This Chapter attempts to analyse the steady transition, spread and improvements in hospitality industry and how it has remained complementary to tourism. It will also highlight hospitality’s initiatives in promoting tourism. In the last two decades, tourism and hospitality sectors have seen remarkable, many-sided improvements in India, through the contribution by private sector and the government help.

The Ministry has set up a Hospitality Development and Promotion Board, which monitors and facilitates hotel project approvals. India has the potential to become one of the major tourist destinations in the world and the tourist demand grows at 10.1% annually, according to the World Travel and Tourism Council (WTTC). Department of tourism is trying hard to create an unparalleled tourist destination in India and most of this responsibility and achievement rests on hospitality sector.

Many kinds of hospitality-linked tourisms are available in India, including medical, healthcare, and adventure, heritage tourism, and ecotourism, rural and religious tourisms. Hospitable industry can provide the goodness of naturopathy, yoga, siddha, ayurveda, spiritual philosophy, Buddhism, Jainism and wellness destinations. India has one of the richest cultural, religious, historical and political heritage tourism, in the form of caves, temples, mandirs, forts, gardens, monuments, museums, art galleries and palaces that reflect not only
medieval, but also ancient Indian heritage and all these could be converted into successful tourist hospitality sites.

**India is a tourist country**  
“India is a country known for its lavish treatment to all visitors, no matter where they come from. Its visitor-friendly traditions, varied life styles and cultural heritage and colourful fairs and festivals held abiding attractions for the tourists. The tourist attractions presented by India are in every aspect fantastic like the unending forests with teaming wild life, untouched beaches, ancient temples, wonderful landscapes, historical monuments, forts, paintings in the wild like Ajanta etc.

Actually, India has all four seasons and almost all geographical factors like deserts, mountains, caves, snow, monsoons, mangroves etc. It has almost all the modern tourism sectors like medical tourism, religious tourism, spiritual tourism, Yoga/Ayurveda tourism, eco-tourism, dark tourism, cultural tourism etc. There are other aspects of cultural and creative takeaways like leather goods, brass statues, ivory (now controlled), Indian jewellery, handicrafts, carpets et. Naturally, the hospitality sector took advantage of the changing face of tourism and made fast strides of its own.

**Earlier versions of hotels in India**  
“The concept of travel and halting facilities on the way is not an altogether new idea for India. Even in ancient times, we find engrossing accounts of travel to far spread regions. There are many religious and historical books where we find references of the existence of Dharmasalas, Musafirkhanas, Sarais (Inns), and taverns and hotels in India as early as 16th and 17th centuries. Emperors Akbar, Jahangir and Shah Jehan were great philanthropists and the sarais
built by them were unique and quite a few of them still survive. “They afforded the best possible facilities to the travellers.”

HOSPITALITY IN THE WEST

In earlier days, hotels were simply guest houses, providing food and a comfortable stay. In western countries inns came up as earlier as in the Seventeenth century to cater to the needs of travelling public. In the West, despite the cold weather, Europeans had been a travelling, adventurous society. They travelled to America and inns came into existence. The first American inn existed way back in 1607. The first hotel was advertised in 1792 and was called the 'City Hotel'. This hotel was situated in New York. The next popular hotel which was build afterwards was located in Boston.

“The hotel was called 'Tremont Hotel and was considered modern for those days”. Hotels are an important component of the tourism product. They contribute in the overall tourism experience through the standards of facilities and services offered by them. The fortunes of the hospitality industry have always been linked to the prospects of the tourism industry and tourism is the foremost demand driver of the industry.

In Europe

In medieval Europe monasteries rationally offered hospitality to the travellers. The main aim in offering hospitality was for pilgrims as monasteries were found at the site of holy place in early stage. In early Europe inns, they were especially designed as profit making business it was the first commercial Venter in hotel keeping. Usually there were public rooms like restaurant where merchants could sit and discuss business. Hotel keeping has also influenced mode of transport, with advent of railways came station hotels, and with aircraft came airport
hotels, with motorways and extensive road travel like motels, boatels and ship bought floating hotels into existence.

Hotel industry has followed path of travelers from time they travel. Therefore came the resthouse, inns and monasteries. Inn keeping is believed to be started in 1200 years age. in1650 Mr. Pascal opened cafe in Paris and coffee house in London. During industrial revolution 1750-1820 English inns were considered finest in the world. Hotel de Henry was one of the 1st European hotels built in 1788 with capacity of 60 rooms. Growth of hotel inns took place with concept of family hotels i.e run by the families were called mom & pop in England.

**Human habitats**

The word habitat comes from Ecology and here, it covers all spaces where humans can reside, places of work, entertainment, study, internship, urban and rural environment, social environment, homes and surrounding buildings.

**Inns**

Inns were the forerunners of today’s hotels and lodgings in the West. In India, there existed various versions of these establishments and even today, they could be seen all over the country. These provide lodging, food, for the travellers at an ordinary rate and such establishments mainly exist hear the highways or in the countryside, where travellers are expected. Some of them provide stabling and fodder to horses and other animals used for travelling.

During the 1800s the inn played a major role in the growing transportation system of England. Industry was on the rise and people were traveling more in order to keep and maintain business. The English Inn was considered an important part of English infrastructure.
as it helped maintain a smooth flow of travel throughout the country.

**Motel**

Motel word is not very popular in the Eastern world as in Western. This word was coined to give the meaning that motors could be parked in these hotels and they are “Motor hotels”. Usually owned individually, there are examples of motel chains too. “As large highway systems began to be developed in the 1920s, long-distance road journeys became more common, and the need for inexpensive, easily accessible overnight accommodation sites close to the main routes led to the growth of the motel concept.”

**Bed and breakfast**

This is mainly an overnight lodging in small establishments that provides an overnight stay with a breakfast in the morning for mostly unattached busy travellers. Traditionally such establishments do not offer other meals of the day. Family homes and respectable units usually offer this kind of service, if the building is big enough to offer the service for a few. They use the home cooks for breakfast work and this kind of establishments sustain the family very adequately. Mostly, the breakfast price is included in the room rent and looks complimentary. They provide private bathrooms and private bedrooms, part of the earlier huge family accommodation, These usually provide a second income and either all family members are involved in the work, with a few hired staff.

**Boutique hotel**

In India, there are Indian versions of boutique hotels, although they are not called so. These are smaller establishments, with very intimate surroundings, undisturbed and luxurious. But, they are not called boutique hotels in India, but called so in the United States and United Kingdom.
**Eco hotel**

These are ordinary hotels with additional environmental improvements. They would have considered most changes to lessen the impact on the surrounding environments. They are connected with green living and are environmentally responsible lodgings. Mostly they are situated among the flourishing ecosystems, like jungles or near estuaries and they would have used the available material for building and this would extend to menu too, having used the readily available food.

**Hostel**

They offer a safe and sociable atmosphere within a small budget and offer basic amenities like either a proper bed or a bunk bed in a dormitory with share bathroom and lounge. Mostly hostels for single sex accommodation. For a higher price, it is possible to find private rooms. These are far cheaper than other providers and due to numbers or security personnel, they are safer too.

Some hostels might cater to people in need like drug addicts under rehabilitation, nurses, defendants out on bail etc. Sometimes, these are run by societies, government agencies or charities etc. School and college hostels are run by the institutions themselves. In the West, hostels mainly provide accommodation and food for travellers and backpackers.

**Apartment hotel**

In earlier days, these hotels were also called apartel or apart-hotel. It could be an apartment complex with booking facilities and other hotel services provided. In such hotels, there are no fixed rules and occupants can leave whenever they decide to do so. These
custom-built apartments and are fully fitted like a mini house and the length of stay could be extended or shortened.

**Guest house**

Guest houses exist in almost all the countries of the world. They could resemble inns, bed and breakfasts or hostels, or could have most of their features. They are very cheap compared to hotels and the owners usually lived on the premises, overseeing and directing the day-to-day activities. In some countries that are not advanced in tourism and hospitality, guest houses are the only kind of accommodation available for rare visitors. Unlike inns and hotels, guest houses mostly do not have a full-time staff. In the West, they could be family owned, just like Bed and Breakfast.

**Homestay**

Home stays are very different from all the above and spreading into the rural and remote regions in India, although it is not a new concept in India. When students shift for studying purpose either inside or out of India, home stays are used by renting rooms from local families. “It is sometimes used by people who wish to improve their language skills and become familiar with the local lifestyle.” Some countries encourage homestay as a means of developing their tourism industry.

Hosting a home stay participant allows the host family to earn an income. “Students tend to arrange a homestay with their school or educational institution, but they can informally arrange one through social connections and private agencies that connect students with hosts families, usually for a nominal fee.” Home stay opportunities range from a complete family experience to basic room rental. The goal of a home stay is for the student to be immersed in their hosts culture. The student may participate in family activities, including dining out, going to amusement parks, camping, and traveling.
The visiting student may be expected to pay a portion of the activity-related costs, such as tickets, parking, gas and travel expenses.

“In many home stays, families act as cross-cultural advisers, helping the students understand and adjust to their new culture.” In other home stays, students may simply rent a room within a private home, with minimal supervision from the host. In working home stay agreements, the student is expected to perform duties such as yard work, farm work, babysitting, or maid services.

**Gradual growth of hospitality sector in India**

Indian society, taking into consideration the seriousness of hospitality in real life, had been a haven to domestic tourism from the beginning. It will not be wrong if we say that domestic tourism is as old as Indian society itself. In the last two decades, tourism and hospitality industry in India has grown beyond expectations. From the available statistics, it can be seen that domestic tourism has shown an annual growth 12.8%, from 64 million in 1990 to 167 million in 1998.

This definitely does not mean that tourism and hospitality sectors evolved slowly earlier. In fact, we have very impressive inbound tourism records since Independence. It was 17,000 in 1951, and from there, it rose to 2.36 million in 1998, resulting in a phenomenal rate of growth of 17% in tourism receipts jumping from Rupees 7.7 crores in 1951 to Rs.11,540 crore in 1998.

**The Growing Indian Hospitality Industry**

“The earlier setbacks in global tourism have strengthened the Department of Tourism's resolve to promote India's tourism through aggressive marketing strategies through its campaign 'Incredible India.'
The 'marketing mantra' for the Department of Tourism is to position India as a global brand to take advantage of the burgeoning global travel and trade and the vast untapped potential of India as a destination.\(^{cclxi}\) 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 (source: FHRAI). The country is witnessing an unprecedented growth in hotel constructions and will be adding almost 114,000 hotel guest rooms to its inventory over the next five years. (source: HVS) (in the above reference). “In the present scenario, hospitality industry has projected an increase in the supply of hotel rooms to meet the rising demand in the coming three to four years ..\(^{cclxii}\)

Earlier idea of hospitality of a room with a bed, a rare cupboard, a small writing table with a chair and a tiny bathroom with a washstand has been extinct for a long time now and increasingly modern facilities have overtaken that space. Even facilities like en-suite bathrooms and air conditioning or heating according to the prevailing weather, mini bar, telephone, mini refrigerator, twin sinks, bath robes, pillow menus etc. are becoming regular requirements these days. Jacuzzi bathrubs, swimming pools, heated and unheated, fitness centres, business centres, conference facilities, personal staff on call, function services and always available child care facilities are accepted today as normal.

**Inbound Tourism**

The growth of inbound tourism since Independence has been quite impressive. It was just around 17 thousand in 1951. From this level it rose to 2.36 million in 1998. Tourism receipts on the other hand have grown at a phenomenal rate of 17 per cent to Rs.11,540 crore in 1998 from Rs.7.7 crore in 1951.
Government policies

The Indian government took up the cause of tourism and connected sectors very cleverly as early as in 1956 as part of the Second Five Year Plan and continued the work in successive Plans. But, it was the Sixth plan that took up Tourism and Hospitality sector seriously by providing facilities and with sincere marketing, and used it as an efficient instrument of social integration and economic development.

It further gained momentum in the decade of 1980 with the Government taking up many significant steps, with a separate National policy on tourism that came out 1982. National committee on Tourism was formed in 1988, National Action Plan was prepared in 1992 and National Strategy for Promotion of Tourism was drafted in 1996 to be followed by the tourism policy that touched all fields of tourism-related issues. 1997 saw a fresh, updated tourism policy draft that synchronised with the new economic policies and social change.

Recent decades

But it was only after the 80’s that tourism connected activities gained momentum. The Government took several significant steps. A National Policy on tourism was announced in 1982. Later in 1988, the National Committee on Tourism formulated a comprehensive plan for achieving a sustainable growth in tourism. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, a draft new tourism policy in tune with the economic policies of the Government and the trends in tourism development was published for public debate. The draft policy is now under revision. The proposed policy recognises the roles of Central and
State governments, public sector undertakings and the private sector in the development of tourism.

The need for involvement of Panchayat Raj institutions, local bodies, non-governmental organisations and the local youth in the creation of tourism facilities has also been recognised. Even though these are named as ‘Tourism-connected’, Hospitality has been an undivided part in the earlier days. It did not exist separately and only in the recent decades, Hospitality has been treated as a separate and independent entity.

**Traditional industry**

It is difficult to complain about hospitality sector in India. There are possibilities of personal and individual disenchantment under difficult circumstances. Mostly, these circumstances boil down to lack of infrastructure, communication and sometimes, inefficiency in providing the best to the customers. Still, one must agree that the hospitality sector has advanced in leaps and bounds and has aided the advancement of tourism in India. Without hospitality sector, tourism cannot march forward in any region.

As the modern tourist is neither a scholar or an adventurer, or a renounced spiritual person, his main goal being a luxurious traveler to rejuvenate himself, or looking for a complete change, his requirements of comforts could be unlimited, and sometimes, to an annoying level.

Unless both the sectors meet the occasionally high-handed tourist by agreeing with him and providing the requirements, one cannot send away a satisfied customer. It is important that every customer should be satisfied, because a wrong word here and light criticism there, however unfounded they might be, are capable to
preventing a huge army of tourists from visiting the same hospitality unit or tourism site.

**Linked with all tourisms**

Tourism has been immensely helped by hospitality, despite their being two different sectors. One cannot exist without the help of another, and from my point of view, it is the hospitality sector that provides stability and attraction to tourism and not vice versa.

The first factor that crosses a tourist’s mind when he thinks of travelling, is the attractive hospitality, his money’s worth, waiting for him, bolstered by comments from friends, who had already visited this particular tourist attraction.

That goodwill of the earlier customers, who hold the hospitality received in high esteem is not only the investment of hospitality sector, but also the prime mover in tourism. “India occupies the sixty-eighth position among the top tourist destinations in the world for 2011……. The Centre and States are also working out a PPP (Public-Private-Partnership) model to increase hotel capacity.”

“Indian tourism industry is thriving due to an increase in foreign tourist arrivals and greater number of Indians travelling to domestic destinations than before. In the past few years the real growth has come from within the domestic sector as around 30 million Indians travel within the country in a year.

Strong growth in per capita income, rising young population coupled with changing lifestyles are leading to greater expenditure on leisure services.” In addition, “Indian Hotel Industry has supply of 110,000 rooms and about 150000 room in pipeline to come up”
Atithi Devo Bhava

In 2008, the Ministry of Tourism launched a campaign of educating the local population on the topic of how to deal with the foreign tourists, under ‘Atithi Devo Bhava’ and actor Aamir Khan took the responsibility of creating awareness of being hospitable. It was an attempt to train and instil a sense of responsibility and sensible behaviour towards guests.

There was another campaign of cleaning Indian touristy places. All these came under the concept of ‘Incredible India’ campaign. An unlimited amount of money was spent on advertising alone. “Government of India increased spend on advertising campaigns (including for the campaigns 'Incredible India' and 'Athithi Devo Bhava' - Visitors are like God) to reinforce the rich variety of tourism in India.”

Importance of Hospitality

Global and local economics and investor confidence are directly connected with the growth or downfall of hospitality sector. In India, this sector is very strong, starting from home-stays to five star hotels and other similar institutions. The demand on tourism has steadily increased in recent years, defying the economic and political scenarios worldwide. Hospitality has flourished despite a few seasonal set-backs.

With more awareness in tourists and more desire to see far-off places and wonders of nature, hospitality has boomed in India, especially so in the segment of leisure travel. With many kinds of lodgings suiting all financial requirements, hospitality has advanced hand in hand with the tourism sector in the last two decades and continues to proceed further.
Various kinds of hospitality units

It is optimistically expected that ‘There will be further development also of heritage and boutique hotels in the future’. Many royal palaces in Rajasthan and other States are converted into mega hotels that promise royal experience and opulence of a bygone era to visitors.
Adventure and forest tourism has been encouraged and patronised by younger groups. Many a jungle lodges of erstwhile rulers are being used for this purpose. “On the tourism front, the central and state governments are aggressively pursuing the tourism agenda, marketing the beaches of Goa and Kerala...” so observes Devendra.

**Growth (table)**

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<th>Foreign Tourists</th>
<th>Growth %</th>
<th>Foreign Exchange Earnings (Rs. In Crores)</th>
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</table>

Growth in domestic and foreign tourist and foreign exchange earnings, 1996-2000

**Various kinds of units**

In every country, there are various kinds of hospitality units according to their culture and weather. It is the same in India too and these units have taken the modern version of their earlier history.

**Heritage hotels**

Visitors can see the country’s old glory and heritage in these units. Invariably, they are palaces and royal abodes of earlier rulers and show the history of India. When people stay in such hotels, they become part of Indian history and this is a romanticised tourism.
Mostly, these could be seen in the earlier capitals of kingdoms like Mysore, Chittor, Mewad, Udayapur, Delhi, Madhya Pradesh, Uttar Pradesh and many other places.

**Luxury Hotels**

These are fine modern places with almost all the amenities, dining places, auditoriums, conference halls, cinema halls, swimming pools, pool-side facilities, sports amenities, gyms, reception rooms, plus apartments, opulent rooms and mostly cater to State Heads, business leaders etc.

**Resorts**

In the last two decades, Resorts have sprung up all over the country, sea side resorts, hill station resorts, nature resorts etc. Mostly, they are mostly found in places of scenic beauty and secluded tourist destinations. They provide solitude required for creativity. They also provide adventure tourism, wild tourism, wild life viewing, sea life viewing, sea sports and are equally suitable for family participation, having many attractions for children and teens.

**Budget Hotels**

These are simpler units with no show of riches; but, provide homely comforts and are very efficient because they cater to more people of middle class or higher middle class, people travelling for various purposes like religious, spiritual, medical, and sightseeing. They also cater to professions like artists, creative tourists, writers, photographers etc. These can be seen everywhere, more so, near natural parks.

**Development of other markets**

A major trend in recent times is the development of the hotel industry in cities other than major metros.
As real estate prices have been soaring, setting up and maintaining businesses and hotels in major metros is becoming more expensive, leading to search for other cities entailing lesser costs. Consequently, hotel markets have emerged in cities such as Hyderabad, Pune, and Jaipur.

This has led to increase in hotel development activity and expansion of hotel brands within the country. The industry has also seen development of micro markets, especially in primary cities. As cities grow larger and more office spaces come up across the city, travelers prefer to stay at hotels closer to the place of work/visit to save on time. This has led to the same hotel company setting up hotels across different location within a city.

The growing industry

Experts in the field believe that along with tourism, Indian hospitality sector will grow at tremendous, unprecedented speed in the coming years. Indian hotels usually experience high occupancy even during off-peak season. India being a country of varied cultures and Weather, lean season does not last long. International business is enhancing in India and hospitality sector is the beneficiary.

Hotel chains in the last two decades have sprung up everywhere with an upward trend. International tourists visiting India has been experiencing 15% increase since 2006, providing nearly 14% and more increase in the foreign exchange. Indian middleclass has been experiencing high income in recent years and is yearning to experience all that had been denied to them earlier. This trend in domestic travel for both personal and business reasons is directly benefitting Indian Hospitality sector.

High Potential
India has the potential to become the number one tourist
destination in the world with the demand growing at 10.1 per cent per
annum, the World Travel and Tourism Council (WTTC) has predicted.
The WTO (World Travel Organisation) predicts that India will receive
25 million tourists by year 2015. The earlier setbacks in global tourism
have strengthened the Department of Tourism's resolve to promote
India's tourism through aggressive marketing strategies through its
campaign 'Incredible India'.

State initiatives

The Government has allowed 100 per cent FDI under the
automatic route in the hotel and tourism related industry, according to
the Consolidated FDI Policy, released by DIPP, Ministry of Commerce
and Industry, Government of India.

The Ministry of Tourism

The Ministry of Tourism, Government of India (IBID), has signed
bilateral agreements/ memoranda of understanding (MoU) with 47
countries, a tripartite agreement between India, Brazil and South
Africa and a multilateral agreement between India and Member States
of Association of South East Asian Nations (ASEAN) for cooperation in
the tourism sector.

The Ministry of Tourism as part of its promotional activities
releases campaigns in the international and domestic markets under
the Incredible India brand-line, to promote various tourism
destinations and products of India. The budget allocated for the
Domestic Promotion & Publicity and Overseas Promotion & Publicity
including Marketing Development stood at Rs 110 crore (US$ 17.73
million) and Rs 350 crore (US$ 56.41 million) for the FY 2013-14.

The ministry has set up a Hospitality Development and
Promotion Board, which will monitor and facilitate hotel project
approvals. The allocation for Ministry of Tourism in the Union Budget
2013-14 has been increased by Rs 87.66 crore (US$ 14.13 million) to Rs 1,297.66 crore (US$ 209.30 million). In a major boost to the North-East tourism sector, Mr. K Chiranjeevi, Union Minister for Tourism, Government of India, has approved Central Finance Assistance (CFA) to various tourism development projects in the states of Arunachal Pradesh, Sikkim and Nagaland.

The Ministry has approved CFA of Rs 25.04 crore (US$ 4.03 million) for the ongoing tourism mega circuit projects at Tirupati and Kadapa district in Andhra Pradesh. The Government has proposed to set up the Central Institute of Hotel Management (IHM), Catering Technology and Applied Nutrition in the country. The IHM will be set up at Jagdishpur, Uttar Pradesh.

The Ministry of Tourism has undertaken joint development of tourist amenities at Amritsar and Rai Bareilli, Trivandrum, Gaya and Agra Cantt Railway Stations in association with Ministry of Railways. CFA of Rs 10.28 crores (US$ 1.65 million), Rs 5.98 crore (US$ 964,453.42), Rs 5.18 crore (US$ 835,413.19) and Rs 5.05 crore (US$ 814,141.59) has been provided by the Ministry for the same.

Travel and Tourism Policy

The Ministry of Tourism, Government of India, has consistently been working on improving India as a prime destination for tourists. It further aims at promoting various Indian tourism products vis-à-vis competition faced from various destinations and to increase India's share of the global tourism market. Travel and tourism’s contribution to capital investment is projected to grow at 6.5 per cent per annum during 2013-2023, above the global average of five per cent. The tourism policy of Government of India aims at speedy implementation of tourism projects, development of integrated tourism circuits, special capacity building in the hospitality sector and new marketing strategies.
Future growth factors

India has the potential to become the number one tourist destination in the world with the demand growing at 10.1 per cent per annum, the World Travel and Tourism Council (WTTC) has predicted. The WTO (World Travel Organisation) predicts that India will receive 25 million tourists by year 2015.

The earlier setbacks in global tourism have strengthened the Department of Tourism's resolve to promote India's tourism through aggressive marketing strategies through its campaign 'Incredible India'. The 'marketing mantra' for the Department of Tourism is to position India as a global brand to take advantage of the burgeoning global travel and trade and the vast untapped potential of India as a destination. Talking about factors that would influence, we can list them roughly as below:

Demand and Supply

Fortunately for India, demand exceeds the supply, indicating an excellent opportunity level. It is roughly estimated that another 1,50,000 rooms can easily be accommodated in the Hospitality sector. For all willing participants of Hospitality sector, it might not be possible to meet the enormous amount of investment to build attractive and efficient Hospitality sectors, and hence, service apartments, self-service hotels, like ginger hotels, are coming up, more so, in the touristy regions, with commendable success. Retail boom in business has contributed more to well-healed hospitality units with opulence in major cities.

Information technology growth

Information technology boom in India is connected with the business tourism and has exposed India’s hospitality sector to unlimited vistas. Globalization, out-sourcing, multi-national companies have influenced Indian cities like Bangalore and the various company
executives and exchange staff travelling into and out of India has been another major factor for the expansion of Hospitality sectors.

**Cuisine**

Most Indian hotels cannot provide all modern requirements, but, they can definitely provide the basic facilities with varied and excellent cuisine. India, being a land of diversity, cuisine is as diverse as the regions within and tourists appreciate the varied tastes of India.

This includes availability of different kinds of vegetables, fruits, dishes, fish and meat, mostly found everywhere and regular supplies do not usually snap. Hence, the hotel industry of India holds a very special place in the world hospitality sector. India can boast of another advantage – a well-trained, polite and hospitable staff.

It is very difficult to match the Indian hospitality services anywhere else in the world. Although there are a few Eastern countries that provide similar kinds of service, India still is in an enviable position. India has all weathers, all geographical varieties, different languages and lifestyle, royal cities, misty mountains, snow, royal forts, ports, coasts and perhaps every natural feature available anywhere else in the world.

This diversity in everything is the lifeblood of Indian tourism and hospitality sector, which, in every way, has given a rich opportunity for Indian tourism to flourish. Indian tradition of hospitality is one of the main factors that support Indian tourism.

Highly diverse accommodation choices, different cultures, varied landscapes, historical places, cuisines all have culminated to provide more strength to tourism through hospitality.

**Investments**
Major public and private investments in the field of air transportation, telecommunication, roads, land availability, relaxation of Government rules regarding land and investment and success of literacy programmes over the years are all helping the Hospitality sector.

**Government Incentives**

Government has introduced many incentives like reduction of expenditure tax, interest free loans, and easier land allotments below market rate, exemption of Customs Duty on liquor, raw materials, equipments etc. Government’s classification of hotels as ‘infrastructure’ has aided the Industry enormously. In addition, assistance in financing, income tax benefits, priority for tourism infrastructure as in roads, airports, convention centres etc., has helped it further.

**Constraints**

The major constraint in the expansion of international tourist traffic to India is non-availability of adequate infrastructure including adequate air seat capacity, accessibility to tourist destinations, accommodation and trained manpower in sufficient number.

Poor visitor experience, particularly, due to inadequate infrastructural facilities, poor hygienic conditions and incidents of touting and harassment of tourists in some places are factors that contribute to poor visitor experience. In addition, Tourism cannot march ahead without adequate hospitality support.

Indian hospitality sector always existed; but, to tourists from other countries, it was outdated and devoid of modern amenities and efficient communication. No doubt, Hospitality had a lot to catch up and it has been doing so in the last two decades, along with other connected infrastructure development.
Some difficulties still exist in the form of multi-level bureaucracy, licenses and approvals, high costs of engaging lawyers and consultants etc. Still, one can argue that India is one of the hottest destinations in the world tourism map and that brings legendary and modern Indian hospitality into picture.

Current demands

The basic requirements of a tourist today is more or less limited to certain factors like a comfortable lodging in a safe hotel or guesthouse or an inn, highly preferred en-suite bathrooms, air conditioning or climate control, according to weather circumstances, telephone and other communication facilities, clock, television, healthy food, mini bar, bathrobes, and in better hotels, perhaps a Jacuzzi bathtub. Luxurious facilities include swimming pools, fitness centre, child care, and social function space or conference rooms, according to tourist requirements.

Potential

Indian tourism is one of the highly potential World Tourisms today, poised to take off very high in future. Along with it, Hospitality sector too will go from strength to strength. This is the branch of tourism that could generate employment and earn great amount of foreign exchange, in addition to providing continuous fillip to social and financial development of the country.

To sum up, Indian tourism has vast potential for generating employment and earning large sums of foreign exchange besides giving a fillip to the country’s overall economic and social development. Much has been achieved by way of increasing air seat capacity, increasing trains and railway connectivity to important tourist destinations, four-laning of roads connecting important tourist centres and increasing availability of accommodation by adding heritage hotels to the hotel industry and encouraging paying guest accommodation. But much more remains to be done.
Since tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organisations become active partners in the endeavour to attain sustainable growth in tourism if India is to become a world player in the tourist industry\textsuperscript{cclxxiv}.

**Future trends**

According to Mohamed Derouiche, “Among the biggest emerging outbound markets, we can cite here China and India with over a billion people each, many of which are starting to travel internationally. If we look, for instance, at the number of Chinese people who travelled abroad, it rose considerably between 2006 (34,524 million travellers) and 2010 (57,386 million travellers) thus marking a 66 per cent increase over the four years.\textsuperscript{cclxxv}”

**Market**

The total market size of Indian tourism and hospitality sector stood at US$ 117.7 billion and is expected to touch US$ 418.9 billion by 2022. The foreign direct investment (FDI) inflows in hotel and tourism sector during April 2000 to July 2013 stood at US$ 6,754.49 million, as per the data released by Department of Industrial Policy and Promotion (DIPP). Foreign tourist arrivals (FTA) during the Month of August 2013 stood at 4.74 lakh as compared to FTAs of 4.46 lakh during August 2012, registering a growth of 6.4 per cent. Foreign exchange earnings (FEE) during the month of August 2013 were US$1.294 billion as compared to FEEs of US$1.306 billion during August 2012 and US$ 1.264 billion in August 2011.\textsuperscript{ccxxvi}

**Travel Hospitality and Environment**

“Travel and Tourism have strong inherent links to the environment. In some countries, the natural environment and its
wildlife, flora and fauna are what distinguish them from other tourism destinations\textsuperscript{cclxxvii}. Hence, it is the responsibility of tourism and hospitality to preserve environment as best as they can.

**Green tourism**

In recent years, Green tourism or Ecotourism has gained importance and travellers are becoming more and more aware of the issues involved. This factor has to be taken into consideration when hospitality units and infrastructure have to be built, or old facilities are altered according to environment protection requirements.

This will affect the future or existing transport system keeping in mind the negative atrocities of climate change on the Planet. Natural disasters and erratic weather patterns have already hit the humanity at irregular intervals. This will impact tourism and hospitality, air traffic, safety, threat of carbon footprint etc.

**Travel with a mission**

The outlook of travellers has changed enormously. They are not merely looking for lazy Sun, vacant beaches and classic holidays. Instead, they like to have cultural experiences, authentically local food, and interaction and know more about existing ecological issues or attending intellectual activities. This needs tour operators who are lesser generalists and more specialized cultural and historical knowhow.

**Indian hotel industry**

The Indian hotel industry normally experiences high demand during October–April, followed which the monsoon months entail low demand. Usually the December and March quarters bring in 60% of the year’s turnover for India’s hoteliers. However, this trend is seeing a change over the recent few years. Hotels have introduced various offerings to improve performance (occupancy) during the lean months.
These include targeting the conferencing segment and offering lucrative packages during the lean period. Hotels have high seasonality and the entire sector is labour intensive and fragmented. In India, there is another sector of unlicensed units, unbranded, unclassified, small; but, flourishing equally with star, branded and heritage units, completely licensed.

**Important players**

The Taj Group has launched The Gateway Hotel IT Expressway Chennai, its first hotel in the city under the Gateway Hotels & Resorts brand. Marriott International has launched its business hotel brand Courtyard by Marriott at the industrial and auto hub of Chakan near Pune in Maharashtra.

ITC Hotels has tied up with Bahrain-based India-born billionaire Mr Ravi Pillai to manage five of its hotels under the Welcome Hotel and Fortune brands in India and Dubai. Ecole hoteliere de Lausanne has opened a 67,000 square feet campus in India to tap into the growing demand for skilled hospitality professionals in the country. Located in the newly developed Lavasa Township near Pune, Ecole Hoteliere Lavasa will offer a four-year programme.

**Safety and security in changed atmosphere**

Responsibility of hospitality has increased. Modern tourism and hospitality is multifaceted and a very complex industry as the security threat to individual travellers is heightened by terrorism that has been escalating worldwide. Western and travellers belonging to other religions are targeted, kidnapped and sometimes even butchered. Unfortunately, actions of powerful countries like the USA have led to its sporadic spreading.

Hence, hospitality sector has to provide increasingly effective security to its visitors. Drivers, bars, all-night entertainment facilities, transportation agencies restaurants, trained security professions etc., have added to the expenses of the Industry in planning and providing
security to the transient population. We have seen the biggest tragedy of hospitality sector in Bombay Taj on 26/11, when all arrangements and security facilities came crumbling down resulting in the murder of many tourists. Quite naturally, tourists seek safety and security and they should not be disheartened.

**Workforce development**

It is said that the tourism and hospitality sector should continually evolve meeting the challenge of ‘selling the intangible’. So, human factor is the most significant of them all and this means, a well-trained, articulate, unbiased, sensitive and competitive attendance by the work force is an absolute necessity for the success of any hospitality unit. Developing a sustainable workforce, implementing appropriate educational policies are necessary now.

**Careers in Hospitality**

With Universities introducing many courses in Tourism, Hospitality, Ecotourism, Sustainable tourism etc., India has sufficient graduates and post-graduates in them all.

At the same time, we cannot ignore the possibility of both educated and sub-educated staff making similar or even better contribution in the field, given sound training. Hotel management courses and training provide sufficient know-how and produce excellent staff in all capacities.

Careers opportunities include Hospitality Executives, kitchen management groups, catering supervisors, catering assistants, hotel management faculty, Food craft institutes, cabin crew in national and international airlines, ships and cruise lines catering crew, marketing executives, sales executives, customer service executives in insurance and banking and other service sectors, Tourism Development corporations and their staff etc.
Tourism and Hospitality industries also provide sufficient opportunities for independent entrepreneurs like meat suppliers, milk suppliers, flower, baked product suppliers, cleaning and security provides agents in various capacities and needs, medical help providers etc. It is a multi-faceted industry with enormous and distance-reaching capabilities

**Recent trends**

Recent slowing down of global economy and prevailing uncertainty created sharp slowdown in the industry in the past two years. “According to a report, significant supply addition is expected across key markets in India during 2012-13, particularly in Chennai and the NCR. Supply addition in 2013-14 also expected to be robust. The Indian Hotel occupancies, barring some pick up in October 2012 has been lower than the previous fiscal.”

**Bright future**

“With 740 million domestic travellers (in 2011) and over 6.3 million FTAs, India, after China, is considered one of the most lucrative hotel markets in the world and has the second largest construction pipeline in Asia. Growing affluence and the increasing role India is expected to play in the global economy are likely to drive both leisure and business travel in the coming years. For most global hotel majors a significant part of their hotel pipeline is centred on faster growing developing markets like India.”

**Hotels**

Hotels are called "home away from home" because it's the only place where we get food & accommodation, provided all luxuries and comfort. These days we can easily get hospitality in retail outlets hotels hospitals and offices and competition is so high that everyone wants to attract customer by one mean or other.
The hospitality also increases profit and reputation of the hotel. It also provide handsome amount of revenue and give name and fame to the hotels. In ancient times, when wheel was not discovered since then people use to travel by walking, the cover long distance at that time since then the concept of hospitality was there but was no interest of money or any economic profit travellers use to stay in homes of villagers then slowly inns were accruable but in very low rent.

Projected future

The tourism, travel and hospitality industry in India is poised for unprecedented growth in the coming years. With world tourist arrivals expected to increase by 43 million every year on an average from 2010 to 2030 and FTAs in emerging countries is expected to grow faster than in advanced economies, a goldmine of opportunity in tourism is waiting for India. The industry is likely to become more competitive due to the entry of additional international flight operators, which would offer improved services to tourists. Cruise shipping is one of the most dynamic and fastest growing components of the global leisure industry. India with a vast and beautiful coastline, virgin forests, and undisturbed idyllic islands can be a fabulous tourist destination for cruise tourists.

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**Consumer dynamics and futuristic policies**

With the increased tourist movement and resulting economic growth according to the changing consumer dynamics, a slew of financial measures were taken by the Government in the last two decades. Various policy measures undertaken by the Ministry of Tourism and tax incentives have also aided growth of the hospitality industry; some of them include:

1. Allowance of 100% FDI in the hotel industry (including construction of hotels, resorts, and recreational facilities) through the automatic route.
2. Introduction of ‘Medical Visa’ for tourists coming into the country for medical treatment.
3. Issuance of visa-on-arrival for tourists from select countries, which include Japan, New Zealand, and Finland.
4. Promotion of rural tourism by the Ministry of Tourism in collaboration with the United Nations Development Programme.
5. Elimination of customs duty for import of raw materials, equipment, liquor etc.
6. Capital subsidy programme for budget hotels
7. Exemption of Fringe Benefit Tax on crèches, employee sports, and guest house facilities
8. Five-year income tax holidays for 2-4 star hotels established in specified districts having UNESCO-declared 'World Heritage Sites' cclxxi

**Recent trends in the industry**
The hospitality industry recorded healthy growth in early-2000, leading to a rise in occupancy rate during 2005/06 and 2006/07. Consequently, average rates for hotel rooms also increased in 2006/07. The rise in average rates was also a result of the demand-supply gap for hotel rooms, especially in major metros. Hotels were charging higher rates, at times much higher than that those charged by their counterparts in other parts of the world. cclxxxiii

The current scenario

- Existing hotel rooms in India: 202,963, source FHRAI
- Revenue of the Indian hotel industry FY 2009-10: US$ 137.36 (INR 47,889.03 crore)
- 30% of this revenue i.e. US$ 41.2 million (INR 14,366.7 crore) went back into the market in FY 2008-09 as operating expenses cclxxxiv

Marketing Strategies

Marketing strategies in the hospitality industry have changed drastically over the past decade. A decade back, the brand name of the hotel was a major driver. However, with the arrival of well educated and experienced travelers, hotel companies have had to change/realign their marketing strategies. Today, hotel companies marketing strategies are differentiation, consistency, customer satisfaction, delivery of brand promises, and customer retention.

Development and use of technology have also changed the way hotel companies operate, creating the need for online marketing. Travelers increasingly conduct basic research on the Internet. Blogs, networking sites, and travel sites are therefore being used for making choices and the information provided tends to influence opinions and choices. Several travel portals have emerged in recent times and travelers are increasingly using these portals to make hotel reservations.
Further opportunities

The prospects for the hotel industry in India are bright. With revival in the global economy, international tourist inflow into the country is expected to rise. Additionally, hosting of international sports events and trade fairs and exhibitions in the country are expected to aid both inflow of international tourists and domestic tourist movement. The upcoming industrial parks, manufacturing facilities and ports across the country provide a good opportunity for budget and mid-market hotels. Although around 89,500 additional rooms are expected to come up in India in the next five years, the supply of branded/quality rooms in India is much lower compared to other countries across the globe. Hence, there exists huge potential for investors and operators across all the segments of hotel industry in India.

The increase in room inventories is expected to make the hotel industry more competitive and hotels would be under pressure to maintain quality and service levels at competitive prices. Competitive pricing amongst the branded hotels along with the addition of more budget and mid-market hotels would make the hotel industry cost competitive with other destinations.

This would aid the growth of segments such as MICE, amongst others. While there is immense potential, concerns for growth of the industry remain. These include high real estate prices in the country, security threats, shortage of manpower, high tax structure, and non-uniformity in taxes.

Hotel industry and economic growth

As is the case with industries that depend on discretionary spending, the performance of the hotels industry is intrinsically knit with the economic growth. However, we have in the past witnessed periods of decoupling between the hotels industry and GDP growth;
particularly during periods of recession and the early phases of recovery. During the economic down cycle, the faster pace of deceleration in the hotels industry, as witnessed during 2009, can take the industry to deep troughs. While the climb during the initial phases of recovery is faster than the economic revival, a strong underlying economy is a pre-requisite for a sustained recovery.

**Sector overview**

The Indian tourism and hospitality industry experienced a growth of 24.6% during 2009–2010 timeframe. The industry is the third-largest foreign exchange earner, accounting for 6.2% of India’s GDP and 8.8% of India’s total employment, according to a report by the Planning Commission.

It has significant linkages with other sectors such as agriculture, horticulture, transportation, handicrafts and construction. The tourism industry includes travel agencies, tour operating agencies and tourist transport operating agencies; units providing facilities for cultural, adventure and wildlife tourism; surface, air and water transport facilities for tourists; and convention/seminar units and organizations.

According to the Planning Commission, the sector creates more jobs per million rupees of investment than any other sector of the economy and is capable of providing employment to a wide spectrum of job seekers, from the unskilled to the specialized, even in the remote parts of the country. The sector’s employment-generation potential has also been highlighted by the World Travel & Tourism Council (WTTC), which says India’s travel and tourism sector is expected to be the second-largest employer in the world, employing 40,37,000 people, directly or indirectly, by 2019.

**Meeting various needs**
The Indian tourism sector includes medical and healthcare tourism, adventure tourism, heritage tourism, ecotourism, rural tourism and pilgrimage tourism. Medical tourism also known as health tourism has emerged as an important segment, owing to India’s skilled healthcare professionals and the lower cost of healthcare facilities in the country.

Wellness tourism is regarded as a sub-segment of medical tourism and it involves the promotion and maintenance of good health and well being. India, with its widespread use of Ayurveda, Yoga, Siddha and Naturopathy, complemented by its spiritual philosophy, is a well-known wellness destination.

Heritage tourism is oriented towards exploring the cultural heritage of a tourist location. India is well known for its rich heritage and ancient culture. The country’s rich heritage is amply reflected in the various temples, majestic forts, gardens, religious monuments, museums, art galleries and urban and rural sites.

**Performance of hotel industry**

The performance of the hotel industry is directly connected with global and local economic growth and investor confidence. A strong underlying economy is a pre-requisite for sustained recovery. Unfortunately, the year 2011 has not been a year of economic recovery either in India or globally. After two exceptionally bad years, the global hospitality industry was expected to recover in 2011. Despite encouraging signs in the first half of 2011, there was growing uncertainty during the latter part of the year. As a result, recovery has been fragile during 2011. The situation in India mirrors this overall global trend.

The United Nations World Tourism Organisation (UNWTO) expects growth to continue for the tourism sector in 2012, although at
a slower rate. It forecasts international tourist arrivals to grow in the range of 3% to 4% in 2012. WTTC indicates that this growth will be moderate as the bounce-back for tourism destinations that faced specific challenges last year, will be offset by a weaker performance in other countries.

Travel and tourism in China, India, Japan will bounce back while, Latin America and Africa are expected to perform well in the year 2012. UNWTO predicts that India will receive 25 million foreign tourists by the year 2015\textsuperscript{cclxxxviii}. Despite the economic and political scenarios worldwide, demand for business travel has remained relatively robust.

Companies are likely to increase spends and the multiplier effect of healthy salary increases will drive discretionary spending, especially on leisure travel. The affluent segments plan to spend more on travel in 2012, creating opportunities for the hospitality sector in the luxury space.

**Recovery**

“Recovery has been happening to Indian hotel industry since December 2013 despite the economic slowdown in recent months and the demand for hotel rooms have gone up, making the future of the Industry brighter”.\textsuperscript{cclxxxix} This does not mean that all troubles, prevailed all these years have disappeared. Naturally, they will persist for a longer period. “It is likely the hotel industry’s woes will continue until 2015 when a stronger economy and slower supply growth allow hotels to regain pricing power”.\textsuperscript{ccxc}

Hotels are an important component of the tourism product. They contribute in the overall tourism experience through the standards of facilities and services offered by them. The fortunes of the hospitality industry have always been linked to the prospects of the tourism industry and tourism is the foremost demand driver of the industry.
According to sources, “Indian Hotel Industry has supply of 110,000 rooms and about 150,000 room in pipeline to come up in places like Mumbai, Delhi, Bangalore, Goa, Hyderabad, Kerala, Jammu and Kashmir, Madhya Pradesh and Lucknow and the output per annum is around 15%”.

In the international world of hospitality

In the international world of hospitality, Indian hotel industry has a pride of place. It is difficult to compete with the Indian hospitality and luxury.

India is a unique country with vivid kaleidoscope of landscapes, magnificent historical sites, royal strongholds, forts mountain retreats, colourful cultures, festivities, serene coasts, ancient customs ming. Indian Hotel Industry holds a special place in the international world of hospitality. India is culturally the country which would be very well having the most diverse places in the world. It serves as the vivid kaleidoscope of landscapes, magnificent historical sites and royal cities, misty mountain retreats, colourful people, rich cultures, and festivities. Luxurious, hot and cold, chaotic and tranquil, ancient and modern - India's soothing extremes rarely fail to leave a lasting impression.

In India Hospitality is a long running tradition. Whether it might be the majestic Himalayas and the stark deserts of Rajasthan, or the beautiful beaches and lush tropical forests, to idyllic villages and bustling cities, Indian land offers unique opportunities for every individual preference.

Indian Hotel Industry has the best staff for hotels unlike employees in East Asian hotels who are charming and gracious, Indian staff is also grooming themselves to take initiative and discretion of decisions on the spot. Most are better educated and speak better English than their East Asian counterparts. Indian hotel industry is to
be proud of as it has much to be so. The real success story of the Indian Hotel Industry was due to the fact that it took on the global chains on its own terms and it won.\textsuperscript{ccxcii}

**Hotels and investments**

India’s enlarging cities like Bangalore have a different trend altogether. In spite of an overall slowdown in the industrial sector and sluggish financial markets, hotel industry in India is looking adding up more hotels to the landscape of Bangalore.

The decision is partially led by the ultimate scarcity of the hotel accommodation in 2007-08 when accommodation prices rose up to Rs 20,000 a night.\textsuperscript{ccxciii} Investors know that this is the best time to invest.\textsuperscript{ccxciv} The performance of the hotel industry is directly connected with global and local economic growth and investor confidence. A strong underlying economy is a pre-requisite for sustained recovery. Unfortunately, the year 2011 has not been a year of economic recovery either in India or globally.

After two exceptionally bad years, the global hospitality industry was expected to recover in 2011. Despite encouraging signs in the first half of 2011, there was growing uncertainty during the latter part of the year. As a result, recovery has been fragile during 2011. The situation in India mirrors this overall global trend.\textsuperscript{ccxcv} FHRAI helps the Hospitality Industry to grow, prosper and keep in pace with the development in the International scenario.\textsuperscript{ccxcvi}

**NOTES AND REFERENCES**

**CHAPTER – V**

**MODEL HOSPITALITY UNIT FOR MODERN TOURISM**