



# THE ROLE OF HOSPITALITY INDUSTRY IN THE PROMOTION OF TOURISM IN INDIA – A STUDY

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## Abstract:

The act or practice of being hospitable, or the relationship between guest and host, is referred to as hospitality. The act of generously providing care and kindness to those in need is also known as hospitality. According to Dictionary.com, hospitality is defined as "the warm, cordial, and generous welcoming and entertaining of guests, visitors, or strangers." The word hospitality comes from the Latin word hospes, which means "guest, visitor, or one who accommodates a guest or visitor." In India, the notion of Atithi Devo Bhava, or "the guest is God," .A 'hotel' or 'inn' is defined by the British law as the place where a bonafide traveller can receive food and shelter, provided he is in a position to pay for it and is in a fit condition to be received'. Hence a hotel must provide food and lodging to a traveller on payment and has, in turn, the right to refuse if the traveller is drunk, disorderly, unkempt or is not in a position to pay for the services.

**Keywords:** Hotel, hospitality, guest, visitor, tourism

## Introduction

The hotel sector is an important component of the service industry, as it provides housing, catering, and a variety of other services to inhabitants of the world and foreigners. Global investment opportunities, rising population living standards, and the entry of large global hotel chains into the local market have resulted in rapid expansion of hotel services and a need to increase their quality to meet global standards.

When the overall hotel sector management and, in particular, the quality of hotel services were dominated by administrative approaches, without a clear understanding of real customer needs or market conditions, the hotel services lost their consumer appeal.

The growth of the hotel sector led a shift from large to small properties, from public to private ownership, and the emergence and operation of sole proprietorships (private apartments). At the moment, the hotel industry is mostly growing in the field of business tourism, with middle-class hotels having the largest demand. It is possible, according to certain analysts, that the national hotel industry's economic return will improve if the required conditions are developed.

The current economic processes make for a necessity of search and implementation of service standards, which would take into consideration the national specifics and the country's mentality, in addition to the requirements to the hotel services imposed by the global community. It is necessary to make use of the western experience of hotel business management, implement international standards of ISO 9001 and introduce overall quality management concept.

### **Definition of Hotel:**

A 'hotel' or 'inn' is defined by the British law as the place where a bonafide traveller can receive food and shelter, provided he is in a position to pay for it and is in a fit condition to be received'. Hence a hotel must provide food and lodging to a traveller on payment and has, in turn, the right to refuse if the traveller is drunk, disorderly, unkempt or is not in a position to pay for the services.

However, having a small room capacity, as a result, the hotel has low sales volume. Besides, the amount of variable costs in the turnover structure of such hotels increases considerably, due to their inability to get reasonable prices for detergents, laundry services, etc. because of the small buying quantities. Small hotels experience difficulties with personnel. The staff working there should be able to perform numerous tasks for the hotel to remain profitable. This way, it is difficult for a small hotel to increase efficiency by means of cutting costs. On the other hand, under the pressure from competition it cannot increase accommodation rates. There is only one way for a small hotel to reduce variable costs that is to unite with similar businesses in order to buy in bulk at reasonable prices, to carry out joint advertising campaigns and marketing research and to use other ways to reduce the cost-based budget.

### **Structure of the Hospitality Industry**

The hospitality industry is a billion dollar industry and is a cluster of industries comprising of lodging, food services, recreation, entertainment, amusement and travel sectors. These organizations offer comfort, entertainment and guidance to strangers. The hospitality industry can also be divided in different ways:

**Commercial or service sector:** Most of the hospitality operations are being run as business even profits.

**Profit making or working within a budget:** Most hospitality operations need to make profit but some need to work on specific budget. For example school canteens.

**Restricted customer or open to the general public:** Most hospitality operations can sell to anyone but some are restricted to selling to a small part of the public. For examples customers on train, cruise.

### **Characteristics of the Hospitality Industry**

**Intangibility:** The hospitality products cannot be seen, tasted, felt, heard or smelled before they are purchased. When the sales representative of a hotel goes to sell hotel room they do not take hotel room with them. In fact they do not sell a room. Instead, they sell the right to use a room for a specific period of time.

**Inseparability:** In most hospitality services, both the service provider and the customer must be present for the transaction to occur. The food in a restaurant may be outstanding, but if the service person has a poor attitude or provides inattentive service, customers will down-rate the overall restaurant experience.

**Variability or heterogeneity:** Services are highly variable because their quality depends on who provide them and when and where they are provided. In service delivery high level of human involvement is required. This makes it vary every time the consumer is availing the service. Hotel room will remain the same but the service and facilitation in the room will depend upon the housekeeping staff. The cleanliness of a hotel room may have different standards if the housekeeping supervisor or the room cleaner is changed. Quality of service and level of satisfaction vary from time to time and person to person.

**Perishability:** Services cannot be stored. Vacant rooms are perishable. The unsold room tonight can never be sold again. Like empty airline seats, theatre seats or sport arena seats, hotel rooms cannot be stored, cannot be saved and cannot be used a new.

**Fixed Supply:** Supply of rooms in a hotel is fixed. Airlines adjust to demand by temporarily adding or removing flights. This is not so with hotels.

**High Operating Cost:** Unlike manufacturing industries, which offset labour with large capital investments, hotels are both capital and labour intensive. The result is high fixed costs, which continue whether or not the hotel has business. Thus a high percentage of occupancy is needed just to break even.

**Seasonality:** Seasonality means changes in business, employment or buying patterns which occurs predictably at given times of the years. On a business site, seasonality is defined as seasonal fluctuation in economic or business activity which occurs again and again regularly during a year as a result of changes in climate, holidays and vacations (Dictionary of Finance and Investment Terms 2011). Seasonality indicates the subject matter fluctuations of demand or supply in the tourism industry which are effected due to weather conditions, public and school holidays. Seasonality in hotels involves fluctuations in number of guests, occupancy rates and bed nights. The Indian hotel industry normally experiences high demand during October–April, followed which the monsoon months entail low demand.

### **Hospitality Industry in India**

**Ancient :** Probably Budhist monks were the first travelers in India. Viharas were built across the subcontinent to serve the need of shelter for wandering Budhist monks. Pilgrimage/ religious travel contributed immensely in ancient establishments like dharam shalas in Hinduism.

**Medival Period:** Arrival of foreign rulers and invaders to India introduced new concept of Hospitality in this period like musafir khanas and sarais etc.

**Modern Period or British influence on Hospitality Development in India:** British arrival to India and their influence contributed tremendously in development of hospitality industry. Number of Modern hotels started in metros like Kolkata and Mumbai. Pestonji, pioneer of hotel business in India started first hotel in Mumbai in 1902. Jamshedji Tata started luxurious Taj Mahal Palace Hotel in Mumbai.

Presently there are 1702 classified hotels with a capacity of 1,10,958 rooms in the country. The hotels sector comprises various forms of accommodation, namely star category hotels, heritage category hotels, timeshare resorts, apartment hotels, guest houses, and bed and breakfast establishments. In India, hotels are classified in to six categories: Five star deluxe, Five star, Four star, Three star, Two star and One star. These are mainly situated in the business districts of metro cities and cater to business travellers and foreign tourists. These hotels provide standardized services and are considered to be expensive there account for about 17.7% of the industry.

### **Star Category of Hotels**

Five Star Deluxe & Five Star hotels are restricted to the four metros and some major cities like Bangalore and Hyderabad. The customers of these hotels are mostly business and leisure travellers, senior business executives and top government officials.

Three Star & Four Star hotels are located in all major cities as well as tourist destinations. Their customer group ranges from middle level business executives to leisure travellers.

One Star & Two Star hotels are located in major cities as well as in small cities and other tourist destinations. Their customers include usually the domestic tourists.

Major players in this segment are Taj, Welcome Group, EIH and Oberoi. Apart from Indian players some of the international hotels also have their presence in this segment. Those include, Best Western, Choice Hotels, Bass Hotels, Park Plaza and Carlson Hospitality.

## Heritage Hotels

These are running hotels in palaces, castles, forts, hunting lodges etc. They are further classified as: Heritage classic (hotels built between 1920 and 1935). Heritage Grand (hotels built prior to 1920) and Heritage (hotels built between 1935 and 1950). There are many other criteria's for classifying Heritage Hotels. Please refer to Ministry of Tourism guideline (MOT) for this.

## Budget Hotels

Budget hotels cater mainly to domestic travellers who prefer reasonably priced accommodations with limited luxury. These are characterized by special seasonal offers and good services.

## Unclassified Hotels:

These are low-priced hotels spread throughout the country. A low-pricing policy is their only selling point. This segment accounts for about 19% of this industry.

## Resorts and Clubs

Located at the outskirts of city could be from premium to budget category. Resorts are the types based on location, usually located in scenic and natural environment, like water bodies, hills, beaches, forest etc.

## Restaurant

These are food chains and outlets set in India. The international chains are like Dominos, Espresso, Pizza Hut and McDonalds. The domestic chains are like Sagar Ratna, Nirulas.

## Hospitality Industry in Tourism

Tourism comprises activities of people travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and social, recreational and knowledge seeking purposes. The tourism industry is primarily service and people oriented; it is made up of businesses and organizations belonging to various other industries and sectors. It is interplay among these businesses and organizations/ persons which offer "travel experience" to tourists. The tourism industry comprises hospitality (related to accommodation and dining), travel (transportation services through different modes), and various other businesses which offer services and products to tourists. The components of the tourism industry are shown in Figure.





## Hospitality Scenario in the Global Level

Thus, the small hotel market segment is very unstable, although, a part of tourist flow prefers it to the others. Under these conditions development of small-sized enterprises, which small hotels can definitely be referred to, requires direct support from the bodies of state administration.

This small percentage comes under sharp focus when we see that in 2014, India received only 2.9 million foreign tourists. Compared with this, the foreign tourist arrivals were 6.5 million in Singapore, 9.6 million in Thailand, 10.0 million in Malaysia, 13.1 million in Hong Kong and 31.2 million in China.

Even the diminutives like Maldives and Bhutan present an appreciable model of sustainable tourism by integrating environment and tourism. In the year 2004, while tourism in Malaysia (ranked third in terms of real growth) and China (ranked 11th) grew by 17 and 13.5 per cent respectively, India (ranked 50th) grew at just 10 per cent.

In India, tourism provides 5.6 per cent of the total jobs, China that just pulled its iron curtain, is doing better with 7 per cent. Tom apart by civil war Sri Lanka still has 7.4 per cent of its jobs coming from the tourism sector. Travel is a happening business in Thailand, generating 11.2 per cent of the total jobs.

Still there are large areas which are untapped from the tourist point of view. Traditionally a popular destination, North India still draws about 49 per cent of the tourists; whereas only 4 per cent go to east.

West is doing better getting 29 per cent of the tourist inflow. South, despite its beaches, temples, hills, etc. gets only 18 per cent of foreign and domestic tourists. Thus there is great potential for development of tourism, particularly in east and south, which require proper tapping with immediate effect.

Foreign tourists often fail to get suitable accommodation in hotels and go back as a dissatisfied lot. At the beginning of the millennium, India's shortage was estimated at 30,000 rooms. Today, the requirement is much larger, considering rapid increase in the inflow of foreign tourists after 2020.

Today we need at least 90,000 more rooms (in five star segments) which require a huge investment of Rs. 80,000 crore, just to fall in line with the internationally-benchmarked tourism models. The Commonwealth Games scheduled to be held in 2018 in Delhi are likely to put tremendous pressure on the tourist infrastructure including hotel accommodation.

With each outgoing Indian tourist spending an average of \$ 3000 an estimated amount of Rs. 72,600 crore went out of the country. Of late, Indian tourists are looking beyond Shimla, Srinagar, Ooty, Mumbai, Delhi and Goa, and are grabbing foreign holiday deals like never before.

The main cause of outflow of Indian tourists is high aviation cost in the domestic sector. When a tourist in North India can get cheaper return tickets to Sri Lanka or Thailand than to Goa or Kerala, he will obviously go abroad.

Our foreign exchange earnings from tourism is getting neutralised because of large number of Indians going abroad. It is estimated that by 2015-16, as many as 8 million Indian tourists will be going abroad. Majority of them will be visiting Cambodia (15%), Hong Kong (15%), Australia (13%), Malaysia (13%), Singapore, and Pakistan.

The unplanned and unrestricted growth of tourism has a detrimental effect on environment. The origin and growth of tourism in India as elsewhere in the world, is distinctly urban oriented rather than being spread over the countryside. This is due to the fact that urban centres provide the necessary infrastructure and wider choice of facilities and price ranges for accommodation, food, entertainment, etc.

There is lack of appreciation of the holistic approach to tourism development which takes into account the linkages between environment and pressure of tourists. The result is that, almost all the popular tourist centres are groaning under the pressure of annual visitors and quite often facing difficult situation.

The unplanned and unchecked growth of tourist centres deprives them of their original charm and ultimately proves disastrous. This is what is happening to some of the famous tourist centres like Shimla, Mussoorie, Darjeeling, etc. where sometimes even drinking water is not available to cater to the needs of the tourists.

Sometimes, the area around a tourist spot is covered by commercial constructions and even by industries. Such unplanned growth tarnishes the image of the concerned spot. The Taj Mahal at Agra, the Meenakshi Temple at Madurai, the Lingaraja temple in Bhubaneswar and the palace in Udaipur are examples of this nature where much of the original beauty and charm is lost due to unplanned constructions around them.

Though many environments are endowed with great tourist potential, they are delicately balanced and large scale unplanned expansion of tourism in such areas often manifests itself in problems of serious environmental concern. Therefore, it is necessary that tourism should be developed in a planned way taking care of environment and infrastructural development.

The emphasis should be on the threshold development tapping in view the carrying capacity of a given environment. In other words, growth and development of tourist industry should be environmental friendly. To be environmental friendly, the stress should be on what is nowadays known as soft tourism.

### **Indian Tourism Development Corporation (ITDC)**

With a view to improve tourism and at the same time taking care of the environment, the central and state governments are coming forward with new development plans. Although tourism is the responsibility of the state governments, the Central Government lends all help to develop tourism. Indian Tourism Development Corporation (ITDC) was established in October 1966.

The central Department of Tourism is extending financial assistance for improving tourism infrastructural facilities like yatri niwas, tourist lodges, wayside facilities, restaurants, cafeterias, tourist bungalows, etc. It also extends financial assistance for adventure sports activities, tourist transport, tented accommodation, etc.

Travel Trade and Tourist Service Division of the Department of Tourism is helping the travel trade, both national and international. Department of Tourism has simplified and streamlined the rules from April 1992, regarding the grant of approval to travel agents, tour operators and tourist transport operators so that their services are standardised and are made broadbased, both for domestic and foreign tourists.

The main thrust during the Eighth Five Year Plan had been, (i) development of selected tourist places/areas, (ii) diversification from culture-oriented tourism to holiday and leisure tourism, (iii) development of trekking, winter sports, wildlife and beach resort tourism, (iv) exploring new source markets in regions and countries having cultural affinity, (v) restoration of national heritage projects, (vi) launching of national image building and marketing plans in key markets, (vii) providing inexpensive accommodation in different tourist centres, (viii) improving service efficiency in public sector corporations and (ix) streamlining of facilitation procedures of airports.

Indian railways have also recognised its role in tourism development. The launching of Rajdhani and Shatabdi trains is a step in the right direction. 'Palace on Wheels' is already operational in Rajasthan. Another special tourist train 'Orient Express' has been introduced in Gujarat and one more covering temple towns of Tamil Nadu will become operational soon.

Five more such luxury tourist trains with private sector participation connecting major tourist centres will soon be on the rails. Lane for about 100 hotels at various railway stations has been set apart to augment accommodation for travellers. Considering the recent development, it is hoped that India will get her due share of tourism and at the same time steps will be taken to preserve the physical and social environment of the country.

The development of tourism provides at least seasonal employment to the young unemployed people and a side job to the women or the elderly persons. The draftsmanship gets revived. At the country level, the list of such products is very long. Even the articles looking just very ordinary arouse the interest of tourists. These are sold like hot cakes in the tourist markets, at a handsome premium.

The youngsters from these areas usually migrate to urban centres to seek jobs. In course of time, the sale of locally produced things and the jobs created for serving the incoming tourists halts the drift of the youth from underdeveloped localities. Tourism creates new sources of income for investors, landowners and banks. It increases the scope of more taxes for the government.

This happens rapidly when projects of building or renovating the tourist resorts are undertaken. Money starts flowing in both from the public and private sources. Bank may go in for raising loans in order to take up such ventures. This money or the capital resources were earlier concentrated in a few highly industrialized regions. They start getting transferred to the underdeveloped areas.

Recreative tourism thus helps to filter down the growth of economy from national to lower order regions and to local levels. The trend corrects the regional imbalances of development considerably in the long run.

## CONCLUSION

The hospitality industry is a billion dollar industry. It is represented by lodging, food services, recreation, entertainment, amusement and travel sectors. These organizations offer comfort and entertainment to guest. The prospect of hospitality industry are bright and the demand is growing because of the movement of people across the globe for different purpose like tourism, business, events, sports etc. Hospitality is one of the most interesting and challenging industries as it involves being sensitive towards the need and desire of the guests coming from different background and for different purposes. Low room occupancy, especially in the regions Few visits of foreign tourists (incoming tourism) The hotels having bank debts, were experiencing difficulties, because they had taken loans before the crisis. High accommodation rates. Shortage of highly-skilled personnel. Low quality of services. Hospitality is all about customer service and providing the best experience possible to the guests. In India, hospitality is based on the principle Atithi Devo Bhava, meaning “the guest is god”.

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