



## Scenarios of Holiday business Industry Financial input in India: A Micro Study

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### Abstract

The holiday business industry in India has witnessed significant transformation and growth over the past decade. This micro study aims to explore the various financial inputs that drive the industry's development and sustainability. By examining key components such as capital investments, operational costs, revenue streams, and government incentives, this study provides a comprehensive overview of the financial landscape in the holiday business sector. By further enhancing prospects through strategic investments and supportive policies, India can unlock unlimited chances for growth and development, solidifying its position as a leading global holidaymaker destination. This study contributes to the understanding of the financial dynamics in the holiday industry in India, offering insights for investors, policymakers, and business operators aiming to navigate and thrive in this evolving market.

*Keywords:* holiday business, holiday maker, GVA, GDP, OEEs

### Scenarios of Holiday business Industry Financial input in India:

#### *A Micro Study*

Holiday business has emerged as an influential compound for financial growth in many realms, and India is no exception. The nation's diverse cultural legacy, natural sceneries, and antique sites have involved millions of visitors annually. Evolution Trends Specifies, India universally identified as one of the fastest-growing holiday business boundaries in a 2014 study. A predictable annual growth rate of 6.4% skirted by 2014 and 2024. It is predicted to be the third fastest-growing travel destination with a 7.9% annual average growth rate till 2023. The main objective of Indian tourism development (ITDC) came into existence in October

1966 with the solitary objective of emergent and disbursing tourism structure in the realm, thereby promoting India as a holidaymaker terminus.

The impact of Indian tourism on financial growth and progress is multidimensional. A financial contribution of tourism for economic development holiday business plays a noteworthy role in contributing to economic progress through various financial networks and stimuli. India was ranked 39 out of 119 countries in the recently released Travel and Tourism Development Index 2024 by the World Economic Forum (WEF). Here are some key ways in which tourism contributes financially to economic development

### *Foreign Exchange Earnings*

Holiday business generates foreign exchange revenues when international tourists spend money on accommodation, food, transportation, shopping, and other tourism-related activities. This influx of foreign coinage helps strengthen the country's balance of payments and supports the local currency.

### *Job Creation*

The holiday business is a labour-intensive industry, creating direct employment opportunities in sectors such as hospitality, transportation, entertainment, and retail. Indirectly, tourism also supports jobs in related industries such as agriculture, handicrafts, and construction.

### *Income Generation*

Holiday business contributes to income generation for individuals and businesses involved in providing goods and services to tourists. This includes salaries for employees, earnings for small businesses (like souvenir shops and local vendors), and income for tour guides and transportation providers.

### *Infrastructure Development*

The demand generated by holiday businesses often leads to investments in infrastructure development such as airports, roads, hotels, restaurants, and recreational facilities. Improved infrastructure not only enhances the tourist experience but also benefits residents and businesses.

### *Government Revenue*

Tourism generates tax revenues for governments through various channels, including sales taxes, value-added taxes (VAT), income taxes from holiday-related businesses, and fees for entry to national parks or heritage sites. These revenues can be used to fund public services and infrastructure development.

### *Regional Development*

Holiday businesses can contribute to the development of less economically developed regions or rural areas by creating employment opportunities and attracting investments in infrastructure. It helps to reduce regional income disparities and stimulates local economies.

### *Multiplier Effect*

The economic impact of tourism extends beyond direct spending by tourists. It creates a multiplier effect as tourism dollars circulate through the economy, supporting suppliers, distributors, and service providers across various sectors.

### *Diversification of Economy*

Tourism can contribute to economic diversification by reducing dependence on traditional industries such as agriculture or manufacturing. It provides an alternative source of income and employment, especially in countries with limited natural resources.

### *Cultural Preservation*

Holiday businesses often promote cultural heritage and encourage preservation efforts.

### *Investment Opportunities*

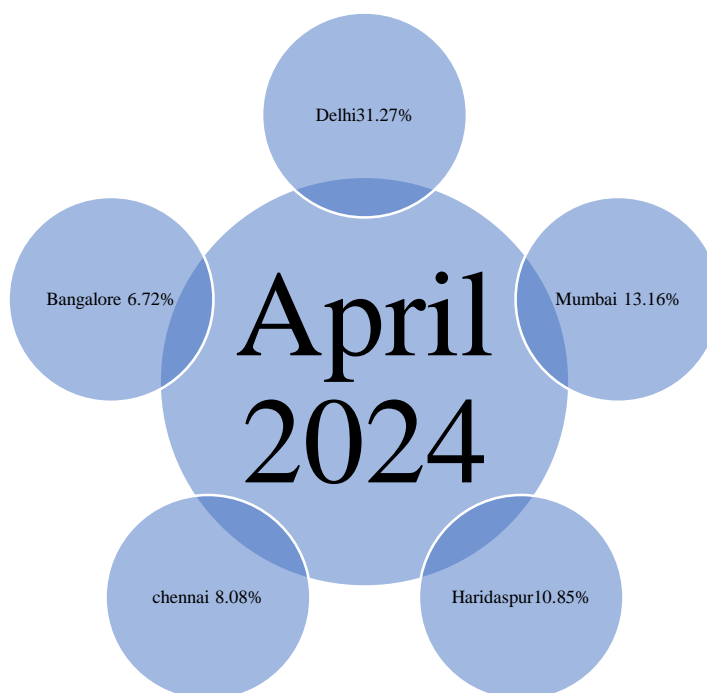
The growth of tourism can attract investment in new businesses and ventures catering to holidaymakers' needs, such as hotels, restaurants, entertainment venues, and transportation services. This creates opportunities for entrepreneurship and economic growth. Holiday business's financial contribution to economic development is multi-layered and impactful, encompassing foreign exchange earnings, job creation, income generation, infrastructure development, government revenues, regional development, and cultural preservation. It is a dynamic sector that plays a crucial role in many economies worldwide, including fostering sustainable development and improving standards of living for communities involved in tourism activities. From the Last Decade, India has amplified holiday business by over 10 million. The Indian holiday business industry is flourishing immensely. It contributed 7.3% to

India's total GDP (Gross Domestic Product) in 2021. It also provided 90 million jobs to the people. The Holiday business market in India is expected to generate proceeds of US\$23.72bn in 2024. The predictable annual progress rate (CAGR 2024-2028) of 9.62% is likely to be upshot in a market capacity of US\$34.25bn by 2028. The prime market in India is the Package Holidays market, which is anticipated to reach a market capacity of US\$10.48bn in 2024. In 2028, the number of holidaymakers in the Package Holidays market is predicted to amount to 64.74m holidaymakers. In 2024 holiday maker diffusion is expected to be 7.8%, which is projected to upsurge to 10.0% by 2028. The average revenue per user (ARPU) is probable to be US\$209.70. It is predicted by 2028, online sales are likely to create 60% of the total revenue in the Travel & Tourism market in India. In evaluation to other realms, the United States is anticipated to create a peak revenue of US\$199bn in 2024. India's holiday business industry is presently concentrating on encouraging justifiable and eco-friendly travel options to attract accountable and mindful travellers. FTAs in April 2024 remained at 6,50,748 as associated with 6,03,985 in April 2023 and 7,74,651 in April 2019 recording a growth of 7.7% and -16.0% with esteem to 2023 and 2019 respectively. FTAs throughout the retro January- April 2024 remained 34,71,833 as associated with 31,33,751 in January April 2023 and 39,54,443 in January-April, 2019 recording a growth of 10.8% and -12.2% concerning 2023 and 2019 correspondingly. Percentage Share of Foreign Tourist Arrivals in India throughout April 2024 and during January to April 2024 among the top 5 source realms

### Foreign Tourist Arrivals (FTAs)

Table: 1

April	January to April
Bangladesh (26.30%)	Bangladesh (19.62%)
USA (13.74%)	USA (16.03%)
UK (8.36%)	UK (11.08%)
Australia (4.41%)	Canada (5.00%)
Canada (3.55%)	Australia (4.58%)



Fraction Share of Foreign Tourist Arrivals in India throughout April 2024 among the topmost 5 sports.



### *Overseas Exchange Earnings*

FEEs during the calendar month of April 2024 stood at Rs. 17,909 crores as related to Rs. 17,405 crores in April 2023 and Rs. 17,693 Crore in April 2019 recordkeeping progress of 2.90% and 1.22% concerning 2023 and 2019 correspondingly.

FEEs in US\$ standings through April 2024 were US\$ 2.147 billion as compared to FEEs of US\$ 2.122 billion in April 2023 and US\$ 2.544 billion in April 2019 recording progress of 1.20% and -15.59% with esteem to 2023 and 2019 respectively.

FEEs throughout the period January- April 2024 were Rs. 90,600 crores as compared to Rs. 71,235 crores in January-April 2023 and Rs. 71,132 Crore in January-April, 2019 process progress of 27.18% and 27.37% with admiration to 2023 and 2019 respectively.

## Holiday business statistics of the year 2022-2023 a Glimpse

Table: 2

Important Facts about Tourism, for the Year 2022-23	
India A No. of Foreign Tourist Arrivals in India	6.19 million (P)
Annual Growth Rate	305.4%
No. of Indian Nationals Departures from India	21.09 million (P)
Annual Growth Rate	146.7%
No. of Domestic Tourist Visits to all States/UTs	1731.01 million
Annual Growth Rate	155.5%
Estimated Foreign Exchange Earnings from Tourism 2022	
i) In INR terms	Rs. 134543 Crore (#1)
Annual Growth Rate	106.8%
ii) In US\$ terms	US\$ 16.928 Billion (#1)
Annual Growth Rate	92.4%
(ii) World	
No. of International Tourist Arrivals	963.0 million (p)
Annual Growth Rate Million	111.2%
International Tourism Receipts	US\$ 1031 Billion (P)
Annual Growth Rate	61.6%
(iii) Asia & The Pacific Region	
No. of International Tourist Arrivals	100.5 million (p)
Annual Growth Rate	305.2%
International Tourism Receipts	US\$ 131.4 Billion (P)
Annual Growth Rate	45.0%
(iv) India's Position In World	
Share of India in International Tourism Receipts (US\$ terms)	2.08%
India's rank in World Tourism Receipts 14 <sup>th</sup>	

P: Provisional, #1: Provisional Estimates (Source: India Tourism Statistics at a Glance, 2023)

### Overseas Holidaymaker Stream of traffic to India

Inbound Holiday business: Overseas Holidaymaker Arrivals (FTAs), Comings of non-resident Indians (NRIs), and International Holidaymaker Arrivals (ITAs) 2011-2022.

Table: 3

year	FTAs in India			Percentage Change over previous years		
	Percentage	NRI arrivals	ITAs in	FTAs	NRIs	ITAs
	Change over previous years (in Million)	in India (in Million)	India (in Million)			
2011	6.31	-	-	9.2	-	-
2012	6.58	-	-	4.3	-	-
2013	6.97	-	-	5.9	-	-
2014	7.68	5.43	13.11	10.2	-	-
2015	8.03	5.74	13.76	4.6	5.7	5.0
2016	8.80	6.22	15.03	9.6	8.4	9.2
2017	10.04	6.77	16.81	14.1	8.8	11.8
2018	10.56	6.87	17.42	5.2	1.5	3.6
2019	10.93	6.98	17.91	3.5	1.6	2.8
2020	2.74	3.59	6.33	-74.9	-48.6	-64.7
2021	1.52	5.48	7.00	-44.5	52.6	10.6
2022	6.44	7.89	-	321.5	43.9	104.43

(Source: India Tourism Statistics at a Glance, 2023)

In the year 2022, India recorded 6.44 million FTAs i.e. conquered around 60% retrieval of pre-pandemic level with a development of 321.54% over 2021. In the case of universal tourist arrivals (ITA), India recorded 14.33 million ITA by attaining an 80% pre-pandemic level with a progress of 104.4% progress. NRI arrivals have recorded a 43.9% evolution in 2022 over 2021.

### Overseas Exchange Earnings (OEEs) from Holiday business in India

#### Overseas exchange earnings

Compared to 65,070 crores in 2021 registering a growth of 115.05% in 2022 over 2021. In US \$ terms, FEEs from tourism in 2022 were US \$17.611 billion as compared to US\$8.797 billion in 2021 with a growth rate of 100.19%.

Table: 4

Year	OEE in ₹ terms		OEE in US\$ terms	
	Creore	% Change over the previous year	US \$ Million	% Change over the previous year
2011	83037	25.49	17707	22.20
2012	95060	15.14	17972	1.50
2013	107563	12.51	18396	2.36
2014	120366	11.90	19699	7.08
2015	134843	12.03	21012	6.67
2016	150750	11.80	22428	6.74
2017	178189	18.20	27365	22.01
2018	195312	9.61	28565	4.40
2019	216467	10.83	30721	7.54
2020	50136	-76.84	6958	-77.35
2021	65070	29.79	8797	26.43
2022	139935	115.05	17611	100.19

(Source: India Tourism Statistics at a Glance, 2023)

#### Total International Tourist Arrivals:

- **2020:** 407 million
- **2021:** 458 million (12.5% growth over 2020)
- **2022:** 969 million (111.6% growth over 2021)

Table: 5

#### Top 10 Countries by International Holidaymaker Arrivals in 2022

France	United States	Italy	United Kingdom	Greece
Spain	Turkey	Mexico	Germany	Austria

**Share of Top 10 Realms in 2022:** These countries accounted for 46.8% of international tourist arrivals.



## Regional Distribution of Holidaymaker Arrivals in 2022

- **Europe:** 594.9 million tourists (97.4% growth over 2021)
- **Americas:** 156.2 million tourists (91.2% growth over 2021)
- **Asia & the Pacific:** 102.3 million tourists (312.5% growth over 2021)
- **Middle East:** 69.4 million tourists (124.6% growth over 2021)
- **Africa:** 46.6 million tourists (137.8% growth over 2021)

## International Tourist Arrivals by Region (2020-2022)

### *World Total*

**2020:** 407 million, **2021:** 458 million (12.5% growth over 2020), **2022:** 969 million (111.6% growth over 2021) Europe continues to dominate in terms of both total arrivals and share of global arrivals. Asia and the Pacific saw a remarkable recovery in 2022 with a significant increase in tourist arrivals compared to the pandemic-affected year of 2021. Africa and the Middle East also experienced strong growth rates, indicating recovery and increasing attractiveness as tourist destinations. India's holidaymaker arrivals showed a notable rebound in 2022 after a modest increase in 2021. These figures highlight the dynamic recovery and growth trends in international holiday business across different regions from 2020 through 2022. India's share in outbound holidaymaker traffic varies across different realms and regions. Here's a general overview of India's share in outbound tourist traffic for selected countries and regions:

### **India's Share in Outbound Tourist Traffic**

*United States:* India is one of the fastest-growing sources of outbound tourists for the United States. The number of Indian holidaymakers visiting the US has been increasing steadily over the years, reflecting a growing interest in international travel among Indians.

*United Kingdom:* Indians constitute a significant portion of outbound tourists to the UK. The UK is a popular destination for Indian travellers for tourism, education, and business purposes.

*United Arab Emirates (UAE):* The UAE attracts a large number of Indian tourists, primarily due to its proximity, strong air connectivity, and attractions such as shopping, entertainment, and cultural experiences.

**Singapore:** Singapore is a favoured destination for Indian tourists due to its visa-friendly policies, proximity, and attractions. Indians visit Singapore for leisure, business, and family trips.

**Thailand:** Thailand is one of the top destinations for Indian outbound tourists, known for its beaches, culture, and affordability. Indians visit Thailand for vacations, honeymoons, and cultural experiences.

**Australia:** Australia attracts Indian tourists for its natural beauty, wildlife, and educational opportunities. Indian visitors to Australia contribute significantly to its tourism sector.

**Europe (Overall):** Europe, as a continent, sees a substantial number of Indian tourists visiting various countries such as France, Germany, Italy, Switzerland, etc., for leisure, business, and cultural exploration.

## Trends and Growth

**Growth:** India's outbound holiday business has been steadily growing, driven by increasing disposable incomes, easier visa procedures, and a growing desire among Indians to explore international destinations.

**Preferences:** Indian holidaymakers often prefer destinations that offer cultural experiences, scenic beauty, shopping opportunities, and family-friendly activities.

**Education and Business:** Besides holiday business, Indian travellers also visit countries like the US, UK, Australia, and Canada for education and business purposes, contributing to outbound traffic.

**Tourism Direct GVA and GDP:** The Tourism Direct GVA and GDP also increased steadily from 2015-16 to 2019-20. A substantial drop was observed in 2020-21, reflecting the adverse effects of the pandemic on the tourism sector. They begin to recover in 2021-22, but they remain below the pre-pandemic levels.

## Direct Contribution to Tourism

The direct contribution of tourism to GVA and GDP shows a similar pattern, peaking in 2019-20 and then significantly dropping in 2020-21 before beginning to recover in 2021-22. The direct contribution to GVA ranged from 2.78% in 2015-16 to a low of 0.81% in 2020-21, with a slight recovery to 0.96% in 2021-22. The direct contribution to GDP ranged from 2.70% in 2015-16 to 0.78% in 2020-21, recovering to 0.92% in 2021-22.

### GVA Multiplier and Indirect Contribution

- The GVA multiplier remains constant at 1.9236 across all years.
- The direct and indirect contribution of tourism to GVA and GDP follows a similar trend to the direct contribution, with the highest values in 2019-20 and significant decreases in 2020-21.
- The combined direct and indirect contribution to GVA ranged from 5.35% in 2015-16 to 1.56% in 2020-21, recovering to 1.85% in 2021-22.
- The combined direct and indirect contribution to GDP ranged from 5.19% in 2015-16 to 1.50% in 2020-21, recovering to 1.77% in 2021-22.

### Conclusion

The data reflects the significant impact of the COVID-19 pandemic on India's tourism sector, with both direct and indirect contributions to GVA and GDP seeing sharp declines in 2020-21. However, the recovery in 2021-22 indicates a positive trend towards normalization and growth in the holiday business industry. The use of TSA provides a comprehensive understanding of tourism's economic impact, highlighting the importance of both direct and indirect contributions to the overall economy. India's outbound tourism market continues to expand, driven by factors such as economic growth, increasing affordability of international travel, improved air connectivity, and a growing appetite for exploring new destinations. Each destination offers unique attractions and experiences, catering to the diverse preferences of Indian travellers.

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