

## INDIAN HOSPITALITY INDUSTRY: A STUDY WITH REFERENCE TO WEST BENGAL

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### **Abstract:**

The globalization of hospitality industry creates the availability of jobs in virtually every city in the world. The present hospitality industry is extraordinarily healthy and viable and as a result offers excellent opportunities for Humans in each of the segments; restaurant management, lodging management, recreational management, travel and tourism, meeting and convention planning and institutional management. Significant investments in tourism infrastructure are essential for this industry to progress and ultimately achieve its potential.

Present study, portrayed very tactfully some of the issues pertaining to Indian Hospitality Industry with special reference to West Bengal.

**Key words:** Hospitality, Industry, Tourism Industry

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### Introduction:

*“Hospitality Management is the academic study of the hospitality industry”*

In lucid terms, Hospitality Management involves the planning, organizing, directing and controlling of human and material resources within the lodging, restaurant, travel and tourism, institutional management, recreational management and meeting and convention planning industries. All of these separate yet related segments of the hospitality industry are interrelated to deliver kind and generous services to guests.

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. The hospitality industry is a several billion dollar industry that mostly depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders etc.), management, marketing and human resources.

The hospitality industry covers a wide range of organizations offering food service and accommodation. The industry is divided into sectors according to the skill-sets required for the work involved. Sectors include accommodation, food and beverage, meeting and events, gaming, entertainment and recreation, tourism services, and visitor information.

The service industry is one of the most flourishing industries in India today. Hospitality, in simple terms, is the service given to people. The travel and tourism sectors, hotel industries etc are in constant need of human workforce. The hospitality industry mainly focuses on the services that are provided to the customers.

Tourism is an integral part of the global economy and India is no exception to this rule. The industry, by virtue of being labour intensive, is a significant employment generator and a substantial contributor towards the foreign exchange for any nation. The Indian tourism industry directly contributes around 2% towards the national GDP. According to the Hotel Association of India, the overall contribution of travel and tourism to the national economy is estimated at approximately 5.3% annually.

It is expected that by 2020, tourism related activities in India will contribute approximately INR 8,500 billion to the GDP. As the industry constitutes various other related sectors, such as hotels,

hospitals, aviation and shipping among others, it acts as a multiplier to the overall revenue generation.

In the provisional data released by the **Ministry of Tourism (MoT)**, travel and tourism industry recorded an annual growth of 33% during 2007 in terms of foreign exchange earnings in a single year.

According to **World Travel and Trade Council (WTTC)** estimates, India's tourism demand is likely to grow at an average rate of 8.8% till 2013, making it the third fastest growing tourism market in the world. In addition, the government's move to declare hotel and tourism industry as a high priority sector with a provision for 100% foreign direct investment (FDI) through the automatic route has made this industry further lucrative for parking funds. It is estimated that the hospitality sector could see an infusion of USD 11.41 billion with around 40 international hotel brands making an entry into the country by 2011.

#### **Objectives of Study:**

The following study is conducted to primarily find out

- To analyze the present trend of hospitality Industry in India.
- Identify some of the critical issues pertaining to hospitality Industry.
- Identify the type and variety of hotels operating in Kolkata region of West Bengal.
- To bring to light the various facilities provided by hotels in Kolkata under different categories
- To arrive at the present condition of hospitality in Kolkata after over viewing the hospitality scenario globally and in India.

#### **Hospitality Industry in India: an Overview**

In **India**, hospitality is about serving the guests to provide them with the “**feel good effect**”. “*atithi devo bhava*” which means the Guest is God, has been one of the central tenets of Indian culture since times immemorial. In India, the guest is treated with utmost warmth and respect and is provided the best services. Hospitality sector in India is one of the fastest growing industry which is expected to grow at the rate of 8% between 2007 and 2016.

The hospitality segment, just like any other segment in India is booming at an unprecedented pace. Hotels in India have a supply of 110,000 rooms. According to the tourism ministry of India, 4.4 million tourists visits India every year and at current growth trend, demand will soar to

12-14 million in 2014 to accommodate 350 million domestic travellers. India faces a huge challenge of being “under roomed” while the economy is growing rapidly every year. This provides for a huge potential opportunity for the hospitality industry to cash in the supply shortage and grow at an unprecedented rate. It is estimated that under the current demand-supply scenario of hotels, there is an acute shortage of 150,000 rooms in our country. So, the indication is quite clear that in order to uphold such an impressive demand of tourists, both local and foreign, there is no other option for the industry but to grow and fill up the gap of demand-supply of hotels. A lot of real estate developers are also investing into this business to bridge the demand-supply gap and leverage the opportunity.

With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. The World Travel and Tourism Council, India, data states that India ranks 18<sup>th</sup> in business travel and will be among the top five in this very decade. Sources estimate, demand is going to exceed supply by at least 1005 over the next two years. Five-star hotels in metro cities allot same room, more than once a day to different guests, receiving the 24 hour rates from both the guests against 6-8 hours usage by each guest. This truly causes a paradox of usage time and value charged by the hotels. With demand-supply disparity, hotel room rates in India are most likely to rise 255 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, it is often claimed the rating of the hotels in bullish in nature. The hotel industry in India is adding about 60,000 quality rooms’ currently in different stages of planning and development and should be ready by 2013. MNC Hotel Industry giants are flocking India and forging joint ventures to earn their share of potential revenue. The Government of India has approved 300 hotel projects, nearly half of which are in the luxury segment across the country. Sources claim, the manpower requirements of the hotel industry will increase from 7 million in 2002 to 15 million in 2014.

#### **Some critical issues in Indian Hospitality Industry:**

The following are few factors enumerated that contributes effectively to the boom of the Indian hospitality industry.....

#### **Economic Factors:**

- A favourable economic and political climate encouraging investment into the sector.

- Sustained GDP growth rate between 7.5 to 8%.
- Steady FDI equity inflow which crossed the USD 10 Billion mark in 2006-07.
- Growth in manufacturing and service sector.

#### **Influencing Sector Dynamics:**

- Surge in foreign tourists at a Compound Annual Growth Rate (CAGR) of 14% over the past five years.
- Rising demand for good quality accommodation due to increased growth of tourist arrival, both domestic and foreign, for leisure and business.

#### **Infrastructure Play:**

- Additional intercity air connectivity.
- Up gradation of national and state highways.
- Easily accessibility to various places of tourist importance through massive railway network.

#### **Hospitality in West Bengal: some Issues**

Kolkata has emerged as an important IT/ITeS destination in the country, which has scaled up business travel to the city thus pushing up occupancy in the city's 'star' category hotels. Though there are a number of luxury hotels in the city, the industry is feeling the heat due to an acute shortage of business category rooms to accommodate mid-level and lower-level executives.

Buoyant on the industry's growth, international hospitality players have now started taking Kolkata seriously. **Emaar-EGF** combine have just acquired a plot adjacent to the existing **ITC The Sonar hotel** to set up a five-star deluxe property on the busy Eastern Metropolitan Bypass. **DLF-Hilton** combine is also planning to set up a business hotel in the city.

City based **Shristi Infrastructure Development Corporation (SIDCL)** along with **HUDCO**; the PSU has tied up with Inter-Continental Hotels Group to set up a five-star hotel complex at New Town in Kolkata. Even ITC has plans to set up another hotel in the state. The erstwhile state government owned **Great Eastern Hotel** now taken over by the **Suris-owned Bharat Hotels Group**, has become fully operational by the end of 2008 after re-christened **Grand**

**Great Eastern Hotel.** A New entrant into the business, **D.S. Group**, has recently acquired the ‘non-operational’ **MBD Airport Hotel** in the city and plans to revamp and renovate it into an international standard five-star hotel. This hotel will also have a large convention centre and banquet halls along with commercial area. Moreover, **EIH** has unveiled its plans to set up a **Trident** brand hotel in the city.

Local Steel Baron **Bipin Vohra’s S.P.S Group** has taken over the decade-old **Hotel Rutt-Deen** and plans to launch it shortly after a complete makeover. The hotel has been rechristened as **The Loudon**. There are 10-12 luxury hotels coming up in the city with 2400 odd rooms, several star-category hotels are also coming up at important industrial towns like Durgapur and Bhubaneswar too.

The hospitality industry in neighboring Bhubaneswar and Guwahati too are also showing definite signs of growth. **D.S. Group** has signed an MoU with Guwahati Municipal Development Authority (**GMDA**) to set up the **first five-star hotel of north-east** in Guwahati, Assam. But stray incidents of violence and carnage unleashed by banned outfits like ULFA has affected the hospitality industry in the state.

#### The major players in the Industry:



**ITC The Sonar**



**Hotel Taj Bengal  
Kolkata**



**Hotel Hindustan  
International  
Kolkata**



**The Oberoi Grand  
Kolkata**



**The Park Hotel  
Kolkata**



**Hyatt Regency  
Kolkata**

### ITC THE SONAR, KOLKATA:

This luxury hotel in Kolkata has 238 tastefully appointed guest rooms; the hotel is just a short stroll from the city's shopping, entertainment, cultural, and business districts. An array of award-winning culinary experiences range from the northwest frontier to traditional Indian delicacies, continental grills, and an Irish pub.



ITC Sonar, a 5 star hotel in Kolkata having a distinctively modern and sleek architectural design contrasting with the rich historical essence of Kolkata is nestled amidst acres of land, resplendent with greenery, sunshine, and water. This five-star deluxe hotel is en route from the airport and a 30-minute drive from the city centre.

### HOTEL TAJ BENGAL, KOLKATA:



This establishment was relatively a newcomer to Kolkata, starting in 1988. This hotel belonged to the Taj Group, which had an excellent reputation for the quality of service. It had its hotels in all the major cities in India and had a reputation for the quality of service. It had its hotels in all the major cities in India and had a reputation for consistency of service among all the units. It has an excellent brand equity abroad and was frequently chosen by foreign tourists.

### HOTEL HINDUSTAN INTERNATIONAL, KOLKATA:

The HHI was **established** in the year **1975**. Among the other colossal giants of the Hospitality industry it was struggling to keep itself afloat, and was also **believed to offer the steepest discounts to fill the rooms**. It did not have a clear image in any segment, and nor did it have any particular reputation for the quality of its service.



In these initial stages it had essentially targetted relatively low budget clients and its clientele majorly consisted of the upper middle class rather the business tycoons, NRI's and Foreign

tourists as they were captured by the other giants of the industry. However, in recent times, an attempt was made by The HHI, Kolkata to turnaround its entire business outlook and clientele through the upgradation and modernization of its infrastructural facilities and its services to essentially attract a greater ratio of the higher strata of the economic pyramid.

#### **THE OBEROI GRAND, KOLKATA:**



Belonging to the Oberoi chain of Hotels, reputed for its professionalism and quality of service. The group had its hotels in major business and tourist places of India. It also had set up hotels in other countries. The group had pioneered the introduction of unique services like rooms service.

Hotel Oberoi Grand, located near the business district, was established in 1933 as Eastern India Hotel. It had an image of exclusivity, and commanded high brand loyalty. Its property was classified as 'heritage property' and had an 'Old World Atmosphere' about it. However, it was considered to be rigid in its policies and rules, and the service was considered by the younger executives to be staid and slow.

#### **THE PARK HOTEL, KOLKATA:**

With a Vision of 'Leadership through Differentiation' The Park, Kolkata was launched in the 1967, the year that The Beatles toured India. Today post renovations this Luxury 5 star Hotel situated on Park Street, Kolkata wears a new look. Its 150 rooms, luxury boutique with plush, elegant décor and modern facilities reflect the rich history of art and architecture of the city.



The Park was a very up market hotel, with the 'world staying there'; certainly many celebrities had The Park as their favorite hotel in the city. In the eighties, it attracted a substantial part of its clientele from the public sector undertakings that had their marketing or regional offices in Kolkata. It also attracted some clients from multinational corporations that had their corporate head quarters in Kolkata. The clientele in both the above categories was largely middle management level executives.



## THE HYATT REGENCY, KOLKATA



Hyatt Regency Kolkata is a luxury business hotel in Kolkata, India. Being the first five- star in Salt Lake City, it is also acclaimed as one of Kolkata's favorite. The hotel creates the feel of a private cocoon away from the complexities of modern living without giving up any of its luxuries. Hyatt Regency Kolkata enjoys a prime location near city's IT hub and preferred business destination of the eastern India. It is just 11 km, equidistant from the international and domestic airport and Howrah Railway Station.

A tranquil retreat amid spectacular landscape gardens featuring 233 luxury rooms and suites, it allows one to relax and rejuvenate while staying in Kolkata. Apart from all rooms being Wi-Fi enabled, guests at the Regency Club Floor enjoy a free usage of Wi-Fi, access to Regency Club Lounge and evening cocktail hours. Specialty restaurants like, Guchhi, La Cucina and 24 hour Waterside Café offer a selection of the finest cuisines. Guests have the pleasure sink into a range of premium spirits and cocktails at The Bar and Poolside Bar and pamper themselves at the holistic spa – Club Prana – featuring a 24 hour gymnasium, squash and tennis courts, and a landscaped pool.

### Conclusion:

The following overview report has touched one of the most widely used and indispensable sectors in the present era of globalization and tourism- The hospitality sector. With close reference to Bengal and particularly Kolkata region it has been observed that this sector is dominated by players catering to the affluent strata of society as well as this sector is very much open for people with frugal means. An overview has been provided of some of the best hotels in this sector along with the various types and range of hotels flourishing in Kolkata. Hotel industry no doubt is a burgeoning industry but on the negative side of the ledger some of the problems which Bengal faces in hospitality sector has been highlighted which if overcome can position Bengal as one of the leading hubs of quality hotels in India.

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