

Beyond the Stage: Economic Impact and Tourism Multipliers of Music Festivals in Emerging Indian Destinations

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ABSTRACT

In recent years, the consumption patterns of live music in India have broken out of conventional metropolitan hubs and found an eager, mobile audience across smaller towns, rural valleys, and scenic regional getaways. While traditional music business scholarship primarily focuses on recorded music, streaming royalties, catalog publishing, and copyright litigation, this study shifts critical attention to the broader macroeconomic spillovers generated by live concerts and multi-day music festivals in non-metropolitan environments.

Using the economic multiplier framework, which categorizes financial activity across Direct, Indirect, and Induced expenditure channels, this paper explores how destination music gatherings stimulate local host economies far beyond the immediate concert perimeter. The study maps the granular movement of attendee capital outside the venue gates, examining expenditure across family-run homestays, private guesthouses, regional taxi associations, independent eateries, and indigenous craft markets.

Alongside documenting these financial gains, the paper critically examines systemic growing pains that threaten regional sustainability. Key among these are economic leakage, where corporate profits and technical production fees flow back to metropolitan agencies rather than remaining in host communities; and severe municipal pressure on rural roads, power lines, and waste management infrastructure. Furthermore, the absence of a unified administrative process creates unnecessary operational delays for event organizers navigating multiple municipal bodies.

To resolve these bottlenecks, the paper offers practical policy interventions for state tourism boards and local district authorities. It advocates for the creation of digital single-window clearance portals, mandatory local procurement and hiring quotas, structured hospitality training for community homestay hosts, and enforceable green-auditing standards backed by refundable eco-deposits. Ultimately, the paper demonstrates that with thoughtful municipal planning, live music tourism can serve as a dependable, community-centered vehicle for decentralized regional development and cultural exchange across India.

KEYWORDS: Music Tourism, Event Economy, Destination Festivals, Economic Multipliers, Hospitality.

1. INTRODUCTION

Over the last decade, leisure travel in India has taken on a completely new character. For a long time, domestic travel revolved largely around visiting family, religious pilgrimage, or checking off famous historical monuments. While those traditions remain strong, a large segment of younger Indian travelers

is now seeking experiences that feel personal, cultural, and communal. Live music has become one of the biggest driving forces behind this shift.

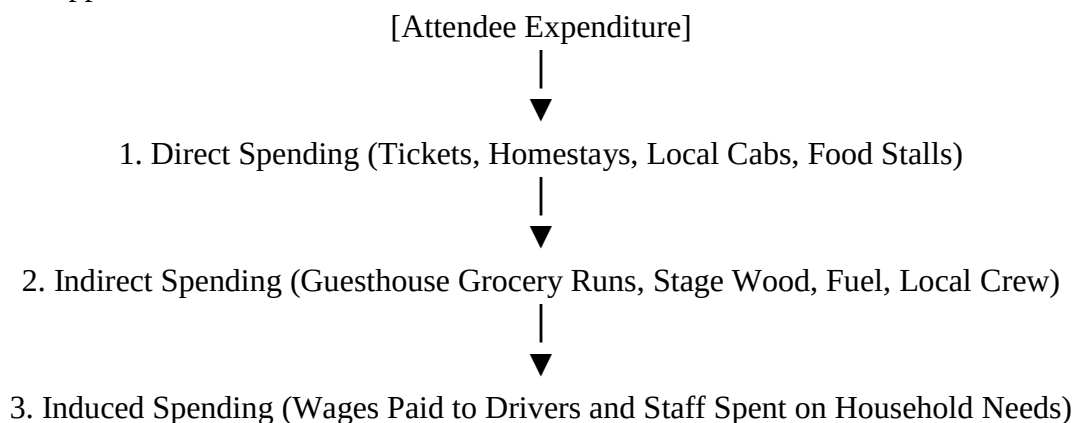
Rather than waiting for international acts or mainstream Bollywood shows in Mumbai, Delhi, or Bengaluru, thousands of young travelers are packing their bags and heading to remote valleys, coastal hamlets, and historic villages for multi-day music festivals. Events like the Ziro Festival of Music in the lush hills of Arunachal Pradesh, Magnetic Fields set inside a heritage palace in Alsisar, Rajasthan, and intimate indie gatherings across Himachal Pradesh and Goa prove that audiences are willing to travel long distances simply to experience music in a unique setting.

When people talk about these festivals, the conversation almost always revolves around who performed, how the stage looked, or how expensive the tickets were. What gets overlooked is the quiet economic engine running in the background. A festival ticket represents only a fraction of what an attendee actually spends. To attend a three-day festival in a distant town, a visitor has to book a sleeper train or flight, hire a local cab, rent a room or pitching space in a village homestay, eat three meals a day at local dhabas, and buy regional produce or handicrafts.

This paper takes a close look at that forgotten side of live music. It examines how music festivals act as powerful economic sparks for smaller, non-metro Indian destinations, showing how money spent by visitors ripples across local businesses and family households.

2. HOW MONEY MOVES: THE TOURISM MULTIPLIER FRAMEWORK

To understand the financial ripple effect of a music festival, economists look at how money circulates within a community before it leaves the area. In tourism economics, this circulation is called the **multiplier effect**, and it happens in three distinct waves:



First comes the **direct spending**. This is the cash that leaves the attendee's wallet directly into the hands of local businesses and event organizers: entry tickets, a plate of food at the festival grounds, a four-night stay at a family-run homestay, and the fee paid to a local auto-rickshaw or taxi driver.

Next comes the **indirect spending**, which is what happens behind the scenes. A small homestay owner who suddenly has five rooms booked needs to buy extra eggs, milk, vegetables, and rice from nearby farmers and village grocery stores. The festival organizer needs bamboo, timber, canvas, and electrical wiring, sourcing them from local hardware shops and hiring local carpenters to build the stages. The money spent directly by tourists starts circulating among regional suppliers who may never have attended the festival themselves.

Finally, there is the **induced spending**. This happens when the local workers who earned income during the festival, such as cab drivers, tent-pitchers, cooks, security guards, and cleaners, take their wages home. They use this money to pay for household groceries, electricity bills, school supplies, or local repair work. In this way, money from an urban concert-goer eventually supports ordinary daily commerce across the host town.

"The primary economic rationale for public and commercial investment in planned events rests on the multiplier concept, wherein external visitor spending circulates through host community supply chains, stimulating local business revenues and household earnings beyond initial gate receipts." (Getz & Page, 2016, p. 284)"

When we view a festival through these three waves, it becomes clear that its real economic value is far greater than the total box-office ticket collections.

3. WHERE THE MONEY GOES IN EMERGING DESTINATIONS

Unlike a single-evening stadium concert in a big city where fans take the metro home an hour after the final song, a destination festival requires travelers to settle down in a small town for three to five days. This extended stay creates steady commercial activity across several everyday sectors.

In a personal interview conducted for this research, Ankur Desai, Business Head at Doremi Talent Management, highlighted this exact operational reality from an artist and promoter standpoint:

"When we book talent for destination festivals or tour beyond the main metros, the ticket gross is only the headline figure. The real economic activity is what happens around the artist and the touring audience—hotel blocks, airport cab convoys, regional food vendors, and local production hands. In these non-metro markets, an entire secondary economy comes alive for four days, and that off-stage footprint often moves more money into the local ecosystem than the stage itself."¹

To test these ground-level dynamics across the creative and business community, a focused primary survey was conducted with 13 key industry stakeholders, including performing artists, tour managers, and music business executives.

When staging concerts or destination festivals in emerging/non-metro Indian locations, where does the majority of attendee expenditure actually create the most meaningful economic value?

13 responses



Figure 1: Stakeholder Perceptions on Economic Value Creation in Emerging Destinations

¹ Telephonic Interview with Ankur Desai conducted on 13th October, 2026

When asked where attendee expenditure creates the most meaningful value during concerts and destination festivals, responses were evenly split between local community retention and metropolitan economic leakage. While 30.8% of respondents noted that local hospitality and community homestays capture the most substantial economic value, an identical 30.8% observed that the majority of revenue still leaks back to metro-based production vendors and agencies. Meanwhile, local food, beverage, and regional retail captured 23.1%, followed by regional transit and local logistics at 15.4%. These findings confirm that while regional hospitality benefits directly, outside vendor dominance remains a substantial barrier to retaining festival wealth within host communities. This ground-level dynamic plays out across several primary areas:

3.1. Family Homestays, Guesthouses, and Campsites

Most small towns and rural villages do not have large hotel chains with hundreds of rooms. When thousands of music fans arrive, the community steps in to bridge the gap. In places like Ziro Valley, local families clear out spare bedrooms and open their homes to travelers. This model keeps money directly inside the village, putting income straight into household bank accounts rather than sending it to distant hotel headquarters. "Rural homestays and community-led hospitality models represent an effective tool for decentralising tourism revenue, allowing rural families to capture visitor expenditure directly while mitigating the capital bottlenecks associated with conventional hotel infrastructure." (Ministry of Tourism, 2022, p. 14). Outside of homes, local farmers and landowners often earn supplemental off-season income by leasing open fields to organized tent-camping operators.

3.2. Regional Taxis and Local Mobility

Because these festivals are intentionally located in scenic, tucked-away parts of the country, getting there is half the journey. Travelers fly or take trains to the nearest airport or railway junction, and then rely on local cab associations, shared jeeps, and tempo travelers to complete the trip over winding mountain or rural roads. For regional driver associations, the festival weekend is often one of their most profitable stretches of the year, carrying passengers between train stations, town centers, and event grounds.

3.3. Local Food, Roadside Eateries, and Farm Produce

Travelers attending destination festivals tend to avoid generic fast-food chains; they actively look for home-cooked meals, regional dishes, and street food. This shift directly supports roadside dhabas, tea stalls, and village eateries. To keep up with the crowd, restaurant owners buy higher volumes of fresh produce, poultry, and dairy from nearby farmers, creating a welcome temporary surge for regional agriculture.

3.4. Traditional Crafts and Artisan Markets

Many festival organizers build local craft bazaars right next to the concert stages. This setup gives village weavers, bamboo craftsmen, organic tea growers, and potter communities a rare, direct sales window. Instead of selling goods at low wholesale rates to city middlemen, artisans can sell directly to festival-goers who appreciate authentic craftsmanship and are willing to pay fair retail prices.

4. REAL WORLD CHALLENGES AND GROWING PAINS

While the economic benefits are obvious, bringing thousands of visitors and large touring parties into a quiet, developing town brings real difficulties that cannot be swept under the carpet.

This operational friction was emphasized in a personal interview conducted for this research with Bhargav Dutta, Artist Manager at Doremi Talent Management, who pointed out the practical barriers artist teams and organizers face when working outside major metro circuits:

"The romantic idea of taking live music to scenic, emerging destinations hits a wall the moment you deal with on-ground execution. You're handling fragmented local transport, unpredictable power backups, fragile civic setups, and running between multiple local offices just to secure basic clearances. If production companies end up trucking in all gear and crew from big cities because local infrastructure isn't ready, the host town doesn't get the long-term economic boost it deserves—it just bears the logistics strain."²

The operational roadblocks highlighted by managers were strongly echoed in the primary survey of 13 music industry professionals, pointing to distinct administrative and technical barriers.

From an artist/business perspective, what is the single biggest hurdle preventing live music tours and destination festivals from scaling sustainably in emerging Indian markets?
14 responses

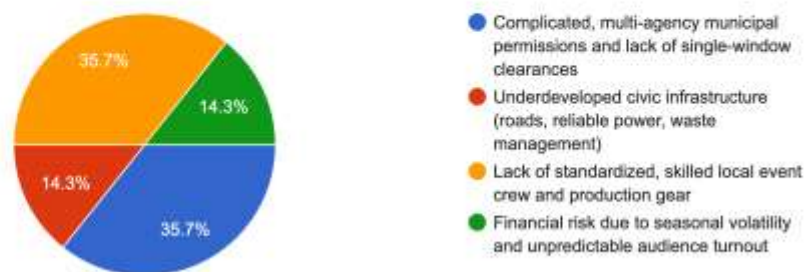


Figure 2: Primary Bottlenecks Hampering the Sustainable Scaling of Live Music in Emerging Markets

A plurality of respondents (38.5%) identified complicated, multi-agency municipal permissions and the absence of a single-window clearance system as the single biggest hurdle preventing live music events from scaling sustainably in non-metro India. This was closely followed by the lack of standardized, skilled local event crew and production gear (30.8%). Underdeveloped civic infrastructure (roads, reliable power, and waste facilities) and financial risks tied to seasonal audience volatility each accounted for 15.4% of responses. This clearly demonstrates that regulatory reform and local skill building are viewed by professionals as far more urgent priorities than audience demand itself.

These boots-on-the-ground realities reveal several critical structural vulnerabilities:

- **Money Leaking Out of the Community:**

The biggest risk in regional event tourism is economic leakage. When festival organizers bring everything from the outside, hiring sound gear, stage trusses, security agencies, and catering companies entirely from major cities like Delhi or Mumbai, the local community is left with very little. Instead of generating meaningful local wealth, the destination simply bears the traffic and noise while the profits flow straight back to big-city agencies. "Economic leakage occurs when expenditures made by visitors during an event fail to remain within the local community, as external vendors, staging contractors, and non-resident personnel extract capital back to major metropolitan centers." (Crompton, 1995, p. 21)

- **A Few Days of Boom Followed by Silence:**

Most destination music festivals run for three or four days, once a year. A short, intense cash surge does not automatically create steady, year-round livelihoods for local families. If residents invest heavily in

² Telephonic Interview with Bhargav Dutta conducted on 13th October, 2026

building extra rooms or buying new vehicles only for the festival, they can end up with idle assets and debt during the long off-season.

- **Pressure on Village Roads, Water, and Waste Systems:**

Small towns and rural districts rarely have the civic infrastructure to handle a sudden influx of five to ten thousand people over a single weekend. Quiet mountain roads get clogged with traffic, and water supplies can run thin. More critically, the volume of plastic bottles, food packaging, and trash left behind can quickly overwhelm small municipal setups that lack modern waste processing facilities.

- **Bureaucratic Runarounds and Confusing Permits:**

Putting together an event in a non-metro district is rarely simple for organizers. Promoters often have to visit a half-dozen separate offices—the district magistrate, local police, traffic department, fire services, municipal health inspectors, and state excise officers—to collect individual clearance stamps. The lack of a clear, single approval process creates unnecessary delays, sparks confusion, and discourages organizers from returning year after year.

5. PRACTICAL SUGGESTIONS FOR SUSTAINABLE GROWTH

If state tourism boards and local district authorities want to use music tourism as a genuine tool for regional development, they need to put a few sensible policies in place:

1. Set Up a Real Single-Window Approval Portal:

State governments should create a single digital portal where event organizers can submit one master application. Clearances from police, fire, health, and district administrations should be processed together with strict time limits. This removes bureaucratic red tape and encourages well-run, professional organizers to invest in emerging regions.

2. Mandate Local Hiring and Procurement:

To stop profits from leaking out of the region, local administrations should make reasonable local hiring a condition for granting event licenses. For example, rules could require that at least 35% to 40% of basic stage fabrication materials, local transit, food ingredients, and non-technical staff be sourced from registered local businesses.

3. Train and Support Homestay Owners:

District tourism offices should actively help families set up safe, comfortable homestays. Offering simple workshops on basic hospitality, food hygiene, and digital payment setups ensures that rural homeowners can comfortably host guests and keep their homestay operations running for general tourists even after the festival ends.

4. Enforce Strict Green Rules and Waste Deposits:

Festivals should be held to strict environmental standards. Municipalities should require organizers to put down a refundable green deposit before the event. This money should only be returned after the venue is completely cleared, all trash is removed, and organic waste is responsibly composted. Banning single-use plastics and promoting refillable water stations should be non-negotiable conditions for issuing a permit.

6. CONCLUSION

The rapid rise of live music festivals in India's smaller destinations shows that cultural events can do much more than entertain fans. When planned thoughtfully, a music festival acts as a strong economic bridge: it redirects travel spending from major metros into quiet rural valleys and small towns, puts money directly

into the hands of homestay owners, drivers, and local artisans, and puts overlooked regions on the national cultural map.

By addressing common challenges like outside revenue leakage, environmental wear, and complicated red tape, local authorities and event creators can work together to turn temporary musical weekends into lasting, responsible economic progress for the communities that host them.

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