**ABSTRACT**

 Indian Tourism Industry is one of the biggest Tourism Industry in the world. According to the projection of Indian Tourism Ministry, the number of foreign tourists arrival in India will rise 10 million by 2010. According to the estimates, India epitomizes one of the most potential tourism markets in the world. Indian Tourism represents as one of the most potential tourism markets in the world. It has expanded rapidly over the past few years and underpinned by the government support, rising income level and various international sports events. The Indian tourism industry continues to grow at the fastest pace in the coming years. However, the industry may have to cope up with several challenges which will limit its growth. Indian Tourism Industry provides an insight into the Indian tourism market. Tourism in India has seen exponential growth in the recent years. India is one of the most preferred destinations for both overseas and domestic travelers. Tourism enables the international traveler to understand and experience India's cultural diversity first hand. According to official estimates the Indian tourism industry has out performed the global tourism industry in terms of growth in the volume of foreign tourists as well as in terms of revenue. The main reason for the growth in tourism in India is the tremendous progress made by the Indian economy. Though it must be said that infrastructure is still a constraint. To sustain the current growth the government should invest in infrastructure like transport, accommodation, better roads, health and hygiene etc. The paper evaluates the past, present and future scenario of the Indian tourism market and discusses the key factors which are making India a potential tourism destination. With focuses on different parameters of tourism industry, including inbound tourism, outbound tourism, expenditure by inbound tourists, medical tourism, and hotel industry, the report gives a thorough analysis on the tourism industry in India.