

Govt needs to accord infra status to hotel projects

The tourism sector in India is a large and growing source of foreign exchange earnings for the country. Foreign exchange earnings from the sector registered a Compound Annual Growth Rate (CAGR) of 10.4 percent during 2013-17, as against a CAGR of (-) 3.2 percent recorded by India's overall exports. This demonstrates the sector's strength and resilience in the face of economic downturn, and places it at the fulcrum of sustainable export growth strategy in India.

The recent growth in tourism earnings can be attributed to positive initiatives taken by the Central and State governments, and the resultant improvement in competitiveness of India's travel and tourism sector. In fact, India's rank has improved by 12 places on the Travel and Tourism Competitiveness Index during the 2015-2017 period. Further improvements in the sector can position it as an important channel for generating jobs, bridging infrastructure deficit, and addressing the inertia in India's overall exports.

One of the key challenges for the tourism industry in India is the lack of adequate infrastructure facilities. Comparison of India with other Asia-Pacific countries such as China, Singapore, and Thailand in the Travel and Tourism Competitiveness Index indicates that the country fares poorly on several key parameters such as air transport infrastructure, ground and port infrastructure, and tourist service infrastructure.

One of the key tourist service infrastructure is hotels. For incentivizing investments in this segment, the government could consider according infrastructure status to all hotel projects with investment of over Rs. 50 crore. Rationalisation of the GST rates on higher segments of hotels can also encourage investments.

It is also important to ensure the accessibility of the tourist infrastructure for elderly and differently abled persons. Population in some of our key tourism generating markets is aging, making it essential for us to focus on improving the accessibility of our tourist sites, public buildings, and transport infrastructure.

Another important aspect is that of export promotion, in which the role of the 'Incredible India' campaign cannot be overemphasized. The campaign has improved India's image in several markets. However, there is a need to intensify promotional activities in some key markets that have registered an increase in outbound tourist expenditure.