

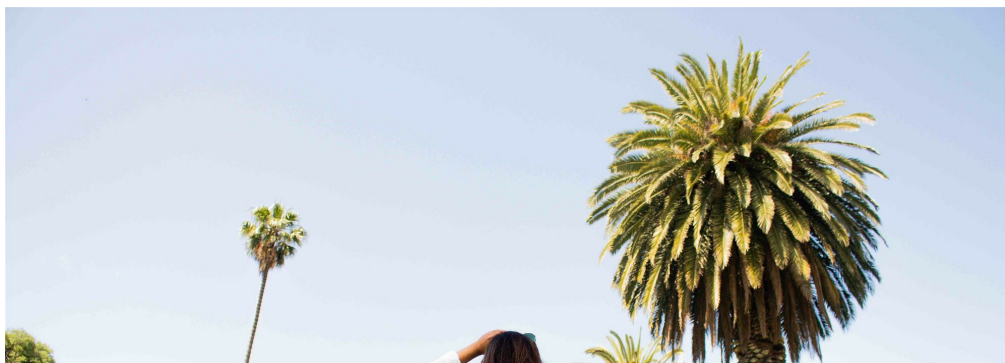
HVS Monday Musings: Spreading Wings Wide – India’s Outbound Travel Market

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India's outbound travel sector is witnessing a resurgence, mirroring a trend akin to the pent-up demand that fueled domestic tourism in the last two years. Read on to know more.

India's outbound travel sector has experienced significant growth in recent years. The number of Indian travelers heading abroad reached approximately 27 million in 2019, growing at a CAGR of ~ 9% during 2011-19. Although the pandemic temporarily clipped the wings of international travel, there has been a gradual resurgence. Over 21 million Indians embarked on an international journey in 2022, with the top five destinations being the UAE, Saudi Arabia, the US, Singapore, and Thailand. Notably, a recent report highlights that India emerged as the largest source market for outbound tourism in Asia in 2022, showcasing an impressive 190% year-on-year growth. After nearly three years of restricted cross-border travel, Indians are eagerly spreading their wings, once again, to explore the world, mirroring a trend akin to the pent-up demand that fueled domestic tourism in the last two years.

India's outbound travel market is expected to grow at a CAGR of over 11% to surpass \$44 billion by 2032, according to a recent industry report. This growing demand for outbound travel reflects the evolving aspirations and improving financial capabilities of the growing Indian middle class and youth population, who are increasingly seeking international travel experiences. Indian passport holders now enjoy visa-free or visa-on-arrival access to 57 countries, propelling the Indian passport seven places higher to the 80th position in the Henley Passport Index. Moreover, with India recently claiming the title of the world's most populous country, it is gradually emerging as a formidable force in the outbound tourism market, and the world is taking notice.





Countries across the world are trying to attract Indian travelers by launching targeted marketing campaigns showcasing their unique attractions, with some even partnering with Indian celebrities or influencers. Abu Dhabi Tourism, for instance, has enlisted Bollywood actor Ranveer Singh as the destination ambassador. Meanwhile, Germany, which hosted more than 600,000 room nights from Indian travelers in 2022, is investing INR 45 million in marketing efforts to regain pre-pandemic levels of 1 million room nights from Indians by the end of this year. The German Embassy is also working on simplifying the visa application process and reducing the visa processing time. Similarly, Italy is working on reducing the waiting time for Schengen Visa for Indians, and the country has issued nearly 38% more visas to Indians in the first seven months of 2023 compared to 2022. China has temporarily relaxed visa regulations for Indians, and Thailand is planning similar measures. Furthermore, Germany, the US, and the UK, among others, are working on easing work visa rules for Indians.

The improving airport infrastructure in the country is also fueling the outbound growth trajectory. Several airlines, both domestic and international, are increasing the number of flights from international destinations to key Indian cities. Direct flights are also being added on various routes, such as from Delhi to Minsk, Belarus, Kochi in Kerala to Ho Chi Minh City in Vietnam, among others. Egypt Airlines, in fact, has started direct flights from Delhi to Cairo, to tap into the transit traffic from Delhi to Europe, Africa and North America. Home grown airlines, like Air India, Vistara and IndiGo are also starting new direct international flights from the country; IndiGo, for example, plans to start 174 new international flights this year. This strategy aims to attract more Indian travelers by reducing travel time and increasing accessibility to various destinations.

Additionally, many destinations, airlines, and cruises have introduced enticing offers to attract the price-sensitive Indian traveler. For instance, Saudi Arabia has introduced a 96-hour free stopover visa with a free one day hotel stay for travelers using SAUDIA airline, while the Singapore airline, Scoot, is offering a 50% discount for children. These offers coupled with the fact that countries like Sri Lanka, Bhutan, Nepal, Singapore, and France are accepting India's Unified Payment Interface (UPI) payments, allowing Indians to pay in rupees during their travel is making outbound travel even more lucrative for Indians. Domestic hotel companies should actively consider expanding their footprint to key international markets that are frequented by Indians to tap into this growing market.

