

Performance of State Government in Hospitality Sector

DISCLAIMER:

The opinions/assertions, expressed in the collection are the authors' personal view. The Institute of Chartered Accountants of India does not bear any responsibility for them.



Committee on Public Finance
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

© THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA, NEW DELHI

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, electronic, mechanical, photocopying, recording otherwise, without the prior permission, in writing, from the publisher.

First Edition : July, 2013

Committee/Department : Committee on Public Finance

E-mail : pfc@icai.org, pfc@icai.in

Website : www.icai.org

Published by : Publication Department on behalf of the
Institute of Chartered Accountants of India,
ICAI Bhawan, Post Box No. 7100,
Indraprastha Marg, New Delhi-110002

Printed by : Sahitya Bhawan Publications, Hospital
Road, Agra- 282003
July/2013/1000 Copies

Foreword

It gives me great pleasure to present the study report on 'Performance of State Government in Hospitality Sectors'. This study brings to the fore various key aspects of this industry, which is emerging as a major engine of economic growth.

The Hospitality industry is a cluster of industries comprising of accommodations, food services, recreation, entertainment and amusement sectors.

The hospitality sector is a billion dollar industry which is dependent on availability of people's leisure time and disposable income. India has a very old and great tradition of accommodating people of other origins, their different culture, lifestyle, habits and religion. This element of Indian culture is based on the philosophy of "Atithi Devo Bhava" meaning the "guest is god" in Sanskrit language. This highlights Indian generosity towards guests whether at home or elsewhere.

Globally, the travel, tourism and hospitality industry is one of the largest service industry in terms of revenue generation and foreign exchange earnings, contributing over 9% to global GDP. It is also one of the largest employment generators in the world. An estimated 235 million people work directly or in related sectors, accounting for more than 8% of global employment.

The basic draft of this report was prepared by CA. Brijesh Kumar Baranwal. I am thankful to him for his contribution. I also compliment CA. Anuj Goyal, Chairman, Committee on Public Finance(CPF), CA. G Sekar, Vice-Chairman, CPF and other members of the Committee for believing that this report will go a long way in developing an understanding about the Hospitality Sector.

I hope you find this study insightful and look forward to receive your feedback and suggestions.

CA. Subodh K. Agrawal
President, ICAI

Preface

The study report has been prepared as a basis for discussions on new developments and challenges in the hospitality sector and the performance of State Government in hospitality sectors.

The Indian hospitality industry has emerged as one of the key industries driving growth of the service sector in India. It has evolved into an industry that is sensitive to the needs and desires of people. 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. The Indian hospitality industry has recorded healthy growth fuelled by robust inflow of foreign tourists as well as increased tourist movement within the country and it has become one of the leading players in the global industry. A Foreign Tourist Arrivals (FTAs) into the country has been increased steadily.

The amount of Foreign Direct Investments (FDI) inflow into the hotel and tourism sector during April 2000 to January 2013 was worth US\$ 6,561.78 million, as per data provided by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce.

India's hospitality sector is likely to see investment in excess of \$200 billion over the next three years, with investors shifting their focus to Asia's growing economies as growth slows in more mature markets.

The Ministry of Tourism is committed for the integrated development of tourism with active participation of various State Governments, Union Territories and other stakeholders in the industry. The government has termed the shortage of branded hotel rooms in the country as an acute shortage. It estimates an additional need of branded hotel rooms in order to increase India's share of global inbound tourists to 1% from current 0.6% by 2016-2017.

CA. Brijesh Kumar Baranwal under the aegis of Committee on Public Finance has prepared a study report on "Performance of State Government in Hospitality Sectors" which is a wide coverage of hospitality sector which includes accommodation, food and beverage, entertainment, tourism services etc.

I am sure this study report would be immensely helpful and beneficial to the interested readers.

CA. Anuj Goyal
Chairman
Committee on Public Finance

Acknowledgement

The concept of hospitality is very old in India. From the time immemorial, many people, including students, scholars, authors and other guests have been coming to India and they have all been well accepted and taken care of in almost all parts of the country. Hospitality sector has attained tremendous economic and social significance in the present day India which requires a continuous and systematic research in this field so as to keep pace with the dynamics of the various issues arising there from.

In the above background, the Committee on Public Finance has taken the initiative to elaborate the wide scope of the sector by bringing a study on "Performance of State Government in Hospitality Sector" with a focus on the work undertaken by different State Governments. The role of the hospitality sector has become indispensable in the process of development, particularly in the areas of earning foreign exchange, providing employment, awareness and education about the richness of our cultural heritage along with providing leisure and entertainment.

The Committee is grateful to CA. Brijesh Kumar Baranwal for preparation of study report. I would also like to thank Dr. Nikhil Saket, Secretary, Committee on Public Finance and other officials of the committee who assisted in bringing out the study report.

CA. Anuj Goyal
Chairman
Committee on Public Finance

Contents

Chapter –1

GROWTH AND DEVELOPMENT OF THE HOSPITALITY SECTOR IN INDIA	1-18
• Hospitality-Meaning and current scenario	1
• Definition of the hotels, catering and tourism sector by International Labour Organisation (ILO)	2
• Historical Overview	2
• Current scenario	3
• Growth and development of hospitality sector in India	4
• Evolution of hospitality sector	5
• Key segments of the Indian tourism and hospitality sector	7
• Different types of tourism	7
o Adventure Tourism	7
o Agricultural Tourism	7
o Caravan Tourism	8
o Cruise Tourism	8
o Eco-Tourism	8
o Heritage tourism	8
o Medical tourism	9
o MICE Tourism	9
o Rural tourism	9
o Spiritual tourism	10
o Wedding tourism	10
o Wellness tourism	10
o Wildlife Tourism	10
• Types of tourists	10
o Business tourists	11
o Leisure tourists	11
• Components of a general hotel	11
o General Operations	11
o Front Office	11

o	House Keeping	12
o	Food and Beverages Department	12
o	Sales & Marketing	12
•	Major Players	12
•	Some relevant Facts and Figures of Indian Hospitality industry	13
•	Characteristics of Indian hospitality sector	13
o	High seasonality	14
o	Labour intensive	14
o	Fragmented	14
o	Changing consumer dynamics and ease of finance	14
o	Trends in the industry	15
o	Development of other markets	15
•	Hospitality in the Indian Economy	16
•	Classification of hotels	16
o	Star rated hotels (5 star and star deluxe)	16
▪	Five Star Deluxe & Five Star	17
▪	Three Star & Four Star	17
▪	One Star & Two Star	17
•	Heritage hotels	17
•	Budget hotels	17
•	Unclassified Hotels	17
•	Resorts and Clubs	18
•	Restaurant	18

Chapter –2

PERFORMANCE OF CENTRAL GOVERNMENT IN HOSPITALITY SECTOR	19-37
• The National Tourism Policy, 2002	19
• Role of Hotel Management Institutions in hospitality sector	19
• Classification of hotels	19
• Classified hotels	20
o Star category hotels	20
o Heritage hotels	20
o Licensed units	20

•	Unclassified hotels	21
○	Branded players	21
○	Other smaller players	21
•	Scheme of 'Visa on Arrival' (VoA)	21
•	Various other measures undertaken by the government	22
○	Upgradation of airports	23
○	Upgradation of highways	23
○	Concept of mixed-use developments	23
○	Foreign direct investment (FDI) in hospitality sector	23
○	Introduction and promotion of various kinds of tourism	24
○	Elimination of customs duty	24
○	Sanction of various other plans	24
○	Social awareness among Service Providers	24
•	Administration, management and development of tourism and hospitality in India	24
○	Ministry of Tourism	25
○	State Tourism and Hospitality	25
•	Ministry of Tourism	25
○	India Tourism Development Corporation	26
○	Role and Functions of the Ministry of Tourism	26
○	Directorate General of Tourism	26
○	National Tourism Advisory Council (NTAC)	26
•	Hospitality Development and Promotion Board (HDPB)	27
•	Approval and Classification of Hotels	28
○	Heritage Hotels	29
○	Stand-alone restaurants	29
○	Apartment Hotels	29
○	Guest Houses	29
○	Timeshare Resorts	29
•	Approval of Convention Centres	30
•	Classification of Tented Accommodation	30
•	Tax Incentives provided to Hotels	30
•	Guidelines by Reserve Bank of India (RBI)	30
•	Initiatives and approach in five year plans	31
○	10th Five Year Plan	31

o	11th Five Year Plan	31
o	Proposed strategies for 12 th five year plan	31
•	Major strategies recommended by the WGT	32
o	Infrastructure Development	32
o	Marketing, Branding & Promotion	32
o	Taxation and Incentives	33
o	Development and Promotion of Niche Tourism Products	33
o	Convergence	34
o	Involvement of States/ UTs in Tourism Development	35
•	Excerpts from Annual Report 2011-12 Ministry of Tourism, GOI	35
•	Tourism Awards	36

Chapter –3

PERFORMANCE OF STATE GOVERNMENT IN HOSPITALITY SECTOR

38-58

•	Andhra Pradesh	38
•	Arunachal Pradesh	40
•	Assam	40
•	Bihar	41
•	Chhattisgarh	41
•	Goa	42
•	Gujarat	42
•	Haryana	43
•	Himachal Pradesh	43
•	Jammu and Kashmir	44
•	Jharkhand	45
•	Karnataka	45
•	Kerala	45
•	Madhya Pradesh	47
•	Maharashtra	48
•	Manipur	49
•	Meghalaya	49
•	Mizoram	49
•	Nagaland	50

• Odisha	50
• Punjab	50
• Rajasthan	51
• Sikkim	52
• Tamil Nadu	53
• Tripura	54
• Uttarakhand	54
• Uttar Pradesh	54
• West Bengal	55
• Union Territories	56
○ Andman and Nicobar islands	56
○ Delhi	56
○ Dadra and Nagar Haveli	56
○ Daman and Diu	57
○ Lakshadweep	57
○ Puducherry	57

Chapter –4

PROBLEMS, ISSUES AND CHALLENGES IN THE GROWTH AND DEVELOPMENT OF HOSPITALITY SECTOR	59-65
• Incentives to accommodation infrastructure in India	59
○ Interest Subsidy Scheme	59
○ Capital Subsidy Scheme	60
○ Role of FIs	60
• Capital subsidy v/s Interest subsidy	60
• Tax issues in India for Hospitality Sector	61
• Unsatisfactory hygiene and cleanliness	61
• Demand supply gap	61
• Some other problem areas in the hospitality sector	62
• Excerpts from the study to assess the requirement of Manpower in hospitality, and travel trades sector conducted by ministry of tourism, government of India in January 2012	62
• Austerity Measures	63

- Some other problems and deficiencies in the Tourism and Hospitality sector in various states and Union Territories 64

Chapter –5

RESPONSES FROM SELECT GROUP 66-68

- Summary of responses from select group 66

Chapter –6

HOSPITALITY SECTOR- STATUS IN FEW SELECT REGIONS 69-71

- United States 69
- China 69
- Singapore 70
- Pakhtuns 70
- Classical World 71
- Celtic cultures 71

Chapter –7

CHANGE IN THOUGHT LINE OF GOVERNMENT, CHANGES PROPOSED AND THE WAY FORWARD 72-86

- Renewed zeal for tourism and hospitality sector and its prospects 72
- Innovation 73
- Innovations According to Particular Hospitality Categories 73
- Budget Hotels 75
- Luxury Hotels 76
- Authenticity 76
- Unconventional Accommodations 77
- Unique Sale Points 78
- Diversification 78
- Food and Beverages 79
- Foreign versus Domestic Tourists 79
- Marketing strategies 80
- Opportunities 80

•	Future trends	81
•	Conclusion and Suggestions	82
○	Conclusion	82
○	Suggestions	82
•	The Way Forward	84
APPENDIX I		87-88
•	Study Questions posed to a select group of respondents	87

Chapter 1

Growth and Development of the Hospitality Sector in India

In India, hospitality is based on the principle "guest is God." In Indian mythology, a guest is virtually a god whose care and hospitality is supposed to be the duty of the household. Indian culture teaches graciousness towards guests at home, and also in all social situations.

Hospitality-Meaning and current scenario

Hospitality-Meaning

The word 'hospitality' derives from the Latin *hospes*, which is formed from *hostis*, which originally meant "to have power."

The dictionary definition of hospitality is

"friendly and generous reception and entertainment of guests, visitors or strangers".

Hospitality may also be said to denote a suite or room in a hotel where visitors are entertained, may be at a convention and it may include entertainment also.

Wikipedia defines hospitality in the following words;

Hospitality is the relationship between guest and host, or the act or practice of being hospitable. Specifically, this includes the reception and entertainment of guests, visitors, or strangers, resorts, membership clubs, conventions, attractions, special events, and other services for travelers and tourists.¹

The hospitality industry includes hotels, casinos, and resorts, which offer comfort and guidance to strangers, whether it be commercial (for monetary gain) or non-commercial (not for profit). The terms hospital, hospice, and hostel also derive from "hospitality," and these institutions preserve more of the connotation of personal care².

¹ <http://en.wikipedia.org/wiki/Hospitality>.

² *Ibid.*

Performance of State Government in Hospitality Sector

Cultures and subcultures vary in the extent to which one is expected to show hospitality to strangers, as opposed to personal friends or members of one's in-group.

In western countries, hospitality is associated more with etiquette and entertainment than with "*friendly and generous reception*". However, it also involves showing respect for one's guests, providing for their needs, and treating them as equals.

Definition of the hotels, catering and tourism sector by International Labour Organisation (ILO)

As per ILO Industrial Committee for the HCT sector, hotels, catering and tourism sector includes:

- (a) hotels, boarding houses, motels, tourist camps, holiday centres;
- (b) restaurants, bars, cafeterias, snack bars, pubs, nightclubs and other similar establishments;
- (c) establishments for the provision of meals and refreshments within the framework of industrial and institutional catering (for hospitals, factory and office canteens, schools, aircraft, ships, etc.);
- (d) travel agencies and tourist guides, tourism information offices and
- (e) conference and exhibition centres³.

Historical Overview

India has a very old and great tradition of accommodating people of other origins and tolerating their different culture, lifestyle, habits, and religion. In Indian culture, stories abound of hosts who lovingly cook up the best foods available to them for their guests beyond what they can afford, going themselves hungry rather than not satisfying their guests. This element of Indian culture is based on the philosophy of "Atithi Devo Bhava", meaning "the guest is God" in Sanskrit language. From this stems the Indian generosity towards guests whether at home or elsewhere.

The growth story of the Indian hospitality industry started in the 1980s, when

³ ILO: *Human resources development, employment and globalization in the hotel, catering and tourism sector, report for discussion at the Tripartite Meeting on Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector, 2–6 April 2001, Sectoral Activities Programme (Geneva, 2001), p. 5.*

Growth and Development of the Hospitality Sector in India

several prestigious hotels were developed to cater to the Asiad Games in New Delhi. Until about a few years ago, however, the hospitality industry in India continued to be characterised by its extremely limited choice of options. Good quality hotels were limited to metro cities such as Delhi, Mumbai, Kolkata, Chennai, and Bangalore. However, many more other aspiring hospitality markets have been gradually catching up in recent years, such as Udaipur, Thiruvananthapuram, Bhubaneswar, Pune, Kochi, Chandigarh, Lucknow, Ahmedabad, Varanasi, Jaipur, Goa, Hyderabad, Patna and Pune etc.

Along with the existence of luxury hotels at one end, a massive unclassified market also exists which includes no-frills guest houses and lodges in the budget segment, privately-owned standard hotels, and government-owned accommodation such as by the Tourism Department or the Power Department.

In the last decade, mid-segment hotels have developed beyond non-chain properties, with entrants into the fields such as Hilton Garden Inns and Taj Group's Ginger Hotels. Mid-market segment is lately also being considered as very promising.

Since 2000, India has also experienced the rapid emergence of unconventional and innovative hospitality service providers, be it far-off eco-lodges in the jungles or NGOs offering accommodation in tribal villages.

Current scenario

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

India is believed to be a country with the most diversities in the world. A large variety of flora and fauna, a very rich culture, lots of historical places etc. position India uniquely among the nations of the world. India possesses Vaishali, where the first republic of the world was born, Kashmir, which is called paradise of the world, and the Taj Mahal, the world's most favourite tourist destination. India treasures virtually every kind of landscape imaginable. An abundance of mountain ranges and national parks provide ample opportunities for eco-tourism and trekking. In fact, at any time of the year, India offers a dazzling array of destinations and experiences. In summer, when the whole subcontinent is sizzling, there are spectacular

Performance of State Government in Hospitality Sector

retreats in the heady beauty of the Himalayas or the lush heights of the Western Ghats with cool trekking trails, and tall peaks, and vast stretches of white water to conquer, for the adventure seekers.

In the cool of an Indian winter, cities come alive with cultural feasts of music and dance. The balmy weather is an ideal time to go hopping around the country to romantic cities studded with medieval forts and palaces. The sun-drenched beaches are inviting and wildlife sanctuaries with their abundance of flora and fauna are abuzz with the nurture of the young.

One can taste the delights of the Indian monsoon anywhere in the country: on a camel safari in the Rajasthan desert where nature comes alive and the peacocks dance; along the west coast where the relentless slanting rain paints the countryside in brilliant greens, or even trekking amidst the stark grandeur of mountain valleys lying in the rain shadow of the Himalayas.

One can experience exotic India: live like a maharaja in the rich ambiance of royal forts and palaces that are now heritage hotels; luxuriate in the serene beauty of a coral island with its turquoise lagoon; participate in the exuberance of a village fair or a colorful festival; daydream on a houseboat drifting down the palm-fringed backwaters; delight in the grace of a dancer; or shop for exquisite silks, carved figurines, brass and silver ware, marble inlaid with semi-precious stones, finely crafted jewelry, miniature paintings, carpets and all this at very reasonable prices.

Growth and development of hospitality sector in India

The hospitality sector is one of the most flourishing industries in India and also credited with contributing a substantial amount of foreign exchange. It is closely linked with travel and tourism industries. Every year India welcomes large number of tourists. It is fast becoming a favorite vacation, leisure and entertainment destination for foreigners as well as domestic tourists.

Tourists from across the world as well as domestic travelers are increasingly visiting various parts of the country. Ever increasing travel for the purposes of tourism, business and various other reasons across the country emphasizes the need for the growth and development of the hospitality sector so that it can provide world class service to the guests.

In fact, Tourism and Hospitality in India has become the largest service industry contributing up to 6.23 per cent to the National Gross Domestic

Growth and Development of the Hospitality Sector in India

Product (GDP) and providing 8.78 per cent of the total employment opportunities in India⁴.

Evolution of hospitality sector

The fast evolution of the Indian hospitality industry can be attributed to the stable political and economic conditions, vision of the government and subsequent policies, development of infrastructure, support of the rising foreign investment etc.

The Indian hospitality industry owes much of its present importance to the efforts of pioneers such as Jamshetji Nusserwanji Tata and Rai Bahadur M S Oberoi. It was as early as in 1903 that Tata set up the first Taj Hotel in Bombay. Mr. Oberoi, who was amongst the first to realise the enormous potential of India's hospitality industry, bought his first hotel, The Clarkes, in 1934 and followed it up with his takeover of the Grand Hotel in Calcutta.

Since then, there has been no looking back for the industry. The Taj Hotels Resorts and Palaces has grown to more than 57 hotels at more than 40 locations across India, with an additional 18 hotels being operated around the globe, while the Oberoi group today manages more than 30 properties worldwide.

The state-owned ITDC came into being in 1966 with the prime objective of promotion and expansion of the tourism and hospitality sector in the country. The corporation, which provides the entire gamut of tourist and hospitality services under one umbrella, has, among other properties, more than eight Ashok Group Hotels, several restaurants, more than seven joint venture hotels, more than 13 transport units, and more than 37 duty free shops at domestic as well as international airports.

The fortunes of the hospitality industry have always been linked to the prospects of the tourism industry as tourism is the foremost driver of the industry. The Indian hospitality industry has recorded healthy growth fuelled by robust inflow of foreign tourists as well as increased tourist movement within the country, and has become one of the leading players in the global industry.

During the year 2011, the number of Foreign Tourist Arrivals (FTAs) in India

⁴ *Competitiveness of Tourism Sector in India with Selected Other Countries of the World, a study conducted by ACNielsen ORG-MARG, assigned by Ministry of Tourism, Government of India, Page-3*

Performance of State Government in Hospitality Sector

reached a level of 6.29 million, registering a growth of 8.9% over the FTAs of 5.78 million in 2010. The growth rate of 8.9% in tourist arrivals in India was almost double the growth of 4.4% in tourist arrivals worldwide⁵.

The tourism sector in India has fared quite well vis-à-vis the world. Foreign Exchange Earnings (FEE) from tourism in India during 2011 were \$16.56 billion as compared to \$ 14.19 billion in 2010, showing a growth of 16.7%.⁶

India is expected to be one of the favourite tourist destinations in the period 2009 to 2018, according to world travel and tourism Council (WTTC). Further, the Travel and Tourism Competitiveness Report by World Economic Forum, has ranked India at the sixth place in tourism and hospitality.

According to the Planning Commission, the travel and tourism 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 specialised, even in the remote parts of the country⁷.

As per the World Travel & Tourism Council, the tourism industry in India is likely to generate US\$ 121.4 billion of economic activity by 2015. Hospitality sector has the potential to earn US\$ 24 billion in foreign exchange by 2015.

According to the Tourism Satellite Accounting (TSA) research, released by World Travel & Tourism Council (WTTC), India's travel and tourism sector is expected to be the second largest employer in the world, employing 4,037,000 people, directly or indirectly, by 2019.

The size of the Indian hospitality industry is estimated as a sum of revenues of two segments; revenues generated from travel for purposes such as business, leisure, visiting friends and relatives, religious, meetings and conferences, and revenue generated by consumers eating out at any form of outlet – restaurants, fine dining, Quick Service Restaurants, takeaways, or any other form of unorganized eateries.

The size of the Indian restaurant sector is estimated to be US\$ 6 billion now and is expected to grow to approximately US\$ 10 billion by 2018. Almost 90% of the industry is unorganized; close to the remaining 10% is organized and an urban phenomenon.

⁵ *Annual Report 2011-12, Ministry of Tourism*

⁶ *Ibid*

⁷ *"An approach to the twelfth five year plan" by the Planning Commission, Para 14.3*

Key segments of the Indian tourism and hospitality sector

Following are the key segments of the tourism and hospitality sector in the country.

- Accommodation and catering
- Transportation
- Attractions
- Travel agents
- Tour operators
- Market Size etc.

Different types of tourism

The hospitality sector is almost completely linked to the tourism sector. Therefore, it will be proper to discuss in brief about the different types of tourism.

Adventure Tourism

With tourists looking for different options, adventure tourism is recording a healthy growth. On land and water, underwater and in the air, one can enjoy whatever form of adventure one wants. The hilly regions present many opportunities for mountaineering, rock climbing, trekking, skiing, skating, mountain biking and safaris, while the flowing rivers from these mountains are ideal for river rafting, canoeing and kayaking. The oceans are not far behind as well. The huge and vast area of water provides many chances for adventure sports in the form of diving and snorkeling.

Agricultural Tourism

Agricultural tourism is widely acknowledged as an instrument for economic development and employment generation particularly in the remote and backward areas. It creates opportunities to generate additional revenue, makes for economic diversity, and improves the understanding of farmers in society. The Indian government collaborates with the United Nations Development Program (UNDP) to promote rural tourism; it has sanctioned more than 100 rural tourism infrastructure projects to take tourism and socio-economic benefits to identified rural sites.

Caravan Tourism

The Ministry of Tourism has recently introduced a Caravan Policy. Caravans are specially-built vehicles used for the purpose of travel, leisure and accommodation. They include Recreational Vehicle (RV), Campervans, Motor Homes, etc.

Caravans are unique tourism products that promote family-oriented tours in circuits/destinations not having adequate hotel accommodation. One of the prerequisites for Caravan tourism is the presence of sufficient Caravan Parks in the identified circuits. A Caravan Park is a place where Caravans can stay overnight in allotted spaces. Such earmarked spaces should provide basic or advanced amenities and facilities for the Caravans and the tourists. Under the policy, the Ministry has issued Guidelines that provide for Central Financial Assistance to State Governments/Tourism Corporations for developing Caravan Parks.

Cruise tourism

Cruise shipping is growing globally at the rate of 12-15% annually. In India the cruise market is in excess of 1,25,000 guests annually and is expected to grow at over 10% annually.

Ecotourism

Ecotourism can be defined as responsible travel to natural areas that conserves the environment and improves the well-being of native cultures, thereby contributing to the preservation of the diversity of our world's natural and cultural environments. According to the World Tourism Organization, Ecotourism is the fastest growing market in the entire tourism industry.

An excellent example here is Kerala, a state on the tropical Malabar Coast of south-western India that is nicknamed as "God's own country". It is famous, especially, for its houseboats travelling the extensive backwaters, ayurveda retreats, jungle lodges in the Western Ghats, pristine beach resorts, eco-lodges, and other Ecotourism initiatives. Its unique culture and traditions, coupled with its varied geography, has made it one of the success stories in India.

Heritage tourism

Heritage tourism is oriented toward cultural heritage of the tourist location. India is well known for its rich heritage and ancient culture. The country's rich

Growth and Development of the Hospitality Sector in India

heritage is amply reflected in the various temples, majestic forts, pleasure gardens, religious monuments, museums, art galleries and urban and rural sites which are hallmarks of civilisation.

The United Nations Educational Social and Cultural Organization has declared 16 centrally-protected monuments in India as world heritage sites. These are: Ajanta, Ellora, Elephanta Caves, Agra Fort, Taj Mahal, Fatehpur Sikri, the Sun Temple at Konark, the Churches and Convents of Goa, Khajuraho, the Buddhist monuments of Sanchi, Humayun's Tomb, Qutab Minar, Hampi monuments, Pattadakal monuments, Brihadisvara temple and the Mahabalipuram monuments.

Medical tourism

Medical tourism, also known as health tourism, has emerged as one of the important segments of the tourism industry. It means travelling across international borders for healthcare. Travelers typically seek services such as elective procedures as well as complex specialised surgeries such as joint replacement (knee/hip), cardiac, dental, and cosmetic surgeries. Psychiatry, alternative treatments, and convalescent care are also available.

In India, medical tourism is a sunrise sector valued at more than US\$ 310 million. Currently, India receives more than 100,000 foreign patients a year. The number of medical tourists is anticipated to grow at a CAGR of over 19 per cent during the forecast period to reach 1.3 million by 2013.

A new category of visa, "Medical Visa" ('M'-Visa), has been introduced which can be given to foreign tourists coming into India for medical tourism.

MICE Tourism

MICE (Meetings, Incentives, Conferences and Exhibitions) tourism is also one of the fastest growing sectors in the global tourism industry. It largely caters to business travelers, mostly corporates. It caters to various forms of business meetings, international conferences and conventions, events and exhibitions.

Rural tourism

Rural tourism showcases rural life, art, culture and heritage of rural locations, benefitting the local community economically and socially as well as enabling interaction between the tourists and locals for a more enriching tourism experience. The geographical and cultural diversity of the rural India enables

Performance of State Government in Hospitality Sector

it to offer a wide range of tourism products and experiences. Increasing levels of awareness, growing interest in heritage and culture, improved accessibility to rural areas, and environmental consciousness are playing an important role in promoting rural tourism.

Spiritual tourism

India is spotted with a number of spiritual destinations. A visit to them is important as one of the corridors of spiritual self-discovery. In fact, divine tours of India allow one to care for the spirituality within oneself by delving deep into the rich religious history of the country. Spiritual tours of India take one to quite a few spiritual destinations in the country which are famous for their religious and spiritual significance. Spread all over India, these spaces give tourists the delight and peace that may have eluded them for long and which may have stimulated them to visit the piously and religiously rich India.

Wedding tourism

Wedding tourism is growing almost 100% on a year-on-year basis. Generally, the ratio of foreigners to Indians in an NRI wedding is 7:3. On an average, an NRI wedding organised in India costs Rs.50 lakh. And on an average, 50-150 rooms are booked in a star-category hotel.

Wellness tourism

Wellness tourism is regarded as a sub-segment of medical tourism. Here, the primary purpose is achieving, promoting or maintaining good health and a sense of well-being. India, with widespread presence of Ayurveda, Yoga, Siddha, and Naturopathy, complemented by its spiritual philosophy, is a well-known wellness destination.

Wildlife Tourism

Due to its varied topography and distinctive climatic conditions, India is endowed with various forms of flora and fauna and it has numerous species of birds, mammals, reptiles, amphibians and plants and animals. Wildlife Tourism in India includes wildlife photography, bird watching, jungle safari, elephant safari, jeep safari, jungle camping, ecotourism etc.

Types of tourists

Tourists can also be classified on the basis of their purpose of visit:

Business tourists

This segment typically comprises those travelling for meetings, incentives, conventions and exhibitions. However, this definition is not conclusive and includes any tourist on a visit to India for business purposes. Business tourism is viewed as an important market in the country and one of the high-yielding sectors of the tourism industry.

Leisure tourists

Leisure tourism comprises trips for pleasure. It includes holidays within the country or abroad. Visiting friends and relatives and travel for a variety of reasons such as health and fitness, sports, education, and culture also come under the purview of leisure trips. In the past few years, opportunities in India for leisure tourism have emerged strongly owing to the following factors: changing consumption patterns of Indian customers, burgeoning Indian middle class population, and geographical diversity.

Tourists can also be classified into domestic and foreign tourists based on their nationality. Furthermore, depending on the duration, tourism can be classified into picnic, excursion, holidays, weekend getaways, etc.

Components of a General Hotel

A hotel may consist of main departments such as Operations, Front office, House keeping, Food and Beverages, Accounting, Engineering/Maintenance, Sales and Security.

General Operations

General Manager is the main in-charge, the coordinator and administrator, responsible for staff management, financial control, provision of services, quality control and customer care. Depending on the size of the hotel, general managers could have assistant managers to supplement their work.

Front Office

It is the centre of all activities. Important functions of receiving the guests, making room reservations, handling correspondence and preparing bills and keeping accounts of the guest services are handled at the front office. The department is headed by Front office manager or Executive House-keeper who supervises and co-ordinates the work. Then there are Assistant Manager, Lobby executive, front office supervisor, information assistant,

Performance of State Government in Hospitality Sector

receptionist, bell captain, bell boy, doorman etc. to perform their assigned roles.

House Keeping

The work of keeping the hotel, the rooms, the bars, the restaurants etc. clean and making them presentable to the guests and ensuring facilities and comfort to them is handled by this department. Those handling this department are Chief executive house keeper, floor supervisor, room attendants, linen supervisors, Maids etc.

Food and Beverages Department

This department is the hub of the hotel industry and is responsible for all the food that is prepared and served in the hotel. The main functions performed by the department are – presentation, preparation and service of food and beverages involving kitchen, bar and baker.

Sales & Marketing

This department keeps in touch with travel agents and tour operators as well as other potential corporate clients in order to sell hotel facilities. Advertising and Public Relations is also normally handled by this department.

Major Players

The Government is, undoubtedly, the biggest player in the tourism sector in any country in the world. However, the players in the tourism and hospitality industry in India are mostly Small and Medium sectors. The unorganised sector dominates the industry in India. Hotels, airline companies, and tour operators are mainly from the organised sector.

Some of the big players in Indian hospitality space are: The Indian Hotels Company Ltd (IHCL), East India Hotels (EIH), ITC, Bharat Hotels, Asian Hotels and Hotel Leela venture.

Several international players, including Inter Continental, Hilton, Accor, Marriott International, Berggruen Hotels, Amanda, Satinwoods, Banana Tree, Hampton Inns, Scandium by Hilt, Mandarin Oriental, Cabana Hotels, Premier Travel Inn (PTI), Marriott, Starwood and Accor, have also entered the Indian hospitality space.

Some of the restaurants with fast expansion plans for India are Café Coffee Day, Domino's Pizza, Barista, McDonalds, Pizza Hut, US Pizza, Nirula's, KFC, Costa Coffee and Yo-China.

Some relevant Facts and Figures of Indian Hospitality industry:

India's booming tourism and hospitality sector has not only witnessed international investments, but has also achieved international accolades with India's increasing appeal as a major global tourist destination. The government has been instrumental in making tourism and hospitality a priority sector. Its efforts have borne fruits with a series of international recognition and awards coming its way.

India has been elected to head the UN World Tourism Organisation (UNWTO), the highest policy making world tourism body represented by 150 countries.

The world's leading travel and tourism journal, *Conde Nast Traveller*, has ranked India as the 'numero uno' travel destination in the world.

India was adjudged Asia's leading destination at the regional World Travel Awards (WTA).

India's Taj Mahal continues to figure in the Seven Wonders of the World. Bangalore-based Leela Palace Kempinski was voted the favourite business hotel in the world in a Readers' Choice Awards by *Conde Nast Traveller* in 2007.

India bagged the World's leading Destination Marketing Award for the Incredible India campaign.

India has been ranked the "best country brand for value-for-money" in the Country Brand Index (CBI) survey conducted by Future Brand, a leading global brand consultancy. India also claimed the second place in CBI's "best country brand for history"; It also appears among the top 5 in the best country brand for authenticity and art & culture, and the fourth best new country for business. India made it to the list of "rising stars" or the countries that are likely to become major tourist destinations in the next five years, led by the United Arab Emirates, China, and Vietnam⁸.

Characteristics of Indian hospitality sector

Major characteristics of the Indian hospitality industry are:

⁸ www.ibef.org/industry/tourismhospitality.aspx

High seasonality

The Indian hotel industry normally experiences high demand during October–April, after which the monsoon months entail low demand. The December - March quarter usually brings 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 attractive schemes to improve performance (occupancy) during the lean months. These include targeting the conferencing segment and offering lucrative packages during the lean period.

Labour intensive

Quality of manpower is important in the hospitality industry. The industry provides employment to skilled, semi-skilled, and unskilled labour directly and indirectly. In India, the average employee-to-room ratio at 1.6 (2008-09), is much higher than that for hotels across the world. The ratio stands at 1.7 for five-star hotels and at 1.9 and 1.6 for the four-star and three-star categories respectively. Hotel owners in India tend to "over-spec" their hotels, leading to higher manpower requirement. With the entry of branded international hotels in the Indian industry across different categories, Indian hotel companies need to become more manpower efficient and reconsider their staffing requirements.

Fragmented

The Indian hotel industry is highly fragmented with a large number of small and unorganised players accounting for a lion's share. The government is the biggest player in the sector. The other major players in the organised segment include The Taj, Oberoi, ITC Hotels, and East India Hotels. The fragmented nature of the Indian hospitality industry is reflected in the Herfindahl Index of Concentration, which was at 0.062 in FY07.

Changing consumer dynamics and ease of finance

The country has experienced a change in consumption patterns. The middle class population with higher disposable incomes has caused the shift in spending patterns, with discretionary purchases forming a substantial part of total consumer spending. Increased affordability and affinity for leisure travel are driving tourism in India and in turn aiding growth of the hospitality industry. Emergence of credit culture and easier availability of personal loans have also driven growth in the travel and tourism and hospitality industries in the country.

Trends in the industry

The hospitality industry recorded healthy growth from early 2000 onwards, leading to a rise in occupancy rate in the hotels. Lured by higher returns experienced by the hotel industry, a number of players, domestic as well as international, entered the space. India became one of the most attractive destinations for such investments.

While on the one hand, investments continued to flow into the hotel industry, on the other, hit by sharp rise in rates, corporates started looking for alternate cost-effective lodging options. This led to emergence of corporate guest houses, especially in major metros, and leased apartments as replacements for hotels. While average room rates rose in 2007-08, occupancy rates dropped. Occupancy rates plunged sharply next year, as demand declined following the global economic slowdown and the terror attacks in Mumbai. As a result, hotel rates declined during 2009-10.

The hospitality industry has reported improvement in 2009-10, with domestic tourist movement in the country being at a high. While average rates remained lower, occupancy rates rose, supported by surge in domestic tourist movement. The industry is expected to report healthy growth in 2012-13, with expected increase in domestic tourist movement and rise in international tourist arrivals.

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 Udaipur, Thiruvananthapuram, Bhubaneswar, Pune, Kochi Chandigarh, Lucknow, Hyderabad, Varanasi, Patna, Pune and Jaipur etc. This has led to increase in hotel development activity and expansion of hotel brands across 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 or place of visit to save on time. This has led to the same hotel company setting up hotels across different locations within a city.

Hospitality in the Indian Economy

According to Economic Survey of 2010-11 the average annual growth rate of hotel and restaurant sector has been 8.8 per cent for the period 2005-06 and 2009-10. However, the last two years have not been quite pleasant for the sector as growth faltered badly. Till five years ago, the sector was registering a growth of around 15 per cent but slowdown in the economy has affected the growth prospects of the sector badly and the growth rate has dropped to single digit level. The sector registered negative growth (-3.41 per cent) in 2008-09 over the year 2007-08, which was due to the adverse global economic conditions in this year. But, the sector is back in the positive growth territory and clocked a growth of 2.2 per cent in 2009-10.

Annual growth rate (in per cent)⁹

Year	2005-06	2006-07	2007-08	2008-09	2009-10
Hotels & Restaurants	17.5	14.4	13.1	-3.1	2.2

World Travel & Tourism Council (WTTC) expects travel and tourism (T&T) demand in India to grow above 8 per cent annually till 2019, the highest growth, thereby making India second highest tourist destination after China.

Classification of hotels

Presently, there are 1593 classified hotels with a capacity of 95,087 rooms in the country. The hotel sector comprises various forms of accommodation, namely, star category hotels, heritage category hotels, timeshare resorts, apartment hotels, guest houses, and bed-and-breakfast establishments.

Based on that, the hotels in India are classified into following segments:

I. Star rated hotels (5 star and star deluxe)

These are mainly situated in the business districts of metro cities and cater to business travelers and foreign tourists. These are considered to be very expensive. These account for about 30% of the industry.

The star hotels are further classified into six categories: Five star deluxe, Five star, Four star, Three star, Two star, One star.

⁹ Economic Survey 2010-11

Growth and Development of the Hospitality Sector in India

- (a) ***Five Star Deluxe & Five Star:*** These are restricted to the four metros and some major cities like Bangalore and Hyderabad. The customers of these hotels are mostly foreign business and leisure travelers, senior business executives and top government officials.
- (b) ***Three Star & Four Star:*** These are located in all major cities as well as tourist destinations. Their customer group ranges from middle level business executives to leisure travelers.
- (c) ***One Star & Two Star:*** These 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.

Room supply in the 5-star segment has grown at a compounded annual growth of 5 per cent over the past decade. As against this, the 3 and 4-star categories have grown at 6 per cent and 8 per cent CAGR respectively during the same period.

II. Heritage hotels

These are characterized by less capital expenditure and greater affordability and include 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)

III. Budget hotels:

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

IV. Unclassified hotels

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

V. Resorts and Clubs

Located in the outskirts of city, they could be from premium to budget category.

VI. Restaurant

These are food chains and outlets set up in the India. They are usually by international chains like Dominos, Espresso, Pizza Hut and McDonalds.

In the Indian hospitality industry, the major players are Indian Hotels, EIH, ITC hotels, Hotel Leela Ventures, Bharat Hotels and Asian Hotels, ITDC and Orient Hotels Ltd.

The booming industry has attracted many international players as well. A number of global players are already well established in India. These include Hilton, Shangri-La, Radisson, Marriott, Meridian, Sheraton, Hyatt, Holiday Inn, InterContinental and Crown Plaza.

The country has been flooded with some of the world's leading hotel brands. New brands such as Amanda, Satinwoods, Banana Tree, Hampton Inns, Scandium by Hilt and Mandarin Oriental are planning to enter the Indian hospitality industry in joint ventures with domestic hotel majors.

Chapter 2

Performance of Central Government in Hospitality Sector

The fortunes of the hospitality sector are closely linked to the tourism sector and all factors that aid growth in the tourism industry also apply to the hospitality industry. Hence, it is desirable to talk briefly about tourism sector also while discussing hospitality sector.

The National Tourism Policy, 2002

The National Tourism Policy, 2002 issued by the Government of India, seeks to enhance employment potential within the tourism sector as well as to foster economic integration through developing linkages with other sectors. The policy paper broadly attempts to position tourism as a major engine of economic growth, harness its potential for employment generation, make India a truly global destination and ensure that the tourists get physically invigorated, mentally rejuvenated, culturally enriched, spiritually elevated and “feel India from within” among other things¹⁰.

Role of Hotel Management Institutions in hospitality sector

More than 22 Institutes of Hotel Management are being operated as Centres of Excellence for providing hospitality manpower. The government plans to set up four Indian Institutes of Hotel Management in Uttaranchal, Jharkhand, Chattisgarh and Haryana. To provide training in the area of tourism, the tourism ministry will also start 400 training programmes. Estimates indicate a need for about 15,000 more trained persons in the star category hotels, which includes about 2,700 managers, 2,500 supervisors and about 1,000 staff.

Classification of hotels

The Ministry of Tourism has formulated a voluntary scheme for classification of operational hotels into different categories, to provide contemporary

¹⁰ *National Tourism Policy, 2002*

Performance of State Government in Hospitality Sector

standards of facilities and services at hotels. Based on the approval from the Ministry of Tourism, hotels in India can be divided into two categories:

1. Classified hotels
2. Unclassified hotels

Classified hotels

Hotels are classified based on the number of facilities and services provided by them. Hotels classified under the Ministry of Tourism enjoy different kinds of benefits such as tax incentives, interest subsidies, and import benefits. Due to lengthy and complex processes for such classification, a significant portion of the hotels in India still remain unclassified. The Ministry of Tourism classifies hotels as follows:

- *Star category hotels*
- *Heritage hotels and*
- *Licensed units*

Star category hotels

Within this category, hotels are classified as five-star deluxe, five-star, four-star, three-star, two-star and one-star.

Heritage hotels

These hotels operate from forts, palaces, castles, jungles, river lodges and heritage buildings. The categories within heritage classification include heritage grand, heritage classic and heritage basic.

Licensed units

Hotels/establishments, which have acquired approval/license from the Ministry of Tourism to provide boarding and lodging facilities and are not classified as heritage or star hotels, fall in this category. These include government-approved service apartments, timesharing resorts, and bed-and-breakfast establishments.

Unclassified hotels

Branded players

This segment mainly represents the branded budget hotels in the country, which bridge the gap between expensive luxury hotels and inexpensive lodges across the country. Budget hotels are reasonably priced and offer limited luxury and decent services. Increased demand and healthy occupancy have fuelled growth of budget hotels. These hotels use various cost control measures to maintain lower average room rates without compromising on service quality. Ginger Hotels, ITC Fortune, Hometel, and Ibis are some of the popular budget hotels.

Other smaller players

These are small hotels, motels and lodges that are spread across the country. This segment is highly unorganised and low prices are their unique selling point.

Scheme of 'Visa on Arrival' (VoA)

The Government has launched a Scheme of 'Visa on Arrival' (VoA) from January 2010 for citizens of five countries, viz. Finland, Japan, Luxembourg, New Zealand and Singapore, visiting India for tourism purposes. The Government has now extended this Scheme to the citizens of six more countries, namely, Cambodia, Indonesia, Vietnam, Philippines, Laos and Myanmar from January 2011. During the period January-June 2011, a cumulative figure of 5774 VoAs were issued, with a total of 865 & 770 VoAs issued in the months of May & June respectively.

Progress of Tourist Visa on Arrival Scheme in September 2012¹¹

Last month, a total number of 1404 (Visa on Arrivals) VoAs were issued under this Scheme as compared to 991 VoAs issued during September 2011, registering a positive growth of 41.7 %.

During the period January-September 2012, a total number of 10816 VoAs were issued as compared to 8505 VoAs during the corresponding period of 2011, registering a growth of 27.2%.

¹¹ <http://pib.nic.in>

Performance of State Government in Hospitality Sector

Foreign Tourist Arrivals and Foreign Exchange Earnings in September 2012¹²

Foreign Tourist Arrivals (FTAs) during the Month of September, 2012 were 4.15 lakh as compared to FTAs of 4.02 lakh during the month of September 2011 and 3.70 lakh in September 2010. There has been a growth of 3.2 % in September 2012 over September 2011 as compared to a growth of 8.7 % registered in September 2011 over September 2010. FTAs during the period January-September 2012 were 46.33 lakh with a growth of 5.9%, as compared to the FTAs of 43.75 lakh with a growth of 9.9 % during January-September 2011 over the corresponding period of 2010.

Foreign Exchange Earnings (FEE) during the month of September 2012 were Rs. 6652 crore as compared to Rs. 5748 crore in September 2011 and Rs 4678 crore in September 2010. The growth rate in FEE in rupee terms in September 2012 over September 2011 was 15.7% as compared to 22.9 % in September 2011 over September 2010. FEEs from tourism in rupee terms during January- September 2012 were Rs. 66061 crore with a growth of 22.9%, as compared to the FEEs of Rs. 53761 crore with a growth of 16.6 % during January- September 2011 over the corresponding period of 2010.

FEEs in US\$ terms during the month of September 2012 were US\$ 1219 million as compared to FEEs of US\$ 1208 million during the month of September 2011 and US\$ 1015 million in September 2010. The growth rate in FEEs in US\$ terms in September 2012 over September 2011 was 0.9% as compared to the growth of 19 % in September 2011 over September 2010. FEEs from tourism in terms of US\$ during January- September 2012 were US\$ 12492 million with a growth of 5.1%, as compared to US\$ 11886 million with a growth of 18.7 % during January- September 2011 over the corresponding period of 2010.

Various other measures undertaken by the government

Various other policy measures undertaken by the Ministry of Tourism and tax incentives have also aided growth of the hospitality industry. Some of them include:

¹² *Ibid.*

Upgradation of airports

The government's decision to substantially upgrade 28 regional airports in smaller towns and privatization and expansion of Delhi and Mumbai airport has improved the business prospects of hotel industry in India.

Upgradation of highways

The upgradation of national highways connecting various parts of India has opened new avenues for the development of budget hotels in India.

Concept of mixed-use developments

A pioneering initiative is the concept of mixed-use developments, wherein the real estate typically includes an apartment block of a commercial block along with a hotel. Still in its nascent stages in India, the concept offers inspiring potential. The entry of multinationals and Indian hotel chains expanding internationally further reinforces the segment's untapped business potential. Combining unparalleled growth prospects and unlimited business potential, this industry is certainly on the cusp of transformation into a key player in the nation's changing face.

Foreign direct investment (FDI) in hospitality sector

According to the Consolidated FDI Policy, released by DIPP, Ministry of Commerce and Industry, Government of India, the government has allowed 100 per cent foreign investment under the automatic route in the hotel and tourism related industry. And with the relaxation of FDI restrictions on the real estate sector, the hospitality industry has registered an increase in investments.

The term hotels includes restaurants, beach resorts, and other tourist complexes providing accommodation and/or catering and food facilities to tourists. Tourism related industry includes travel agencies, tour operating agencies and tourist transport operating agencies, units providing facilities for cultural, adventure and wild life experience to tourists, surface, air and water transport facilities to tourists, leisure, entertainment, amusement, sports, and health units for tourists and convention/seminar units and organisations.

According to data released by the Department of Industrial Policy and Promotion (DIPP), the hotel and tourism sector attracted FDI worth Rs 14,770.58 crore (US\$ 2.64 billion) between April 2000 and January 2012.

Performance of State Government in Hospitality Sector

Cumulative FDI inflows into the tourism and hospitality sector have been estimated at US\$ 2.37 billion between April 2000 and March 2011.

According to the Ministry of Tourism, the foreign exchange earnings from tourism during 2010 is estimated at US\$ 14.19 billion.

Introduction and promotion of various kinds of tourism

Introduction of 'Medical Visa' for tourists coming into the country for medical treatment, Issuance of visa-on-arrival for tourists from select countries, which include Japan, New Zealand, and Finland, promotion of rural tourism by the Ministry of Tourism in collaboration with the United Nations Development Programme etc., have also contributed in the growth and development of the tourism and hospitality sector in the country.

Exemption of customs duty

The Government has provided for exemption of customs duty on import of raw materials, equipment, liquor etc. subject to certain conditions for the growth and development of the tourism and hospitality sector in the country.

Sanction of various other plans

The Ministry of Tourism has sanctioned 781 projects in 34 States / Union Territories (UTs) in the country entailing an expenditure of US\$ 511.82 million during the last three years up to June 2010, as per a press release dated October 18, 2010.

Social awareness among Service Providers

The Government has initiated a campaign to inculcate social awareness among service providers, and capacity building of taxi drivers and guides through "Atithi Devo Bhavah" campaign.

It has also taken various other initiatives and started campaigns such as 'Incredible India!', 'Colors of India' and the 'Wellness Campaign' to promote Indian tourism and hospitality industry.

Administration, management and development of tourism and hospitality in India

The modern hospitality management is a multi-dimensional activity covering socio-economic and managerial techniques and latest expertise. They are essential for successful operations of a business enterprise. Therefore, the

Performance of Central Government in Hospitality Sector

hospitality industry demands specified norms, ethics, rules and regulations to have a strong foothold and a road map for profitability and success.

Through the Ministry of Tourism and various other entities, the Government of India, has been crafting total concepts for the hotel and restaurant sector, which is gaining extensive in-house experience in hotel and restaurant management and operations. They are discovering concepts, creating entirely new brands, and energizing existing business ideas for promotion and development of tourism and hospitality sector.

The tourism and hospitality sector is divided between the Central and State governments:

(a) Ministry of Tourism

The Ministry of Tourism under the Central Government formulates plans and policies for promoting the tourism industry in the country.

(b) State Tourism and Hospitality

The State tourism and hospitality department gives information about the tourist places in each state and the hospitality industry.

Ministry of Tourism

The Ministry of Tourism is the nodal agency for the formulation of national policies and programmes and for the co-ordination of activities of various Central Government Agencies, State Governments/UTs and the Private Sector for the development and promotion of tourism in the country. This Ministry is headed by the Union Minister for Tourism and supported by Minister of State for Tourism.

At present, Shri Subodh Kant Sahai is the Cabinet Minister in charge of Tourism. Shri Sultan Ahmed is the Minister of State for Tourism.

The administrative head of the Ministry is the Secretary (Tourism). The Secretary also acts as the Director General (DG) Tourism. The office of the Director General of Tourism {now merged with the office of Secretary (Tourism)} provides executive directions for the implementation of various policies and programmes.

In short, Ministry of Tourism is encouraging the innovativeness and flexibility of the tourism and hospitality sector by providing policy direction and promotional support through its various schemes and policies.

Performance of State Government in Hospitality Sector

Domestic field offices

The domestic field offices are sources of tourist information. They are also responsible for monitoring the progress of implementation of field projects by the State Governments in their respective jurisdictions.

India Tourism Development Corporation

India Tourism Development Corporation (ITDC) is a public sector undertaking under the charge of the Ministry of Tourism.

The Ministry also has the following autonomous institutions:

- (i) Indian Institute of Tourism and Travel Management (IITTM). National Institute of Water Sports (NIWS) has merged with the IITTM.
- (ii) National Council for Hotel Management and Catering Technology (NCHMCT); and the Institutes of Hotel Management (IHMs).
- (iii) Gulmarg Winter Sports Project (Indian Institute of Skiing and Mountaineering (IIS&M).

Role and Functions of the Ministry of Tourism

The functions of the Ministry include: All policy matters, Planning, Co-ordination with other Ministries, Departments, State/Union Territories and Regulation etc.

Directorate General of Tourism

The Directorate General of Tourism assists Ministry of Tourism in formulation of policies by providing feedback from the field offices, monitoring of plan projects and assisting in the plan formulation. It also helps in co-ordinating the activities of the field offices and their supervision. Its functions also include approval and classification of hotels, restaurants, Incredible India Bed & Breakfast (IIB&B) units, approval of Travel agents, tour operators and tourist transport operators, etc.

National Tourism Advisory Council (NTAC)

The National Tourism Advisory Council (NTAC), which serves as a Think Tank of the Ministry of Tourism for the development of tourism in the country, consists of representatives from various Union Ministries, Trade and Industry Associations and experts in the field of Travel and Tourism Management.

Hospitality Development and Promotion Board (HDPB)

Construction of hotels is primarily a private sector activity which is capital-intensive and has a long gestation period. A constraint being faced by the hotel industry, in addition to the high cost and limited availability of land, is the difficulty in obtaining multiple clearances / approvals required from the Central and State Government agencies for hotel projects. In some cases, as many as 65 or more clearances/approvals are required by hotel projects, although this number varies from State to State. This often results in delay in the implementation of the project, cost escalation, etc. To obviate the above mentioned difficulties faced by the hospitality industry, the Ministry of Tourism has set up a Hospitality Development and Promotion Board (HDPB).

The HDPB is operational at three levels:

- Clearances that are exclusively the responsibility of Central Ministries / Authorities,
- Central clearance incumbent upon State Government clearances and;
- Clearances that are the responsibility of State, or other levels of State Government.

The HDPB assists in the following manner:

- It implements a transparent system for effective monitoring of hotel projects.
- Ensures timely accrual of approvals / clearances / No Objection Certificates (NOC's) by the multiple agencies and facilitates the implementation of hotel projects.
- Acts as a watch guard and facilitator for obtaining necessary clearances for setting up of hotels.

The above functions are expected to result in expeditious clearances and enable completion of hotel projects in time, leading to enhancement of room availability for the tourists.

It is expected that as result of setting up of HDPB hotel project approvals would be issued in a time-bound manner, and this will give a boost to expeditious implementation of hotel projects and growth of the hospitality industry infrastructure. While the concept of 'Single Window System' or 'One Stop Shop' system for clearance of proposals is prevalent in other industries,

Performance of State Government in Hospitality Sector

the HDPB is the first of its kind in India in respect of facilitating Hotel project approvals, both at the Central level and the State/UT level.

The Board would be a single point for receiving applications for various clearances, approving/clearing hotel project proposals in a time-bound manner, and would review hotel project policies to encourage the growth of hotel / hospitality infrastructure in the country.

The board, however, will not in any way supersede the statutory clearances of other agencies but will review and monitor the clearances of hotel projects with the concerned Ministries/Departments/ Authorities by meeting on fixed schedule basis.

In short, HDPB has been set up by the Government of India to facilitate faster clearances of upcoming hotel projects in India. It acts as a facilitator between promoter and NOC issuing agency. It should also be noted that HDPB is not an NOC issuing agency.

If one is a hotel promoter and the proposed hotel project is waiting clearances from central government authorities , HDPB is of great help.

One can register the project on the website of HDPB and submit details of NOC applications pending with various central government agencies¹³.

Approval and Classification of Hotels

To conform to the expected standards for different classes of tourists, especially from the point of view of suitability for international tourists, the Ministry of Tourism classifies hotels under the star rating system. Under this system, hotels are given a rating out of seven categories, from One to Five Star, Five Star Deluxe, and Heritage. The category of Heritage hotels was introduced in 1994. The classification is done on the basis of inspection of hotels which is undertaken by the Hotel and Restaurant Approval and Classification Committee (HRACC), set up by the Ministry of Tourism.

To expedite the process of classification/re-classification of functioning hotels in one to three star categories, five Regional Committees have also been set up in Delhi, Mumbai, Kolkata, Guwahati and Chennai to conduct inspection.

in order to facilitate processing of applications for classification of hotels in a time-bound manner, the Ministry of Tourism has committed, in its Results Framework Document (RFD), to ensure that all cases of classification will be

¹³ *Annual report 2011-12, Ministry of Tourism*

Performance of Central Government in Hospitality Sector

inspected within three months from the date of application, if it is complete in all respects. This mechanism is meant to ensure that there is no delay in conducting the inspections.

Since the implementation of this mechanism, pending cases of applications from hotels seeking classification have also reduced.

Heritage Hotels

The popular concept of Heritage Hotels was introduced to convert the old palaces, havelies, castles, forts and residences built prior to 1950, into accommodation units so they reproduce the ambience and lifestyle of the bygone era. Such hotels are categorized under three categories viz. Heritage, Heritage Classic and Heritage Grand, based on the standards of facilities and services as per the applicable Guidelines.

Stand-alone restaurants

Quality restaurants, authentic food and variety of cuisines, particularly cuisines of different States in the country, have become increasingly popular both with domestic and foreign tourists and extend an enriching tourism experience. Accordingly, the Ministry's scheme for the approval of standalone restaurants stands revived.

Apartment Hotels

Apartment Hotels are increasingly becoming popular with business travellers who visit India for assignments or family holidays, etc., but which sometimes prolong for months together. With a view to providing standardized, world class services to the tourists, the Ministry has introduced a voluntary scheme for classification of fully operational Apartment hotels in the five star deluxe, five star, four star and three star categories.

Guest Houses

Guest Houses and other types of accommodation units are approved if they meet certain standards of facilities and services.

Such steps can potentially augment not only hotel accommodation in the budget category, but also generate employment and revenue for the States.

Timeshare Resorts

In view of the growing popularity of vacation ownership for leisure holidays and family holidays of tourist accommodation, known as Timeshare, the

Performance of State Government in Hospitality Sector

Ministry has introduced a voluntary scheme for classification of Timeshare Resorts (TSRs) into three star, four star and five star categories.

The scheme offers foreign and domestic tourists an opportunity to stay with an Indian family and enjoy the warm hospitality and a taste of Indian culture and cuisine in a clean and affordable place.

Approval of Convention Centres

Meetings, Incentives, Conferences and Exhibitions (MICE) are important segments of the tourism industry. In a rapidly globalizing high growth Indian economy, MICE tourism is set to grow and the country is in need of more Convention and Exhibition Centres to meet this requirement. To encourage investment and standardize facilities in these areas, the Ministry of Tourism grants approval to Convention Centres.

Classification of Tented Accommodation

There is an overall shortage of accommodation at tourist destinations, especially in remote areas. Therefore, to meet the demand of tourists, the Ministry of Tourism has introduced a voluntary scheme for project approval and classification of camping facilities and tented accommodation in two categories, viz. Standard and Deluxe.

Tax Incentives provided to Hotels

To encourage the growth of hotels, a Five-Year Tax Holiday was announced, at the initiative of Ministry of Tourism, in the budget of 2008-09 for two, three and four star hotels that are established in specified districts which have UNESCO declared "World Heritage Sites" (except the revenue districts of Mumbai and Delhi). For availing this incentive, the hotel should have been constructed and started functioning between the period April 1, 2008 to March 31, 2013. The Government has recently announced the extension of Investment-Linked Tax incentive under section 35 AD of the Income Tax Act to new hotels of 2 star category and above anywhere in India. This will facilitate the growth of accommodation in the country.

Guidelines by Reserve Bank of India (RBI)

The Reserve Bank of India (RBI) has also issued revised Guidelines on Classification of exposures as Commercial Real Estate (CRE) exposures. As per these guidelines, RBI has classified exposures to hotels outside the CRE exposure.

Initiatives and approach in five year plans

10th Five Year Plan

924 Infrastructure projects requiring an expenditure of Rs.1440.86 crore were sanctioned during the 10th Plan. The government also sanctioned plans to substantially upgrade 28 regional airports in smaller towns. The upgradation of national highways connecting various parts of India has opened up the way for the development of budget hotels in India.

11th Five Year Plan

During the 11th Five Year Plan, (as on 31.12.2010) the Ministry of Tourism has sanctioned an amount of Rs.3112.71 crore for 991 tourism infrastructure projects, including Rural Tourism and Human Resource Development projects.

Proposed Strategies for 12th Five Year Plan

With the 11th Five Year Plan ending in 2011-12, the Planning Commission initiated the process of formulation of the 12th Five Year Plan for the period 2012-13 to 2016-17. The Planning Commission set up a Working Group on Tourism (WGT) under the chairmanship of Secretary (Tourism) to inter alia recommend strategies for tourism development during the 12th Plan. The WGT comprised representatives of various categories of tourism stakeholders including Central Ministries, State Governments, Trade & Industry Associations and NGOs. The WGT set up 7 Sub-Groups on the following subjects to examine in detail the multifarious aspects of tourism:-

- (i) HRD and Capacity Building.
- (ii) Development of Tourism Infrastructure.
- (iii) Publicity & Marketing
- (iv) Taxation, Incentives and Concessions
- (v) Sustainable, Rural, Eco & Heritage Tourism
- (vi) Adventure & Niche Tourism Products
- (vii) Coordination between Central Ministries & State Governments.

Based on the inputs given by the Sub-Groups, the WGT finalized its recommendations and submitted the same to the Planning Commission in October, 2011. This report is under consideration of the Steering Committee set up by the Planning Commission.

Major strategies recommended by the WGT

The major strategies recommended by the WGT are summarized in the following paragraphs:-

Infrastructure Development

The following 4 major strategies for development of tourism infrastructure have been proposed:-

Strategy I

- Identify major Circuits/Destinations, having potential to attract large number of visitors – for development in Mission Mode

Strategy II

- Identify developed/ underdeveloped/ unexplored area of tourist interest

Strategy III

- Identify clusters of villages having unique craft, ethnic art form for development as Tourism Products

Strategy IV

- Existing scheme of development of tourism circuits/ destinations to continue. However, sanctioning of mega tourism destinations/ circuits to be discontinued.

Marketing, Branding & Promotion

Promotion and marketing plays an important role in increasing the volume of tourist traffic. Though 'Incredible India' brand is now well established, its advantage has to be explored fully. The existing efforts of Ministry of Tourism in this area will be further strengthened through following measures:

- (i) Undertaking widespread and aggressive promotional activities
- (ii) Developing new markets - CIS, ASEAN, Middle East and African countries
- (iii) Opening new representative offices overseas for wider reach
- (iv) Developing and promoting new tourism products - Golf, Polo, Wellness & Medical, MICE, Caravan, Cruise, Adventure and Wildlife tourism

Taxation and Incentives

One of the bottlenecks in achieving the full potential of tourism sector in India is the high incidence and multiplicity of taxes that has led to tourist packages being out-priced in comparison with those available for competing destinations.

The tax structure varies from State to State and ranges from 25 - 30 % for hotel accommodation, 25 - 60 % on food & beverages and 20 - 25 % on road travel. The present tax structure, in addition to making the packages costly, obstructs the seamless movement of tourists across the States.

Following measures have been recommended for addressing these issues:

- (i) Taxes levied on Tourism industry should be unified, rationalized and made globally competitive
- (ii) GST for tourism should not be more than 8%
- (iii) Incentives available to hotels need to be extended to all tourism service providers under Sec 35 AD of Income Tax Act, 1961
- (iv) The foreign exchange earned by hotels and inbound tour operators may be considered as 'deemed' exports and full service tax exemption be provided to them at par with other exporters
- (v) Hotels may be considered to be included in the infrastructure lending list.

Development and Promotion of Niche Tourism Products

Tourism, especially international tourism, in India is affected by seasonality and is, therefore, prone to the problem of excess demand or supply. Hence, the strategy to overcome this aspect of 'seasonality' of Indian Tourism is to promote India as a 365 day destination, offering year-round experiences, by selecting products which are unique to diverse destinations and thereby create opportunities for the tourist to visit the country all-round the year.

For this purpose, development of various niche tourism products are proposed to be pursued more vigorously during 12th Plan by identifying niche products in which India has strength. Emphasis will be on the development and promotion of the following niche tourism products:-

- (a) Adventure
- (b) Medical

Performance of State Government in Hospitality Sector

- (c) Wellness
- (d) Golf
- (e) Polo
- (f) Cruise
- (g) Meetings Incentives Conferences & Exhibitions (MICE)
- (h) Pilgrimage/spiritual travel
- (i) Film Tourism and
- (j) Eco/ Wild life/ Caravan Tourism etc.

Convergence

As tourism and hospitality is a multi-sectoral activity, active convergence in the resources of various sectors involved in promotion of tourism at Central and State level is necessary for achieving the optimum results. The approach paper to the 12th Five Year Plan, prepared by the Planning Commission, stresses the need to develop formal and informal links between all stakeholders and coordination across all levels of Government. The Ministry of Tourism is already trying hard for ensuring the convergence amongst various stakeholders. For achieving the best results in Convergence, following steps are proposed:-

- (i) Setting up a Committee at the Central level with members from concerned Ministries such as Culture, Civil Aviation, Road Transport & Highways, Urban Development, etc.
- (ii) Setting up a Committee in each State/ UTs under the Chairmanship of Chief Ministers/ Administrator with members from concerned Ministries of the State Governments/ UT Administrations
- (iii) Planning Commission may help the Ministry of Tourism in sorting out the issues with other Ministries/ organisations at Central level as well as with the State
- (iv) Planning Commission may increase the Plan outlay of Tourism departments of various States/ UTs while finalizing their Annual Plan outlays every year

Involvement of States/ UTs in Tourism Development

Active involvement of States/ UTs is a prerequisite for integrated tourism development in the country.

Though some of the States/ UTs are very pro-active in promoting tourism, some others have not yet realised the full potential of tourism in their economic development. State/UTs have to also create conducive and investment-friendly environment for significant investments in tourism sector.

Following measures are proposed to be pursued with the State/ UTs in this regard:

- (i) MoT in association with ASSOCHAM, CII, FICCI, PHDCCI, ICC, etc. will undertake efforts to increase States' awareness of potential of tourism in economic development and employment generation,
- (ii) States to identify infrastructure gaps for tourist destinations and ensure intervention at Chief Minister level, thereby making it a political agenda,
- (iii) States should promote sustainable, safe and honourable tourism,
- (iv) States should take necessary action for establishing the system of single-window clearance for various activities in tourism sector on the pattern of Hospitality Promotion and Development Board (HPDB) for hotel sector
- (v) State should make available land for hotels, convention/ exhibition centres, theme parks, composite haats, etc. on the pattern of land allotment for manufacturing industry
- (vi) States should also extend other benefits such as increased Floor Area Ration (FAR) for tourism projects

Excerpts from Annual Report 2011-12 Ministry of Tourism, GOI

Ministry of Tourism continued its efforts to develop quality tourism infrastructure at tourist destinations and circuits across the country.

During 2011-12, the Ministry sanctioned 160 tourism projects for an amount of Rs. 710.02 crore for tourism infrastructure augmentation to States/ UTs upto 31 December 2011. The Ministry has given special focus on development of important destinations/ circuits through sanction of mega

Performance of State Government in Hospitality Sector

projects. Mega Tourism projects are a judicious mix of culture, heritage, spiritual & eco- tourism, and aim to give tourists a holistic experience. As on 29.02.2012, the Ministry has identified 53 mega tourism projects in consultation with State Governments, out of which 35 have been sanctioned.

The Ministry holds prioritization meetings with State Governments/ UT Administrations before the beginning of a financial year to identify tourism projects for Central financial assistance in the coming financial year. For the year 2012-13, the process of prioritization meetings was started in December 2011, and upto 16th February, 2012 meetings with 21 States/ UTs were held. While prioritizing the projects, adequate emphasis is given on projects involving construction and upkeep of wayside amenities along highways/ roads leading to tourist destinations, cleanliness at tourism sites, and development of tourism in backward areas. 2.5% of Ministry's total plan outlay for 2011-12 was been earmarked for development of tourism in tribal areas. This is an addition to the 10% outlay earmarked for the North-Eastern States.

The Ministry reinforced its efforts to bridge the skill gap obtaining in the hospitality sector through a multi-pronged strategy. This includes expanding and strengthening institutional infrastructure by creating new Institutes of Hotel Management (IHMs) and Food Craft Institutes (FCIs), starting craft courses in IHMs, and broad-basing of hospitality education/ training through ITIs, Polytechnic Institutes, Government Collages, Universities & Schools and public sector undertakings.

Tourism Awards

Tourism and hospitality has developed into one of the world's largest industries and a major engine of economic growth and employment generation in most parts of the world. Tourism and hospitality in India has also witnessed a steady growth, both in terms of Foreign Tourist Arrivals and Foreign Exchange Earnings. However, when compared to the global scenario, the share of India in world tourist arrivals remains at only 0.6%. The objective of the Ministry of Tourism is to increase India's share in world tourist arrivals to 1% by the end of the 12th Five Year Plan. This would result in achieving 11.37 million Foreign Tourist Arrivals by 2016. Further, the Ministry has targeted 1495.82 million Domestic Tourism Visits by 2016.¹⁴

¹⁴ *National Tourism Awards 2010-11, Ministry of Tourism*

Performance of Central Government in Hospitality Sector

To promote excellence and recognize the efforts put in by various stakeholders in development and promotion of India Tourism and hospitality sector, the Ministry of tourism has instituted National Tourism Awards.

Institution of National Tourism Awards for acknowledging outstanding performance of State Governments and Trade and Hospitality Sectors is designed to motivate higher levels of performance. These efforts have now become an acknowledged source of motivation and inspiration to set higher goals for promotion of tourism in the country.

Chapter 3

Performance of State Governments in Hospitality Sector

State governments and Union Territories along with the Central Government have consistently striven for promoting safe, honourable and sustainable tourism and hospitality in the country. They are working in very close synergy with all stakeholders in the Travel, Tour and Hospitality Industry. It is this synergy which has enabled India to unceasingly strive for improving its level of hospitality to visitors in the true spirit of "Atithidevo Bhava".

State Tourism Development Corporations have been formed by many state governments and are entrusted with responsibility of formulating and implementing policies for the purpose. The Department of Tourism provides financial assistance to State Governments / UT Administrations for organising fairs / festivals and tourism related events such as seminars, conclaves, conventions etc. for the promotion of tourism and hospitality sector.

States' and Union Territories' administrations are also making great efforts to develop new destinations as well as provide infrastructure and promotional inputs for the growth and development of the hospitality sector in the country and are thus complementing the efforts of Central government and ministry of tourism.

Almost all state governments and union territories are helping in the growth and development of the hospitality sector by concessional allotment of land, providing capital subsidy schemes, reimbursement of stamp duty and transfer fee, reimbursement of VAT, low luxury tax, reimbursement of entertainment tax, municipal concessions/ exemptions etc.

Andhra Pradesh

Andhra Pradesh is one of the leading states in the country in attracting the maximum number of domestic tourists. In 2009, 157 million¹⁵ domestic tourists visited Andhra Pradesh. This marks an increase of 14% over 2008. In 2009, Andhra Pradesh, for the first time, figured in the top 10 states at number 7 in terms of international arrivals.

¹⁵ ANDHRA PRADESH TOURISM POLICY 2010

Performance of State Governments in Hospitality Sector

The State Tourism Promotion Board (STPB) is constituted as an apex decision-making authority in the State. The STPB along with State Tourism Promotion Committee (STPC) and the District Tourism Promotion Committee (DTPC) works for the development and growth of hospitality sector in the state.

Andhra Pradesh, considered the "Essence of Incredible India", has great diversity and richness in respect of tourist destinations. The Government of Andhra Pradesh has developed a Craft Centre, a Rural Tourism Project at Srikalahasti with the financial assistance of the Ministry of Tourism, Government India. This project cherishes, houses and promotes the world class arts & artifacts of Andhra Pradesh i.e., Kalamkari paintings (refers to the art of handpainting using pen / stylus and vegetable colours on cloth); Wood Carving (refers to carving by hand of different figures/ pictures on wood using basic implements – locally called "Koyya Bommala Thayyari") etc.

Hyderabad, a city of palaces and minarets, is undergoing rapid urbanization and development, fulfilling the growing city's demands. The responsibility of maintaining a link between the past and present lies on the citizens of today. The city has transformed a lot since the Asaf Jahi rule way back in the past. The efforts to save the Built and the Natural Heritage need to be appreciated and constant efforts are required to link the history to the future of the city now.

The State Government agencies have ensured that tourism infrastructure of good quality is available at all the destinations for the benefit of the visitors. The Andhra Pradesh Tourism Development Corporation runs 53 hotels with 1077 rooms, a fleet of 126 buses for tour packages and a water fleet with 120 boats for pleasure cruises. There are 10 wayside amenities which are considered to be a model in the country. Creation of new infrastructure and augmentation of existing infrastructure were taken up at 19 tourist destinations during the year 2009-10.

Andhra Pradesh Tourism Development Corporation is involved in various activities that cover hotels and catering units, guided and package tours, pleasure cruises, sound and light shows and tourism infrastructure development. It has successfully implemented various new projects at Eco-Tourism destinations. All these projects follow principles of sustainable tourism, namely:

- (a) Use of materials that blend with nature,

Performance of State Government in Hospitality Sector

- (b) Employment of local staff to enhance their livelihoods,
- (c) Purchase of commodities from the local stakeholders,
- (d) Use of Solid Waste Management equipments,
- (e) Use of Rainwater harvesting techniques,
- (f) Use of Electrical fittings that have BEE rating, and
- (g) Campaign against use of plastic.

Arunachal Pradesh

Arunachal Pradesh finds mention in the literature of *Kalika Purana* and the *Mahabharata*. This place is supposed to be the Prabhu Mountains of the *Puranas*. It was here that sage Parashuram washed away his sin, sage Vyasa meditated, King Bhishmaka founded his kingdom and Lord Krishna married his consort Rukmini.

Arunachal Pradesh is considered to be the "nature's treasure trove" and home to orchids, known for their exquisitely beautiful blooms, from one of the dominant taxa with more than six hundred species, occurring in varying elevations and climatic conditions throughout the state.¹⁶

The State government has formulated various plans to develop the hospitality sector in the state.

Assam

Assam has tremendous strength in tourist attractions like scenic beauty, cultural variety, ethnic mixture, and diverse flora and fauna. Such wealth of tourism resources endows Assam with comparative advantage over many other states. Yet, for a variety of reasons, this advantage has not brought to Assam the pre-eminent position that it deserves. It is, therefore, imperative to give a dynamic thrust to tourism promotion and to chart out bold, new directions to tourism growth. Tourism is a journey of imagination. Imagination nurtured with a vision can open up infinite possibilities for tourism in Assam.

Assam government came up with a tourism policy in the year 2008. The Tourism Vision of the State is to manage its comparative advantage in tourism resources and attractions in a sustainable and integrated manner to make Assam a major national and international tourist destination so that

¹⁶ <http://arunachalpradesh.nic.in>

Performance of State Governments in Hospitality Sector

tourism enriches the quality of life and culture of the people and becomes an important catalyst for economic development in general and for poverty alleviation in particular.¹⁷

Assam government has started giving high priority to domestic tourism along with international tourism. However, the state has a shortage of trained manpower in the hospitality sector. The State government is also providing benefits in state taxes for development of hospitality sector.

Bihar

Bihar is one of the oldest inhabited places in the world, with a history spanning 3,000 years.

Bihar State Tourism Development Corporation (BSTDC) was established in the year 1981 for the development of tourism in the State of Bihar and for commercialization of tourist resources available with the State. To achieve this objective, various tourist infrastructures like Tourist Bungalows, Cafeterias, Restaurants, Transportation facilities and ropeways are being provided at various tourists spots by Bihar State Tourism Development Corporation¹⁸.

BSTDC has taken major initiatives to showcase the potential of tourist places of Bihar to the World. It manages a premier chain of budget hotels in Bihar.

The State government is running the following schemes for growth and development of hospitality and tourism sector:

- Budget Hotel Facility at various Tourist Bungalows.
- Transportation Service for local sight sightseeing.
- Readymade Tour Packages.
- Tenders of BSTDC.
- BSTDC Newsletters.

Chhattisgarh

12% of India's forests are in Chhattisgarh, and 44% of the State's land is under forests. Identified as one of the richest bio-diversity habitats, the Green State of Chhattisgarh has the densest forests in India, rich wildlife,

¹⁷ Assam Tourism Policy 2008

¹⁸ <http://bstdc.bih.nic.in/>

Performance of State Government in Hospitality Sector

and above all, over 200 non-timber forest products, with tremendous potential for value- addition¹⁹.

The state government is actively encouraging the celebration of various festivals and programmes for attracting more and more tourists and thus developing the tourism and hospitality sector.

Goa

Known as "Pearl of the Orient" and a "Tourist Paradise", the state of Goa is located on the western coast of India in the coastal belt known as Konkan. The magnificent scenic beauty and the architectural splendours of its temples, churches and old houses have made Goa a firm favourite with travellers from around the world.

But then, Goa is much more than just beaches and sea. It has a soul which goes deep into unique history, rich culture and some of the prettiest natural scenery that India has to offer. Much of the real Goa is in its interiors, both inside its buildings and in the hinterland away from the coastal area.

For almost three decades now, Goa Tourism Development Corporation (GTDC) has been at the helm of the tourism industry in Goa. It has been inviting and guiding tourists from the country and from abroad on an engaging and edifying journey across the beautiful land of Goa.

Set up as a Public Limited Company with a Memorandum and Articles of Association with a full-fledged Board of Directors, GTDC has been both a generous host and a guide to millions of visitors from India and from across the globe over the years. GTDC plays an active role in all commercial aspects of tourism, including providing accommodation, organizing sightseeing tours, cruises and other attractive packages.

Vision Statement of GTDC:

To be a trusted guide to visitors in Goa for all their travel needs, and be a perfect exponent of Goa's well-known hospitality²⁰.

Gujarat

Gujarat, the Land of the Legends, is the birthplace of many Freedom fighters like the legendary Mahatma Gandhi, Sardar Vallabhbhai Patel and many

¹⁹ <http://cg.gov.in>

²⁰ <http://www.goa-tourism.com>

Performance of State Governments in Hospitality Sector

others who fought in the freedom struggle, infusing the qualities of tolerance, brotherhood, non-violence and patriotism into Indians.

Tourism and hospitality in Gujarat is promoted by Tourism Corporation of Gujarat Limited. *Aavo Padharo*, are words of welcome in the language of Gujarat. Gujarat is getting world focus due to the efforts of the state government in developing infrastructure. The State government is developing hospitality sector as a major industry in the state.

Haryana

Haryana Tourism policy 2008 aims at increasing the earnings from tourism inflow at the rate of 10% annually and seeks to promote sustainable tourism by encouraging a constructive and mutually beneficial partnership between public and private sector for economic development and employment generation.

The objectives of the tourism policy are to position tourism as a state priority and identify it as a growth engine for employment generation. Tourism has to be treated as a multi sectoral activity which would require effective linkages and close co-ordination with the various Departments/Boards/Corporations of the State Government like Industry, Town & Country Planning, Panchayats, Excise and Taxation and Haryana Urban Development Authority. The objective would be to brand and promote Haryana as an ideal tourist destination.

It has been proposed to set up by notification a Tourism Development Council under the Chairmanship of Chief Minister, Haryana consisting of Finance Minister, Tourism Minister, Ministers and Secretaries of other related Departments, two representative of hotel/travel trade and two experts in the field of tourism for comprehensive planned development of the State as a key tourist destination²¹.

Himachal Pradesh

Himachal Pradesh, the Land of Gods, is one of the most favourite vacation destinations of India. Its high mountains, snow-covered peaks, beautiful green hills, and mesmerizing valleys make it all the more amazing for an ardent traveller. The state offers breathtaking scenery and four seasons of exciting activities from climbing and hiking to skiing, shopping and romancing.

²¹ *Haryana Tourism Policy 2002*

Performance of State Government in Hospitality Sector

Himachal Pradesh has introduced a scheme for the promotion of rural areas "Har Gaon Ki Kahani" involving the local stakeholders by way of publishing the unending streams of stories, fables, tales and enchanting folklores so as to develop the destinations finding a mention in these sagas.

Himachal Pradesh Tourism Policy 2005 has the following mission statement;

"To make tourism the prime engine of economic growth in the state by positioning it as a leading global destination by the year 2020"

The State Government has set up a Tourism Development Board under the chairmanship of Hon'ble Chief Minister to formulate policy guidelines for development and promotion of Tourism Industry in the State and to advise the State Government on matters regarding regulation and licensing in the Tourism Industry²².

The State Government has passed the H.P. Registration Tourist Trade Act, 2002. It calls for inspection and checking of the hotels, travel agencies against overcharging substandard service etc. The Government proposes to carry out the inspection work by delegating necessary powers and also by involving the Hotel Associations²³.

Jammu and Kashmir

Jammu & Kashmir is considered a paradise on earth. Despite a history of conflicts, the state government has rather been able to manage, expand and develop the hospitality and tourism sector in the state.

Jammu & Kashmir Tourism Development Corporation was established on 13 February 1970 as a fully owned company of J&K Government. The objective of the Corporation is to run, manage and administer government hotels and catering establishments for promotion of tourism and providing good transport facilities to the tourist. The aim of the JKTDC is to provide the best possible services/facilities to the esteemed guests. The tourist facilities managed by JKTDC are available at all the important tourist destinations of J&K.

The Corporation has an accommodation capacity of 2200 beds per day and runs 37 restaurants and cafeterias across the state. The Corporation has also a fleet of luxury vehicles which cater to transportation needs of the tourists.

²² Himachal Pradesh Tourism Policy 2005

²³ Ibid.

Jharkhand

The Jharkhand government has been promoting festive celebrations in the state. Festivals in this state make for unrestrained celebrations. Jharkhand participates in almost all the festivals taking place in the country.

The State government has been promoting growth and development of hospitality sector to make the people aware of the richness of tribal culture among other things.

Karnataka

The State government, through Karnataka State Tourism Development Corporation, has been promoting the development and growth of hospitality sector from many years.

Through the efforts of the state government over the years, Karnataka has emerged as a hot spot for many different kinds of tourism particularly health care tourism. Karnataka has a very good number of approved health systems and alternative therapies.

Kerala

Until the early 1980s, Kerala was a relatively unknown destination. But in 1986 the government of Kerala declared tourism as an industry to become the first state in India to do so.

Kerala initiated tourism development programmes by establishing an international beach resort at Kovalam in 1976 with the patronage of Central government. Realizing its economic potential, the Kerala government declared tourism as an industry in 1986. Within a short span of two and a half decades, Kerala has succeeded in establishing its tourism brand in the international market. The first tourism policy of the state was announced in 1995 underlining the importance of Public-Private Partnership. Tourism has come a long way since capturing new markets with its innovative products and marketing strategies. From hardly 50000 foreign tourist arrivals and 0.13 bn rupees as foreign exchange earnings in 1986, it has reached a status of 0.6 million foreign tourist arrivals and 37.97 bn rupees as foreign exchange earnings in 2010. Total employment generated from tourism is estimated at 1.2 million²⁴.

²⁴ Draft Kerala Tourism Policy 2011

Performance of State Government in Hospitality Sector

Most of the tourist attractions in the state are under the custodianship of departments like Forests and Wildlife, Culture, Ports, KSEB, Irrigation, Fisheries and Agriculture.

Backwater based tourism activities are now concentrated in the Alappuzha region.

The Department of Tourism, in association with Forests and Wild Life Department, has been taking steps to step up ecotourism initiatives.

Aggressive marketing campaigns launched by the Kerala Tourism Development Corporation, the government agency that oversees tourism prospects of the state, laid the foundation for the growth of tourism and hospitality industry. In 2011, tourist inflow to Kerala crossed the 10-million mark.

Acclaimed by *National Geographic Traveller* as 'one of the ten paradises of the world' and chosen by BBC as 'one of the ten unforgettable things to do before you die', Kerala is India's popular tourism Super brand. Blessed with a rich bounty of natural attractions and some of India's best social indices, what makes Kerala the destination for tomorrow is its focus on sustainable tourism, stringent quality control, planned development, conservation and preservation efforts. Kerala's stress on sustainability is perfectly complemented by innovative marketing and promotional techniques, helping it evolve into a paradigm for 'responsible tourism'.

Tourism offers Kerala the best alternative to meet its objectives of reducing unemployment and kick-starting economic growth. It has also become the perfect tool for protecting the environment, preserving the State's culture and heritage, and distributing economic development throughout the State with no environmental setbacks.

The website www.keralatourism.org has been planned and developed as an authentic source of information on the State of Kerala. The site is available in different international and national languages. Annually, the website gets 28 lakh visits and its brand channels get 32 lakh video views. The monthly online newsletter as part of this website goes to more than one lakh people. The website features Video, Photo and Audio galleries, Virtual Reality Movies, Royalty-free contents and Five-year Festival Calendar. It also offers various user-friendly facilities like Intelligent Itinerary Planner, Online Reservation, Online Hotel finder, Online C-form submission, Online Accreditation for industry partners, Royalty-free content for promotion and Message-board for interaction between travellers and travel industry etc.

Performance of State Governments in Hospitality Sector

Kerala Tourism has also implemented various innovative projects like live web cast and documentation of festivals, social media campaigns and a variety of digital content generation for destination promotion.

Madhya Pradesh

In the last few years, the Government of Madhya Pradesh has initiated a number of measures to position the State as the leading tourism state of the nation.

The State Government, through the MP State Tourism Development Corporation Ltd., has been promoting the growth and development of the hospitality sector in the state. The state government announced its tourism policy in 2012 which allows the MP State Tourism Development Corporation Ltd. To act as a Single Window for implementing the provisions of the policy.

'MP Ajab Hai, Sabse Gajab Hai' is a unique and innovative advertisement film by Madhya Pradesh Tourism produced by 'Ogilvy & Mather' using the art of shadowgraphy. Through this remarkable effort, Madhya Pradesh Tourism has been able to enliven an ancient art, now on the verge of being extinct. Popular tourist destinations of Madhya Pradesh have been depicted amazingly in this film, bringing out the true essence of the State. Encapsulating every facet of the State, the film reveals the unmatched diverse experiences the State offers to its visitors in the form of art, culture, nature, religion and history.

The work done by the Municipal Council of Mandav (Mandu), District Dhar, in Madhya Pradesh is dedicated to the overall development of the city. The Council works with the active participation of local community and civic bodies. It has periodically taken focused initiatives for the improvement and development of Mandav. The Council is not only generating awareness to keep the city clean and green but also creating a high level of awareness about eco-preservation amongst the general masses.

The historical and religious aspects of Mandav throw a different set of challenges and problems and the Mandav Municipal Council effectively meets those challenges to create a world class environment.

Madhya Pradesh is known as the heart of Incredible India not only because of its geographical location but also because it is home to some of the unique heritage, culture and wildlife of India. The State has touched new heights during the year 2010 -11 with an annual revenue growth rate exceeding 20% in consecutive years.

Performance of State Government in Hospitality Sector

The highly creative promotional campaigns on T.V, Radio and in the print media have also attracted nationwide attention. The State is today one of the leading destinations in India with respect to investment in Tourism Infrastructure, and Inbound and Domestic Tourism.

The performance on the tourism infrastructure development front is even more striking. The State has introduced Caravan Tourism and Intra-State Air Connectivity. The utilization of central grants, quality and pace of construction activities, computerized monitoring and project management systems are highly commendable.

Through formation of a land bank and framing of Tourism Policy for attracting private investment, the State has again taken a lead in doing pioneering work.

But while considerable work has been done and the state is now being recognized as one of the leading tourism states of the nation, much more still needs to be done to exploit the full potential of tourism in the State.

Maharashtra

The domestic tourists visiting Maharashtra doubled during the last decade, from 41.29 lakhs in 1991 to 84.8 lakhs in 2001, whereas the number of foreign tourists visiting Mumbai increased from 7 million in 1991 to 8 million in 2001²⁵.

Maharashtra Tourism Development Corporation (MTDC) has been established under the Companies Act, 1956²⁶, (fully owned by Govt. of Maharashtra) for systematic development of tourism on commercial lines, with an authorized share capital of Rs. 25 crore. The paid-up share capital of the Corporation as on 31 March 2008 is Rs.15.38 lakhs. The Corporation receives from the State Government financial assistance in the form of share capital and grants. The State Government has entrusted all commercial and promotional tourism activities to this Corporation.

MTDC has, since its inception, been involved in the development and maintenance of the various tourist locations of Maharashtra. It owns and maintains resorts at all key tourist centers and more resorts are on the cards.

²⁵ *Tourism Policy of Maharashtra 2006*

²⁶ <http://www.maharashtratourism.gov.in>

Performance of State Governments in Hospitality Sector

MTDC provides with a good number of resorts and hotels at every possible destination within the state. All the resorts are built keeping the comfort of the tourist as the top priority. These resorts are near the tourist spots and offer a wide range of amenities.

Manipur

Manipur, literally meaning "A jeweled land" nestles deep within a lush green corner of North East India. The State government has been promoting its rich culture in every aspect as in martial arts, dance, theater and sculpture and thus helping the growth and development of hospitality and tourism sector in the state.

Meghalaya

Earlier, foreign tourists required special permits to enter the areas that now constitute the state of Meghalaya. However, the restrictions were removed in 1955.

Meghalaya Tourism Development Corporation has been set up for developing and promotion of Tourism in Meghalaya. The Corporation makes efforts to increase its revenue to enable it to carry out promotional activities. MTDC organises package tours not only to Cherrapunjee but also to other tourist destinations. It also organises training for guides, etc.

The Government has initiated implementation of online reservation at MTDC units. This is expected to serve as an opportunity for tourists to book accommodation online for real time confirmation.²⁷

Mizoram

The state government of Mizoram through the Department of Tourism has been concentrating on building tourist infrastructure for accommodation as well as recreation facilities in the state. It has developed a number of Tourist Lodges, Highway Restaurants and Picnic spots all over the State through financial assistance from the Ministry of Tourism, Government of India.

The Department has till now set up 42 Tourist Lodges and Highway Restaurants, which are being managed by the Department²⁸.

²⁷ *Meghalaya Tourism Policy 2011*

²⁸ <http://mizotourism.nic.in>

Performance of State Government in Hospitality Sector

In spite of the limited number of officers and Ministerial staff and operational staff for manning these various Tourist Lodges and Highway Restaurants, the Department has within a short period of time, achieved a commendable record.

The Department has in just 23 years of its existence achieved a lot, given and the resources available. It has developed a substantial number of facilities for tourists.

Nagaland

The State government of Nagaland is providing easy access to travelers of all categories - tourists, researchers, backpackers, ecologists etc. This little explored state is still developing and many more places remain 'unmarked'-making them even more exclusive and fascinating to explore.

The website Hornbillfestival.com has played a major role in spreading awareness about the tourism and hospitality in the state and also about the Hornbill bird which is facing extinction and was awarded the eNorth East Award 2011 in the 'Tourism & Environment' category.

Odisha

The Department of Tourism of the State Government of Odisha has all along been concerning itself among others with the development of Hotel Industry. Widely varying hotel establishments all over Orissa have been organised under three categories by the Department offering standardised facilities and amenities.

The hotel Industry has indirectly earned considerable revenue for the State within the last few years.

The State government provided a much needed boost to the construction of hotels with the declaration that hotels will be treated as an Industry. This enabled the entrepreneurs to avail of various incentives available in the Industrial Policy Resolution of the state government.

Punjab

The Punjab Heritage & Tourism Promotion Board was set up vide Government of Punjab Notification No.12/108/2002-3TC/1490 dated 14-8-2002 and was subsequently registered as a Public Charitable Trust on 5-12-2002 through a Deed of Declaration.²⁹

²⁹ <http://www.punjabtourism.gov.in>

State government of Punjab through Punjab Heritage & Tourism Promotion Board has taken many steps for the growth and development of the hospitality sector in the state.

Rajasthan

The Rajasthan Tourism Development Corporation (RTDC) started in 1978³⁰ and is incorporated as a Private Limited Company under the Indian Companies Act 1956.

The Corporation's main objective is to establish, develop and execute projects and schemes that facilitate and accelerate tourism and hospitality in the state. It also acquires, constructs and maintains tourist bungalows, restaurants, cafeterias, motels and bars to make facilities available to the tourists. To enhance the tourist experience, the Corporation also organises package tours fairs and festivals, entertainment, shopping and even transport. It also develops places of tourist interest and gives important information to tourists by way of literature and web portal.

The Corporation pioneered budget lodging which has become one of the most recognized trademark in the travel industry. It has been successfully attracting customers and maintains its successful schemes to meet the challenges of the future. Achieving quality is an on-going process that the whole company is firmly committed to. The cornerstone of their quality process is the creation and nurturing of a "Culture of Customer Service." In fact, exceptional customer service is important to its business, because it believes that a warm and cordial reception of the guest is the key to hospitality.

RTDC in collaboration with Indian Railways has been giving travellers a royal experience aboard Palace on Wheels. The train is rated as one the ten most luxurious trains. One can enjoy an experience delivered with flair and originality for its sheer luxury and dining experience.

The RTDC has convenient booking offices all over the country and it offers bookings through its wide network of agents throughout the world and through its web portal.

Rajasthan is one of the leading Tourism States of India. The Glorious Heritage and colorful culture of the state is a special attraction for foreign tourists. Heritage assets, found all over the state can be utilized for

³⁰ <http://www.rajasthantourism.gov.in>

Performance of State Government in Hospitality Sector

development of tourism. During the last few years, there has been tremendous increase in the number of tourists to the State. However the infrastructural facilities have not kept pace with this flow.

The State Government had, in 2006, announced a New Hotel Policy proposing several concessions. The concessions in the Hotel Policy 2006 were to be extended to the Star category of Hotels only, whereas several other categories of hotels, heritage hotels and other tourism units such as camping sites, holiday resorts and restaurants etc. are also providing accommodation for tourists.

The handy and informative publicity material by the Department of Tourism, Government of Rajasthan focuses on the amiable people, colourful festivals of the State, showcasing the vivid culture of the land and charming destinations offering attractive packages for the tourists.

The various publications highlight the new attractions gaining popularity at famous tourist destinations of Rajasthan, without overlooking the offerings of the less travelled places. Folders pertaining to individual destinations and festivals, a colourful pictorial booklet as a window to numerous tourists' attractions, an informative Discover Rajasthan booklet, a Rural Tourism brochure for promoting tourism in selective rural sites and a Rajasthan folder with a comprehensive map and CD containing images of Rajasthan were some of the publications brought out in 2009-10.

Sikkim

Sikkim, the land of peace and tranquillity, situated in North Eastern India, sharing three international borders nestles in the lap of Mt Khanchendzonga which Sikkim reveres as the Guardian Deity. One of the 26 bio-diversity hotspots of the world, it is a veritable treasure house of some of the world's most beautiful streams, lakes and waterfalls, flora and fauna. With a rich and diverse culture, Sikkim celebrates its fairs and festivals throughout the year.

Tourism and hospitality sector in the State of Sikkim is growing at a rapid pace in a very well thought out and planned manner.

the State now has become one of the most sought-after hill destinations at the global level. The State Government has been very effective and successful in educating and guiding the people regarding tourism on the basic principle of Sustainable Development.

Performance of State Governments in Hospitality Sector

The State Government has made tourism and hospitality a priority sector in the State's economy and a number of initiatives have been taken to promote the sector .

The State government is guided by the Sikkim Tourism Policy 2010 in the work of development and growth of tourism and hospitality sector in the state.

Tourism products with unique mix of nature, culture and adventure offer the visitors an indelible experience of the Sikkimese way of life. With such exciting terrains ranging from 800 ft to 28,208 ft, Sikkim, the Himalayan essence, remains embossed in the memory of every tourist to the State.

Tamil Nadu

Vision Tamil Nadu-2023 document was released by the Chief Minister of Tamil Nadu on 22 March 2012 at Chennai. In this document, it is mentioned that the estimated total investment in various projects relating to tourism infrastructure amounts to Rs.10000 crore and it is expected that the foreign tourist inflow would be 1.5 crore by 2023.³¹

According to India Tourism Statistics for the year 2010, 11.16 crore domestic tourists and 28.05 lakh foreign tourists visited Tamil Nadu during the year. The tourist arrivals went up further in the year 2011. 13.68 crore domestic tourists and 33.08 lakh foreign tourists visited the State in 2011. The State Tourism Department is taking steps to increase the tourist inflow and also the period of their stay.³²

Tamil Nadu Tourism Development Corporation Limited was established on 30 June 1971. It started on a modest note with five Government Bungalows and two Coaches. It has made rapid strides since then, and at present has a chain of 55 Hotels and a fleet of 25 Coaches.

TNDC has provided tourist infrastructure in even less known tourist destinations like Kothagiri, Pitchavaram and Pykara for promoting tourism in the State in a big way.

TNDC is operating Youth Hostels in major tourist destinations including the hill resorts of Udthagamandalam, Kodaikanal and Yercaud where dormitory accommodation is provided to budget tourists and students of educational institutions at affordable cost even during peak summer season.

³¹ *Tamilnadu Tourism Policy Note 2012-13*

³² *Ibid.*

Performance of State Government in Hospitality Sector

TNDC has earned the distinction of being the first State Tourism Corporation to introduce on-line booking of Tours and Hotels.³³

The State Institute of Hotel Management and Catering Technology, Thuvakkudi, Trichy and the Institute of Hotel Management, Catering Technology and Applied Nutrition, Tharamani, Chennai are conducting Hospitality Training Programmes for capacity building with the sponsorship of Ministry of Tourism, Government of India under Hunar Se Rozgaar Yojana.³⁴

Tripura

Tripura is an erstwhile princely state. With a pollution free, eco-friendly environment and pleasant weather this panoramic state is inhabited largely by 19 tribes, and Bengali and Manipuri communities.

The State government of Tripura, with the help of Tripura Tourism Development Corporation Ltd. is trying to promote and develop the hospitality sector in the state.

Uttarakhand

Uttarakhand has many tourist spots due to its location in the Himalayas. The State government of Uttarakhand is promoting development and growth of hospitality sector in many ways focusing on religious tourism along with promotion of tourism in hills and mountains which are suitable for trekking, climbing, skiing, camping, rock climbing, and paragliding etc.

Uttar Pradesh

In 1974 the Uttar Pradesh State Tourism Development Corporation was established to look after the commercial tourist activities. The State government is promoting hospitality and tourism in the state with a focus on foreign as well as domestic tourists.

Taj Mahal, the symbol of grandeur, beauty and love is undoubtedly one of the finest examples of Mughal architecture in India. One of the Seven Wonders of the modern world and a UNESCO heritage site, it attracts almost 30% of all foreign tourists to India.

In view of the immense importance of the Taj Mahal, the Department of Tourism, Government of Uttar Pradesh has commissioned an exclusive detailed website devoted to the Taj Mahal.

³³ *Ibid.*

³⁴ *Tamilnadu Tourism Policy Note 2011-12*

Performance of State Governments in Hospitality Sector

The website includes many useful features, such as a photo gallery of the 'Taj' in its various moods, exclusive video clips of the monument, its history and other details.

The website is also interactive and one can upload his/her comments. Information on other monuments of Agra, details of accommodation, certified guides, alongwith contact details of Uttar Pradesh Tourism offices in Lucknow and Agra are also provided. The website has now been recognised by UNESCO as one of the three websites of the Taj Mahal.

West Bengal

The department of Tourism is an integrated set up of both secretariat and directorate of the state government of West Bengal. The basic objective of this Department has been to run the tourist administration in the State in the interest of the tourists visiting the state and promotion of tourism, creation of tourist facilities and promotion of hospitality sector in the state.

The West Bengal State government has taken the following major steps to promote tourism and hospitality sector in the state³⁵:

1. Development of tourism and hospitality sector by inviting investment in hotels, motels, resorts, amusement parks, aerial ropeways, railway travel projects, camps, roadside amenities etc.
2. Promotion of tourism packages in and around the state.
3. Promotion of tourism products for both domestic and foreign tourists.
4. Expansion/ modernization of all tourist lodges in the public sector.
5. Setting up of tourist lodges in eco-sensitive areas in order to promote eco-tourism.
6. Integration of IT with tourism sector for providing tourists, travel agents and tour operators with prompt and more effective services.
7. Promoting HRD in the tourism and hospitality industries by encouraging the private /corporate sectors to enter these fields.
8. Promotion & facilitation of adventure tourism etc.

³⁵ <http://www.banglarmukh.gov.in>

Union Territories

Andman and Nocobar Islands

In order to develop tourism and hospitality sector in a big way, the Administration of A & N has taken up a number of steps. These projects, once completed, are supposed to turn the islands into one of the most sought-after tourism destinations in the world.

Tourism policy of A & N is very environmental-friendly, and the tourism and hospitality sector here is being developed in such a manner that besides generating revenue, it provides employment to the islanders.

Delhi

Delhi Tourism and Transportation Development Corporation, an undertaking of the Government of National Capital Territory of Delhi, was incorporated in 1975 to promote tourism and hospitality sector in Delhi.

Government of Delhi has taken various initiatives in recent years for development of tourism infrastructure, conservation of monuments and heritage and tourist facilities by setting up tourist information centers.

The Delhi government has also launched Bed-and-Breakfast Scheme in order to add more than 3000 rooms in the city³⁶. This scheme is expected to be helpful for the residents of the city as they would be able to earn from the scheme on one hand and on the other will benefit from the cultural exchange with visitors from all parts of the world during the home stay experience.

Dadra and Nagar Haveli

The Tourism department of the government of Dadra and Nagar Haveli has created a 36-bedded luxury and economic class accommodation at Chauda (20 km. from Silvassa).

The surrounding area has been landscaped and tourists throng in thousands to see and enjoy the location apart from the tourists staying in the complex. The Department has also built a small check dam on the adjoining river Sakartod to operate boating facilities.

A twenty-bedded super luxuries health resort has also been completed near the waterfront at Kauncha.

³⁶ *Delhi Tourism Citizen Charter*

Performance of State Governments in Hospitality Sector

A budget tourist accommodation with multi purpose facilities at Silvassa is being provided with 40 bedded accommodation.

The Department has also provided 3 Cottages, Restaurant and amusement park with fountains and well laid garden at the historic temple of Lord Siva at Bindrabin.³⁷

Daman and Diu

The Tourism Department of Daman and Diu is working for the development and growth of the hospitality and tourism sector in the U.T. of Daman & Diu.

The hotels set up and registered with Tourism Department in the UT of Daman & Diu are not liable to pay luxury tax at present. The Sales Tax on "Cooked Food" is only 4%. The electricity charges of hotels registered with Tourism Department, Daman & Diu are charged on par with Industrial Category (i.e. LTP/Motive Power up to 99 HP and in HTC Category if having contact demand of 100 KVA and above) instead of being charged at commercial rates.³⁸

Lakshadweep

The Society for Promotion of Nature Tourism and Sports (SPORTS) is a society formed by the Lakshadweep Administration in 1982 with the avowed aim of tapping tourism potential of the islands and to act as the nodal agency of Lakshadweep Administration for promotion of tourism and hospitality sector in the islands.

The Society operates tourist resorts at Kadmat, Minicoy and Kavaratti. It also conducts a package tour covering three islands - Minicoy, Kalpeni and Kavaratti.

Apart from operating above resorts, SPORTS is manning State Guest House and Dak Bungalows of the Administration. SPORTS also strives to provide employment opportunities to the educated locals in the tourism and hospitality sector.³⁹

Puducherry

In the year 1986, a separate Directorate for Tourism was created by the government of Puducherry. In the same year, the Pondicherry Tourism Development Corporation (PTDC) was also set up.

³⁷ <http://dnh.nic.in>

³⁸ <http://www.damantourism.com>

³⁹ <http://www.lakshadweeptourism.com>

Performance of State Government in Hospitality Sector

PTDC is arranging various package tours including daily local site-seeing tours for tourists and local people. The Corporation is running Boat Houses and restaurants in various tourist places to cater to the needs of tourists.

The Department of Tourism is providing accommodation to the budget class tourists in Yatri Nivas, Govt. Tourist Homes in Pondicherry and Karaikal.

Chapter 4

Problems, Issues and Challenges in the Growth and Development of Hospitality Sector

Construction of hotels is capital intensive and has a long gestation period. Among the constraints being faced by the hotel industry, in addition to the high cost and limited availability of land, is the procurement of multiple clearances / approvals which are required from the Central and State Government agencies for hotel projects. In some cases as many as 65 or more clearances/approvals are required by hotel projects which vary from State to State. The often cumbersome process involved in obtaining multiple clearances for the hotel projects results in:

1. Delay in implementation of the project.
2. Cost escalation making the project less profitable and often unviable.
3. Discourage Promoters for investing in such projects.
4. In some instance, the project is stopped midway and restructured for some other use such as apartments etc.
5. Delay in implementation of the project.

Incentives to Accommodation Infrastructure in India:

Interest Subsidy Scheme

The Ministry of Tourism introduced an interest subsidy scheme in 1973 for setting up hotel projects in 1,2,3-star category and heritage hotels with an objective to develop tourism and hospitality sector in India so as to exploit the potential of earning precious foreign exchange. As per the original scheme, the interest subsidy was @1% up to an aggregate loan assistance of Rs. 7.50 million for each hotel project subject to the company being regular in meeting its commitment to the lender.

Subsequently, there have been certain changes in the eligibility for interest subsidy from time to time. Initially in 1973 when the scheme was floated the

Performance of State Government in Hospitality Sector

interest subsidy component was 3% for all 1-star /2-star /3-star as well as heritage hotels. Subsequently in 1978, the subsidy rate for heritage hotel was revised to 5%.

The Ministry of Tourism commissioned a study in 2002 to study the impact of interest subsidy scheme; the study recommended a one-time upfront subsidy instead of the interest subsidy. Also due to the procedural bottlenecks in the administration of the scheme, it was decided to discontinue the scheme with effect from 1st April 2002 and launch one-time Capital subsidy scheme in August 2003 w.e.f from 1st April 2002.

Capital Subsidy Scheme

To encourage growth of budget hotel accommodation for promotion of tourism in the country, the scheme of "Incentive to Accommodation Infrastructure" was introduced during the 10th plan to provide incentives to new approved hotel projects in 1 to 3-star and heritage basic categories in the country except the four metropolitan cities of Delhi, Mumbai, Kolkata and Chennai.

Government needs to learn from its experiences with this scheme and come up with new such kind of incentives for the promotion of hospitality sector as a whole.

Role of FIs

FIs have a major role to play in the success of any kind of fiscal incentive scheme. In case of capital subsidy, the process of forwarding has to be through a notified Financial Institution/ banks and not by the individual entrepreneurs availing the subsidy, making the role of the concerned officers in the bank/ FIs dealing with the entrepreneurs more critical as they are the first access point for the subsidy. The banks and FIs can structure their term-lending products along with capital subsidy tailored to meet the demands of tourism and hospitality sector.

Capital Subsidy v/s Interest Subsidy

Interest subsidy scheme seems to be more attractive as it helped new entrepreneurs with interest rates being quite high. The capital subsidy was not very popular as compared to interest subsidy due to its low awareness level and low quantum.

Tax Issues in India for Hospitality Sector

The tax burden in India is very high as compared to other neighbouring countries. The Indian hotel Industry is heavily taxed, thereby inflating the hotel bills. The various taxes charged include the luxury tax, sales tax, expenditure tax, VAT etc. Being in the domain of the respective states and union territories, the taxes are different in all the states and union territories of the country.

The taxes, being very high, make the business of hotels a bit difficult, especially in remote areas. It is submitted that tax-reliefs would be a much attractive option for running the hotels and making the business more profitable.

Recently, the Government has also started stricter implementation of the tax provisions. Ever increasing Government expenditure, widening of fiscal deficits, and abuse of the tax laws etc. have prompted the Government to widen its taxation base. This has affected the hospitality sector also.

Unsatisfactory hygienic conditions and cleanliness

One aspect that has adversely impacted tourism and hospitality sector in India relates to unsatisfactory hygiene and cleanliness at important tourist destinations. This factor has emerged as a major roadblock to full realization of our tourism and hospitality potential. However, our Government has taken the initiative to put in place a comprehensive strategy to effect cleanliness at tourist destinations under the "Campaign Clean India". More such steps need to be taken.

Demand-supply gap

Several studies have highlighted the demand-supply gap in hotel rooms in India. Most of them have estimated a gap of 150,000 hotel rooms. A greater need is being felt in the mid-market and budget hotels segment in which a shortfall of around 100,000 rooms is estimated. Since the construction of hotels is capital-intensive with a long gestation period, the Government is making efforts to stimulate investments in this sector and speed up the approval process to attract private sector investments.

It is estimated that the room demand in the premium segment hotels in 10 major cities in India has increased by around 5 per cent since the past one

Performance of State Government in Hospitality Sector

year. The room demand in India is expected to grow by approximately 10 per cent over the next five years.

Some other problem areas in the hospitality sector

Some of the problem areas in the Sector and initiatives for the same include the following.

1. States impose luxury tax ranging from 5 per cent to 12.5 per cent. In some cases, the luxury tax is applicable on printed room rates whereas actual hotel rates offered to guests are much lower.
2. Construction of hotels is capital intensive and has a long gestation period. To this, add the high cost and limited availability of land and multiple clearances / approvals required from central and state government agencies for hotel projects.
3. The sluggish investment scenario in the hotel and tourism segment also implies that most of the investors are not willing to come forward because of the inherent problems therein like lack of hotel sites, expensive land available through auctions and inadequate returns on the investment as compared to those in other sectors of the economy etc.

Although the rapid rise in personal disposable income and changing lifestyle of younger generation augurs well for the hospitality sector, high land prices, low FSI, plethora of taxes, and low incentive from government are some key hurdles for hotel companies in India.

Excerpts from the study to assess the requirement of Manpower in hospitality, and travel trades sector conducted by Ministry of Tourism, Government of India in January 2012

1. There are more than 56,000 hotels and 75,000 motels in India, with almost 95% in the unclassified category. The number of eating outlets (with more than 10 chairs each) is just over a 100,000 as of March, 2010.
2. Both North and West India have larger number of hotels. The Western region has the maximum number of eating outlets.

Problems, Issues and Challenges in the Growth and Development ...

3. The number of rooms in accommodation units has almost doubled, from a little over 13.5 lakhs in 2002 to more than 27 lakhs, as of March 2010. This is due to a steep increase in the number of motels on highways as well as unclassified hotels within city limits.
4. There are 204 employees per 100 rooms in hotels in the four star upwards category and approx. 152 per 100 rooms in the smaller 1 – 3 star hotels. The unclassified accommodation units have 61 employees for every 100 rooms.
5. Eating outlets have 31 employees for every 100 chairs while the travel & tour firms employ on an average 14 each.
6. Total employment has risen to almost 39 lakhs in March, 2010, an increase of almost 50% in the last 8 years in hospitality sector.
7. Employment in all accommodation units and motels has more than doubled, from a little over 8.5 lakhs in 2002 to more than 18.5 lakhs, as of March 2010. Employment in eating outlets as well as travel and tour firms has registered a marginal increase and has reached 18.7 lakhs and 96,000 respectively, in March, 2010.
8. Employment in accommodation units in the North is the highest, followed by Western region. The largest number of eating outlets happens to be in the West.
9. Housekeeping, followed by F&B and front office, together account for 68% of the workforce in the hotels industry. Administration and security are the other large functions by employment.
10. The total employment is likely to increase to 76 lakhs by March, 2022. Accommodation units will have the largest number of employees at over 44 lakhs, followed by eating outlets at 24 lakhs. Medical wellness is also likely to become a substantial employer, with a little over 600,000.

Austerity Measures

With the changed political and economic scenario, government seems determined to take austerity measures to cut down on unwanted and avoidable expenses, and as a result, the hospitality industry is complaining of losses in their revenue.

Performance of State Government in Hospitality Sector

The Government has been asking the banks and other state organizations to conduct their meetings in their own offices instead of arranging them at a holiday destination. This way, the government intends to save a lot on air tickets, hotel booking and other travelling expenses. And now it has extended the ban on other officials as well. As a consequence, the high-end five-star hotels have reported a huge dip in their revenue due to cancellation of the bookings for meetings and conferences. The industry has been further hit as the private companies have also adopted the trend in order to cut down on costs.

The situation comes in the wake of announcement made by finance ministry of a 10 per cent cut in non-plan expenditure in the fiscal year 2013 as part of austerity measures aimed at containing fiscal deficit.

Some Other Problems and Deficiencies in the Tourism and Hospitality Sector in Various States and Union Territories

After the above study and analysis of performance of various state governments and union territories, an assessment of the present status of the scenario of tourism and hospitality reveals a number of problems and deficiencies in various states and union territories. These can be enumerated as follows:

1. A number of subsidies and other incentives have been mentioned in successive tourism policy documents of various state governments and Union Territories, but they have not been implemented properly, and thereby desired levels of investment have not been achieved.
2. Inbound tourism and hospitality growth is confined largely to urban areas in various states and union territories. Rural destinations witness a meager inflow of tourists.
3. The various state governments and union territories have not taken up any sustained promotional campaigns because of which awareness about the richness and diversity of their respective tourist attractions is by and large absent.
4. There is very limited ownership of tourist destinations and tourism products by local bodies and local communities in various states and union territories.

Problems, Issues and Challenges in the Growth and Development ...

5. The developments initiated by the government are limited and confined mostly to large cities. Whatever little has been done by the private sector also has happened in parallel without much integration with various state governments' and Union Territories' priorities and efforts.
6. The abundant presence of tourist destinations across the various states and union territories has not been fully exploited by the various state governments and Union Territories.
7. A large number of business travelers who come to the various states and Union Territories, have not been motivated sufficiently to extend their stay for tourism purposes.
8. Various state governments and union territories have failed to create required number of proper accommodation units as compared to other tourism products. As a result, many of the tourists hesitate to go/visit various destinations of various states and Union Territories.
9. Government support in the form of incentives is available even to already developed urban areas. More units are, therefore, coming up in the urban areas only, continuing to seek the Government's extended benefits.
10. The Departments of Tourism of various state governments and Union Territories have a multiplicity of players and weak structures, which could be reviewed and strengthened accordingly.

Chapter 5

Responses from Select Group

The hospitality Sector is highly dynamic and government has been focusing on promoting and developing the sector through various incentives and promotional programmes and schemes. Hospitality sector helps government earn foreign exchange and increase overall happiness of the people through employment generation and increasing the quality of life among all.

For the purpose of the current study paper, a questionnaire was prepared and responses were sought from a select group of people such as Chartered Accountants, Advocates and experts (select group) connected to the field of hospitality sector.

Questions such as whether laws, regulation and policies are in harmony with the needs of the hospitality sector and their views on the further reforms and policies etc. required from the side of the government were posed to the select group. The complete questionnaire has been attached in *APPENDIX I*.

Summary of Responses from Select Group

The responses of the select group are summarized in brief as given hereunder.

- The select group was of the opinion that the hospitality sector has been proved to be a catalyst for the overall development of the country and happiness and well-being of the people at large.
- Hospitality sector has supplemented the role of welfare state of the Government of India and State Governments to a large extent.
- Hospitality sector has provided and created immense employment opportunities for the people.
- Hospitality sector has helped in increasing the awareness about the Indian culture, traditions and historical developments in various parts of the country alongwith providing leisure and entertainments satisfactions.
- Hospitality sector has helped in increasing awareness about the geographical stretches of the country and awakened the people for their rights and duties to each other and the country as well.

Responses from Select Group

- The state governments and Union Territories should be encouraged to set up hospitality and tourism development entities, which have not done the same till date.
- The state governments and Union Territories should be encouraged to set up exclusive websites for providing required information and online reservation for bookings of hotels etc, which they have not done so far.
- The state governments and Union Territories should be encouraged to set up more budget and other category of hotels at important locations for promotion and development of hospitality sector in their respective state/Union Territory.
- The tax benefits provided to the hospitality sector by the Government are undoubtedly required in the view of role being played by the sector in the interests of the society at large.
- Taxation laws, regulation and policies need to be harmonized with the needs of the hospitality sector in the changed scenario.
- Tax exemptions help in promotion, growth and development of the hospitality sector and, therefore, they should continue. In fact, more of such exemptions and incentives should be considered.
- The misuse of tax exemptions and incentives by the hospitality sector must be minimized by use of stricter measures such as increased audit compliance, transparency and accountability measures.
- Although legal restrictions and compliance are required to monitor the end use of the tax exemptions etc., on the pretext of promoting hospitality sector, they should not impose undue hardships on enjoyment of tax exemptions by the hospitality sector.
- Hospitality sector is provided tax benefits globally in almost all mainstream countries as they play a very important role in achieving social objectives. India must continue to strive for the position of world leader in promotion and development of the hospitality sector by the measures of tax exemption among other things.
- A central regulator on the lines of SEBI, RBI, IRDA etc. may be created for proper regulation and development of the hospitality sector in the country, on the basis of experiences gained and in view of changing dynamics of the hospitality sector.

Performance of State Government in Hospitality Sector

- A central database on the hospitality sector that provides comprehensive information on the hospitality sector seems to be the need of the hour.
- Last but not the least, all state governments and union territories must be encouraged to form/review tourism and hospitality policy in their respective regions - at least those state governments and union territories which have not done so till date should do so now. At the same time, the Central government also needs to review its Tourism Policy of 2002.

Chapter 6

Hospitality Sector- Status in A Few Select Regions

Tourism and hospitality is presently the most important civil industry in the world. The hospitality industry is second only to the global oil industry in terms of turnover, and is, by far, the largest employer around the world. Ten percent of the world's work force is in the tourism industry, and 10 percent of the world's GNP comes from tourism.

Germany, USA and the UK are the leaders in terms of international tourism and hospitality spending. During 2009, China overtook France to become the fourth largest tourism and hospitality spender.

United States

The travel and tourism industry in the United States generated more than \$1.3 trillion in economic output in 2010, supported 7.7 million U.S. jobs and accounted for 7 percent of all U.S. exports. One out of every 17 Americans works, either directly or indirectly, in a travel and tourism related industry. In 2010, revenues from U.S. travel and tourism represented 2.8 percent of gross domestic product⁴⁰.

China

In the five years through 2012, the Hotel industry in China has grown by 6.3% on average to an estimated \$38.8 billion. However, growth has been uneven over the period due to a number of macro-economic conditions like the global recession in 2009 and non-economic factors like natural disasters and strict visa limits during the 2008 Beijing Olympic Games. A particularly bright year for the industry was 2010, due to the Shanghai Expo and the Guangzhou Asian Games, which resulted in a surge in foreign tourists entering the county⁴¹.

⁴⁰ <http://selectusa.commerce.gov>

⁴¹ <http://www.ibisworld.com>

Singapore

Since March 2004, Singapore's tourism sector has enjoyed 48 months of growth in visitor arrivals. In 2008, despite the downturn in the fourth quarter, tourism receipts achieved a record-high of S\$14.8 billion. While these figures are impressive, the country is not resting on her laurels, but plans to continue boosting its appeal as a tourism destination.

Singapore Workforce Development Agency, Ministry of Manpower and Singapore Tourism Board (STB) launched a Tourism Talent Plan in 2007. Under this plan, S\$360 million was allocated to be spent over three years to train 74,000 tourism industry workers, thus equipping Singapore with qualified manpower to cope with higher levels of visitor arrivals. A S\$30-million scheme introduced by STB is expected to support tourism and hospitality establishments in developing their manpower by acquiring specialised tourism and hospitality related skills or new capabilities.

STB launched a new plan dubbed BOOST (Building On Opportunities to Strengthen Tourism), which was conceived in anticipation of challenging times ahead for the tourism industry. This \$90-million initiative aims to boost demand for Singapore as an ideal tourist destination, increase the government's funding towards tourism, improve the sector's capabilities, reach out to Singaporeans, enhance partnerships within the industry, as well as secure a positive future for the industry as a whole.⁴²

Pakhtuns

The Pakhtun people of South-Central Asia, pre-dominant in all the provinces of Afghanistan have a strong code of hospitality. They are a people characterized by their use of an ancient set of ethics, the first principle of which is Milmastiya or Hospitality. The general area of Pakhtunistan is also nicknamed The Land of Hospitality.

Classical World

To the ancient Greeks, hospitality was a divine right. The host was expected to make sure the needs of his guests were seen to. The ancient Greek term xenia, or theoxenia when a god was involved, expressed this ritualized guest-friendship relation. In Greek society a person's ability to abide by the laws of hospitality determined nobility and social standing.

⁴² http://worksingapore.com/articles/industry_6.php

Celtic cultures

Celtic societies also valued the concept of hospitality, especially in terms of protection. A host who granted a person's request for refuge was expected not only to provide food and shelter to his/her guest, but to make sure they did not come to harm while under their care.

Chapter 7

Change in thought Line of Government, Changes Proposed and the Way Forward

The tourism and hospitality sector in India is characterized by close, constant and constructive cooperation between Government and Travel and Hospitality Industry. It is this cooperation and synergy that has enabled Indian tourism and hospitality sector to emerge from serious challenges in recent years. It is absolutely necessary to maintain constant dialogue with all stakeholders of Indian tourism, trade and hospitality sectors so as to enable tourism and hospitality sector to play a prominent role in employment generation and economic development of the country.

All stakeholders need to work together with an innovative outlook and positive approach for development of Indian tourism and hospitality in a sustainable and responsible manner.

Renewed zeal for tourism and hospitality sector and its prospects

Hospitality sector is being driven by social, religious, recreational, knowledge seeking and business interests and motivated by the human urge for new experience, adventure, education, and entertainment. Tourism and hospitality is both cause and consequence of economic development. It has the potential to stimulate other sectors in the economy owing to cross-synergistic benefits and its backward and forward linkages.

The other factors that will continue to fuel growth in the hospitality sector include increase in the disposable income, availability of better education, rising standards of living and an increase in the leisure time.

While the luxury segment would continue its good run, the real growth is expected to come from the mid-market and the budget hotel segment. High occupancy rates and good demand has already led to mushrooming of budget hotels. Many private players have also come into picture. Courtyard by Marriott, Kamfotel, Hometel, ibis and Country Inns & Suites are some of the players that have entered the budget hotel space.

The famous world of international fund companies - Blackstone, Morgan Stanley, Walton Street Capital, Starwood Capital, Merrill Lynch, Westbridge Capital, Lehman Brother are looking to invest in the hospitality sector.

In the near future, the country is expected to witness the popularity of the concept of service apartments grow. Already an established concept in foreign markets, service apartments shall offer the convenience of a home without maintenance botheration.

Innovation

Much hope for the Indian economy lies in harnessing innovations in the hospitality industry. Not only has the Indian hospitality industry an enormous growth potential, it also reinforces the diffusion of innovations by attracting foreigners, facilitating the movement of people, and so on.

The hospitality business requires entrepreneurs to continuously come up with new services, new ways to present existing services, new ways of enhancing the experiences of their increasingly demanding clientele, and new processes to economise operations. Without innovation, hospitality service providers face the threat of becoming 'obsolete'- ultimately driving them out of business or forcing them to hand the business over to more efficient and innovative entrepreneurs.

Innovations According to Particular Hospitality Categories

As on 31 December 2011, there were 2,895 classified hotels having a capacity of 1,29,606 rooms in the country⁴³. Health tourism, the new entrant in the hospitality sector, is also a niche area where India has good potential⁴⁴.

Major players in the hospitality industry can be categorised into leading domestic hotel chains, international brands, emerging Indian brands, market entrants from outside the industry, and the remainder of unclassifiable, largely standalone properties.

The leading Indian hotel chains, such as The Taj Group of Hotels, Oberoi Hotels & Resorts, and ITC Welcomgroup, and the government-run ITDC dominated the Indian hotel market for decades, when only a handful of international brands had a token presence in India.

⁴³ *Economic Survey 2010-12, Para 10.25*

⁴⁴ *Ibid*

Performance of State Government in Hospitality Sector

Of the major international hotel chains, Sheraton, Hilton, Hyatt, Radisson, Marriott, and Le Meridien are already firmly established in the Indian markets and steadily expanding. With China and India as leading engines of growth in the global hospitality industry, few globally operating companies want to be left out. Considering the immense scope of opportunity in India, more and more international brands are following in their footsteps. By now, about 50 international hotel chains have entered the Indian marketplace.

With more international players and their sophisticated services, competition in the market is growing increasingly fierce, leading to a higher degree of professionalism in the industry. With the spread of established hospitality brands, guests are increasing their demands and expectations on the whole industry, thus creating an environment conducive to innovation.

In recent years, local hospitality brands have also been mushrooming in India. Starting with a single lounge or hotel, some ventures expand to become India-wide or even international hospitality brands. Examples are the Neemrana group of hotels and Delhi-based Shalom. The latter is a Mediterranean inspired hospitality provider that started out as a standalone lounge in Delhi and quickly developed into a professionally managed company that offers lounges, restaurants, bars, annually released music CDs, music concerts, and a chic hotel in Goa called Soul Vacation. Shalom has become a famous success story in the Indian hospitality industry, not least due to its innovative ways in which it is positioning and expanding its brand.

Gradually, hospitality services are also being offered in India's rural areas. Private persons convert their country homes, villagers offer home stays, and agriculturalists as well as pastoralists open their farms to visitors. Notably, it is not only foreign tourists who demand these services, but, with the advent of quality amenities and improved facilities, more and more Indian families and corporate clients are also being tempted to the countryside.

Many new and innovative leisure destinations are being developed in the remote corners of India. Beaches, mountains, agricultural estates, wildlife sanctuaries, religious pilgrimage places, among others, have played a key role in putting rural India on the hospitality map. This trend has the potential to change the face of rural India enduringly.

Other accommodation options emerge in special locations. One popular trend is the houseboat hotel, which is also referred to as a boatel. The houseboats of Kashmir and Kerala offer luxurious accommodation to

travellers at affordable prices. Their unique location in nature combined with the rustic architecture of the boats is especially appealing to tourists from abroad as well as from within the country.

Rotels, such as the famous Indian luxury trains "Palace on Wheels" and "Deccan Odyssey", are continuously expanding the 'hotels on wheels' concept. A growing number of other trains in India provide a luxurious hotel atmosphere to discriminating tourists.

Budget Hotels

The Bed and Breakfast concept has arrived in India. The government is now classifying home owners providing hospitality facilities as "Incredible India Bed and Breakfast Establishments". Interestingly, even big hospitality service providers are attracted to this nascent market. Mahindra Group's Mahindra Homestays already has hundreds of rooms on a Bed and Breakfast basis in Indian homes countrywide that can be booked online. Average room rates hover around INR 2,500 for facilities at par with three star category hotels. Also, leading hotel groups offer quality accommodation at economical prices, such as Ginger Hotels, Lemon Tree, Sarovar Hotels, Fortune Hotels, Ibis, and Choice Hotels. High demand but a still rather limited supply in this mid-market segment makes the new avenue attractive to potential investors and many of the upcoming hotel development projects currently taking place, position themselves in this segment.

The Indian Hotels Company Limited (IHCL), a unit of Tata Group known mainly for its Taj luxury hotels, such as the famed Taj Mahal Hotel in Mumbai's Colaba district, is India's largest hotel chain with more than 70 hotels in India and abroad as well as more than 100 years of presence in India's hospitality sector. One innovative experiment by IHCL is Ginger Hotels, a revolutionary concept in hospitality for the value segment focusing on key facilities that meet the key needs of the economically-minded traveller.

Ginger outsources a wide range of services from cleaning and laundry to computer support and cafeteria service. To free up space in the very compact rooms, TVs are mounted on the wall. To save on cleaning staff, the furniture, flooring, and bathroom fixtures are made of easy-to-clean materials. To cut the need for security, guests stash valuables in lockers. To deal with the increasingly expensive real estate rates in India, the company has come up with an innovative strategy of offering landowners a share of the hotels' profits. With their concept, they are able to offer rooms between

Performance of State Government in Hospitality Sector

INR 1,000 and 1,500, while making handsome profits selling highly sought after quality rooms at reasonable rates.

Most bookings are made online and the brand spreads mostly through media reports and word of mouth due to the very reasonable rates, which allows the Taj Group to save on advertising expenses as well. The concept proves so successful that the company is planning to open hundreds of Ginger Hotels in India and around the world. Taj's brand sharpening exercise is bearing fruits. Credit Suisse recognised IHCL as one of the 27 'Great Brands of Tomorrow'.

Luxury Hotels

India has also entered the field of Super Luxury Hotels; some are located in the big cities, while others are located close to nature. Mumbai's Sahara Star hotel, for instance, is one of the famous Super Luxury city hotels in India. It features the 3-floor Sahara Suite.

Often by necessity as much as opportunity in a time of declining importance, Indian royalty have opened their family palaces to guests. Authenticity, a concept that already is in danger of becoming a cliché in the hospitality world, is quite an understatement for what is on offer. Guests in India easily know the difference between brand-new hotels built to look like 200-year-old palaces and authentic 200-year-old palaces turned into hotels with modern amenities and history that speaks to guests from every corner. Often, the royal family will be present at dinner and be accessible to explain their heritage to hotel guests.

More and more rustic colonial properties, beautiful *havelis* and imposing palaces are being renovated to become heritage hotels. Properties that are also converted are ruined castles, planters' clubs, and hunting lodges, among others. All, however, have one feature in common: a minimum of 50% of the floor area was built before 1950 and no substantial changes to the façade have been made.

Authenticity

Based on the belief that it depends heavily on the type of accommodation how guests will experience local culture, a rising amount of hospitality service providers focus on cultural content; for example, accommodations that mirror the authentic architecture, flair, and lifestyle of the respective destinations.

New hospitality ventures must go a step further and take tourists to fascinating places that are not always easy to navigate on their own, trying to strike a balance between cultural immersion, vivid history, sheer natural beauty, and enjoyment. They should offer exposure to local culture by giving deep insights into the local culture such as local trades, customs, art, architecture, religion, food, and music. These kinds of authentic cultural experiences are tailored to the demands and needs of the clients, and can be as diverse as a tribal village stay in the jungle-clad mountains of Alwar to an urban homestay run by a university professor and her scientist husband.

Travel must act as trusted intermediary between local communities and the interested public and ensure that a meaningful exchange takes place between guests and hosts. Guests are welcomed into private homes, attend fascinating ceremonies, and gain invaluable insights into ancient, complex cultures often unknown and inaccessible to outsiders. Intricate local networks coupled with deep cultural expertise guarantee that guests learn about and participate in the rich traditions that make India such a vibrant destination.

Guests in India can stay on farms ranging from stud farms over dairy farms up to full-fledged agricultural farms. They are perfect for urbanites looking to unwind and get back to nature, but with a bit of comfort and the chance to freely choose the activities in what the guests want to engage in, whether they want to milk the cows, wash the buffalos, learn to grind wheat, pick vegetables, or go fishing. Besides, guests experience the natural, cultural, and heritage aspects of the region, such as the local geography, cuisine, and handicrafts.

Unconventional Accommodations

Today's travellers are enthusiastic about travelling in different ways to widen their experiences. This is also reflected in their choice of unconventional accommodation options. In India, religious centres, ashrams, and monasteries are among the popular alternatives to classic choices of accommodation. Given the cleanliness and hygiene of these accommodations, besides their unique cultural content, this segment offers huge potential. Organisations such as the Krishnamurti Foundation, Bharat Sevashram Sangha, Ramakrishna Mission, ISKCON, and Aurobindo Ashram are among the religious institutions that offer accommodation options across India.

Unique Selling Proposition

Many higher end hotels in India are realising that their key USP in international competition is not their high-tech facilities, but rather their outstanding staff-to-guest ratios and the long standing tradition of Indian hospitality as immortalised by "Atithi Devo Bhava". Hospitality is about serving the guests and providing them with a "feel-good-effect". Personalised comprehensive service, such as suites having their own personal butler, gives guests that extra feel of being valued by their hosts.

Journeys to India can be complex and challenging. If any tourist destination asks for support in logistics, knowledge of culture, local connections, and insightful guides, it must be India. At the same time, the extra amount of support and attention needed is highly affordable in India. Drivers fluently speaking English, high-profile facilitators accompanying guests in tribal villages, staying in the home of a professor and his family or dining with the Maharajas in their family palace, in India the extraordinary becomes the rule rather than the exception.

Diversification

Innovative concepts of diversification hold the key to survival in the hospitality industry in the long run. Fierce competition has led to innovative ideas by hotel majors, thereby delivering impressive hospitality products and services. Exotic spas, gorgeous golf courses, multi-cuisine fine dining, spacious conference and convention facilities are all among the growing list of facilities found in leading hotels.

Hotels are adapting to innovative operating models by bringing in external brands of restaurants, spas, and lounges on lease or management contracts to capitalise on proven concepts that generate substantial revenue by attracting hotel guests and local residents. Cafes and bars which have high profit margins are increasing their presence in hotels and are quickly developing into core profit centres. A prominent example is Café Coffee Day found at Ginger Hotels.

Taking the example of India's most famous spa, Ananda Spa, one can feel the extent of diversification in the industry. Renovating the erstwhile palace of a local Maharaja in the Himalayas, Ananda Spa has created a spa resort that heavily draws on India's spirituality. Inviting "resident masters", such as those who teach Yoga and heal using Ayurveda, and combining and packaging spiritual wares with pure luxury, offers a promising revenue model.

Food and Beverages

With the deeper integration of India in global economic exchange and the freer flow of goods across borders, the Indian hospitality industry now has access to better products, such as imported foods and beverages. Until recently, five star hotel restaurants were considered the epitome of fine dining experiences in India, and even now many of the best restaurants and bars are still located in India's five star hotels. The concept of high-end standalone restaurants remained a rare exception.

By now, however, any new trend that emerges in any part of the world rapidly spreads to India, such as the latest fads of ice bars and ethnic lounges. With well-travelled upwardly mobile consumers, new and trendy food concepts find an increasing following in India. The resulting manifold opportunities entice famed international chefs to move to India. At the same time, foreign tourists increasingly dare to sample the diversity of local food. Many domestic guests, too, seek for opportunities to dine on quality local delicacies, drink traditional beverages, and learn something of the culinary traditions of the locale.

Foreign versus Domestic Tourists

Earlier, foreign tourist arrivals to India were highly lopsided, with a few countries such as the US and the UK accounting for the bulk of arrivals in India. In recent years, foreign tourist arrival figures have been diversifying. More and more people from Afghanistan, Bangladesh, Sri Lanka, and Nepal visit India now, as do people from Southeast Asian countries, South America, and Africa.

Domestic tourism in India has been a widely neglected topic. Even today, the statistics on foreign travellers garner all the attention. However, of the total of 500 million trips taken in India per year, only about five million are from international visitors. Domestic travellers form the major component of revenue generation in the Indian travel industry.

Tourism has taken India by storm. Indians travelling within the country have nearly doubled in the past decade. Besides business trips, the traditional pilgrimage tourism, and visiting relatives, the emerging Indian middle class with its rapidly rising disposable income is following suit and discovering its India in its myriad forms. While family trips are still fairly dominant, the number of Free Individual Travellers (FIT) is increasing rapidly.

Performance of State Government in Hospitality Sector

The improved availability of quality hotels in the budget and mid market segment is also providing more cost-effective travel options, as Indians are very price sensitive. With more Indians travelling internationally, there also is greater awareness of international brands and service standards. Consequently, Indian guests will become more discerning in coming years and will take a good room and a meal for granted, and will increasingly demand special travel experiences.

While the possibilities for positive change seem endless, it will take an earnest effort, both from the industry's key stakeholders in the private sector as well as the relevant government authorities, to truly harness the innovation potential of the Indian hospitality industry.

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.

Opportunities

There exists a 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.

By now, accommodation options throughout India have become extremely diverse, from cosy homestays and tribal huts to stunning heritage mansions

and maharaja palaces. From Kashmir to Kanyakumari, from Gujarat to Assam, there are different cultures, languages, life styles, and cuisines. This variety is increasingly reflected in the many forms of accommodation available in India, ranging from the simplicity of local guest houses and government bungalows to the opulent luxury of royal palaces and five-star deluxe hotel suites.

Future trends

According to the Indian Tourism ministry, the Indian tourism and hospitality sector industry would be the third largest foreign exchange earner in the country in the next three years. Till the end of 2012, foreign tourists will grow at the fastest pace in comparison with the last decade and it is estimated that tourism in India could contribute US\$1.8 billion to India's GDP. These statistics show the seriousness of the Indian government towards tourism.

Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Karnataka and Rajasthan are the leading tourism destinations in India in terms of total tourist arrivals. In the next few years, some new states should come into the picture such as Uttarakhand, Madhya Pradesh and a few others.

According to the ministry estimates, around US\$10 billion will be required for the development of Indian tourism in the next five years. From the point of long term capital requirements for all the states, it would be nearly US\$56 billion in the next 20 years.

Due to stable political and social conditions in India, there will be an increase in the number of tourist arrivals. India is ranked fourth among the world's must- see countries. With in view, the present government has taken a few projects like opening of the partial sky policy. This allows private domestic airline operators to fly in the Indian skies.

An increasingly growing middle class group, the arrival of corporate incentive travel and the multinational companies into India hold out bright prospects for tourism. India's easy visa rules, public freedoms and its many attractions as an ancient civilization make tourism and hospitality development easier than in many other countries.

To tap the growing opportunities in the hospitality sector, more than 25 major international hotel companies like Accor, Marriott, Claridges, Shangri-la, and Carlson Hospitality are also looking to enter India, either independently or in collaboration with domestic partners.

Conclusion and Suggestions

Conclusion

On the basis of the above study and discussions, it may safely be concluded that the Hospitality sector has proved to be a catalyst for the overall development of the country, happiness and wellbeing of the people at large, and India has finally made its mark on the world hospitality map.

Hospitality sector has supplemented the role of welfare state of the Government of India and State Governments to a large extent and has provided and created immense employment opportunities for the people.

Hospitality sector has helped in increasing the awareness about the Indian culture, traditions and historical developments in various parts of the country along with providing leisure and entertainment satisfactions.

Hospitality sector has helped in increasing awareness about the geographical stretches of the country and awakened the people to their rights and duties to each other and to the country.

The tax benefits provided to the hospitality sector by the Government are undoubtedly required in view of the role being played by the sector in the interests of the society at large. Tax exemptions help in promotion, growth and development of the hospitality sector and should, therefore, continue; in fact, more such exemptions and incentives should be considered.

Suggestions

Now based on the study, discussions and conclusions arrived at, the study paper suggests the following:

1. A comprehensive and renewed approach is essential for enhancing the performance of the Central as well as state governments in the hospitality sector. The Government has to motivate and keep engaged the private sector also with proper tax incentives and other policy decisions for the growth and development of the hospitality sector.
2. Hospitality sector has to go through a rigorous training program to be able to sustain the ever growing demands on this sector. The Government has to come up with many more colleges and universities across the country in the hospitality sector.
3. The state governments could consider for budget hotels, may be with 10- year tax incentives, reimbursement of stamp-duty and lower

Change in thought Line of Government, Changes Proposed and the ...

transfer fee for leasehold land. In order, to keep the tariffs competitive, budget hotels should also be extended concession on entertainment and luxury tax.

4. Government needs to learn the lessons from the experience of the interest subsidy schemes and capital subsidy schemes and come up with new such kinds of incentives for the promotion of hospitality sector as a whole.
5. The taxes, being very high, make the business of hotels a bit difficult, especially in remote areas. It is submitted that tax-reliefs can be a very attractive option for running the hotels and making the business more profitable. Lowering the luxury tax, VAT etc. might provide the much-needed boost.
6. More programmes like "Campaign Clean India" need to be launched so as to provide better services to the visiting guests.
7. The state governments need to develop the tourist destinations in an integrated manner and the states need to encourage the accommodation at the tourist centers in a holistic manner.
8. Further, the setting-up of a hotel involves various approvals from various central / state/ local authorities, with some of the approvals needed after the completion, involving considerable time. With a view to avoiding delays, the state governments could consider a single window clearance scheme.
9. The state governments and Union Territories should be encouraged to set up hospitality and tourism development entities, wherever it has not been done so far.
10. The state governments and Union Territories should be encouraged to set up exclusive websites for providing required information and online reservation for booking of hotels etc, wherever it has not been done so far.
11. Taxation laws, regulations and policies need to be harmonized with the needs of the hospitality sector in the changed scenario.
12. The misuse of tax exemptions and incentives by the hospitality sector must be minimized by use of more and more strict measures such as increased audit compliance, transparency and accountability measures.

Performance of State Government in Hospitality Sector

13. A central regulator on the lines of SEBI, RBI, IRDA etc. may be created for proper regulation and development of the hospitality sector in the country, in the light of the experienced gained so far and in view of the changing dynamics of the hospitality sector.
14. A central database about the hospitality sector so as to provide more and sufficient information on the hospitality sector seems to be the need of the hour.
15. Last but not the least, all state governments and Union Territories must be encouraged to form/review tourism and hospitality policies in their respective regions. At least those state governments and Union Territories which have not done so till the date. Central government also needs to review its Tourism Policy of 2002, which has become outdated, and come out with a comprehensive tourism policy for the country in the changed global scenario.

The Way Forward

Over the last two decades the mad rush to India for business opportunities has intensified and elevated room rates and occupancy levels in India. The successful growth story of 'Hotel Industry in India' is second only to China's in Asia Pacific. The Hotel Industry is inextricably linked to the tourism industry and the growth in the Indian tourism industry has fueled the growth of Indian hotel industry.

The thriving economy and increased business opportunities in India have acted as a boon for Indian hotel industry. The arrival of low cost airlines and the associated price wars have given domestic tourists a host of options. The 'Incredible India' destination campaign and the recently launched 'Atithi Devo Bhavah' (ADB) campaign have also helped in the growth of domestic and international tourism and, consequently, the hotel industry.

One of the major reasons for the increase in demand for hotel rooms in the country is the boom in the overall economy and high growth in sectors like information technology, telecom, retail and real estate. Rising stock market and new business opportunities are also attracting hordes of foreign investors and international corporate travelers to look for business opportunities in the country.

With the Ministry of tourism targeting over 12 % growth rate in in-bound as well as domestic tourists, it has been projected that tourism sector will generate additional jobs of about 2.5 crore, both direct and indirect, during

Change in thought Line of Government, Changes Proposed and the ...

the 12th Five Year Plan. This was stated by Union Minister for Tourism Shri Subodh Kant Sahai while presenting National Awards for excellence in hospitality education for the year 2010-11. He said the direct employment in hospitality sector will also be substantial. Shri Sahai said employment related to hospitality trades alone would be around 36 lakhs. The Minister informed the audience that hospitality industry needs about 2 lakh trained persons every year but the supply is just about 18000 persons, which gets further reduced to about 12000 persons after adjusting an attrition of about 30 to 35 %. Shri Sahai said, "As per our estimate, by the close of the Eleventh Plan, our efforts to expand the institutional infrastructure and broad-basing of hospitality education through Universities, Colleges, ITIs, Polytechnics and Schools is expected to increase the supply of trained persons in a major way." The Tourism Minister said Central Government, on its part, has been actively trying to bridge the skilled manpower shortage by setting up more govt. sponsored IHMs and FCIs, broad-basing training & education through the aegis of Universities, ITIs, Colleges, Polytechnics, PSUs, Schools etc., establishing short-term hospitality courses, upgrading the skills of existing as well as aspiring service providers through "Hunar Se Rozgaar" programme, skills testing & certification of the existing service providers. Shri Sahai said, "This will be a significant improvement but would still not be enough."

The Union Tourism Minister said the efforts of the Central Government, though important, have to be necessarily supplementary and catalytic and here, our IHMs and FCIs have to raise themselves to the level of Institutes of excellence to spur and stimulate similar efforts in the Private Sector. He said, "I therefore urge the Institutes to make earnest effort to raise their standards so as to be acceptable internationally, to become model institutes. The Ministry will always be there for you in its supportive role."

Referring to the encouraging trends in International and Domestic tourism, Shri Subodh Kant Sahai said tourism is now being recognized as one of the key drivers of growth and employment generation in the country. He said the contribution of tourism to the GDP is estimated to be more than 9%.

The Minister referred to an independent study carried out by his Ministry to identify major gaps that existed in terms of infrastructure and service delivery at major tourist destinations. He said this study concluded that, for both the foreign and domestic tourist, the lack of hygiene and insanitary conditions in and around monuments/ destinations, poor Solid Waste Management around the monuments/destinations and absence of hygienically maintained public amenities like toilets were the key factors that were impeding our efforts to

Performance of State Government in Hospitality Sector

catapult India as a leading tourist destination. Shri Subodh Kant said, "Campaign Clean India" is aimed at undertaking both sensitization and action at field level on bringing our tourism destinations and their surroundings to an acceptable level of cleanliness and hygiene. He said the objective is also to ensure that these levels are sustained through ownership and involvement of private and public sector stakeholders. Shri Sahai said, "The IHMs and FCIs are expected to play a leading role in setting standards of cleanliness in and around monuments for all other educational institutions to follow."

Shri Subodh Kant said in order to preserve, propagate, research, document and patent the numerous hues of the Indian cuisines through an institutional mechanism, the Ministry of Tourism has already initiated steps for the setting up of the Indian Culinary Institute with six of its centres across the country.

The Tourism, Travel and Hospitality Industry in India today stands poised for unprecedented growth in the coming years given the buoyancy of Indian economy. The Government is making all efforts to make tourism and hospitality its main political and economic agenda, given its proven role in stimulating inclusive economic growth, employment generation and social integration.

Central and state governments along with the Union Territories are committed to the integrated development of tourism and hospitality sector with active participation of various stakeholders and people at large.

Also, Ministry of Tourism may convene workshops for all industry associations and their members and other stakeholders for promotion and development of the hospitality sector, alongwith State Governments and other Implementing Partners and Focal Points.

We need to think afresh on the current strategies and realign them with the latest global trends. India will certainly be able to increase its share in the world tourism and hospitality market if it thinks proactively, innovatively and remain competitive.

Appendix I

Study Questions Posed to A Select Group of Respondents

Serial No.	Study questions
1.	What is the meaning and requirements of the hospitality sector in the backdrop of changing social, economic and political scenario?
2.	What is the performance of the Central as well as State Governments in respect of the growth and developments of the hospitality sector?
3.	What kind of restrictions and hardships have been imposed under the laws, regulations and policies on growth and development of the hospitality sector?
4.	Whether taxation laws and regulations are in harmony with the needs of the hospitality sector.
5.	Whether taxation laws and regulations imposes restrictions on enjoyment of tax benefits by the hospitality sector.
6.	Whether taxation laws and regulations may play a positive role in increase in the overall growth and development of the hospitality sector.
7.	What are the new challenges in growth and development of the hospitality sector for the Government in changing social, economic and political scenario?
8.	What has been the global experience in providing Government support in form of tax exemptions etc. to the growth and development of the hospitality sector?
9.	Whether existing laws, regulations and policies dealing with the hospitality sector should be amended in order to make them compatible with the global practices.
10.	What are the expectations from the Central as well as State Governments for the growth and developments of the hospitality sector?

Performance of State Government in Hospitality Sector

11.	What methods and techniques may be applied for better output by the Government policies to enhance the performance of the State Government in the hospitality sector?
12.	How to improve the performance of the Central as well as State Governments in the growth and development of the hospitality sector?
13.	Any other comment/suggestion.

Disclaimer

This report is prepared in accordance with our study of the hospitality sector for limited purposes, and on the basis of desktop study. This report may not be suited for any purpose other than to assist in evaluation of our study capabilities. Further, we have not independently verified the information gathered or contained in this report and accordingly, express no opinion or make any representations concerning its accuracy or completeness. Our study is for information only and should not be quoted, referred to or transmitted to another party, in whole or in part.