CHAPTER – I
INTRODUCTION

1.1. INTRODUCTION-GENERAL PROFILE OF HOTEL INDUSTRY IN INDIA

Tourism and hotel sector has been witnessed a tremendous growth in terms of foreign exchange earnings, employment generation, poverty eradications, socio-economic development during recent years especially in developing countries like in India. It’s champagne time for India's hotel industry, thanks to a booming economy and the resulting surge in business. The robust demand for accommodation has led to higher room tariffs and is attracting foreign investment The earnings from tourism make it one of the biggest sectors in the world. The sector’s total contribution to the worldwide gross domestic product (GDP) is estimated to be US$5,991.9 billion or 9.1% of global GDP in 2011. In India, travel and tourism contributed ₹3,680.4 billion or 4.5% of the country’s GDP in 2011. In addition to tourism’s revenue contribution, it also accounted for 7.5% of the total employment in the country in 2011 (Ministry of Tourism Govt of India, 2012).

This chapter focuses on general profile of the hotel industry in India. It also covers the historical back ground of hospitality in India and relates with the present scenario of growth and development in hotels in India. The future trends in Indian hotel industry have been highlighted in terms of coming projects and FDI by the government. An important issue like innovative practices and technical trends adopted by hotels in India is also covered. It also enlightens different classification of hotels, different hotel chains operating in India and different departments in hotels operation.

In fact, government has recognised its multifarious potential for rapid economic growth and development. FTAs to India have seen somewhat of a dramatic turnaround since 2002, when a temporary declining trend was reversed aggressively. This turnaround was the result of several factors such as Government of India’s “Incredible India” campaign, high visibility afforded to India by its economic
success, the tourism industry’s constant search for new destinations, and to some extent improvement in infrastructure in specific areas (such as better air connectivity of smaller and remote destinations). The total foreign tourist arrivals in India in 2010 were 5.58 million, registering an annual growth rate of 8.1% over the previous year. The foreign exchange earnings from tourism during 2010 were US$ 14.19 billion with a growth 24.6% over previous year. Despite the burgeoning share of the Asian market, India’s total share in world tourist arrivals, remains a modest 0.6%. Whether measured by the yardstick of its vast tourism resources, or its emerging economic importance, India’s low share of tourism arrivals is certainly below potential.

The Indian Government has approved 100 per cent Foreign Direct Investment (FDI) under the automatic route is permitted in this sector subject to applicable laws, regulations, security and other conditionality’s. The government has released the FDI equity flows from April 2008 to January 2012 in the Hotel and Tourism sector as per a report received from The Department of Industrial Policy & Promotion.

The industry has generated huge employment opportunities for the tourism & hotel graduates and has offered numerous career ladders in its constituents. Moreover, it provides more than 25 million jobs directly and indirectly to the youths. The most challenging reality of working in this industry is the ability to affect the human experience by creating powerful impressions— even brief movements of truth—that may last a lifetime (Walker, 2009). Today, the hospitality industry consists of broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. A hospitality unit such as a hotel, restaurant, Banquet, resorts or even an amusement park consists of multiple groups such as facility maintenance, direct operations (front line staff, servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources. Thus, the industry covers a wide range of organizations offering accommodation, rooms and food service. The industry is divided into sectors (departments) according to the skill-sets required for the work involved. Departments include front office, accommodation, food and beverage, meeting and events, gaming, entertainment and recreation, tourism services, and visitor information.
The constant transformation has made the Indian hotel industry more functional and practical and has gained a level of acceptance world over. The standards of facilities and services offered have evolved over the last decade towards the extensive use of technology, environment friendly services, pricing, market segmentation, regional preferences, etc. The Indian hotel industry has seen a significant growth in room inventory across categories from upscale luxury to limited services and, boutique and budget hotels. The occupancy and the room rates have seen continued gains both from the domestic and the international traveller in both the business and leisure segment.

With the continued growth in India's GDP, improvement in the per capita income, and increased aspirational spending, the Indian hospitality sector is expected to grow faster than most countries around the world. According to the Consolidated FDI Policy, released by DIPP, ministry of Commerce and Industry, government of India, the government has allowed 100 per cent foreign investment under the automatic route in the hotel and tourism related industry. The inherent strength of the Indian economy has led to increased international visits to India. For foreigners, the travel time has increased to three-five days for business travel and from five days to seven-10 days for leisure travel. The government of India has announced a scheme of granting tourist visa on arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore. The contribution of the entire travel and tourism sector in India to Gross Domestic Product is estimated to rise from 8.6% (USD 117.9 billion) in 2010 to 9.0% (USD 330.1 billion) by 2020. Between 2010 and 2019 the demand for travel and tourism in India is expected to grow annually by 8.2%, which will place India at the third position in the world. Travel and tourism in India also accounts for 49,086,000 jobs in 2010 (about 10% of total employment) and is expected to rise to 58,141,000 jobs (10.4% of total employment) by 2020.

Within the travel and tourism sector, the Indian hospitality industry is one of the fastest growing and most important segments, revenue-wise as well as employment-wise. According to an estimate of the Economic Survey of India and Technopak, the Indian hotel industry accounts for USD 17 billion, 70% (USD 11.85 billion) of which take their origin from the unorganised sector and the remaining 30% (USD
5.08 billion) from the organised sector. When people make travel plans and visit different places, they contribute directly and indirectly towards the livelihood of millions who work for this industry (Andrew, 2007; Roday et al., 2009).

In 2000, India hosted only 2.6 million international visitors. By 2009, the figure had already increased to 5.13 million arrivals. Compared to other tourism markets in nearby Asian countries, this is still a limited success, but one with the potential to develop into a tremendous success story.

The government has stepped up various reforms to accelerate the industry growth with liberalisation in the regulatory framework, investment friendly schemes, extensive support for creating a world class infrastructure, initiating better air and land connectivity, incentivising regional set-up in tier III and IV cities, exploring the untapped geographical resources. Currently 29 mega tourism projects are being initiated across 22 states. The government is focusing on the PPP and is looking beyond the traditional tourism avenues and on to new initiatives – medical tourism, sports and adventure tourism, religious circuit, wildlife safaris, rural tourism, eco tourism, cruise tourism and wellness tourism. But, still more concrete measures such as uniformity of state and municipal taxes, single window clearances, improvising lower bureaucracy in effective planning and execution, and safe and secure environment will be critical to the industry’s growth. According to World Travel & Tourism Council, by 2020, travel and tourism investment is estimated to should reach US$ 109.3 billion or 7.7 per cent of total investment. The future of the Indian markets and their ability to mature into destinations relies on concerted efforts, both by the relevant government bodies and the private sector players.

Federation of Hotel and Restaurant Associations of India states that India currently has over 200,000 hotel rooms spread across hotel categories and guest-houses and is still facing a shortfall of over 100,000 rooms. Leading hotel brands have pepped up their investments and are in various stages of commencement of new proprieties in India, both in metro and non-metro cities. Cities such as Hyderabad, Pune, Jaipur and Chandigarh have emerged as growth markets. The emergence of these secondary and tertiary cities has led to an aggressive increase in hotel development activity, which was previously dependent in just five main cities. Another trend that
has now emerged in the various major markets is the growth of micro-markets, especially in the larger cities like Delhi, Mumbai, Chennai, etc, where travel time has increased. For example, Taj Group, while it was feasible to build two luxury hotels in Delhi, the presence of independent micro-markets has lead them to open business hotels in other parts of National Capital Region. Vivanta by Taj at Dwarka, Delhi and Gurgaon are the under construction Taj projects.

The Indian hotel industry is seeing huge spurt of foreign investment and international brands entering the foray. Most major international hotel brands such as Starwood, Hilton, Marriott, Hyatt and Accor already have a growing presence in India and they have an even stronger pipeline. Marriott International operates 11 properties across the country and plans to expand its network to 100 hotels over the next five-years. ITC Hotels also have projected its plan to open 25 new hotels under the Fortune brand over the course of next 12-18 months. The emergence of branded budget and economy segment hotels present tremendous opportunities. Keys Hotels, a brand of Berggruen Hotels, is setting up a leading chain of mid market hotels, resorts and service apartments across India and plans to open and manage 40 hotels over the next five years. So does, Ginger Hotel also plans to open 60 to 70 budget hotels in 23 locations across the country.

Further, according to the Consolidated FDI Policy, released by, Ministry of Commerce and Industry, Government of India, the government has allowed 100 per cent foreign investment under the automatic route in the hotel and tourism related industry. The terms hotel includes restaurants, beach resorts and other tourism complexes providing accommodation and /or catering and food facilities to tourists. The term tourism related industry includes:

- Travel agencies, tour operating agencies and tourist transport operating agencies
- Units providing facilities for cultural, adventure and wildlife experience to tourists
- Surface, air and water transport facilities for tourists
- Convention/seminar units and organisations
- The Government of India has announced a scheme of granting Tourist Visa on Arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand
and Singapore. The scheme is valid for citizens of the above mentioned countries planning to visit India on single entry strictly for the purpose of tourism and for a short period of up to a maximum of 30 days. During the period January - October 2010, a total number of 5016 VoAs were issued under this Scheme.

- The tourism master plan, the first for Karnataka, envisages initiatives to attract private investment ranging from US$ 2.2 billion to US$ 4.4 billion in the next three to five years. The plan is preparation based on the Vision 2020 document prepared and adopted by the Karnataka State Planning Board. The state government aims to generate 200,000 jobs in the tourism sector in the next five years. The master plan is aimed at making Karnataka the number one destination for tourism in the country by 2020, according to Mr G Janardhan Reddy, Minister for Tourism and Infrastructure Development.

1.1.1. INCREDIBLE INDIA: FULL OF WARM HOSPITALITY

Indian hospitality from ages can take anyone by surprise and also deeply touch. In fact, a ready welcome with folded hands, smile on the face, always willing to go out of the way to help somebody, - these are some of the common traits you will find in maximum people whenever you visit any place in India. Always ready to accept people as member of their family. The Sanskrit adage, "Atithi Devo Bhava," meaning the guest is truly your god dictates the respect granted to guests in India (Yogi, 1969) and is even a campaign run by Ministry of Tourism, Government of India. So it's understandable why the tourists visiting India are willing to come back again and again as they are so thrilled by the rich culture of India. The tremendous touristic attractions have made India as marvellous destination for all types of tourist be adventure, religious, spiritual, medical or sports. This has promoted other constituents of this growing industry such as hotels, transportation, communications and other allied industries. The hotel industry in India is, thus, very strong and growing. Even if one stays in a hotel, it is make sure that the person feels at home. However, if one wish to know what real Indian hospitality is, then it will be better if you stay at the house of a relative in India or any part of the world. If a foreigner has already a friend or an acquaintance in India, it's all the more better. Indian cuisine is another major attraction that attracts people to this rich cuisine country.
The way people live in India also has a profound impact to treat guests. Most Indians live in a joint family so often one will find the in-laws, uncles, cousins and others staying together. Saying Namaste with folded hands to a guest is integral to guest hospitality in India and similarly is followed in most of Indian hotels to greet their guests while welcoming them. The womenfolk form the backbone of traditional hospitality.. As soon as the guest arrives, the women of the house serve him water and then ask any preferences for food or drink. In fact, one will be surprised to find that even strangers on the road are so friendly and hospitable. If someone asks them where a certain shop or place location, chances are that people will not only give you the direction, but also accompany you to your destination, especially when the place is nearby. Indian people feel that their guests must be given proper warm hospitality, which certainly requires extreme care and attention.

**1.1.2. HOTEL INDUSTRY: HISTORICAL BACKGROUND**

Aristol says “if you want to understand anything, understand its origins and beginning” thus, to conceptualise the term hotel we need to pip into the history of hotel industry in the Indian context.

Travel is old as human civilisation in this the earth planet. In the beginning human being travelled in search of food and with the passages of time the curiosity for travel changed to business. That time accommodation was provided by the rulers and kinds. Thus, the concept of accommodation began with the expansion of business.

India has a great tradition of accommodating people of other origins and understanding their different culture, lifestyle, habits, and religion. Indian culture indicates that the host who lovingly cook up the best foods available to him for the guest beyond what he can afford, rather going himself hungry than not being able to satisfy the guest (s). This ritual of Indian culture is based on the philosophy of "Atithi Devo Bhava", meaning "the guest is God" in Sanskrit language. From this stems the Indian generosity towards guests whether at home or elsewhere.

The era 1980s was the turning point in the present growth and development of Indian hotel industry. The growth story of the Indian hospitality industry started in
the 1980s, when several prestigious hotels were developed to cater to the Asiad Games in New Delhi. Until about ten years ago, however, the hospitality industry in India continued to be characterised by its extremely limited choice of options. There was a very limited availability and lesser quality of hotels in cities beyond the usual suspects: Delhi, Mumbai, Kolkata, Chennai, and Bangalore. Other aspiring hospitality markets have been gradually catching up, such as Ahmedabad, Jaipur, Goa, Hyderabad, and Pune.

Even during the 1990s India was characterised by a dichotomy of luxury hotels on one end and nondescript unclassified hotels on the other. The massive unclassified market was mainly composed of no-frills guest houses and lodges in the budget segment, many catering especially to backpackers, such as in Delhi’s Paharganj; nondescript privately-owned standard hotels; and government-owned accommodation such as by the Power Department or the Wildlife Department as well as the various hotels run by the Tourism Departments.

Only during the last decade did the mid-segment gradually develop beyond non-chain properties, with entrants into the field such as Hilton Garden Inns and Taj Group's Ginger Hotels. Other prospective entrants consider the mid-market segment most promising, too. Since 2000, India has also experienced the rapid emergence of unconventional and innovative hospitality service providers, be it far-off eco-lodges in the jungles or NGOs offering accommodation in tribal villages.

After many years of obscurity, the Indian hospitality industry is suddenly now in the limelight of the global hospitality industry. The trade press is full of features on the potential of the Indian hospitality sector and presents ever new stories of successful innovations in the industry.

Travel has been a way of Indian life style since ages, and therefore, halting facilities on the way are not an altogether new idea. It has been evident since the history: "Give unto the visitor, the obeisance, thou give to God" is an ancient commandment to the people of this country. It suggests that frequent visitors came from outside or away from their home who in modern parlance are considered tourists. Frequent references made in the scriptures aptly reflect that Dharamshalas, Atrashalals, Musafirkanans, Sarais (Inns) and taverns existed in the early India. India, the
ancient land of civilization, culture, dance, drama and music, and hospitality was visited through the centuries by travelers from foreign countries. To quote a few as testimony, Fa'Hien during 359-424 AD, Hieun Tsang during 626-645 and Marco Polo in 1271 found good accommodation in India. Of course, no good hotels existed in early times as the travellers' needs for food and accommodation were mostly met by the hospitable locals, a tradition that still prevails to some extent, especially in rural India and interior regions of the country.

The provisioning of basic infrastructure likes places for shelter, construction of roads, provision of drinking water, were the responsibility of the kings and rulers in whose area people used to travel comes. However, in the medieval period, and that too, during the reign of Muslim and Mughal rulers, sarais were introduced. The three dynasties of Muslims in particular, Akbar, Jahangir and Shahjahan, the great philanthropists, built sarais which provided the best possible facilities to the travellers who used to travel and have to stay on their way to their destinations. To cite one, Jahanara Begum, daughter of Emperor Shahjahan, built a beautiful sarai, a splendid and imposing building with a fountain facing the main entrance with an inscription in Persian: "Gar Firdaus Bar Rui Zaminast – Haminasto, Haminasto, Haminasto", meaning if there is a paradise on earth, it is here! It is here! The remains of the sarai of that time affirm its existence and a garden, today commonly known as Queen's Park or Azad Park, surrounding the sarai exist in Sahibabad near Delhi in 1994 (Tewari, 2009).

However, the development of means of transport in 17th century was mainly responsible for establishing inns and taverns in the major cities in India. These were broadly of two categories, one, for the luxury class, and the other for the economy class. During the British rule, the sarais were transformed into western-style hotels for the visitor from England and affluent Indians as well as Indian-style hotels for the upper and middle class Indians particularly in metro cities of India like Mumbai and Calcutta. But, during the British rule hotels were introduced in India mainly for their own use or for foreign dignitaries and visitors visiting them. Nevertheless, Dharamshalas still maintained their existed plenty of taverns named after the persons or communities patronizing these namely, Paddy George's, Parsee George's,
Portuguese George's Albion Hotel, Luxurious Hope Hall, Victory Hotel, etc. Prince, David who visited India in this century stayed at the Macfarlane's Hotel and commented that it was luxurious but expensive.

Pallonjee Pestonjee is credited with establishing the first western-style hotel, the British Hotel, in Mumbai in 1840 and so is medaled as the pioneer of the western-style hotels in India. It was followed by Auckland Hotel in Calcutta in 1843, which was later renamed The Great Eastern Hotel in 1858 and started with an authorized capital of Rs 10 lakh in 1886. In 1871, John Wakson opened Esplanade Hotel with 130 rooms and qualified supervisory manpower. South also followed suit and by the end of the 19th century, there were numerous western-style hotels like Albany, Ashoka Oceanic, Belgrania, Bunkingham, Capper House, Central Dentz Garden, Elphinstone, Esplanade, Imperial, Napeir, New Woodland, Pandyan and Savera in Madurai; Bangalore International, Shilton, Stay Longer and West End in Bangalore; Krishnaraja Sagar in Mysore; Sealand and International in Ernakulam; Dasaprakash, Ritz and Savory in Hyderabad; Palm beach and Sun-n-Sand in Visakhapatnam. The common characteristic feature of 18th century and 19th century western-style hotels in India was that majority of them were owned and managed by the British (Bhatnagar, 2002).

1.1.3 PRESENT SCENARIO OF HOTEL INDUSTRY IN INDIA

The twentieth century, of course can be identified as a turning point in the hotel industry in India. It was air travel and other technological advancements, increased business opportunities that helped in the promotion of tourism at the global as well as the domestic level. These, further acted as catalyst and proved to be a shot in the arm of the hotel industry.

There are more than 100,000 rooms (all categories put together) expected to be added up in the Indian Hospitality Market by the year 2011. Average Employee to Room ratio across luxury hotels is 1.8: 1, therefore creating an additional requirement of over 118,000 trained professionals by the year 2010.
The financial year 2009/10 has been seen challenging for the world at large and has rewritten the way in which the nations of the world cooperated in recovering from the financial crisis together. Indian hospitality industry, 2009/10 was a year of twists and turns. It was hurt by the previous year's twin troubles of the world's worst-ever economic crisis and the terror strike on Mumbai, the first half of 2009/10 saw tremendous instability. With the global economic machinery almost stuttering to a halt, the corporate world was engaged in cost cutting through drastic cutbacks on non-essential expenses; this drop in corporate travel adversely affected the Indian hospitality sector. However, most hotel markets across India experienced a marked recovery in demand in the second half of 2009/10 and this renewal was further reinforced by the demand-supply estimates for April to August 2010. The nationwide occupancy, which started its decline in 2008/09, plummeted to its lowest in the first half of 2009/10 and witnessed a revival in fortune in the latter half. A year-on-year rate correction of approximately -16% was witnessed in 2009/10 across all star categories in the major markets of the country. The Indian hotel industry has clearly showed signs of recovery and the tribute for the same can be largely attributed to the domestic traveller, who has time and again aided in the hotel industry's recovery and also accounts for the bulk of the industry's revenue. With increased spending power and better access to an improving road and air infrastructure such as; the airports at Bengaluru, Hyderabad, Delhi, and Mumbai, the domestic traveller sustained the leisure and commercial demand in India. Accordingly, it will only be pertinent to say that from managing the crisis hotel industry is moving towards managing the recovery (HVS 2010). Whether an employee is in direct contact with a guest (Front of the house) or performing duties behind the scenes (back of the house), the profound and most challenging reality of working in this industry is that hospitality employees have the ability to affect the human experience by creating powerful impressions—even brief movements of truth—that may last a lifetime (Walker, 2009).

Advent of Hotel Chains

While the growth of motels was restricted to the North American continent, international chain operators spread into all continents. The chain hotels were advent
when people started travelling abroad from their countries companies majorly airlines thought to provide them hospitality also in which destination they are travelling as also a measure to increase business oppurtunities. Individual entrepreneurs were crushed in the race of this multidimensional industry. International chain provided the expertise, technology, and marketing trust and values that individual hotels could not. In 1925, Howard Johnson created the first soda pop fountain in Quincy, Massachusetts expanding into the first restaurant chain of 400 restaurants through franchise- the leasing of a branded name. He soon entered into hotels making the Howard Johnson hotel chain a worldwide name.

Another famous hotelier, Willard Marriot, started as a restaurateur with A&W fast food restaurant chain in 1928. He entered into the hotel industry Guests sometimes had to rent the bad, linen and blankets for their rooms. The first budget hotel was the Travelodge, Tacoma Washington and grew into a successful chain throughout North America. Travelodge now has added amenities such as TV and telephones and bed linen as essential to stay in business. Travelodge is now a subsidiary of Trust house Forte a luxury chain in the U.K.

Individual owners could not compete with large hotels chains and therefore merged with chains such as Sheraton, Hilton, Hyatt, Holiday Inn, and Ramada Inn etc. The international chains provided the following relationships to individual owners:

(a) Partnership- Sharing equity and profits.

(b) Franchise- providing name and association against a fee.

(c) Management Contract- providing professional managers, technicians, operational manuals, systems, etc on the basic of management fees and a share of profits as incentive payment.
### Classification of Hotels in India: No of Rooms

<table>
<thead>
<tr>
<th>Prominent Cities</th>
<th>Hotel Classification</th>
<th>Existing (Number of Rooms)</th>
<th>Upcoming (Number of Rooms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delhi (NCR)</td>
<td>Upscale</td>
<td>7718</td>
<td>4600</td>
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<td></td>
<td>Midscale</td>
<td>2967</td>
<td>4106</td>
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<td></td>
<td>Budget</td>
<td>1795</td>
<td>3474</td>
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<td>Mumbai</td>
<td>Upscale</td>
<td>7017</td>
<td>2686</td>
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<td></td>
<td>Midscale</td>
<td>2624</td>
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<td></td>
<td>Budget</td>
<td>2230</td>
<td>600</td>
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<td>Midscale</td>
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<td></td>
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<td>Midscale</td>
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<td>Budget</td>
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<td>453</td>
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<td></td>
<td>Budget</td>
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<tr>
<td>Pune</td>
<td>Upscale</td>
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<td>1984</td>
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<td>Midscale</td>
<td>1135</td>
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<td>Budget</td>
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<td>Budget</td>
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<td>Budget</td>
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<td>Jaipur</td>
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<td>Midscale</td>
<td>804</td>
<td>1016</td>
</tr>
<tr>
<td></td>
<td>Budget</td>
<td>1312</td>
<td>0</td>
</tr>
</tbody>
</table>

*Source: Cushman & Wakefield Research*

- Up-scale Hotels: Comprises 5 star deluxe and 5 star category hotels
- Mid-scale Hotels: Comprises 4 star category hotels
- Budget Hotels: Comprises 3 star category hotels
**Figure 2**

*Nationwide Occupancy and Average Rate Performance*

<table>
<thead>
<tr>
<th>Year Ending March 31st</th>
<th>Occupancy</th>
<th>% Change</th>
<th>Average Rate (’%)</th>
<th>% Change</th>
<th>RevPAR (’%)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995/96</td>
<td>66.5 %</td>
<td></td>
<td>3</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>1996/97</td>
<td>62.9</td>
<td>-5.4%</td>
<td>3</td>
<td>21.9%</td>
<td>2</td>
<td>15.3%</td>
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<tr>
<td>1997/98</td>
<td>57.1</td>
<td>-9.2%</td>
<td>3</td>
<td>8.1%</td>
<td>2</td>
<td>-1.9%</td>
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<tr>
<td>1998/99</td>
<td>55.4</td>
<td>-3.0%</td>
<td>3</td>
<td>-2.1%</td>
<td>2</td>
<td>-5.0%</td>
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<tr>
<td>1999/00</td>
<td>53.9</td>
<td>-2.7%</td>
<td>3</td>
<td>-10.2%</td>
<td>1</td>
<td>-12.6%</td>
</tr>
<tr>
<td>2000/01</td>
<td>57.2</td>
<td>6.1%</td>
<td>3</td>
<td>6.4%</td>
<td>2</td>
<td>13.0%</td>
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<tr>
<td>2001/02</td>
<td>51.6</td>
<td>-9.8%</td>
<td>3</td>
<td>-7.1%</td>
<td>1</td>
<td>-16.2%</td>
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<td>2002/03</td>
<td>57.2</td>
<td>10.9%</td>
<td>3</td>
<td>-5.7%</td>
<td>1</td>
<td>4.5%</td>
</tr>
<tr>
<td>2003/04</td>
<td>64.8</td>
<td>13.3%</td>
<td>3</td>
<td>9.2%</td>
<td>2</td>
<td>23.7%</td>
</tr>
<tr>
<td>2004/05</td>
<td>69.0</td>
<td>6.5%</td>
<td>4</td>
<td>20.5%</td>
<td>2</td>
<td>28.3%</td>
</tr>
<tr>
<td>2005/06</td>
<td>71.5</td>
<td>3.6%</td>
<td>5</td>
<td>26.6%</td>
<td>3</td>
<td>31.2%</td>
</tr>
<tr>
<td>2006/07</td>
<td>71.4</td>
<td>-0.1%</td>
<td>7</td>
<td>29.9%</td>
<td>5</td>
<td>29.7%</td>
</tr>
<tr>
<td>2007/08</td>
<td>68.8</td>
<td>-3.6%</td>
<td>7</td>
<td>13.0%</td>
<td>5</td>
<td>8.9%</td>
</tr>
<tr>
<td>2008/09</td>
<td>60.3</td>
<td>-12.4%</td>
<td>7</td>
<td>-1.9%</td>
<td>4</td>
<td>-14.0%</td>
</tr>
<tr>
<td>2009/10</td>
<td>65.0</td>
<td>7.8%</td>
<td>6</td>
<td>-18.0%</td>
<td>4</td>
<td>-11.6%</td>
</tr>
<tr>
<td>2010/11</td>
<td>68.0</td>
<td>4.6%</td>
<td>6</td>
<td>5.8%</td>
<td>4</td>
<td>10.7%</td>
</tr>
<tr>
<td><strong>CAGR</strong></td>
<td><strong>0.1%</strong></td>
<td></td>
<td><strong>5.5%</strong></td>
<td></td>
<td><strong>5.7%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: HVS Research
### Figure 3

**Key Players in Indian Hotel Industry**

<table>
<thead>
<tr>
<th>Company</th>
<th>Type of properties</th>
<th>Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian Hotels Company Ltd</td>
<td>Luxury, mid-segment and budget</td>
<td>Taj, Gateway, Vivanta and Ginger</td>
</tr>
<tr>
<td>ITC Welcomgroup</td>
<td>Luxury, budget and heritage hotels</td>
<td>ITC Hotel—Luxury Collection, WelcomHotel—Sheraton, Fortune and WelcomHeritage</td>
</tr>
<tr>
<td>EIH</td>
<td>Business hotels, leisure hotels and cruises</td>
<td>Oberoi and Trident</td>
</tr>
<tr>
<td>Carlson</td>
<td>Luxury, business hotels, economy and cruises</td>
<td>Radisson Hotels and Resorts, Park Plaza, Country Inns &amp; Suites, Park Inn</td>
</tr>
<tr>
<td>InterContinental</td>
<td>Luxury, mid-segment and business hotels</td>
<td>InterContinental, Crowne Plaza, Holiday Inn, Holiday Inn Express, Hotel Indigo, Staybridge Suites, Candlewood Suites</td>
</tr>
</tbody>
</table>

### 1.1.4. FUTURE TRENDS OF HOTEL INDUSTRY IN INDIA

The year 2008 that was a shock for the hotel industry in India but if we look at the present position of industry it can be rightly said that it is on positive way to recover. It is also believed that the future performance of new supply in non metro or second category (small) cities will be based on the untapped potential of the domestic and commercial traveller. The Indian hotel market remains an expensive market to enter in, especially land values over the recent years across the country. However, the entry of a host of institutional investors in the recent past clearly highlights the potential and fundamentals of the market. A lot of private players are coming up with new projects of hotels in small towns as domestic travel in India has increased, benchmarks, which instead can be utilised to arrive at valuations for other assets in a more scientific manner. Future trends highlights efficiencies brought through the following:
• Green Hotels will increase operational efficiencies and bottom lines, in spite of marginally higher construction costs initially. The importance of environment-friendly construction and operation of hotels. As All the Welcome Group hotels in India are now Certified Green Hotels

• Shifting of non-revenue generating departments hotel facility to a centralised place as like chain hotels presently having more than one hotel in a city can have a centralised office for non revenue generating departments.

• Efficient use of property management systems and even use of advanced systems so that it reduces cost and also provides an opportunity to provide personal services to the guests.

Some interesting PMS trends are:-

• Self Check –in: Focus on self check in as a concept is being embraced by the Front Office Departments in hotels. It is practiced extensively in the European Countries and US where it is part of a broader term to maximise the benefit of providing personal service to guests.

• Use of Mobile Applications: This probably ranks as the most important trend today and for the future with the emergence use of mobile applications linked with pms by the global traveller. Hotels have introduced a number of mobile applications that can be used by the high end users as these applications are directly linked with the property management systems in hotels in the coming years.

• Alliances with Travel Portals: Expedia, Yatra.com are worlds largest on line travel portals which hotels are having alliance with and are linked with the property management systems in the hotels which helps them in increasing revenues.

1.1.5 Future Opportunities

With the Indian Economy on the recovery once again, upcoming ports, industrial parks, IT parks and manufacturing areas across the country (including small cities) have good scope for budget and mid-market hotels especially independent hotels. It
is believed that branded hotels will enjoy unparalleled first mover advantage in most of these locations. As TATA owner of India’s premier luxury hotel brand has already established itself in budget hotels in small towns by the name of brand ginger. Moreover developments like Aerocity near Delhi's international airport Terminal 3 clearly highlight the unique opportunities available for planned hotel developments in and around new or existing airports. The infrastructure development will also give an added impetus to domestic tourism, both in the Commercial and Leisure segments. In fact, most hotel operators are aggressively pursuing opportunities across major hillside destinations. As India plays host to many more international events in the next few years, the demand for rooms will see a manifold growth from these events. Example is Hyatt is coming up with 10 more hotels in next few years. Another contributor of growth across all positioning will be Medical Tourism. Medical tourism, whereby world-class medical treatment is provided at a comparative advantage at more luxury facilities at a very competitive and low price combined with attractive resorts for convalescence, is clearly on the rise. The major attractions of medical tourism in India are low cost of medical treatment, highly trained, qualified and experienced medical staff, hospitals infrastructure. In addition, specialty hospitals are present and accessible to the domestic population only in the major cities of the country. Thus, hotel project opportunities around hospitals at metro locations are also worth exploring as a lot of hotels have come up near Delhi in NCR near few big hospitals like in gurgaon and noida.

In hospitality industry more than fifty percent of the revenue is generated by providing accommodation (rooms) to the guest, but now a day’s customers are also looking for good service outlets in a five star hotel. A five star hotel is offering different ICT services to their customers in different forms, for example, checking and payment of bills in room on TV, check in from their mobile phones through property management systems.

1.1.6 Tech trends

This relationship between technology and hospitality will only grow stronger in the years ahead. Technology is used almost in every department and function to increase
efficiency and standardise operations. Today, handheld devices having a display screen with touch input and a miniature keyboard is used for KOT (kitchen order ticket) generation in restaurants. The hotels are becoming increasingly conscious for the security of its guest. Keys Hotels launched women only floors in India with video phones in each room to ensure that the women travellers feel secured and enjoy the hospitality and amenities without any apprehension. Many international chains have added various amenities such as special hair dryers and toiletries and operate women-only lounges on the dedicated floor. The usage of electronic key card by the residential guest has not only enhanced the security measure but has also become a facilitator in access to guest floors, elevators and recreational facilities. The easy kiosks for check-in, 24x7 vending machine for snacks, beverages and other facilities have left the transient traveller more contented and happy. Besides, direct hotel reservations, the central reservation systems (CRS) and global distribution systems (GDS) serve as the primary channels of sales for hotel room nights. The hotels maintaining huge facility have now shifted their focus from revenue management to yield management by maximising occupancy and protecting rates variations to optimize the RevPAR.

The growth of the internet has played a key role in truly globalising the sales efforts as well as the marketing opportunities for the hotel industry. The advent of third party travel websites such as Hotels.com, Expedia.com and Travelocity.com as well as a few home grown websites like MakeMyTrip and Yatra.com has also been witnessed in recent years. Additionally, independent hospitality review and opinion websites like TripAdvisor.com are also very popular with the travelling population of today. The pressure on consistent delivery of brand promises is further maintained by online customer feedback which impacts the attraction quotient of the product for other prospective customers.

Another trend that is emerging is the MICE segment that has immense potential and provides tremendous growth opportunity in India for the sale of several hundred room nights as opposed to few by the transient travellers. India's growing strength in the information technology, bio-technology, pharmaceutical and manufacturing sectors has prompted a few prominent international bodies to host trade shows and
conventions in the country and similar prominence is also expected in the coming years. The Hyderabad International Convention Centre (HICC) by Accor is India's only branded large scale convention facility.

Similarly F&B offerings in India have evolved and are fast making a mark for themselves. Of late, standalone restaurants like Indigo, Olive, Hakkasan, Trishna, Zest, Smoke House Grill, to name a few have raised the bar for the F&B offerings across major metros. Quick Service Restaurant (QSR) brands like Domino’s, Pizza Hut, KFC, McDonald’s have huge expansion plans in the next five years.

The key challenges that the industry faces today are infrastructure, regulatory, availability of product bouquet, rising inflation, intercultural differences and the biggest amongst them the shortage of skilled manpower. With the addition of new hospitality products and attrition to other service industries such as retail, banking, insurance, travel, the demand gap is only widening. The challenge further aggravates with the industry looking for trained manpower as opposed to the untrained manpower. The demand is so high that each student passing out of a quality hotel management institute is offered a job by five-six hotel companies besides other service sectors looking for the similar trained manpower. The payroll and compensation are increasing for such trained manpower. The major reason for such a shortfall is due to the shortage of quality hotel education institutions in India.

India, known the world over as the land of hospitality – is today in the defining stages of the business of hospitality and with unlimited tourism and untapped business prospects. In the coming years Indian hospitality will only see green pastures of growth.

1.1.7 New Innovations According to Particular Hospitality Segments:

The major players in the hotel industry in India can be categorised into leading hotel chains, international brands, emerging Indian brands (budget hotels), market entrants from outside of the industry, and the largely the independent properties. The leading Indian hotel chains, such as Carlson Group, Indian Hotels Ltd, Leela Hotels & Palaces, ITDC dominated the Indian hotel market for decades.

Of the major international hotel chains Sheraton, Hilton, Hyatt, Radisson, Leela, and
Le Meridien are already firmly established in the Indian markets and expanding. Considering the immense scope of opportunity in India, more and more international brands follow their footsteps.

With more international players and their sophisticated services, competition in the market is growing increasingly fierce thus leading to a higher degree of professionalism in the industry, and with the spread of established hotel brands, guests are increasing their demands and expectations on the whole industry, thus creating an environment conducive to innovation and which has resulted in state of art property management systems. Also local hospitality brands have been mushrooming in India with the advent of budget segments coming up in large scale.

Increasingly, hospitality services are also offered in India's small cities. Rotels, such as the famous Indian luxury trains "Palace on Wheels" and "Deccan Odyssey", are continuously expanding the hotels on wheels concept. A growing number of other trains in India provide a luxurious hotel atmosphere to discerning tourists.

1.1.8. INNOVATIVE PRACTICES IN THE INDIAN HOTEL INDUSTRY

Innovative practices in the Indian hotel industry can be analysed on many different levels. This analysis makes an attempt to give a broad overview on new innovations taking place in the industry according to various categories of hotels as well as facilities, concluding with a brief outlook on future times these innovations might take.

India holds a special place in the international world in context of tourism and hotel industry and in terms of people visiting the country. With its rich culture, religion and cuisine India is attracting large number of tourists. It is a vivid land of landscapes, magnificent historical sites and royal cities, misty mountain retreats, colourful people, rich cultures, and festivities. Luxurious and destitute, hot and cold, chaotic and tranquil, ancient and modern - India's extremes rarely fail to leave a lasting impression.

Hospitality is a long running habit in Indian people from ages. However, until fairly recently this was hardly evident when looking at India's hospitality industry.

By now, accommodation options throughout India have become extremely diverse,
from cozy homestays and resorts, huts to stunning heritage mansions and luxurious palaces. From Kashmir to Kanyakumari, from Assam to Gujrat, there are different cultures, languages, life styles, and cuisines. This variety is increasingly reflected by the many forms of accommodation available in India, ranging from the simplicity of local guest houses, Inns, luxury hotels, budget hotels, yatri niwas and government bungalows to the opulent luxury of royal palaces and five star deluxe hotels.

From luxury hotels near dal lake in Kashmir or houseboats in dal lake to stay in jungles in Madhya Pradesh and luxurious palaces in Rajasthan Indian hotel industry offers a wide range of accommodation options to the travellers depending on their pocket and mood.

1.1.9. FUTURE INVESTMENT IN INDIAN HOTEL INDUSTRY

Indian hotel industry is undergoing huge transformation and expansion in terms of number of rooms and new destinations coming up and as a result of more and more people are coming to India for medical treatments the requirements of rooms in hotels in India has got a huge demand off late. . It is estimated that the hotel industry will see an investment of over USD 10.3 billion by 2015. Currently hotels are planning to create additional 60,000 rooms and over 80,000 jobs. Major international brands like IHG group, Leela hotels & resorts, Starwood Hotels, Carlson, Starwood, Accor and Marriott have already planned huge expansion and also hotel chains are coming up in budget sector so as to accommodate the domestic tourists also, which is now very much visible. Previously most hotel chains were targeting the up market segment but with changing socio-economic scenario they are now introducing new brands to cater the growing needs of budget hotels. They are now focusing on four star categories and below. Also there is a shift in expansion from metro towns other developing cities with targeted ARR’s below Rs 4000. Most hotels chains now understand that India has a huge potential in the tree star or under three star categories as well. In future brands like Ibis, Aloft, Marriott Courtyard, Fortune and Park Plaza etc. will be more visible than high end brands. Even Indian brands like Indian hotels Ltd (Taj Hotels & resorts), East India Hotels (Oberois) and Welcome Group (ITC) has also lined up about new properties in coming years. They are also looking at new properties to be developed in the overseas market (Sharma}
2011). Hotels in India' have supply of 110,000 rooms. According to the tourism ministry, 4.4 million tourists visited India last year and at current trend, demand will soar to 10 million in 2010 - to accommodate 350 million domestic travellers. 'Hotels in India' has a shortage of 150,000 rooms fuelling hotel room rates across India. With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. The World Travel and Tourism Council, India, data says, India ranks 18th in business travel and will be among the top 5 in this decade. Sources estimate, demand is going to exceed supply by at least 100% over the next 2 years. Five-star hotels in metro cities allot same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6-8 hours usage. With demand-supply disparity, 'Hotel India' room rates are most likely to rise 25% annually and occupancy to rise by 80%, over the next two years. 'Hotel Industry in India' is eroding its competitiveness as a cost effective destination. However, the rating on the 'Indian Hotels' is bullish. 'India Hotel Industry' is adding about 60,000 quality rooms, currently in different stages of planning and development and should be ready by 2012. The chain hotels from different other countries like starwood hotels .flocking India and forging Joint Ventures to earn their share of pie in the race. Government has approved 300 hotel projects, nearly half of which are in the luxury range. Sources said, the manpower requirements of the hotel industry will increase from 7 million in 2002 to 15 million by 2010. With the USD 23 billion software services sector pushing the Indian economy skywards, more and more IT professionals are flocking to Indian metro cities. 'Hotel Industry in India' is set to grow at 15% a year. This figure will skyrocket in 2010, when Delhi hosts the Commonwealth Games. Already, more than 50 international budget hotel chains are moving into India to stake their turf. Therefore, with opportunities galore the future 'Scenario of Indian Hotel Industry' looks good.

2011 has been a mix bag for the Indian hospitality industry. While the first six months of the year was robust in terms of occupancies and revenue, the turn of events in the global arena, especially the Euro zone crisis and partial downturn in the US economy, had put breaks on the otherwise smooth march in the following months. Going into the New Year, the industry is pretty watchful about how
economic uncertainties would unfold and impact the travel trends globally. Hospitality Biz has compiled views of leading hoteliers in retrospect of 2011 and their outlook for the future.

"As a company, we have been evaluating projects in destinations across the country. We see that recovery in terms of overseas inbound travellers is still slow. The domestic market continues to be encouraging and is providing much needed support. We are confident that this will continue to grow over the long term. Mid-market brands like ours (in the spectrum of USD 75 to USD 150) will continue to grow and do well. This is due to a combination of factors relevant to market, such as products priced correctly and operating costs managed cleverly." Operational since February 2010 in India, Absolute Hotel Services India (AHSI) currently has 12 hotel and resort projects in various stages of development. The company moved forward aggressively in terms of both signing new properties as well as getting their first three hotels (Puri, Jodhpur and Amritsar) operational. AHSI is looking to launch some of their projects in key destinations like Ahmedabad, Jodhpur, Bengaluru and Goa. Over a period of three to five years, ASHI is aiming to create and bring to market at least 3,000 hotel rooms. In 2012, the company anticipates having six to eight hotels up and running.

1.1.10. Classification of Hotels:

[Diagram showing classification of hotels based on size, location, target markets, levels of service, and ownership & affiliation.]

23
1.1.11 Hotel Chains in India

Tourism in India is in a transformation phase. Tourists in huge numbers come to for vacations, medical treatment and other leisure purposes. To accommodate this large number of travellers, India has some of the best hotels of the world that offer unmatched services with great luxury. Now Indian hotel industry is coming up with some of the best hotel chains in the world who are willing to invest in India.

TOP HOTEL CHAINS IN INDIA

➢ LUXURY SEGMENT

Leela Palace Hotels & Resorts

The Leela Palaces, Hotels and Resorts is an expanding chain of some of the finest five star luxury resorts and business hotels in India. It is also one of the best-run corporates in India. Do take the time to go through this corporate information section. You'll find that the best business practices are responsible for the best business and luxury hotels in India. Founded in 1957 by Capt. C.P. Krishnan Nair, the Rs.450 crore Leela Group is engaged in the business of ready-made garments and luxury hotels and resorts, he Leela Palaces, Hotels and Resorts is owned and operated by Hotel Leelaventure Ltd. headquartered in Mumbai. The luxury hotel group manages seven award-winning hotels in India which includes prime urban locations in Bangalore, Gurgaon, Mumbai, New Delhi and magical holiday escapes in Goa, Kovalam and Udaipur. Properties under development will open soon in Chennai followed by Agra, Jaipur and Ashtamudi, Kerala. The Leela Palaces, Hotels and Resorts is dedicated to extending warm, gracious, anticipatory service in settings that ideally capture the essence of India. The group has marketing alliances with Germany-based, US-based Preferred Hotel Group and is a member of Global Hotel Alliance based in Switzerland. For further information, contact your travel counsellor or visit our website at www.theleela.com

CARLSON HOTELS

Carlson Group of Hotels is a world-renowned name in the hotel and resorts industry. Carlson Group of hotels is world's leading hotel company offering five brands
ranging from the luxury to economy class. Carlson group of hotels has its presence in 930 locations in 70 countries. It has long history of experience and expertise in the hospitality sector. Their novels brands of hotels present worldwide are Regent International Hotels, Radisson Hotels & Resorts, Park Plaza Hotels & Resorts, Country Inns & Suites By Carlson, and Park Inn hotels.

Country Inn & suites by Carlson is a very successful mid-market chain of hotels present on 395-location world over. The hospitality offered to its guests is so efficient and elegant that the stay in the hotel becomes an unforgettable event for the guest. All the hotels built by the Carlson group are in the soothing, relaxing yet approachable surroundings. Carlson Group claims there is 98 percent return rate of its guests satisfied and happy with its cordial services. The interiors of all the hotels are replete with traditional furnishings, which is a mix of rich wood and mesmerizing floral-patterned fabrics. Carlson Group of hotels offers excellent value and maximum comfort level. It offers finer services and homelike comfort with eye-soothing architecture and elegant interior designs. Absolute guest satisfaction is the motto of the Carlson Group of Hotels.

Hyatt Hotels

Hyatt is an International acclaimed group of hotels worldwide known for their excellence and years of experience among hoteliers and guests alike. The Hyatt Group in India has hotels under the brand names Hyatt Regency, Grand Hyatt and Park Hyatt. All of these hotels are 5 star luxury hotels built at very important tourist and business junctures. Most of these hotels have specialized fine dining offerings and cuisine prepared by the finest chefs. These hotels by Hyatt also have world class fitness centres, swimming pools and other outdoors features. With years of experience these hotels are known for their excellence in hosting business events and other social gathering with aplomb including international events. So for your next vacation or business travel; book into one of their hotels and feel the Hyatt experience.

Indian Hotels Ltd (Taj Hotels & Resorts)

The Indian Hotels Company Limited (IHCL) and its subsidiaries are collectively known as Taj Hotels Resorts and Palaces and is recognized as one of Asia's largest
and finest hotel company. Incorporated by the founder of the Tata Group, Mr. Jamsetji N. Tata, the company opened its first property, The Taj Mahal Palace Hotel, Bombay in 1903. The Taj, a symbol of Indian hospitality, completed its centenary year in 2003.

Taj Hotels Resorts and Palaces comprises 93 hotels in 55 locations across India with an additional 16 international hotels in the Maldives, Malaysia, Australia, UK, USA, Bhutan, Sri Lanka, Africa and the Middle East.

Spanning the length and breadth of the country, gracing important industrial towns and cities, beaches, hill stations, historical and pilgrim centres and wildlife destinations, each Taj hotel offers the luxury of service, the apogee of Indian hospitality, vantage locations, modern amenities and business facilities.

IHCL operate in the luxury, premium, mid-market and value segments of the market through the following:

**Taj** (*luxury full-service hotels, resorts and palaces*) is our flagship brand for the world's most discerning travelers seeking authentic experiences given that luxury is a way of life to which they are accustomed. Spanning world-renowned landmarks, modern business hotels, idyllic beach resorts, authentic Rajput palaces and rustic safari lodges, each Taj hotel reinterprets the tradition of hospitality in a refreshingly modern way to create unique experiences and lifelong memories.

Taj also encompasses a unique set of iconic properties rooted in history and tradition that deliver truly unforgettable experiences. A collection of outstanding properties with strong heritage as hotels or palaces which offer something more than great physical product and exceptional service. This group is defined by the emotional and unique equity of its iconic properties that are authentic, non-replicable with great potential to create memories and stories.

**Taj Exotica** is our resort and spa brand found in the most exotic and relaxing locales of the world. The properties are defined by the privacy and intimacy they provide. The hotels are clearly differentiated by their product philosophy and service design. They are centered around high end accommodation, intimacy and an environment that allows its guest unrivalled comfort and privacy. They are defined by a
sensibility of intimate design and by their varied and eclectic culinary experiences, impeccable service and authentic Indian Spa sanctuaries.

**Taj Safaris** are wildlife lodges that allow travelers to experience the unparalleled beauty of the Indian jungle amidst luxurious surroundings. They offer India's first and only wildlife luxury lodge circuit. Taj Safaris provide guests with the ultimate, interpretive, wild life experience based on a proven sustainable ecotourism model.

**Vivanta by Taj Hotels & Resorts** span options for the work-hard-play-hard traveller across metropolitan cities, other commercially important centres as well as some of the best-loved vacation spots. Stylish & sophisticated, Vivanta by Taj delivers premium hotel experiences with imagination, energy & efficiency. It's the flavour of contemporary luxury, laced with cool informality and the charming Taj hospitality. Created for the cosmopolitan global traveller and bon vivant, Vivanta by Taj Hotels & Resorts create experiences that will amuse, invigorate & inspire you. Vivanta revels in a spirit that presents the normal with an unexpected twist. Experiences which make you pause & appreciate the hidden beauty in life! It challenges your expectations of a hotel and unfolds multiple layers of delight. Innovative cuisine concepts, the smart use of technology & the challenge to constantly engage, energize and relax you all add up to make Vivanta by Taj the new signature in hospitality.

**The Gateway Hotel** (upscale/mid-market full service hotels and resorts) is a pan-India network of hotels and resorts that offers business and leisure travelers a hotel designed, keeping the modern nomad in mind. At the Gateway Hotel, we believe in keeping things simple. This is why, our hotels are divided into 7 simple zones- Stay, Hangout, Meet, Work, Workout, Unwind and Explore.

**Ginger** (economy hotels) is IHCL’s revolutionary concept in hospitality for the value segment. Intelligently designed facilities, consistency and affordability are hallmarks of this brand targeted at travelers who value simplicity and self-service.

**Taj Hotels Resorts and Palaces** is committed to replicate its domestic success onto international shores with plans to build an international network of luxury hotels, which will provide an exemplary product-service combination and in the process
create a global brand. The current international portfolio includes luxury resorts in
the Indian Ocean, business and resort destinations in the Middle East and Africa,
serviced apartments in the UK, the first hotel in Australia and three a top-end luxury
hotels in the US.

IHCL operates **Taj Air**, a luxury private jet operation with state-of-the-art Falcon
2000 aircrafts designed by Dassault Aviation, France; and Taj Yachts, two 3-
bedroom luxury yachts which can be used by guests in Mumbai and Kochi, in
Kerala.

IHCL also operates **Taj Sats Air Catering Ltd.**, the largest airline catering service
in South Asia, as a joint venture with Singapore Airport Terminal Services, a
subsidiary of Singapore Airlines.

The Taj began a century ago with a single landmark - The Taj Mahal Palace Hotel,
Mumbai. Today, the various Taj hotels, in all their variety and historical richness,
are recognised internationally as the symbols of true Indian hospitality. The
Company's history is integral to India's emergence into the global business and
leisure travel community; and looking to the future, Taj Hotels Resorts and Palaces
is well positioned to meet the increase in travel activity with the rapid expansion of
the Indian economy.

**East India Hotels Ltd (Oberois Hotels & Resorts)**

The Oberoi Group, founded in 1934, operates 28 hotels and three cruisers in five
countries under the luxury ‘Oberoi’ and five-star ‘Trident’ brands. The Group is also
engaged in flight catering, airport restaurants, travel and tour services, car rentals,
project management and corporate air charters. Oberoi Hotels & Resorts is
synonymous the world over with providing the right blend of service, luxury and
quiet efficiency. Internationally acclaimed for all-round excellence and unparalleled
levels of service, Oberoi hotels and resorts have received innumerable awards and
accolades. A distinctive feature of The Group’s hotels is their highly motivated and
well trained staff who provide exceptionally attentive, personalised and warm
service. The Group’s new luxury hotels have established a reputation for redefining
the paradigm of luxury and excellence in service amongst leisure hotels around the
world. It’s champagne time for India's hotel industry, thanks to a booming economy
and the resulting surge in business. The robust demand for accommodation has led to higher room tariffs and is attracting foreign investment. Trident hotels are five-star hotels that have established a reputation for excellence and are acknowledged for offering quality and value. These hotels combine state of the art facilities with dependable service in a caring environment, presenting the ideal choice for business and leisure travelers. At present there are nine Trident hotels in India. These are located in Mumbai at Bandra Kurla and Nariman Point, Gurgaon (Delhi National Capital Region), Chennai, Bhubaneswar, Cochin, Agra, Jaipur and Udaipur. The Oberoi Group also operates a Trident hotel in the Saudi Arabian city of Jeddah.

The last decade has witnessed the debut of new luxury Oberoi leisure hotels in India and abroad. In India, these hotels include The Oberoi Rajvilas, Jaipur; The Oberoi Amarvilas, Agra; Wildflower Hall, Shimla in the Himalayas; The Oberoi Vanyavilas, Ranthambhore; The Oberoi Cecil, Shimla and The Oberoi Udaivilas, Udaipur. Overseas, the new hotels include The Oberoi, Lombok in Indonesia, The Oberoi, Mauritius and The Oberoi, Sahl Hasheesh in Egypt. The Oberoi Zahra, Luxury Nile Cruiser, Egypt was launched in 2007.

The ITDC Ashok Group of Hotels

The ITDC Ashok Group of Hotels are said to be ones who pioneered the Indian hotel industry. Opened with a view to promote the hotel industry under the banner of Indian tourism development corporation several years down the line, this hotel chain has proved its credentials in serving both the International and domestic guests with the best of expertise. The ITDC Ashok Group of Hotels owns 33 hotels in 26 destinations across India. The Ashok hotel in New Delhi is considered till date as one of the best hotel in country in terms of room size, infrastructure, facilities.

➢ MID SIZE SEGMENT (BUDGET HOTELS)

1. Lemon Tree Hotels:

Lemon Tree Hotels is India's largest chain of upscale hotels and resorts - the perfect choice for today's discerning yet value conscious traveler. Like the fruit they are named after, Lemon Tree Hotels are fresh, cool and sparkling with zest. Walk into our hotels and be embraced by the signature lemon fragrance, a cheery smile, uplifting colours and perhaps a wagging tail. You can relax and know that you have arrived at someplace trusted where service is personalized yet professional. Our
youthful and contemporary hotels add a new twist to your stay... every time. With a total of 15 hotels across India, Lemon Tree Hotels operates 12 hotels in Ahmedabad, Aurangabad, Bengaluru, Chandigarh, Chennai, East Delhi, Gurgaon, Goa, Indore, Muhamma - West of Kumarakom and Pune and Lemon Tree Premier operates 3 hotels in Bengaluru, Gurgaon and Hyderabad. The Lemon Tree Hotels group recently launched Lemon Tree Premier, its new upscale 'plus' brand that retains the essence of the upscale Lemon Tree by continuing to provide the fresh, fun and spirited experience the group is so well known for. The décor is 'refreshingly elegant', making it perfect for the style conscious and upbeat business travelers. Lemon Tree Premier provides an enhanced product offering with sedan cars for airport transfers; superior in-room amenities; a higher share of top-of-the-line premium rooms; specialty restaurants; iMac terminals in the Business Center; a Life Fitness equipped gym and a rejuvenating spa.

2. Fortune Hotels

Fortune, a member of ITC's hotel group, was set up in 1995 to cater to the mid-market to upscale segment in business and leisure destinations. Today, it is a professionally managed Hotel Management Company with 66 signed properties, 5074 rooms spread across 50 cities in India, out of which 40 hotels are operational at present. It has emerged as one of the fastest growing hotel chains in the first-class, full-service business hotel segment in India.

3. Sarovar Hotels

Sarovar Hotels & Resorts pioneered in venturing into the mid-market segment in the Indian hospitality landscape. The Company over a period of 18 years has successfully churned the demand in this segment, and is now the third largest chain in India, with 58 operational hotels across 40 cities in India and overseas. It has a diverse portfolio encompassing hotels, resorts, restaurants and corporate hospitality. The properties vary by type, size and the market niche they serve. It provides a consummate and unmatched international hospitality experience at competitive price offerings. Indias pride Sarovar Hotels announced plans to set up 10 new budget hotels including three in the National Capital Region within next 18 months. This is part of the company's plan to add 33 new properties to its chain.
Sarovar Hotels and Resorts will raise Rs 700-Rs 800 crore to fund its expansion plan that involves more than doubling its hotel count to 100 from the current 35 hotels in the country. By the end of 2012, the company will manage a total of 100 hotels and a room inventory of close to 10,000. It aims to boost its top line to touch Rs 400 crore this year and expects a turnover of Rs 1,000 crore by the end of 2012.

1.1.12. DEPARTMENTS OF HOTEL

Front Office

It is the most important department of the hotel. The main function of this department is to give warm welcome to the guest. It helps to create good image in front of the guest. This is the first and last department where guest comes in contact with. It generates the maximum revenue for the hotel by the sale of hotel rooms to the guests. It also includes sub departments like reservation, bell desk, information desk, telephones, concierge, business center, guest relations desk and a travel desk.

Food and Beverage Service

It is a department which serves food and beverage to the guest in a very attractive and pleasing manner, which creates good impression on the guest. In hotels we have several kind of food and beverage outlet like specialty restaurants, bars, coffee shops, room service, lounges, take away, banquets etc. It is second most revenue producing department of the hotel by selling different types of food and beverage to the guest.

Housekeeping

This department is responsible for cleaning and maintaining hotel premises which include public area, guest rooms, lobby, swimming pool area etc. generally this department is not visible to the guest. It works for guest satisfaction through keeping the environment clean and hygiene. Horticulture is one of the most important features of housekeeping department which deals with different types of flower arrangement and maintaining the garden. This department works to give pleasant look of the hotel to the guest.

Food Production

It is a department with deals with the preparation of different types of food items. It is situated in the back of the office part of the hotel that means it is not visible
department to the guest. It makes the food more delicious and attractive by different styles of cooking method. Hotel food production department offers different cuisine, which generally has a dedicated own kitchen and specialized chef to work on it according to their skills.

Besides the major operational departments, hotel even is supported by various other departments:

**Marketing & Sales Department**

Sales and marketing has become one of the most vital functions of the hotel business and an integral part of modern hotel management. It includes packaging for selling, sales promotion, advertising and public relations. The marketing division is charged with the responsibility of keeping the rooms in the hotel occupied at the right price and with the right mix of guests.

**Engineering and Maintenance Department**

The energy crisis throughout the world has given a great importance to the engineering department of a hotel. This department provides on the day-to-day basis the utility services, electricity, hot water, steam, air-conditioning and other services and is responsible for repair and maintenance of the equipment, furniture and fixtures in the hotel. The engineering department has an important role in satisfying the guest-demand and helping to maintain the profit level of the hotel. The cleaning, up-keep, repair, replacement, installation and maintenance of property and its furnishing, machinery and equipment are the joint responsibilities of Engineering/Maintenance and the Housekeeping Department.

**Finance, Accounting and Control Department**

A hotel’s accounting department is responsible for keeping track of the many business transactions that occur in the hotel. The accounting department does more than simply keep the books-financial management is perhaps a more appropriate description of what the accounting department does. Whereas the control department is concern with cost control guidelines by way of reducing in investment, reduction in operating cost, control of food service costs, control of beverage costs, labour cost control, etc.
Safety and Security Department

The security of guests, employees, personal property and the hotel itself is an overriding concern for today’s hoteliers. In the past, most security precautions concentrated on the prevention of theft from guests and the hotel. However, today such violent crimes as murder and rape have become a problem for some hotels. Unfortunately, crime rates in most major’s cities are rising. Hence today security department also concentrate on these additional criminal activities too.

Human Resource Department

This department is responsible for all the work connected with administration, personnel, manpower, employee’s welfare, medical, health and security.

- Problems of Hospitality Industry in India

The hotel industry in India is going through a lot of problems such as low occupancy rate, high taxes, increasing competition, fuel shortage, low profitability and so forth. Similarly, on the other hand the hotel industry in India is also facing acute shortage of rooms. Hotels are compelled to offer heavy discount to the potential customers particularly during the lean period.

There is a shortage of better hotels in Tier II and Tier III cities in India as compared to metro cities. There are chains of hotels which feel reluctant to invest in small cities. There is also lack of facilities in terms of MICE in small cities. Another problem is tough procedure in getting license for opening a hotel which includes a lot of government departments from whom a license has to be obtained which is a very tedious and time consuming process which hails many organizations in investing in the hotels. Indian Hotels are also facing a problem of revenue generation as average room rate and occupancy of hotels is relatively less. The seasonal business in the Indian hotel market is also a problem which hotel industry in India is going through.

High taxes are also a main reason for low growth of Indian hotels. Different taxes like service tax, luxury tax, and vat are levied hotels. Hotels do not get rebates in taxes like municipal taxes, custom duty from the government which other industries get.
Another problem that hotels or projects that are to come up with new hotels are the land. As most of the hotels come up or prefer to have land in the heart of towns. But the land prices in small towns have increased a lot also. Even the cost of renovating a new property is also very high.

One of the biggest problem that Indian hotel industry is facing is skilled manpower and the hotels are not able to retain employees for a long time as attrition rate in hotels is very high. The problem of using high end technology is also there as hotels feel reluctant in investing a huge amount of money in IT.
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