

State of the Industry – Indian Tourism in 2025

Travel and Tourism continues to be a significant contributor to India's GDP. The sector supported **over 7% of India's GDP in 2023** and remains a major source of **foreign exchange earnings**, job creation, and international visibility. Domestic demand, expanding aviation capacity, support the Travel and Tourism sector to an expected growth at **8–9% annually through 2030** in real terms.

The sector's broad linkages—to manufacturing, transport, hospitality, real estate, digital services, handicrafts, agriculture and more—give it the potential not only to act as an economic driver but also as a powerful tool for regional development, job creation, and inclusive growth. Government initiatives such as **Dekho Apna Desh**, **UDAN**, digital visa processes, and large-scale infrastructure investments (airports, roads, Gati Shakti corridors) continue to support this expansion.

India generated over **USD 210 billion** in Travel & Tourism revenues in 2023, driven by robust domestic travel, the resurgence of inbound tourism post-pandemic, and rapid digital adoption.

Classification of the Indian Tourism Industry

Inbound Tourism

Inbound travel has rebounded strongly after the pandemic slowdown. India recorded around **9.2 million Foreign Tourist Arrivals (FTAs) in 2023**, approaching pre-pandemic highs. Between 2015–2024, inbound tourism grew at a CAGR of ~6%. By 2030, FTAs are projected to reach **15–17 million**, supported by rising global interest in wellness and spiritual travel, and improved air connectivity.

Outbound Tourism

India remains one of the world's fastest-growing outbound travel markets. More than **27 million Indians traveled abroad in 2023**, driven by improved passport power, and expanding international aviation routes. Outbound travel is expected to grow at **10–12% CAGR** through 2030, reaching **50+ million outbound travelers**—making India one of the largest sources of tourists globally.

Domestic Tourism

Domestic tourism continues to be the backbone of the industry. India recorded **1.9 billion domestic visits in 2023**, a strong recovery from the pandemic slump. Travel growth has been driven by better connectivity, the boom in affordable hotels, and the rise of new travel motivations (workcations, short breaks, spiritual circuits, adventure tourism, and road trips).

Foreign tourists still contribute around **18–20%** of total Travel & Tourism revenues, but the domestic segment remains the largest driver by volume.

Online Travel Segment

Global Scenario

The global online travel market exceeded **USD 950 billion in 2024**, representing over **65%** of total travel bookings. Mobile-first travel planning and AI-led personalization have become central to how consumers discover, compare, and book travel services. By 2028, over 75% of all global travel transactions are expected to be digital.

Indian Scenario

Online travel in India—once held back by limited internet access—has transformed dramatically. With over **820 million internet users**, UPI-led digital payments, and widespread smartphone penetration, India is now one of the **fastest-growing digital travel markets** in the world. India's online travel industry was valued at **USD 28–30 billion in 2024**, capturing roughly **40–45%** of total travel bookings. OTAs, metasearch platforms, and direct booking channels have grown significantly alongside digital visas, e-boarding passes, and contactless check-ins post-COVID. The growth in the category is led by flights, intercity buses, hotels, experiential travel, and ancillary services.

OTA Revenue Split (2024 Estimates)

- **Domestic Air Tickets – 45%**
- **Hotel Bookings – 30%**
- **Bus & Surface Transport – 12%**
- **Rail Travel (through IRCTC digital) – 7%**
- **International Air Tickets – 5%**
- **Packages, Activities, Insurance – 1%**

The market continues to attract investment, with global players forming partnerships with Indian OTAs, metasearch engines, and fintech platforms to expand reach.

Snapshot of Major OTA Players in 2025

MakeMyTrip (MMT)

- Founded in 2000; still the dominant market leader.
- Part of the MMT-Go group.
- Handles millions of air, hotel, bus and holiday transactions monthly.
- Revenue for FY 2024 crossed **USD 800+ million**.

- Strong in hotels, buses, homestays, and experiences.

Goibibo

- Integrated into the MMT group but continues to operate as an independent brand.
- Strong presence in budget hotels and buses.
- Significant user base in Tier 2–4 cities.

Yatra

- A leading OTA with strength in corporate travel services.
- Strong presence in flights, hotels and holiday packages.
- Listed on Nasdaq through a merger.

Cleartrip

- Acquired by Flipkart (Walmart group).
- Rapidly growing due to integration with Flipkart's ecosystem.
- Strong focus on flights, hotels, and events.

IRCTC

- India's largest rail ticketing platform.
- Handles **2–3 million daily bookings during peak seasons**.
- Rail tourism, luxury trains, and packages continue to expand.

Ixigo

- One of India's most successful travel meta-search and booking platforms.
- Strong in rail, bus, and budget travel.
- IPO-ready with rapid user growth from non-metro India.

Others (2025 ecosystem)

- **EaseMyTrip** – strong profitability focus, growing offline franchise network.
- **OYO** – major player in budget stays; hybrid OTA-hotel model.
- **Airbnb India** – growing in homestays, rural experiences, and premium stays.
- **Booking.com & Expedia** – strong in inbound and international bookings.

Segment Penetration Insight

OTAs today handle an estimated **30–35% of India’s hotel room nights sold**, compared to only 4–5% in 2012. (When we first published a similar article). This reflects massive digital adoption and the scaling of India’s hospitality sector, which now supports **nearly 250,000+ branded hotel rooms** along with several lakh homestays and alternative accommodations.

Traditional Travel Agents

Traditional travel intermediaries continue to play a notable role, especially in corporate travel, luxury travel, and complex itineraries. Although OTA penetration has grown significantly, travel agents remain competitive through:

- personalized service
- flexible credit for corporates
- expertise in visas, MICE, and group travel
- hybrid offline–online models

The overall market growth allows both OTAs and traditional agents to expand, although the latter face pressure on margins and must adopt digital platforms to remain competitive.

Concluding Remarks

India’s tourism industry remains a major engine of foreign exchange, employment, and inclusive growth. Rapid digitalization, robust domestic demand, and global visibility are reshaping the sector. Online travel platforms, improved physical infrastructure, and rising consumer aspirations will continue to widen market access—benefiting both consumers and industry players. The industry’s long-term outlook through 2030 remains extremely strong.

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