

**GOVERNMENT OF INDIA
TOURISM
LOK SABHA**

UNSTARRED QUESTION NO:3578
ANSWERED ON:18.04.2005
GROWTH OF TOURISM
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Will the Minister of TOURISM be pleased to state:

- (a) whether the growth of tourism in the country has not achieved the desired results;
- (b) if so, whether the Government has ascertained the reasons for such shortfall;
- (c) whether the Government is aware that India still occupies only 140th rank towards contribution of tourism to Gross Domestic Product (GDP);
- (d) if so, the barriers to growth of tourism in India; and
- (e) the measures taken to leverage private sector investment in tourism development?

Answer

MINISTER OF STATE FOR TOURISM (INDEPENDENT CHARGE) (SMT. RENUKA CHOWDHURY)

(a) and (b): As against a decline of 1.2% in total tourist arrivals world over during 2003, India achieved a growth of about 14% in foreign tourist arrival. Similarly, during 2004, India achieved an estimated growth of about 24% in foreign tourist arrivals to India as against just 10% the world over. Earnings from tourism in dollar terms have also increased by 36%.

(c): As per the estimates prepared by World Travel & Tourism Council, India's Tourism & Travel contribution to GDP during 2004 was 4.9% as against 10.4% the world over.

(d): The main competitive constraints facing the tourism sector are shortage of air seat capacity, high air fares, shortage of hotel accommodation, facilitation of entry to India by international tourists, the multiplicity & high level of taxation, restricted land use policies of State Governments, etc.

(e): Various steps have been taken by the Government to attract private sector investment in tourism development like giving capital grant to hoteliers for setting up of budget hotel accommodation; providing specified exemption for Income-tax on profits derived in foreign exchange; waiving of expenditure tax for hotels located in hilly/rural areas or places of pilgrimage; reduction in import duty on specified speciality food items used by foreign tourists; reduction in custom duty on specified items required for initial setting up of hotels or for substantial expansion; according Export House Status to Tourism; 100% foreign direct investment, etc.