

India Union Budget 2025-26

Point of view

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Tourism

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Key announcements for the sector

- Development of 50 tourist destinations through challenge mode
 - The top 50 tourist destination sites in the country will be developed in partnership with states through a challenge mode
 - States will be required to provide land for building key infrastructure
 - Hotels in these destinations will be classified under the infrastructure Harmonized Master List (HML).
- Measures for facilitating employment-led growth
 - Intensive skill-development programmes will be organized for youth, including through Institutes of Hospitality Management (IHM)
 - MUDRA loans will be provided for homestay
 - Efforts will be made to improve ease of travel and connectivity to tourist destinations
 - Performance-linked incentives will be offered to states for effective destination management, including tourist amenities, cleanliness, and marketing efforts
 - Streamlined e-visa facilities will be introduced, along with visa-fee waivers for certain tourist groups.
- Focus on spiritual and religious destinations, with emphasis on Lord Buddha's legacy
 - Continuing the emphasis on places of spiritual and religious significance, special attention will be given to destinations related to the life and times of Lord Buddha.
- Promotion of Medical Tourism and Heal in India
 - Medical tourism and Heal in India will be promoted in partnership with the private sectors, focusing on capacity building and easier visa norms.
- Increase in TDS/TCS threshold under 206C(1G) for overseeing tour packages
 - The threshold for TDS/TCS under section 206C(1G) for remittance under Liberalised Remittance Scheme (LRS) and overseas tour programme packages has been increased from INR 7,00,000 to INR 10,00,000.
- Establishment of a Maritime Development Fund
 - To promote long-term financing for maritime industry, a maritime development fund with a corpus of 25,00 crore will be set up. The fund will provide distributed support and promote competition. This will have up to 49 percent contribution by the government, and the balance will be mobilized from ports and private sector

Implications for the sector

- The approach to developing the top 50 tourist destinations under challenge mode could facilitate the identification and transformation of both iconic and emerging destination. By including hotels in these destinations under the Harmonized Master List (HML), the government may encourage private sector participation, potentially driving investments that enhance infrastructure, upgrade amenities, and expand accommodation capacity

Collaboration with States/UTs to provide land for key infrastructure projects could streamline process, accelerating project timelines, and potentially positioning these destinations as leading tourist spots

- Intensive skill-development programmes can equip youth with industry-relevant skills, creating a well-trained workforce to meet the growing demand in the hospitality and tourism sector. At the same time, MUDRA loan for homestays can empower local entrepreneurs, particularly in rural and remote areas, by diversifying income opportunities while offering unique cultural experiences to tourist

Efforts to enhance connectivity to tourist destinations could improve accessibility, reducing the pressure on popular destination and unlocking the potential of unexplored/less explored destinations. Additionally, simplifying visa process and offering targeted visa-fee waivers may attract more international tourists, further boosting foreign arrivals and strengthening India's position as a leading global tourism hub

- A potential increase in international tourists from countries with strong Buddhist cultural ties, such as Thailand, South Korea, Sri Lanka, and Japan, can be attracted to key pilgrimage site in Uttar Pradesh, Bihar, Madhya Pradesh, Odisha, Maharashtra, Andhra Pradesh, Sikkim, Himachal Pradesh, Arunachal Pradesh and Ladakh¹. Collaborating with multilateral organisations could enable the development of sustainable and large-scale infrastructure projects, potentially leading to long-term benefits for these heritage site. Improved infrastructure and increased tourist arrivals could further stimulate local economies through job creation and higher demand for goods and services
- Simplified visa processes could attract more medical tourist from Africa, the Middle East, and Southeast Asia, positioning India as a leading destination for quality, affordable healthcare. Integrating ayurveda, yoga, and wellness therapies with modern medical services may further strengthen India's appeal as holistic health and wellness hub

Collaboration with private healthcare providers could enhance service quality and expand India's reach in global healthcare networks. At the same time, the rise in medical tourism may drive growth in complementary sectors such as hospitality, travel, and wellness, contributing to broader economic development

- The amendment to increase the TDS/TCS threshold on overseas tour programme packages could ease compliance requirement for tour operators, potentially benefiting from operation flexibility and encouraging outbound tourism
- The establishment of Maritime Development Fund can support long-term financing for maritime industry, encouraging investment in cruise terminals and port infrastructure. This could potentially encourage the growth of river cruise and coastal passenger shipping, contributing to the expansion of cruise tourism in India.

Additionally, this fund may promote competition and attract private sector participation to strengthen the maritime sector.

¹Buddhist Sites in India, Ministry of Tourism, Government of India, accessed on 01 February 2025.

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