinations.

- **Market Development Assistance Scheme (MDA)**

The Ministry of Tourism provides financial assistance to approved tour operators and travel agents under the Market Development Assistance Scheme. This scheme aims to promote Indian outbound tourism by supporting marketing and promotional activities undertaken by tour operators in international markets.

- **International Tourist Bureaus**

The Indian government has established international tourist bureaus in various countries to provide information and assistance to Indian travellers. These bureaus help promote tourism destinations, offer travel advice, and facilitate the exchange of information between tourists and local authorities.

- **Collaboration with Tourism Boards**

The Indian government collaborates with tourism boards of various countries to develop joint promotional campaigns and exchange tourism-related information. This collaboration aims to increase awareness about international destinations and facilitate tourism cooperation between India and other countries.

- **The National Civil Aviation Policy** recognizes the close relationship between aviation and tourism. By enhancing air connectivity, the policy contributes to the growth of the tourism industry, including outbound tourism. Increased connectivity enables Indian tourists to explore a wider range of international destinations, discover new cultures, and contribute to the economic development of those countries.

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<sup>17</sup><https://tourism.gov.in/overseas-marketing>

<sup>18</sup><https://theprint.in/india/india-participates-in-international-tourism-trade-fair-fitur-in-madrid/1324414/>

<sup>19</sup> <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1873930>



Here are some ways in which the policy helps promote outbound tourism:

- **Open Skies Agreements:** The policy emphasizes the signing of Open Skies Agreements with other countries, which liberalizes air traffic rights and fosters increased connectivity. This allows for more airlines to operate on international routes, leading to enhanced air connectivity and greater travel options for outbound tourists.
- **Bilateral Air Service Agreements (ASAs):** The policy encourages the negotiation and revision of Bilateral ASAs with various countries. These agreements facilitate the establishment of air links and determine the number of flights, capacity, and other operational aspects. The increased number of ASAs helps in expanding air connectivity and providing more flight options for outbound travellers.
- **Regional Connectivity Scheme (UDAN):** The policy introduced the UDAN (Ude Desh ka Aam Naagrik) scheme, which focuses on enhancing regional air connectivity within India. Improved regional connectivity not only benefits domestic travellers but also facilitates easier access to major international airports for outbound tourists residing in smaller cities or remote areas.
- **Development of Airports:** The policy highlights the development and modernization of airports across the country, including both major international airports and smaller regional airports. Improved infrastructure, facilities, and services at airports make the outbound travel experience more convenient and efficient for Indian tourists.
- **Promotion of Low-Cost Carriers (LCCs):** The policy promotes the growth of low-cost carriers by creating a favorable environment for their operations. LCCs are known for offering affordable airfares, which can make international travel more accessible and affordable for a larger segment of the population, thereby encouraging outbound tourism.
- **Promotion of Code Share Agreements:** The policy encourages airlines to enter into code-share agreements, enabling seamless travel experiences for passengers. Code-sharing allows airlines to partner with each other and offer a wider range of destinations, enhanced connectivity, and coordinated flight schedules. This benefits outbound travellers by providing more flexible travel options and smoother connections to international destinations.
- **International Co-operation and Agreements in Tourism:** International Co-operation and agreements are foundational to tourism as is believed to be as old as tourism itself. One cannot imagine entering the foreign land without prior political, geographical and social approvals. Further, Co-operation and partnerships are increasingly being used by the various stakeholders in the tourism sector to achieve impressive business and community goals.<sup>20</sup>

India has entered into several international cooperation agreements in the field of tourism to promote collaboration, exchange of knowledge, and mutual growth in the tourism sector. Till now it has signed 48 bilateral / tripartite Agreements / MoUs / Protocols with other countries/international organisations to widen links of friendship and mutual promotion of tourism.<sup>21</sup> Some of the important international cooperation and agreements in tourism involving India are as follows:

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<sup>20</sup> <https://egyankosh.ac.in/bitstream/123456789/79519/1/Unit-5.pdf>

<sup>21</sup> <https://tourism.gov.in/schemes-and-guidelines/schemes/bilateral-tourism-cooperation-agreements>

- **India is a member of the UNWTO** and actively participates in its initiatives and programs. Through its association with the UNWTO, India collaborates with other member countries to promote sustainable tourism practices, exchange best practices, and enhance tourism development.
- **Being a South Asian Association for Regional Cooperation (SAARC) member**, India works together to promote tourism cooperation in the region, exchange information, and facilitate travel among member nations.
- **Being a member of Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)**, India collaborates in various sectors, including tourism, to promote economic cooperation, cultural exchange, and tourism development within the region.
- **India and the Association of Southeast Asian Nations (ASEAN)** have established tourism cooperation to promote travel and tourism between India and ASEAN member countries. This cooperation includes initiatives such as joint tourism promotion campaigns, exchange of information, and collaboration in areas like cultural tourism, heritage conservation, and sustainable tourism development.
- **India and Thailand signed a Memorandum of Understanding on Tourism Cooperation in 2018.** The agreement aims to enhance tourism cooperation between the two countries through the exchange of tourism-related information, promotion of two-way travel, and collaboration in areas such as marketing, tourism investment, and development of tourism-related infrastructure.
- **India and Singapore signed a Memorandum of Understanding on Tourism Cooperation in 2017.** The agreement aims to enhance tourism cooperation by promoting two-way travel, collaboration in tourism promotion activities, exchange of best practices, and cooperation in areas such as cruise tourism and human resource development in the tourism sector.
- **India-Portugal Tourism Cooperation: India and Portugal signed a Memorandum of Understanding (MoU) on Tourism Cooperation in 2017.** The agreement aims to enhance tourism ties between the two countries through the exchange of information, collaboration in tourism promotion, and cooperation in areas such as heritage tourism, sustainable tourism, and cultural exchange.
- **India and the United States signed a Memorandum of Understanding (MoU) on Tourism Cooperation in 2016.** The agreement aims to enhance tourism ties between the two countries through the exchange of information, promotion of investment opportunities, and collaboration in areas such as heritage tourism, sustainable tourism, and skill development.
- **India and Japan signed a Memorandum of Cooperation in the Field of Tourism in 2016.** The agreement aims to strengthen tourism cooperation by promoting two-way travel, exchange of tourism-related information, and cooperation in human resource development in the tourism sector.
- **India and Australia signed a Memorandum of Understanding on Tourism Cooperation in 2014.** The agreement focuses on strengthening tourism ties by facilitating two-way travel, promoting investment opportunities in the tourism sector, and encouraging cooperation in areas such as tourism research and development.
- **India-Maldives Tourism Cooperation:** India and the Maldives have bilateral cooperation in the field of tourism. The countries collaborate to promote tourism ties, exchange tourism-related information, and explore opportunities for joint tourism promotion activities.
- **India-Sri Lanka Tourism Cooperation:** India and Sri Lanka have a history of collaboration in the tourism sector. The countries work together to enhance tourism ties, facilitate travel, and promote cultural exchange between the two nations.



Challenges and  
opportunities



Despite being one of the fastest growing Outbound Travel Markets in the world, the Indian outbound tourism industry faces several challenges that can impact its growth and development. Some countries have stringent visa requirements, high visa fees, or complex application processes, making it difficult for Indian tourists to visit certain destinations. The fluctuating currency exchange rates also impact the affordability of international travel for Indian tourists. A strong foreign currency makes travel expenses more expensive, affecting their decisions to explore certain destinations or limit their spending while abroad. High airfares, especially during peak travel seasons, deter travellers from considering international destinations. Limited connectivity and lack of direct flights to certain locations also contribute to increased airfares. The limited awareness about international destinations and a lack of accurate information are hurdles for Indian travellers too. This includes unfamiliarity with visa requirements, travel advisories, safety concerns, and cultural nuances of different countries. Insufficient information deters potential travellers or result in unsatisfactory experiences. Language and cultural barriers, perception of safety and security, limited awareness of travel insurance, seasonality and limited vacations add on the outbound travel challenges too.



Figure 13: General challenges faced by Outbound Travellers

## Key challenges faced by the Indian outbound tourism industry

- In India, companies tend to specialize in either inbound or outbound, few do both successfully. The skill sets and experience needed for both segments are unique and not complementary. The average Indian travel agent deals with customers who are extremely price sensitive and are inherent shoppers. In general, agencies in India are not equipped or trained in charging fees.<sup>22</sup>
- Another hurdle for Indian outbound tourism market is the rupee depreciation that has become a very big hurdle for Indian outbound tourism. Rupee depreciation against US dollar adversely affect the travellers' outflow to foreign countries. A dollar, which was at Rs 45 years ago, is now at Rs 82.22. It has fallen nearly 7 % per cent in the year to date.<sup>23</sup> Weaker rupee will lead to an increase in price of fuel, energy, hotel reservations, and airfares by 15-20%.<sup>24</sup> Destinations such as United States, Canada, London, France, Italy, and Switzerland have seen a dip in bookings due to rupee depreciation.<sup>25</sup>
- Schengen embassies around the world received 7,572,755 short term visa applications in 2022 out of which 3,448,324 visas were approved and 1,322,819 were rejected, amounting to 45.53% approved and 17.46% rejection rate respectively.<sup>26</sup>

<sup>22</sup>[https://economictimes.indiatimes.com/industry/services/travel/outbound-travel-industry-grows-but-challenges-remain/articleshow/50926441.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/services/travel/outbound-travel-industry-grows-but-challenges-remain/articleshow/50926441.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

<sup>23</sup><https://www.businesstoday.in/latest/economy/story/depreciation-of-rupee-a-double-edged-sword-for-the-hospitality-and-tourism-industry-342036-2022-07-19>

<sup>24</sup><https://www.orientexchange.in/indian-rupee-tourism-industry>

<sup>25</sup>[https://economictimes.indiatimes.com/industry/services/travel/outbound-travel-industry-grows-but-challenges-remain/articleshow/50926441.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/services/travel/outbound-travel-industry-grows-but-challenges-remain/articleshow/50926441.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

<sup>26</sup><https://immigrantinvest.com/insider/schengen-visa-rejections-en/>



Figure 14: Countries with highest number of visa rejections

- The increase in the Tax Collection at Source (TCS) rate from 5% to 20% which was going to start from July 1, 2023, could have caused losses to outbound tour operators in India.<sup>28</sup> Although the Government has partially rolled back the 20% TCS for outbound to 5% till expense of 7 lakhs, it is still up for expenses above 7 lakhs which the government has deferred till October 2023. This kind of move of the government may leave the outbound travellers from India choose to book directly with overseas operators instead of Indian ones. This would result in losses for both the government and tour operators.

## Contribution of Outbound Tourism in GDP and potential opportunities for growth and development

The current contribution of Indian Outbound Tourism towards India's Economy stands at below 1% which signifies that it is a very niche and untapped market sphere. However, if focused on the sectors discussed below, the number can reach new highs and will definitely change whole course of outbound tourism share in GDP.

India's outbound tourism has a positive impact on several sectors both domestically and internationally. Here are some sectors that benefit from India's outbound tourism:

- **Travel and Tourism Industry:** The most obvious sector to benefit from India's outbound tourism is the travel and tourism industry itself. Travel agencies, tour operators, airlines, hotels, and other travel-related businesses experience increased demand as Indian tourists explore international destinations. This leads to job creation, revenue generation, and overall growth in the tourism sector.

<sup>28</sup> <https://www.e-startupindia.com/learn/tour-operators-write-to-pm-to-revive-indias-tourism-industry/>



Figure 15: Sectors impacted by Outbound Tourism

- **Indian Aviation Industry:** With more Indians traveling abroad, airlines operating international routes witness increased passenger traffic. This translates into higher revenues for airlines through ticket sales, as well as increased demand for additional flight routes and frequencies.
- **Hospitality Industry:** The hospitality industry in international destinations receives a boost from Indian travellers. Hotels, resorts, and accommodations cater to the needs of Indian tourists, providing a source of revenue and employment opportunities.
- **Retail and Shopping:** Indian tourists often engage in shopping activities while traveling abroad. They purchase a variety of goods including apparel, accessories, electronics, luxury items, and souvenirs. Local retail businesses benefit from the increased spending by Indian travellers, particularly in popular shopping destinations.
- **Foreign Transportation Services:** Local transportation services such as taxis, car rentals, and public transport benefit from the influx of Indian tourists. They provide transportation solutions for sightseeing, commuting, and exploring the destination.
- **Food and Beverage Industry:** Indian travellers often try local cuisine and dine at restaurants while abroad. This creates opportunities for the food and beverage industry in the destination country to showcase their culinary offerings and cater to the tastes and preferences of Indian tourists.
- **Medical Tourism:** Some Indian tourists travel abroad for medical treatment, seeking advanced healthcare facilities, specialized treatments, or affordable medical services. Medical tourism destinations attract Indian patients, leading to increased revenue for hospitals, clinics, and healthcare providers.



- **Foreign Exchange:** Indian tourists need to exchange their currency for the local currency of the destination country. This benefits foreign exchange services, including banks, currency exchange bureaus, and financial institutions that facilitate currency conversion.
- **Travel Insurance:** Outbound tourism creates a demand for travel insurance among Indian travellers. Insurance companies provide coverage for medical emergencies, trip cancellations, lost baggage, and other travel-related risks, generating business opportunities in the insurance sector.
- **Cultural Exchanges:** Outbound tourism fosters cultural exchanges between India and other countries. It promotes understanding, mutual respect, and appreciation of diverse cultures. Cultural and educational institutions, museums, and art galleries benefit from increased visits by Indian tourists, promoting cultural exchange and collaboration.

It's important to note that the impact on each sector may vary depending on various factors such as the destination, travel preferences, spending patterns, and overall economic conditions.

A woman with long dark hair, wearing a black baseball cap, an orange jacket, and a black backpack, is looking through binoculars. She is standing on a grassy hillside overlooking a vast, green valley with winding roads and small buildings. The sky is bright with scattered clouds. A large red circle is overlaid on the left side of the image, containing the text 'Findings and recommendations'.

## Findings and recommendations





## Key findings and insights from the report

India's outbound tourism has been experiencing a rapid growth in the recent years. The number of Indian travellers going abroad has been steadily increasing, driven by factors such as rising incomes, a growing middle class, increased affordability, and a desire for international experiences.

It has been observed that Indian travellers are considerably spending on their outbound trips. There has been a shift towards experiential travel, with a focus on unique experiences, luxury accommodations, and curated itineraries. Adventure tourism, wildlife safaris, wellness retreats, cultural immersion programs, and culinary tours are gaining popularity among Indian tourists. This trend highlights a growing desire for unique and immersive experiences beyond conventional sightseeing. This has led to increased spending on transportation, accommodation, dining, shopping, and leisure activities.

Travellers are showing increasing interest in exploring new and offbeat destinations, including countries in Africa, Latin America, Central Asia, and Eastern Europe apart from the popular traditional tourist destinations of the United States, the United Kingdom, Thailand, Dubai, Singapore, Malaysia, and European countries. Family-oriented and group travel is a prominent trend in India outbound tourism. Indians often travel with their families or in larger groups, including extended family members and friends. Education and business travel play a significant role in India outbound tourism. Indian students pursuing higher education abroad contribute to outbound tourism numbers, and business travellers often combine work-related trips with leisure activities, extending their stays for personal travel.

The growing influence of digital platforms, including social media and travel websites, has had a significant impact on India outbound tourism. Indian travellers increasingly rely on digital resources for trip planning, destination research, travel bookings, and recommendations from fellow travellers.

Improvements in travel facilitation, such as visa processes, online booking platforms, inexpensive flight tickets, travel insurance options, streamlined airport services and numerous offers from tour companies have made outbound travel more convenient for Indian tourists. The focus on easing travel procedures and enhancing the overall travel experience has contributed to the growth of India outbound tourism.

Despite the significant growth in recent years, India outbound tourism still has vast untapped potential. With a large population, a rising middle class, increasing disposable incomes, and a growing interest for international travel experiences, the outbound tourism market in India is braced for further expansion.



## Recommendations for growing the future on outbound tourism

As the global travel market recovers to pre-pandemic levels, the Indian outbound travel market is expected to outpace many other countries, faster than almost any market in the west. Even in the Asia Pacific region, it's going to be one of the top growing markets. There is no doubt that India will gradually become the number two market for outbound travellers to the world very soon. Therefore, by focusing on outbound tourism like it does for inbound tourism, the Indian government can harness the economic, social, and cultural benefits associated with international travel while also contributing to the country's overall development. Here are few recommendations that the government may implement to support this expanding sector:

### **Lowering the rate of TCS (Tax collected at source):**

Although the Government has withdrawn the increase of tax collected at source (TCS) on overseas tour packages from 5% to 20% on amounts up to ₹7 lakh per annum and for above 7 lakhs govt has deferred the tax increase till October. However, the long-standing demand of industry bodies for reducing the TCS percentage to 2.5% remains unmet. It is believed that reducing the TCS will attract more people to book through Indian tour operators and enhance competitiveness.



**Enhancing opportunities of partnership with foreign countries:** In the medium to longer term, opportunities will emerge in business and MICE travel and in two-way investment in tourism infrastructure.

As many foreign commercial establishments are growing in India there will be opportunities to broaden business travel and events, including through coordination with conversion bureaus. MICE travel opportunities could take a sectoral approach, particularly those with a large sales focus (IT, pharmaceuticals, financial services, and insurance). Indian convention bureaus have the potential to set up in foreign nations. This could then connect with a retail outlets already present in the targeted counties that focus on servicing corporate clients.

**Collaboration with airlines:** The Indian government can collaborate with airlines of regional hub countries that have shared interests. This collaboration can involve offering incentives to airlines to increase the number of flights and routes between India and those countries.

Work with airlines to develop special travel packages that cater to specific interests. For instance, cricket-themed travel packages can include discounted airfare, match tickets, and exclusive experiences related to cricket events. Similarly, film-themed packages can offer opportunities to visit film sets, attend film festivals, or participate in workshops.



**Experiential promotions, Joint marketing campaigns:** On emphasizing experiential promotions that focus on the immersive and unique aspects of shared interests for example, organizing cricket coaching camps, film location scouting tours, or backpacking trails that allow travellers to engage actively in their preferred interest while exploring new destinations

Collaboration on joint marketing campaigns that highlight travel experiences available in both India and regional hub countries. Platforms such as social media, television, print media, and travel websites can be used to reach a wider audience and create awareness about the travel opportunities.

**Allowing foreign cruise vessels to operate on Indian waters:** Allowing foreign cruise vessels to include Indian destinations as a stop would encourage both inbound and outbound tourism as well as increase revenue for Indian ports.

Allowing foreign cruise vessels to operate on Indian waters would provide Indian travellers with a wider range of travel options. They would have the opportunity to explore different destinations and enjoy unique experience offered by these cruise lines. This expanded choice can attract more Indians to consider cruising as a preferred mode of travel for their outbound journeys.



Foreign cruise vessels operating on Indian waters would not only cater to outbound travellers but also bring international tourists to Indian destinations. This can increase the exposure of Indian cities and tourist sites, showcasing the rich cultural heritage, natural beauty, and historical landmarks to a diverse range of international visitors. This would also incentivize the development of cruise infrastructure, such as ports and terminals, to accommodate these vessels. This infrastructure development can benefit both the cruise industry and other sectors of the tourism industry, supporting overall tourism growth in the country.

**Strengthening Indian passport and streamlining Visa processes:** A stronger Indian passport with increased visa-free travel privileges allows Indian citizens to visit more countries without the need for a visa. This simplifies the travel process and reduces the time, effort, and costs associated with obtaining visas. It encourages more Indians to explore international destinations, as they can easily plan and embark on the trips. At present Indian passport is ranked at 85<sup>th</sup> place in the Henley Passport Index, as of February 2023. Indian passport holders can travel to 59 countries without a visa.

A hassle free and simplified visa process would enhance the ease of travel, encourages more people to explore international destinations, and contributes to the growth of outbound tourism. The government should regularly review and improve visa policies, leverage technology, and prioritize efficient customer service to create a smoother and more traveller- friendly experience.



**Strengthening bilateral relations with tourist-friendly countries:** India has diplomatic relations with numerous countries that are considered tourist-friendly due to their welcoming policies, infrastructure and attractive destinations. USA,UK, UAE, Singapore, Thailand, Malaysia, Maldives etc are few of them. Strengthening the bilateral relations with these countries is indeed a valuable strategy to promote outbound tourism from India. Strengthening diplomatic ties with these countries by engaging in high-level dialogues, bilateral meetings, and cultural exchanges helps in building mutual trust, understanding, and cooperation in the tourism sector.

## Acknowledgement

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