Choice
Institutional Equities

Weekly Macro Briefing

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India's domestic tourism: Rural India travels further, Urban India travels online

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MoSPI's latest Domestic Tourism Expenditure Survey (NSS 80th round, against the previous 72nd round of 2014-15) offers a detailed picture of how rural and urban households travel across the country. It records overnight and same-day trips by household, capturing the reason for travel, mode of transport and spending, among other details.

Travel is broad-based. A third of Indian households took at least one overnight trip in the past year, and more than half took a same-day trip in the last 30 days. Most were low-cost: 90% of overnight stays were with friends and family. Rural India is travelling further for a wide range of reasons, led by pilgrimage and healthcare. Urban households, by contrast, are substituting domestic trips with online calls, e-commerce and travel abroad.

Holiday spend in real terms fell at a CAGR of 1.3% for the urban sector, but robust rural growth of 6.3% lifted the total to 1%. Affluent urban households are shifting holidays abroad, which this survey does not capture.

Health and medical was the largest expenditure category (INR 32,167), growing 2.3%. Rural households travel further for specialised care, making twice as many trips as urban households (49 vs 22 per 100 households), and nearly half of rural visitors use hired cabs, adding to costs. Aggregate trips fell from 14.4 to 10 even as spending rose, suggesting people now make fewer but more specialised trips while treating general illness locally.

Pilgrimage and religious travel saw the sharpest rise (5.2% CAGR), aided by greater government support for tourism, and accounts for close to half of overnight trips. Social travel (family, weddings) followed at 3.5%, supported by destination weddings.

Urban shopping trips declined sharply (-4.2%) as consumers shifted to e-commerce; lower rural online penetration explains why rural households make more than double the same-day shopping trips. Business travel also fell broadly on the shift to online meetings.

Rural transport is changing too: buses fell from 50% to 32% of trips, trains rose from 9% to 21% and own vehicles from 7% to 15%, driven by rising two-wheeler and car ownership, highway expansion and more train services.

Taken together, the numbers suggest India's domestic tourism is being reshaped by two forces pulling in opposite directions: digital substitution hollowing out routine urban travel, and improving rural connectivity widening the scope of rural mobility. The categories still growing (pilgrimage, healthcare, social travel) are those least easily replaced by a screen, and they are increasingly where public investment and private demand converge. The Union Budget 2025-26 reinforces this direction, identifying tourism as a sector for employment-led growth and backing it with a sharply higher tourism allocation, development of 50 top destinations with states, MUDRA loans for homestays and a medical tourism push under "Heal in India." Anchoring job creation in tourism and healthcare is a shrewd bet: both are labour-intensive, geographically spread and built on in-person delivery, which makes them among the hardest sectors for AI to displace, and therefore some of the more durable low-hanging fruit for improving the employment situation.

Spending on pilgrimage and religious purposes continues to dominate the household spending pattern

Leading purpose (INR)	FY15	FY26	Incremental	% change	11 yr CAGR
Holidaying, leisure & recreation	6,358	11,723	5,365	84%	6%
Pilgrimage & religious	2,717	7,694	4,977	183%	10%
Health & medical	15,336	32,167	16,831	110%	7%
Shopping	13,902	18,981	5,079	37%	3%
Business	4,455	5,949	1,494	34%	3%
Social	1,068	2,543	1,475	138%	8%
Education & training	2,286	3,953	1,667	73%	5%
Others	2,875	3,873	998	35%	3%

Source: MoSPI, Choice Institutional Equities

Rural spending pattern is dominated by leisure and pilgrimage led travels

Completed during last 365 days	FY15	FY26	Change	% change	CAGR
Holidaying, leisure & recreation	2,827	8,890	6,063	214%	11%
Pilgrimage & religious	2,122	6,269	4,147	195%	10%
Health & medical	13,654	29,454	15,800	116%	7%
Shopping	9,689	16,388	6,699	69%	5%
Business	2,809	5,179	2,370	84%	6%
Social	840	2,123	1,283	153%	9%
Education & training	1,707	3,514	1,807	106%	7%
Others	2,743	3,504	761	28%	2%

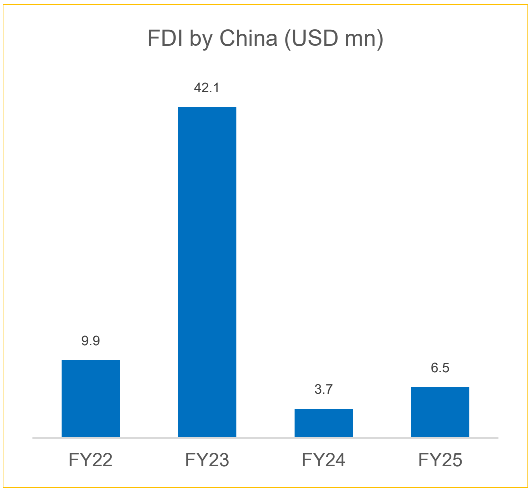
Source: MoSPI, Choice Institutional Equities

Urban spending pattern is dominated by pilgrimage and social travels

Completed during last 365 days	FY15	FY26	Change	% change	CAGR
Holidaying, leisure & recreation	9,219	13,190	3,971	43%	3%
Pilgrimage & religious	3,715	9,920	6,205	167%	9%
Health & medical	21,437	41,649	20,212	94%	6%
Shopping	22,989	24,170	1,181	5%	0%
Business	6,464	6,934	470	7%	1%
Social	1,586	3,324	1,738	110%	7%
Education & training	3,165	4,864	1,699	54%	4%
Others	3,154	4,445	1,291	41%	3%

Source: MoSPI, Choice Institutional Equities

FDI flow into India by China has remained modest to about 0.4% of total FDI inflow



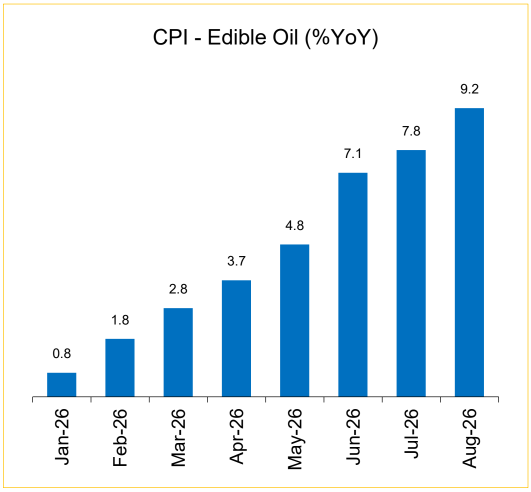
Source: CMIE, Choice Institutional Equities

Government to consider auto PLI applications with Chinese backing following FDI approvals

- Government to evaluate auto and component PLI applications carrying Chinese investment, provided they hold formal FDI clearance.
- Follows bilateral diplomatic engagement and border de-escalation; lets scrutinised JVs and technology-licensing tie-ups access state incentives.
- Targets faster domestic capability in advanced automotive technology components, EV supply chains and localised battery ecosystems, where Chinese suppliers lead technically.
- Cumulative investment under the auto PLI framework already exceeds Rs.450 Bn.
- Wider eligibility for FDI-cleared entities intended to broaden participation and speed disbursements across 2026-27 and beyond.

The policy is pragmatic but carries evident tension. India spent recent years restricting Chinese capital on security grounds; reopening the door, even conditionally, risks deepening the very dependence the localisation push was meant to reduce. FDI clearance screens ownership, not technology transfer, and licensing partnerships can entrench Chinese IP control rather than build indigenous capability. There is a real danger that incentives subsidise assembly of Chinese-designed components while genuine value addition stays offshore. Reliance on continued diplomatic goodwill also makes the framework fragile: any renewed border friction could strand approved projects. We see near-term gains for EV and battery supply chains, but the strategic payoff depends on strict enforcement of technology-sharing and local-sourcing conditions. Without that, the scheme may accelerate output at the cost of the self-reliance it was designed to secure.

Edible Oil inflation at 9.2% is the highest in the new series



Source: CMIE, Choice Institutional Equities

Edible oil companies likely to increase prices by 7-8% ahead of festive season

- Edible oil firms weighing a 7 to 8% price hike ahead of the Dussehra-Diwali season as import costs squeeze margins.
- Third hike since March 2026, after cumulative 10 to 12% increases between March and June.
- Landed palm and soybean oil costs up 11% YoY; sunflower oil up 7% on a weaker rupee, higher freight, insurance and global prices.
- Domestic retail prices already 7.5 to 19% above last year.
- Improved supplies and possible import duty cuts could cap further increases.
- India imports over 58% of edible oil demand, keeping prices exposed to global markets, currency and geopolitical risk.

The proposed hike lands at the worst possible moment for consumers, stacking festive-season demand onto food inflation that policymakers are already watching closely. A third increase in six months signals that margin pressure is structural, not transient, and rooted in the unhedged 58% import dependence that successive governments have failed to reduce. The industry's framing of currency and freight as external shocks is only partly convincing; pricing power during peak demand is doing some of the work. Import duty cuts, if they come, would ease retail prices but at a fiscal cost, and would again postpone the harder task of expanding domestic oilseed acreage and yields. We read this as a recurring vulnerability rather than a one-off: until self-sufficiency improves, edible oil will stay a persistent, politically sensitive contributor to headline inflation.

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

***Large Cap: More Than INR 20,000 Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

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