



Beyond Boundaries: The Transformative Power of Travel in India



For thousands of years, people have been moving from place to place for one reason or another, whether for seasonal work or just a change of scenery. During pre-historic times, the model of tourists was more inclined to search for food and safety. As time progressed, people started traveling for leisure. The first people to indulge in what we would consider traveling for pleasure did so over 2,000 years ago in Ancient Rome. A period of prolonged peace and prosperity, coupled with a fantastic road network, set the stage for the first summer vacations when the rich Romans used to flock to the coast to escape the heat.¹

If we trace the history of travel accommodations, the oldest hotel in the world—the **Nishiyama Onsen Keiunkan in Japan—dates back to 705 AD**. This remarkable establishment highlights how deeply ingrained travel has been in human history. From ancient Romans seeking leisure to pilgrims and explorers venturing across continents, tourism has always reflected humanity's innate curiosity and desire to connect with new places and cultures.

In the past, travel was a luxury reserved for the wealthy, but recent developments such as improved connectivity, the rise of low-cost airlines, enhanced hotel options, etc. have significantly increased accessibility, allowing the common man to explore the world like never before. Over the years, the travel and tourism industry has not only transformed the way people perceive travel but has also become a vital contributor to global economies, driving growth, creating jobs, and fostering cultural exchange.

¹<https://www.saexpeditions.com/blog/post/the-long-and-inequal-history-of-leisure-travel>

In India, the travel and tourism sector, which currently employs 45 Mn people, is projected to employ 63 Mn people in the next 10 years and will be worth \$523 Bn, almost double its present size.²

India Rising: What's boosting India's travel & tourism demand?

India is home to some of the world's most iconic attractions— historical monuments like Taj Mahal, the deserts in Rajasthan, Kerala's backwaters, the Himalayan mountains and beaches in Goa. From heritage, wildlife, adventure, culture, leisure to medical tourism, India has the potential to offer a wide variety and mix of experiences to foreign and domestic tourists. India has the perfect fundamentals to emerge as a must-visit destination for travellers seeking varied experiences from across the globe. The chart below depicts that leisure travel holds the biggest share in the foreign tourism pie of 45%, furthering our point about India being an attractive travel location.

Exhibit : Purpose wise % share of foreign tourist arrivals in India in 2024³

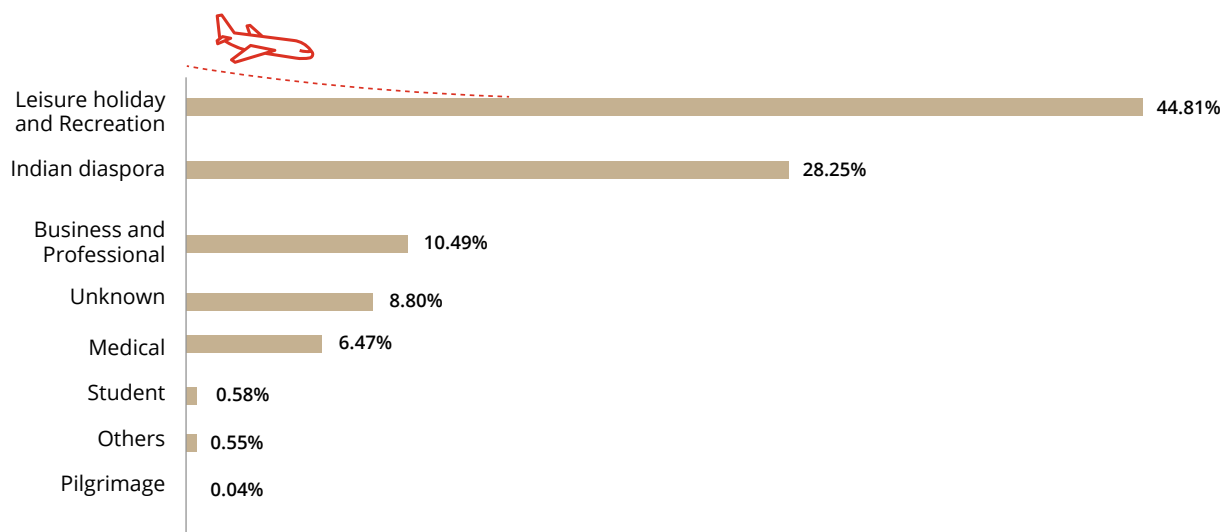
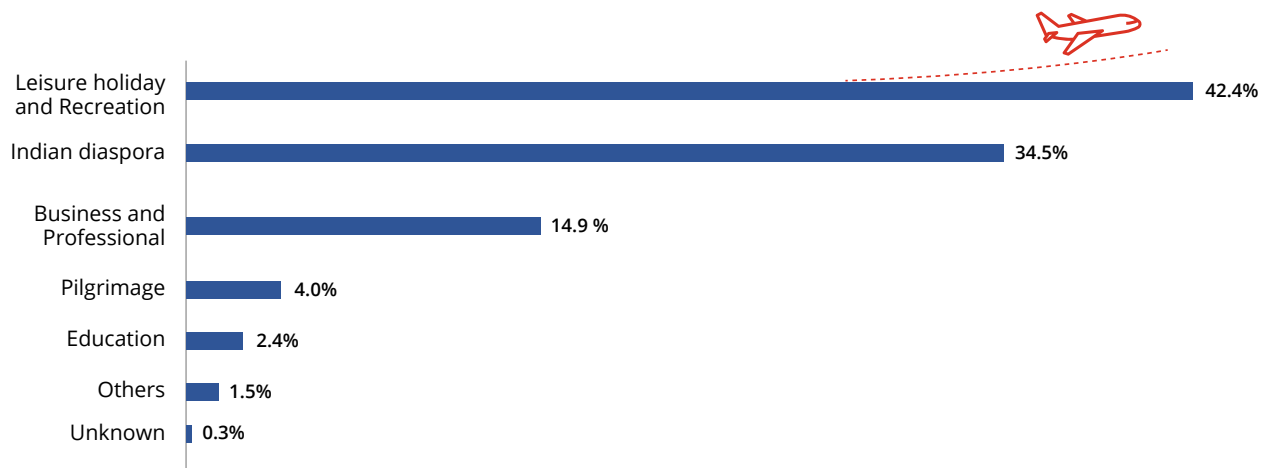


Exhibit : Purpose wise % share of Indian Nationals departures from India in 2024⁴



²https://www.business-standard.com/industry/news/indian-tourism-sector-to-double-to-523-years-in-10-years-wttc-chief-124121500154_1.html

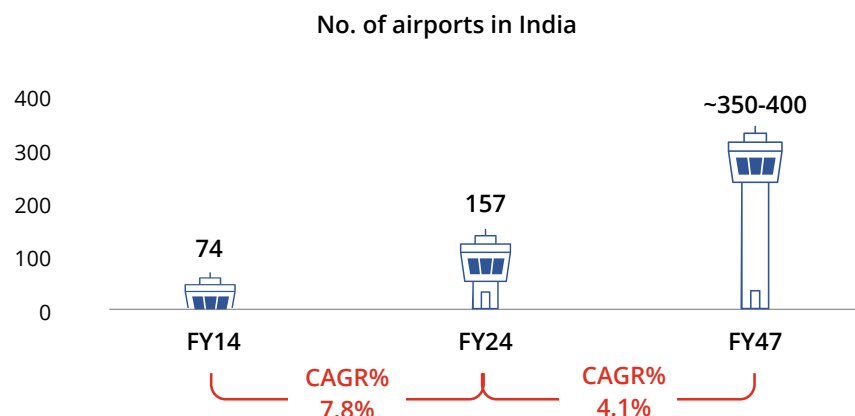
³Ministry of tourism | ⁴Ministry of tourism

At the current juncture, several factors listed below are helping India's travel & tourism grow.

Government initiatives – Tourism infrastructure

To cater to the rising travel & tourism in India, the government has been rapidly advancing its infrastructure development efforts. In FY 2023 alone, India built a 5,300 km⁵ rail network, which is equal to Switzerland's entire train network; over the past 10 years, 31,000 km of railway track has been added, which is equal to Germany's entire network.⁶ The national highway network has expanded from 91,000 km to 150,000 km in the past decade, and the pace of road construction has more than tripled, from 12 km per day in 2014 to a target of 60 km per day.⁷ India has gone from 74 airports in 2014 to 157 airports in service as of 2024, with plans to raise that number to 350–400 by 2047.

Exhibit : India plans to raise the number of airports to 350–400 by 2047⁶



World's largest diaspora and the resurgence of travel following the pandemic

India is the origin of the largest number of international migrants in the world, with large diasporas living in countries such as the USA and the UAE. This large diaspora travels back to India every year to visit friends and family, making a significant contribution to the tourism industry.

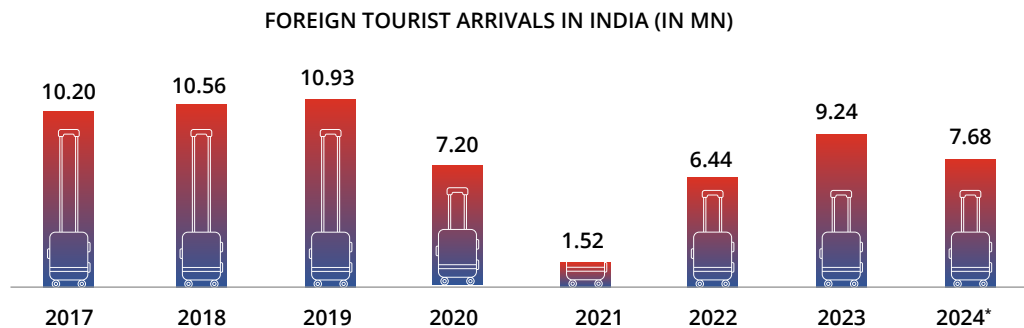
Post pandemic, India saw a fall in the number of foreign tourists, but the numbers are going back to pre-COVID levels as is evident from the chart below. Pre-pandemic, India used to see a foreign tourist footfall of almost ~11 Mn back in 2019. While the foreign tourist arrivals haven't reached the same number yet, they are slowly going back to pre-COVID levels.

⁵<https://www.ndtv.com/india-news/in-10-years-india-adds-31-000-km-rail-network-equal-to-all-of-germany-5675673>

⁶<https://www.ndtv.com/india-news/in-10-years-india-adds-31-000-km-rail-network-equal-to-all-of-germany-5675673>

⁷<https://www.financialexpress.com/business/airlines-aviation-indias-aviation-boom-modi-government-doubled-number-of-airports-in-the-country-in-10-years-says-scindia-3692562/>

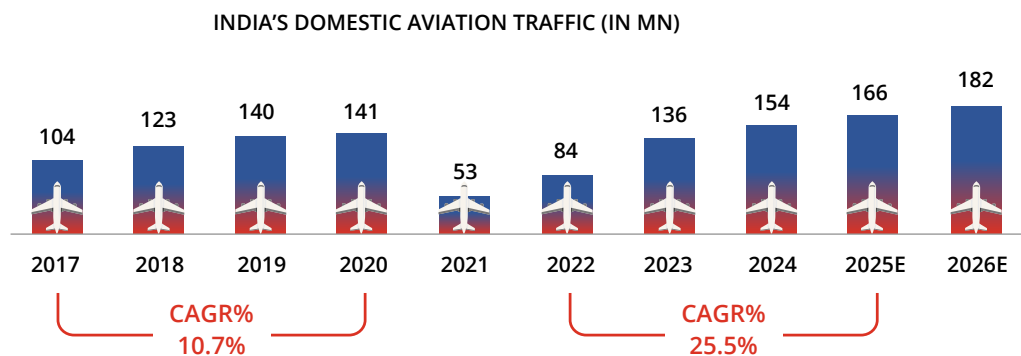
Exhibit : Foreign tourist arrivals in 2024 (Jan'24 to Oct'24) has reached 7.68 Mn



Rising disposable incomes & impact of social media

Indian domestic tourism demand has grown significantly in the past decade, especially after COVID, driven by a combination of factors—rising income and evolving lifestyle, business travel, desire to travel more, impact of social media, diverse tourism offerings and infra development led by govt authorities.

Exhibit : Rising domestic air traffic indicates towards the rising domestic travel⁸



With the increasing amount of time spent on social media, people's perceptions are increasingly shaped by online content. Travel influencers play a pivotal role in the travel industry by igniting wanderlust and boosting the popularity of destinations through genuine storytelling and captivating visuals. Their strong connection with audiences builds trust, positioning them as reliable sources for travel advice, surpassing traditional marketing approaches. In 2024, India boasts 324,000 travel influencers, a significant rise from 100,000 between April 2020 and March 2021.⁹

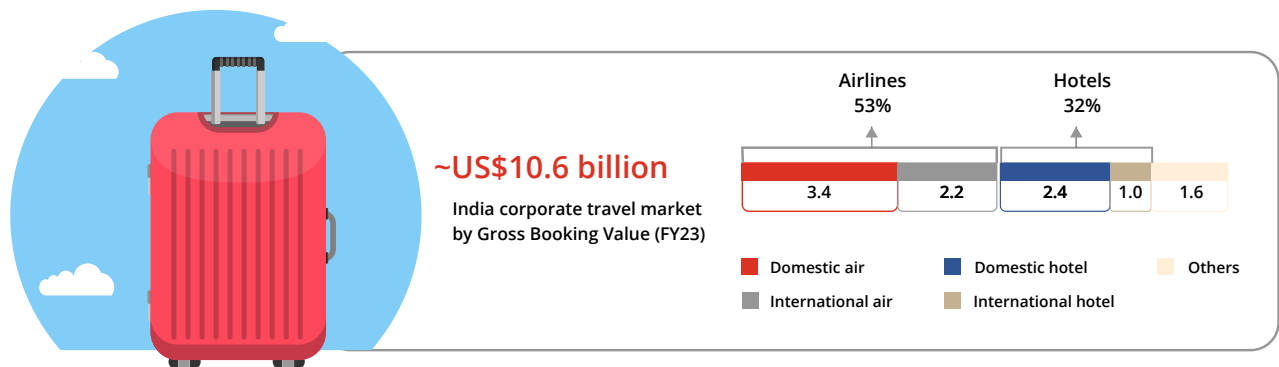
⁸Jefferies

⁹<https://www.moneycontrol.com/news/trends/india-more-than-triples-influencer-count-in-four-years-travel-category-sees-strong-rebound-12920087.html>

Growing emphasis on “bleisure”

After relying on remote work and video calls during the pandemic, corporations are increasingly returning to in-office work and business travel, providing a significant boost to the business travel sector. The new trend of “bleisure” has been picking up lately, where employees extend business trips for leisure activities, blurring the lines between work and play due to flexible work arrangements like remote work and hybrid models. Corporations have increased spending on MICE (meetings, incentives, conferences and exhibitions) activities, due to the recognition of the value of these events in achieving business objectives. Corporations have realised that there is no substitute for face-to-face engagement with their leaders and colleagues, which bodes extremely well for business travel.

Exhibit : India’s corporate travel market (FY23) (US\$ bn)¹⁰



Dissecting the Indian travel & tourism ecosystem

The travel and tourism industry is fundamentally supported by three key sectors: aviation, hospitality, and ancillary, all of which directly benefit from the growth in travel and tourism.



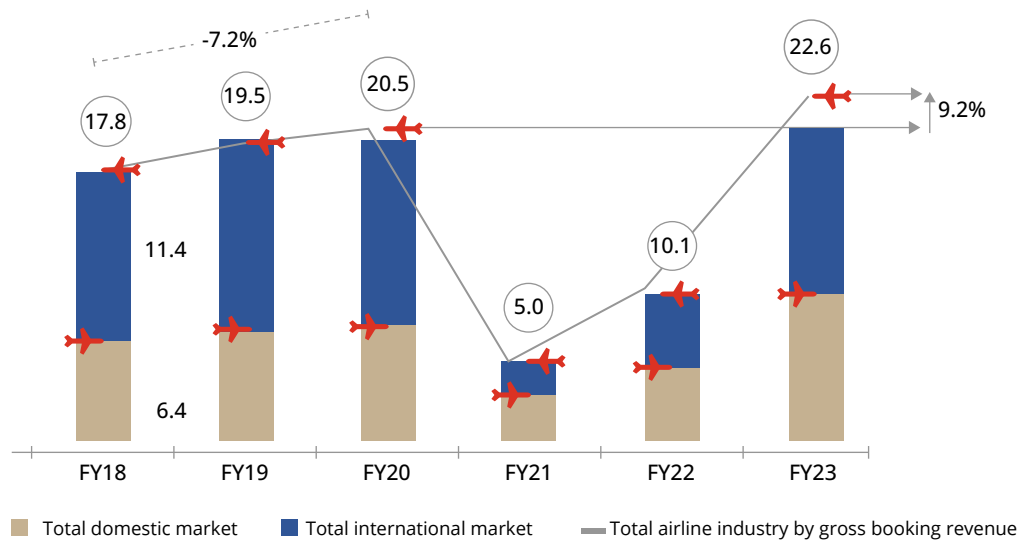
India’s aviation sector has experienced a meteoric rise, fueled by soaring demand and the government’s unwavering commitment to its growth through supportive policies. This dynamic shift has propelled India to the forefront of the global aviation ecosystem, becoming the third-largest¹¹ domestic aviation market in the world, after the USA and China. The domestic aviation market has shown substantial growth, with a 15% YoY increase in total air passengers handled at Indian airports reaching 37.6 crore in FY24. The fleet of Indian carriers is more than 800 planes, including over 60 wide-body aircrafts.¹² With a strategic focus on fleet modernisation, international expansion, and improved service delivery, Indian aviation is well-positioned for sustained growth in the years to come.

¹⁰Deloitte

¹¹https://www.business-standard.com/industry/news/indian-aviation-set-to-soar-in-2025-with-more-planes-flights-and-airports-124122300262_1.html

¹²PJB

Exhibit :India airline market size by gross booking revenue (in US\$ billion)¹³



Hotels

The hotel industry in India has grown phenomenally in the recent years, primarily driven by an economic, social, and technological factors mix. The hotel industry in a country plays a great role in boosting tourism, promoting economic development, and generating employment. The market size of the hospitality industry in India is projected to be approximately US\$ 24.61 billion in 2024 and is anticipated to reach US\$ 31.01 billion by 2029. The projected growth is anticipated to occur at a compound annual growth rate (CAGR) of 4.73% throughout the forecast period of 2024-29.

Segment Classification

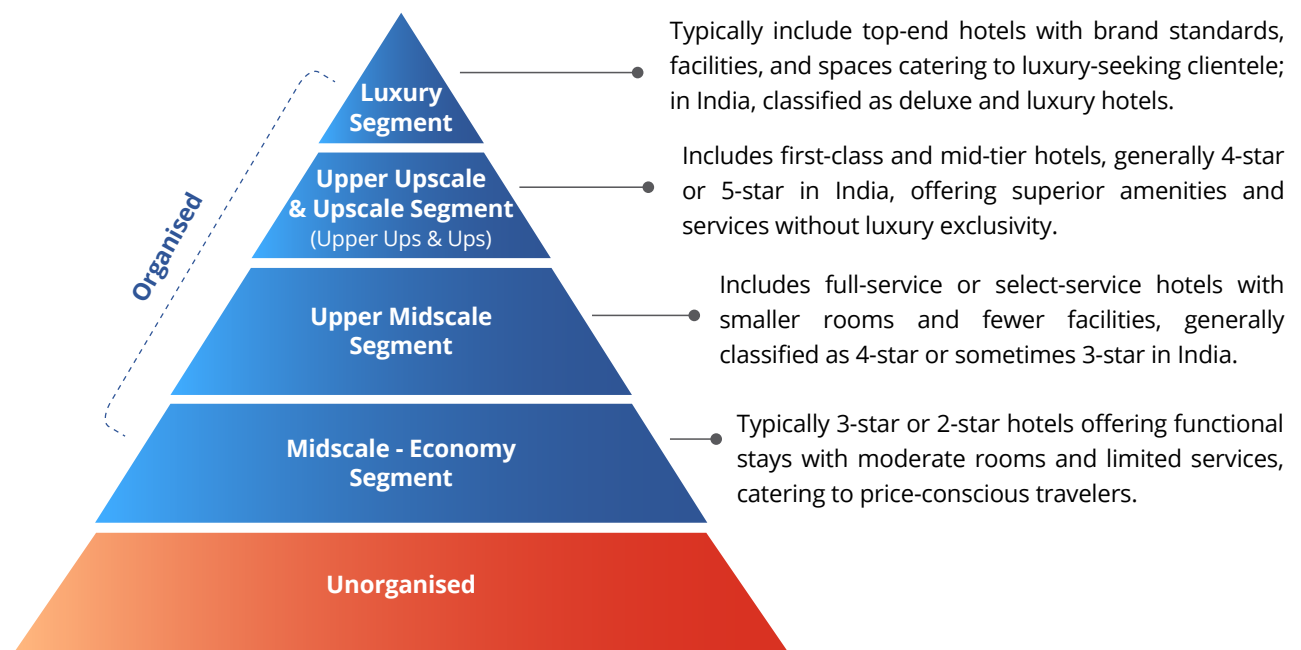
The hotel industry in India is diverse with a mix of domestic and international players. Major players in the Indian hotel industry can be categorised into two broad categories:

Organised: Organised players in the Indian hotel industry typically refer to those businesses that operate under established brands, chains, or groups with standardised services and facilities. They adhere to regulatory standards and guidelines. Some of the key players in this segment are ITC Hotels, Marriott International, Indian Hotels Company Limited (IHCL), Hyatt Hotels Corporation, Radisson Hotel Group and many more.

Unorganised: The unorganised sector in the Indian hotel industry typically comprises smaller, independent establishments that operate without belonging to larger chains or groups. They may vary significantly in terms of service quality, facilities, and adherence to regulations.

¹³Deloitte Corporate travel report

These hotels are further segmented into the Luxury segment, Upper Upscale & Upscale segment, Upper Midscale segment (Up-Mid), and Midscale Segment & Economy Segment. The hotels also offer additional facilities such as restaurants, bars, and function facilities for meetings and events, varying for each hotel. These industry terms used for classifying, categorising and segmenting hotels, where each segment provides a different experience and service, are explained below.



The diverse range of hotels in India, serve various segments of the market, ranging from luxury to budget accommodations. While these different segments offer different services their operation style also differs from hotel to hotel. The operational model plays a huge part in the business model of a hotel as it significantly impacts the efficiency of running these companies.

Hotel Operations Mode

Hotel Operations are typically structured as Owner-Operated, Management Contract and Franchise-based.

1. Owner Operated

Owner Operated structure is where the hotel owner is also operating the hotel for owner's benefit. Hotels may be owned on freehold or leasehold basis.

2. Management Contract

Management Contract structure comprises operation by a hotel management company of hotels owned by other parties. The hotels are marketed and operated for the benefit of the owner, generally using the brand (including loyalty program) of the hotel management company. The hotel management company is paid fees for its management and brand. Some management companies serve as third-party operators, managing hotels under a brand franchise obtained by the hotel owner.

3. Franchise

Franchise-based structure comprises use by a hotel owner of the brand of a hotel company that provides use of the brand, associated loyalty program, and defined sales and marketing support to the hotel owner, against a franchise fee payable to the hotel company. The hotel may be owner managed or managed by another hotel company.

The evolution of the hotel industry has witnessed a notable shift towards asset-light strategies. Leading multi-branded lodging companies like Marriott International, Hilton, Hyatt Hotels Corp., and InterContinental Hotels Group are increasingly adopting an approach that privileges franchising. Such a strategy not only generates fees but does so from a relatively lower cost base. Hotels that have expanded through the asset-light model over the last few years have reported significant improvement in Return on Capital Employed (ROCE), aided by strong accruals. However, in the case of asset-heavy expansion, the extent of improvement in ROCE has been constrained to the extent of high capital cost of new properties. With business accruals and margins expected to pick up further, the large players in the market will continue to pursue the asset light route. By relinquishing ownership of physical properties, hospitality companies continue to concentrate on core business: delivering outstanding hospitality experiences. This heightened focus on core aspects can lead to creation of more attractive and memorable guest experiences, driving customer satisfaction and brand loyalty.

Trends & Opportunities supporting the Indian hotel space

India is home to some of the world's most iconic attractions— historical monuments like Taj Mahal, the deserts in Rajasthan, Kerala's backwaters, the Himalayan mountains and beaches in Goa. From heritage, wildlife, adventure, culture, leisure to medical tourism, India has the potential to offer a wide variety and mix of experiences to foreign and domestic tourists. India has the perfect fundamentals to emerge as a must-visit destination for travellers seeking varied experiences from across the globe.



Sports Tourism

- Spectator demand has steadily increased in recent years as various sports gain prominence and attract greater interest. India's sports tourism market, valued at USD 10,870.41 million in 2023, is projected to grow at a remarkable CAGR of 17.1% and reach USD 52,967 million by 2033.¹⁴ In response to this rising demand, stadiums and sporting venues are enhancing their facilities with hospitality features to accommodate larger crowds.
- The ICC Men's Cricket World Cup, 2023, held across ten venues in India, significantly boosted tourism by attracting both domestic and international visitors. This surge in tourism has also resulted in increased spending. India is now home to some of the world's largest stadiums, including the Narendra Modi Stadium in Ahmedabad, which boasts a capacity of 1,00,000 spectators. Furthermore, new sports facilities are being developed or expanded in regions such as Bhubaneswar, Gwalior, Jaipur, New Delhi, Rajgir, Tripura, Vadodara, and Varanasi. The growing enthusiasm for following favourite sports teams presents significant opportunities for the hospitality and tourism sectors to capitalise on this demand.



Entertainment & allied Tourism

- Pop culture is having a profound and growing influence on the hospitality and tourism industries, reshaping travel trends, destination appeal, and even the development of infrastructure. The impact of movies, TV shows, and music tours on tourism is becoming increasingly evident. For instance, films and TV shows portraying picturesque locations or prominently featuring destinations have sparked a surge in travel to the locations where these shows are filmed, showcasing the powerful connection between entertainment and tourism.
- Global Concert Tours are not just entertainment events but also major economic drivers. Taylor Swift's The Eras Tour is a prime example, attracting huge crowds and injecting considerable revenue into local economies. These events also lead to the development of supporting infrastructure, including hotels, restaurants, and transportation services, underscoring the symbiotic relationship between pop culture and hospitality. There is significant untapped potential for regions, particularly in India, to leverage their rich entertainment heritage in similar ways.

¹⁴KPMG



Cultural & Heritage Tourism

- India boasts a vast cultural tapestry with influences from various civilizations, including Hindu, Buddhist, Jain, Mughal, and colonial eras, reflected in its architecture, art, and traditions. India's rich cultural heritage and diverse tourist attractions continue to draw domestic and international tourists, stimulating demand for hotel resorts, and boutique accommodations across the country.



Spiritual & Religious Tourism

- India, home to over 450,000 religious and cultural heritage sites, is a treasure trove of pilgrimage and spiritual landmarks. Religious tourism in India has been on an upward trajectory, projecting a CAGR of over 16% between 2023 and 2030. The sector is expected to generate a revenue of 59 billion by 2028.¹⁵ The construction of places like the Ram Mandir in Ayodhya is significantly impacting the travel and tourism industry by driving a major surge in religious tourism, particularly in India, attracting large numbers of domestic and international pilgrims, leading to increased infrastructure development in the area, and boosting the local economy through new businesses catering to the influx of visitors. The travel industry received a windfall from this year's Maha Kumbh Mela that attracted up to 660 million visitors to Prayagraj in Uttar Pradesh.¹⁶ The revitalization of the Kashi Vishwanath Dham Corridor, since its inauguration in Dec'2021, the corridor has welcomed upwards of 10 crore visitors to the revered Kashi Vishwanath temple, breathing new life into the city's tourism sector.
- While religious travel has been very high historically, there has been a shift from people staying in Dharamshalas to preferring more comfortable hotels. This change in preference has resulted in a rise in the number of hotels in such religious spaces.



Medical Tourism

- Tourists from all over the world have been thronging India to avail themselves of cost-effective but superior quality healthcare in terms of surgical procedures and general medical attention. There are several medical institutes in the country that cater to foreign patients and impart top-quality healthcare at a fraction of what it would have cost in developed nations such as USA and UK. The city of Chennai (Tamil Nadu) attracts around 45% of medical tourists from foreign countries.¹⁷

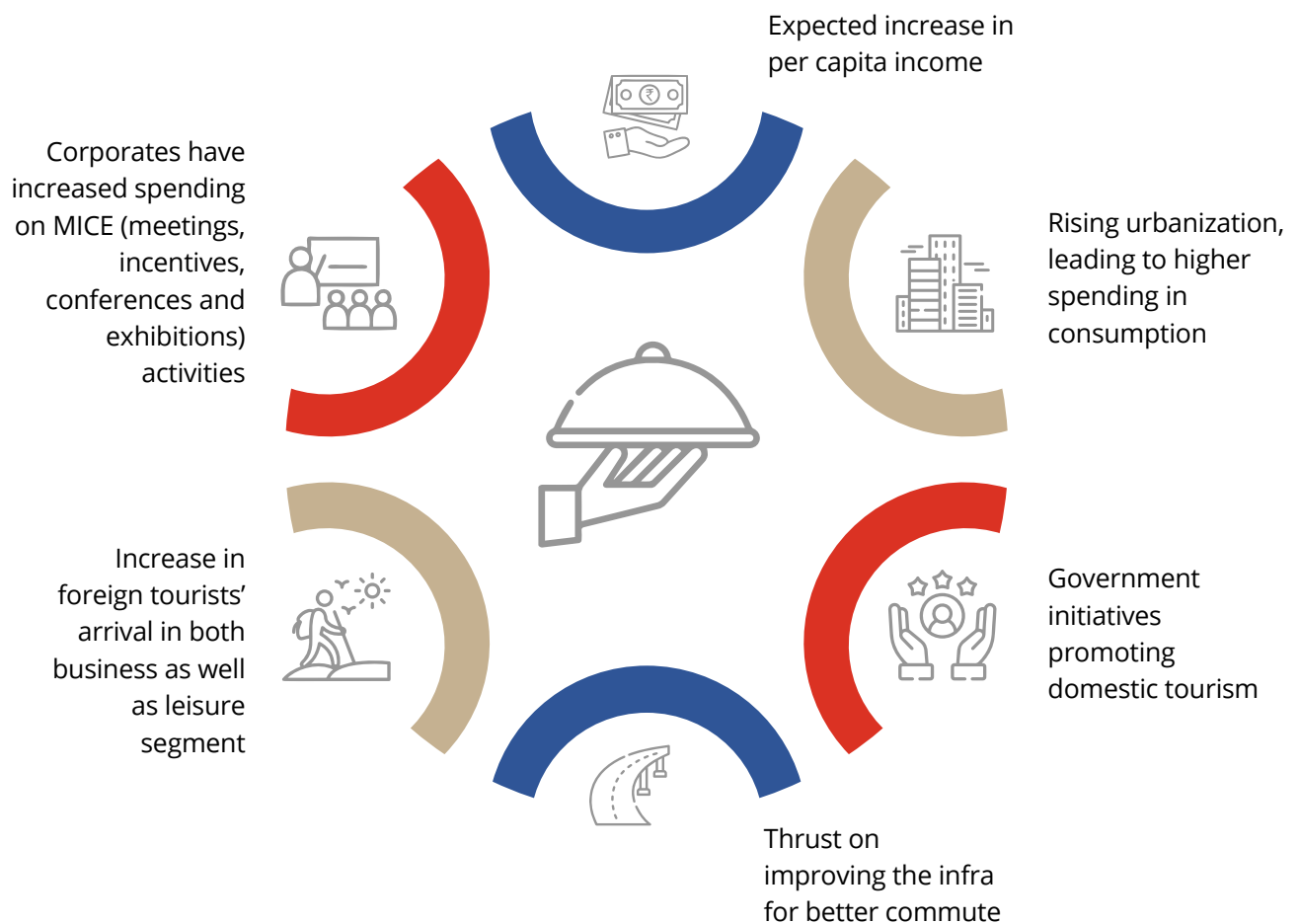
¹⁵<https://www.thehindubusinessline.com/news/religious-tourism-in-india-to-grow-at-a-cagr-16-by-2030/article67755554.ece>

¹⁶<https://www.indiatvnews.com/uttar-pradesh/mahakumbh-devotees-count-crosses-60-crore-mark-last-snan-on-february-26-2025-02-22-977465>

¹⁷[https://www.indembassyhanoi.gov.in/page/tourism-in-india/#:~:text=Cultural%20tourism&text=The%20various%20fairs%20and%20festivals,%20C%20Hawa%20Mahal%20\(Rajasthan\).](https://www.indembassyhanoi.gov.in/page/tourism-in-india/#:~:text=Cultural%20tourism&text=The%20various%20fairs%20and%20festivals,%20C%20Hawa%20Mahal%20(Rajasthan).)

- The rise in medical tourism is supported by India's competitive treatment costs, quality medical facilities, and relatively short waiting times for procedures. This trend is expected to continue, offering a positive outlook for the Indian hospital industry. The increasing incidence of non-communicable lifestyle diseases, higher per capita healthcare spending, greater health insurance coverage, and growing medical tourism volumes are expected to support the industry's growth prospects.
- The medical tourism industry in India is estimated to be valued at USD 10,362.9 million in 2024. It is projected to surpass USD 50,670.5 million by 2034. The industry growth in India is expected to develop at a healthy 17.20% CAGR from 2024 to 2034.¹⁸

Key Growth levers behind growth of domestic hospitality industry



¹⁸<https://www.futuremarketinsights.com/reports/india-medical-tourism-market>

Understanding the investment opportunity in the hotel space

There are a few metrics that one must look at while analyzing hotel industry:

- **RevPAR (Revenue Per Available Room):** Total room revenue divided by the number of available rooms.
- **ADR (Average Daily Rate):** Total room revenue divided by the number of rooms sold.
- **Occupancy rate:** Percentage of available rooms that are occupied over a given period.

Exhibit : All-India performance summary¹⁹

| Year | Occupancy % | ADR | RevPAR |
|------|-------------|-------|--------|
| 2024 | 63.9% | 7,951 | 5,078 |
| 2023 | 62.1% | 7,391 | 4,586 |
| 2022 | 58.6% | 6,053 | 3,548 |
| 2019 | 64.5% | 5,684 | 3,664 |

These metrics help to compare companies in the hotel sector and understand how a particular company is performing both earnings wise and occupancy wise. Higher the occupancy higher will be the earnings (RevPAR), so the hotel sector is all about the occupancy and the rates being charged. The rates are directly co-related to the demand & supply of room inventory. Any increase or decrease in demand-supply of room inventories directly impacts the room rents.

Exhibit : Demand-supply imbalance impacts the pricing power²⁰

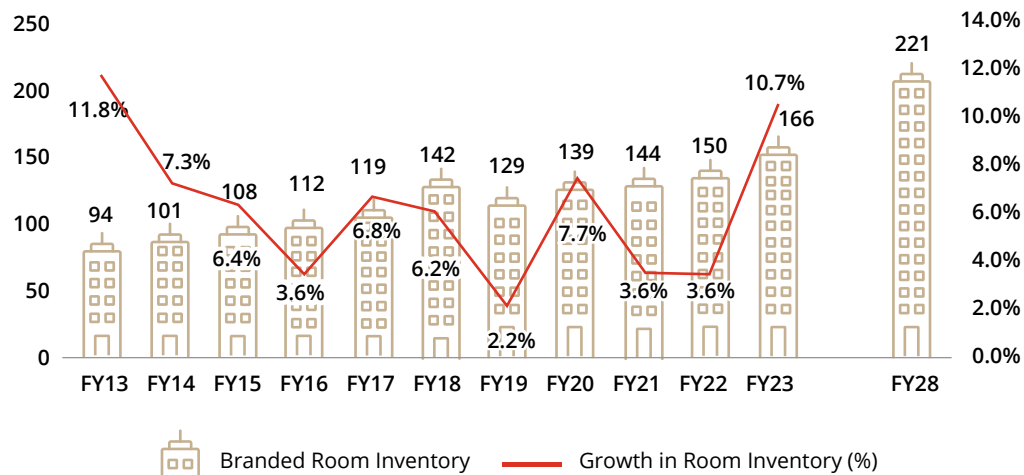
| CAGR (%) | Period 1 | Period 2 | Period 3 | Period 4 | COVID - 19 | Estimates |
|-----------------------------|-----------|-----------|-----------|-----------|------------|------------|
| | FY98 - 02 | FY03 - 08 | FY98 - 02 | FY09 - 14 | FY15 - 20 | FY23 - 27E |
| Room Supply | 6% | 8% | 14% | 5% | 5% | 5% |
| Room Demand | 5% | 13% | 12% | 7% | 3% | 10% |
| Occupancy (% points change) | - 5% | 17% | - 10% | 8% | - 16% | ~8% |
| Average Occupancy | 55% | 65% | 61% | 63% | 50% | 67% |
| ARR | - 3% | 15% | - 6% | 1% | - 10% | ~10% |
| RevPAR | - 6% | 21% | - 8% | 4% | - 22% | ~19% |
| Inference | S>D | S<D | S>D | S<D | None | S<D |
| Impact | Occ↓;ARR↓ | Occ↑;ARR↑ | Occ↓;ARR↓ | Occ↑;ARR↑ | None | Occ↑;ARR↑ |

Currently, the hotel industry is in the middle of an up-cycle; occupancy rate and Average Room Rate (ARR) are trending above pre-COVID highs and mimicking the up-cycle of FY03-08. This robust performance is supported by factors such as: (1) demand being ahead of supply of rooms, (2) shift in trend towards domestic travel especially leisure, (3) higher growth in the younger working population, (4) rising disposable incomes, and (5) government initiatives and push for domestic tourism. To cater to this rising demand, hotel companies have been expanding their room inventories.

¹⁹CoStar

²⁰Hotelivate, Lemon Tree 4QFY23 IP

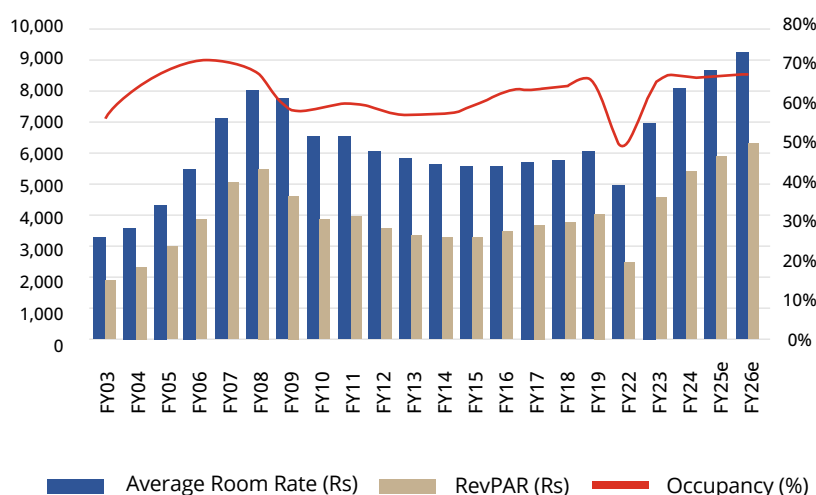
Exhibit : Room inventory of Indian Branded Hotel Rooms



- Unlike the previous capital-intensive model where hotels constructed their own properties, an increasing number of businesses are adopting an asset-light approach. This strategy focuses on expanding room inventory through management contracts and operating leases of existing hotel properties. Such asset-light expansions have proven to enhance margins for larger hotel chains. This approach not only allows these chains to conserve cash by reducing capital expenditures but also enables them to add new hotel properties at a much quicker pace compared to the lengthy construction process of building their own facilities, thereby effectively addressing the demand-supply gap in the market. The hospitality industry faces numerous challenges, from economic downturns to global crises and asset-light strategy has aided in adapting to these changes.
- Historically, hotels have concentrated their efforts in tier 1 cities; however, improved infrastructure — such as roads and airports — along with rising disposable incomes, has prompted hotel chains to expand into Tier II and III cities, where they see significant growth opportunities.
- The average room rates (ARRs) for premium hotels are projected to rise to Rs. 7,800-8,000 for full-year FY2025 (up 8% YoY) and subsequently improve further to Rs. 8,000-8,400 in FY2026. The revenues of the Indian hospitality industry are expected to grow by 7-9% YoY in FY2025 and 6-8% YoY in FY2026, over the high base of FY2024.²¹

²¹ICRA

Exhibit : Indian hotel industry: RevPAR continues to scale up



Source: Hotelivate, Jefferies



Ancillary Segments

The travel ecosystem is a network of various stakeholders who interact to facilitate travel experiences. Travel buyers and sellers are at the heart of this ecosystem and play a crucial role in shaping the travel industry. The interaction between travel buyers and sellers is facilitated through various channels, including online travel agencies, global distribution systems, travel management companies, direct booking platforms, and travel trade shows and events.

Distribution channels in the hospitality industry have undergone a profound change in recent times. The continuous move of online sales channels to the centre stage is a fact, as these ways of selling are gradually taking over. The shift to online channels is expected to continue and is expected to have a market share of 61% by 2028 as against ~55% in 2024.²²

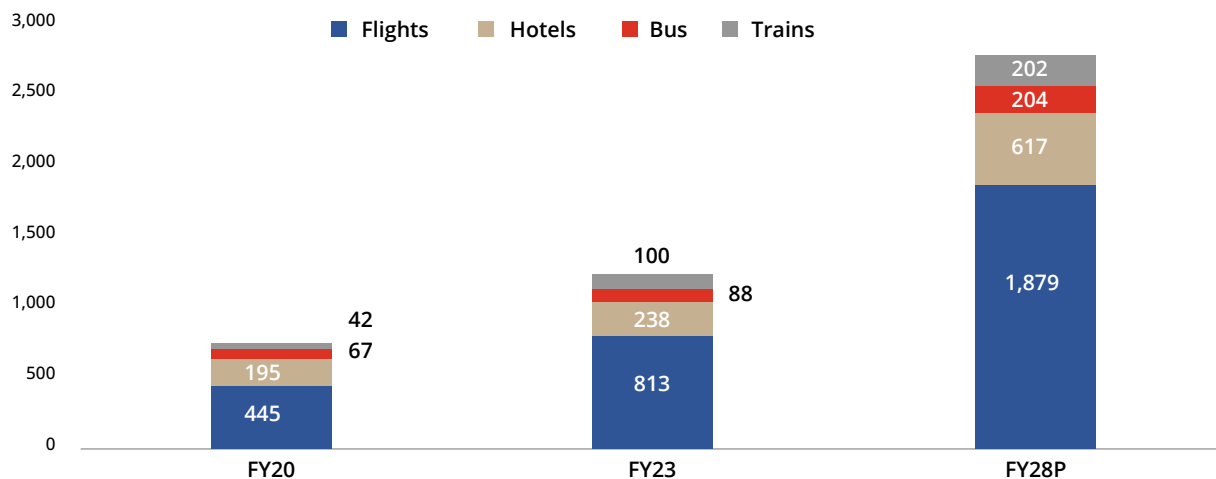
Online travel agencies (OTAs) in India have increasingly become vital in connecting service providers with customers, and enhancing travel experiences. As internet access expands, OTAs are allowing travellers an easy way to compare prices, read reviews, and make bookings easily. The adoption of technology by OTAs enables to serve clients with more personalized services, fostering customer loyalty. The online travel market is projected to grow at ~13%, with OTAs potentially expanding even faster at 18% due to improved supply quality and demand for value-added services. This growth presents significant investment opportunities as the OTA market size is expected to rise substantially in the coming years. The India online travel market is projected to be valued at USD 19.05 billion in 2025 and is anticipated to grow to USD 31.38 billion by 2030, reflecting a CAGR of 10.5% during the forecast period (2025-2030).

²²IBEF

- The Indian online travel market is projected to expand to INR 2,390-2,410 billion in FY 2024-25 from INR 1,480-1,500 billion in FY 2019-20, reflecting a CAGR of 9-11%. In the online travel market, the share of online travel agencies (OTAs) is expected to grow at a faster pace compared to captive players. OTA share in the online travel market is projected to increase from approximately 65% in FY 2019-20 to approximately 70% in FY 2024-25.
- The OTA sector in India in gross booking revenue terms is estimated to grow at 11-13% CAGR between FY 2019-20 and FY 2024-25, reaching INR 1,680-1,700 billion. In terms of net revenue, it is expected to grow at a rate of 10-12% to INR 140-160 billion by FY 2024-25, fuelled by evolving customer preferences and advancements in technology.
- The large youth demographic, coupled with rising disposable income, widespread internet and smartphone usage, digital adoption, and evolving attitudes towards travel, is poised to propel the growth of the online travel market in India.
- India is steadily shifting towards a more urban population and has experienced rapid expansion in its internet landscape in recent years, driven by affordable tariff plans. Furthermore, the swift adoption of 5G services is transforming India's digital landscape.²³

OTAs are well positioned to play a pivotal role in India's burgeoning travel market, capitalizing on its online travel prospects

Exhibit : Segment-wise OTA market size (in INR bn)



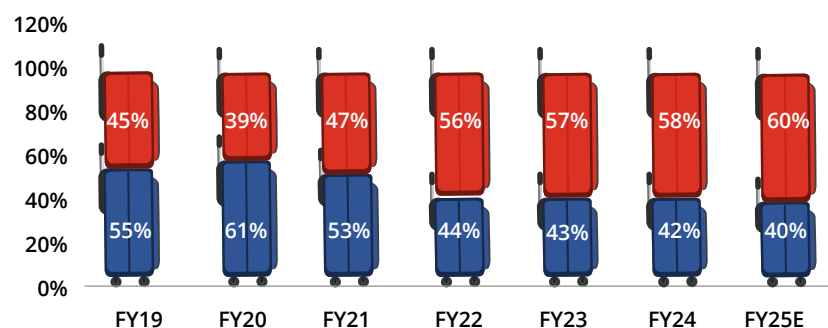
The **luggage market** in India is estimated to be ~20,000 crore.²⁴ As the post-pandemic period saw high levels of growth in the travel & tourism industry, the **luggage industry** saw strong growth. However, the industry growth has been normalizing and the industry is expected to sustain a growth trajectory of 10%-12%.

²³Yatra Annual Report 2023-24

²⁴Safari Industries Annual Report

The luggage industry is experiencing sustained growth driven by several factors: a young and increasingly affluent population entering the market and upgrading to branded luggage, the essential role of luggage in wedding expenditures, and the increasing tendency for individuals to own multiple bags with shorter replacement cycles. This expansion is further fueled by a shift towards fashion-oriented luggage, as consumers view their bags as a fashion statement rather than a mere functional item. The recent budget's tax rationalization, designed to boost middle-class consumption, is expected to provide additional support to this growing demand.

Exhibit : Shift of consumer from unorganised to organised segment in bags²⁵



The Indian luggage market was largely dominated by the unorganized segment up until a few years, but the preference has now shifted significantly towards organized segment (which is branded luggage). The luggage market is currently largely run by a few branded labels, which jointly hold majority of the market share at 56%, increasing from pre-COVID share of 45%. These large organized players have been increasing domestic capacity and are now backward integrated over the last three fiscals to meet the expected increase in demand.

The unorganised sector remained largely dependent on China for its requirements. Over the years China had become the biggest source of soft luggage globally. Given this product's labour-intensiveness, China provided an economically viable solution for most of the companies. In the last couple of years, however, higher labour costs and import duties had begun piling pressure on the company. In the post-pandemic period, China imports for the unorganised sector had become largely unviable. These unorganised players are now seeing some resurgence with increased local manufacturing of hard-luggage.

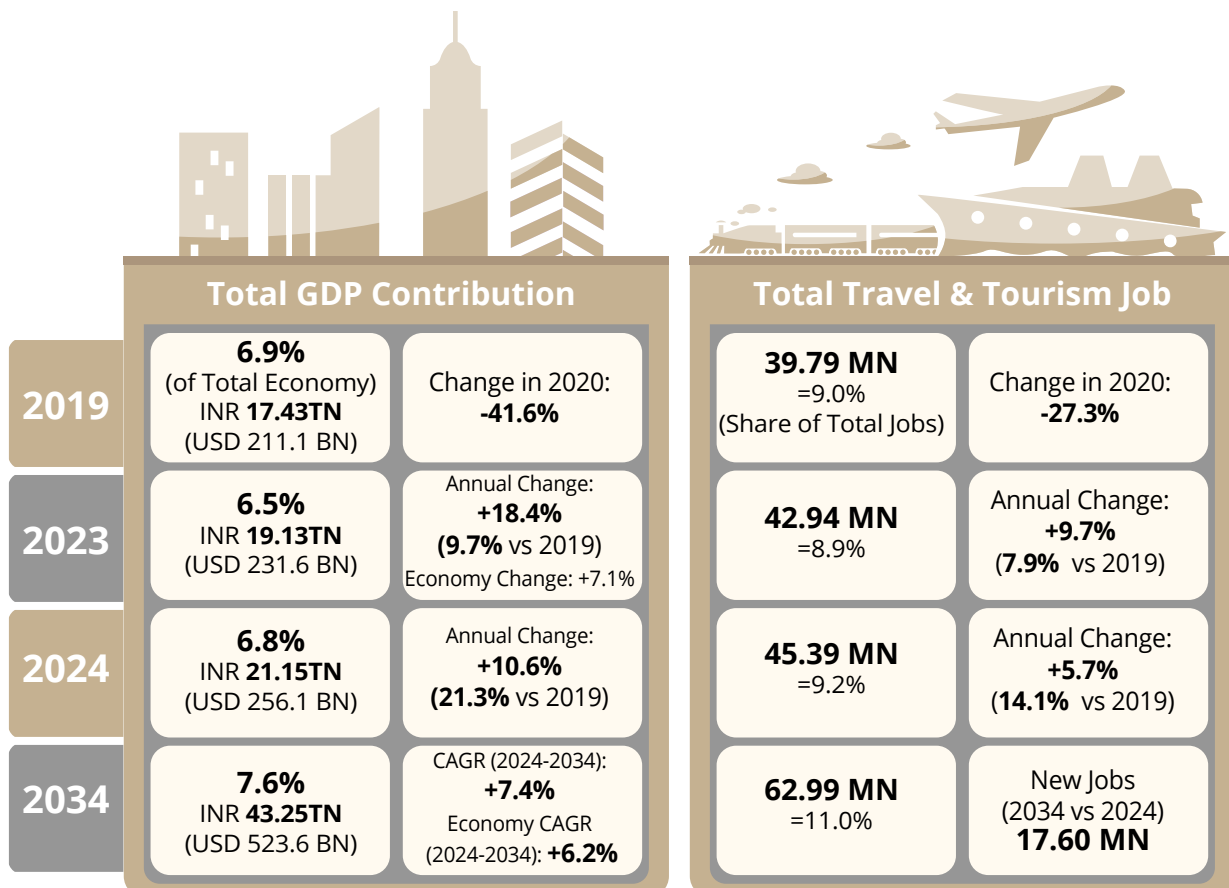
The luggage sector's long-term outlook is promising, bolstered by favourable factors such as deflationary trends, softened raw material prices, growth in business and leisure travel in India, increased discretionary income among the upper middle and high-income group, urbanisation and rising demand from Tier I and II cities.

²⁵CRISIL

Conclusion

Tourism in India has grown remarkably over the past two decades, with government initiatives, infrastructure development, and global branding contributing to this success. To boost tourism in India, schemes like Swadesh Darshan 2.0, Vibrant Village Programme, PRASHAD (Pilgrimage Rejuvenation and Spiritual Augmentation Drive), and Paryatan Mitra have been started. At the same time, the government is taking key steps to develop adventure and sustainable tourism. Technological integration and diversification into niche markets will help the tourism industry increase its growth. It is due to these efforts by the government that the Travel and Tourism Development Index 2024 (TTDI) ranked **India at 39th among 119 countries in the latest 2024 report** published by the World Economic Forum. India's score has improved in three areas prioritisation of travel & tourism, safety & security, and health & hygiene.²⁶ **Acknowledging the potential of this sector, the government has allocated ₹2,479 crore for the tourism sector for FY25.**²⁷

Travel & tourism industry remains a vehicle for social inclusion, employment and economic progress in India. As the industry continues to evolve, driven by increasing travel demand, improved infrastructure, and technological advancements, investors can take advantage of the burgeoning potential within various segments, including hospitality, aviation, and online travel agencies. By strategically positioning themselves in this dynamic landscape, investors can not only contribute to the growth of the sector but also benefit from the substantial returns that arise from India's thriving travel and tourism industry. The time is ripe for investment in this sector, as it stands poised to play a pivotal role in shaping India's economic future.



²⁶<https://pib.gov.in/FactsheetDetails.aspx?Id=149085®=3&lang=1>

²⁷<https://pib.gov.in/FactsheetDetails.aspx?Id=149085®=3&lang=1>

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