



India Union Budget 2026-27

Point of view

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Tourism

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Key announcements for the sector

The Union Budget 2026–27 accords renewed strategic importance to the Tourism, Culture and Hospitality sector as a key contributor to employment generation, services-led growth, regional development and foreign exchange earnings.

- Institutional strengthening and skill development
 - Establishment of a **National Institute of Hospitality** through the upgradation of the National Council for Hotel Management and Catering Technology, positioning it as a bridge between academia, industry, and government.
 - Launch of a **pilot program to upskill 10,000 tourist guides** across 20 iconic destinations through a standardised, high-quality training program delivered in collaboration with an Indian Institute of Management.
- Digital tourism infrastructure
 - Creation of a **National Destination Digital Knowledge Grid** to systematically document cultural, spiritual, and heritage assets, enabling new employment opportunities in research, content creation, and digital services and supporting the development of tourism platforms and smart destination management tools.
- Heritage and cultural tourism
 - Development of **15 archaeological sites** into experiential cultural destinations, incorporating curated visitor pathways, interpretation infrastructure, immersive storytelling technologies and improved visitor amenities.
- Eco-tourism initiatives
 - Development of **ecologically sustainable tourism trails**, including mountain trails, turtle nesting trails, and bird-watching trails across diverse ecological regions including Tamil Nadu, Himachal Pradesh and Kerala
- Religious and circuit tourism
 - Development of a **Buddhist Circuit Development Scheme** in Arunachal Pradesh, Sikkim, Assam, Manipur, Mizoram and Tripura. The scheme includes preservation of monasteries and temples, development of interpretation centres, strengthening of connectivity and provision of pilgrim amenities.
- Regional tourism support
 - Targeted interventions for strengthening tourism infrastructure and regional connectivity. The measures include the creation of five tourism destinations in the **five Purvodaya States** and the provision of **4,000 e-buses** to improve public transport systems.
 - Incentives for **indigenised seaplane manufacturing** and to introduce a **Seaplane Viability Gap Funding (VGF) Scheme** for seaplane operations to enhance last-mile and remote connectivity.

- Regional medical hubs for medical value tourism
 - Support for States to establish five Regional Medical Hubs as integrated healthcare and medical tourism complexes, developed in partnership with the private sector to function as integrated healthcare complexes combining medical, educational and research facilities, along with AYUSH centres.
- Creative economy, digitalisation and destination content
 - Expansion of AVGC and digital content creation capacity through creator labs in schools and colleges.
 - Establishment of a new National Institute of Design in eastern India through a challenge-based approach.
- Tax measure for tourism consumption
 - Reduction in Tax Collection at Source (TCS) on overseas tour packages to 2 per cent, easing compliance and cash-flow pressures for individual travelers.

Implications for the sector

- The Budget is likely to shift the sector's development trajectory from short-term developmental focus toward **structured supply expansion**. If implementation proceeds on a scale, the economy could see a **gradual expansion of higher-value** tourism products.
- The Skills Upskilling Programme signals **significant short-to-medium-term demand** for vocational trainers, assessors and institutional administrators, creating absorption needs across training institutions and industry placements.
- Targeting North-Eastern states suggests a deliberate geographic rebalancing of tourism activity. This may diffuse tourist pressure away from a few metros and **improve regional incomes** but realising that outcome requires coordinated investments in intra-regional mobility, last-mile services and local workforce readiness.
- The Budget provides **enabling infrastructure and institutional signals** rather than direct sector subsidies. This framing encourages private investment in hospitality education, destination management, digital content and medical hubs
- By targeting nature-based and heritage tourism investments, the proposed interventions will increase the need for **visitor management, conservation planning, and operational sustainability frameworks**.
- While the focus is on supply-side creation (skills, sites, infrastructure), the Union Budget does not articulate complementary **demand-side interventions** such as international promotion, branding, source-market targeting, or visitor facilitation measures. Without parallel demand generation, new capacities may not translate into higher inflows.
- Although individual sites, trails and circuits are identified, the Union Budget does not specify a coordinated destination management or governance framework for planning, operating and maintaining these assets. The absence of a structured **Destination Management model** may affect long-term sustainability and service quality.

Reference

Union Budget 2026–27: Budget Speech of the Finance Minister, Government of India, 1 February 2026

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