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Indian hospitality industry: Issues & challenges

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Abstract

The purpose of this research is to report on significant issues and impending developments in the Indian hospitality business. The study explains the evolution and fundamental characteristics of the Indian hospitality sector, and what to expect in the nearest term and the critical issues that the industry must confront in an increasingly global setting, as well as the impact of these changes on human resource in the world. The article summarizes the primary challenges in the India hospitality industry in the areas of planning and investment, licensing and laws, room inventory, technological limitations, cost and revenue administration, growth issues, security and safety concerns, and staff management. The market trends that will rule the market are highlighted, which will help future researchers. The article finishes with recommendations for overcoming these problems, which will help industry practitioners make better judgments.

Keywords: Challenges, trends, characteristics, and hospitality

Introduction

Because of the beneficial influence of the demand-supply environment, development drivers, investments, and government efforts for the tourist sector, the Indian hotel industry has enormous potential. To have knowledge of this sector, this study offered a thorough Industry insight of the Indian Hotel Industry, which elaborates trends, future features, and problems while keeping in mind the many elements impacting Industry functioning. This study seeks to examine the peculiarities of the Indian hospitality industry, which is an important source of revenue for the country. In terms of the country's economic growth, the hotel business plays a critical role in the service sector. The key characteristics of India's hospitality business were identified to be its high seasonality, labor-demanding nature, and fragmentation. The Indian hotel industry faces multiple difficulties, the most notable of which are a lack of skilled staff, a high turnover of skilled workforce, an abundance of room inventory, contest amongst various players, safety concerns in India, which is a serious hindrance to tourism, high greater perceptions, job burnout in the hospitality sector, infrastructure bottlenecks, accumulative costs, stagnant innovative thinking, uneven advancement, and poor organization. This research also focuses on the key areas of concern for the hotel industry, which have been reduced down to: emerging markets, demography, brand, skills and aptitude, ecology, current technological developments, and disaster management. This study will be useful to industry practitioners in developing rules and recommendations that will aid in growth. The subject's findings are relevant in this context because they give insights into topics that are important to the hotel business in India. There are several implications for industry practitioners and policymakers that would encourage the faster expansion of the hotel sector and contribute meaningfully to the country's economic progress.

Background of the study

Despite short-term issues, the Indian hotel industry's future prospects are promising. India, with its rich historical heritage and vibrant culture, will always be in high demand among global tourists. Numerous financial centres are sprouting up quickly in the nation, giving birth to domestic travellers who know the value of premium services and are prepared to pay for them (Desai, 2010).

The key challenges for the hotel industry in India are mostly connected to the availability of qualified people resources, the cost of the cost of land purchase, as well as utilising social networks and the most recent technological developments to fuel growth in the hotel business (Jauhari, 2012).

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According to a study performed by Tourism Satellite Accounting (TSA) and authored by the World Travel and Tourism Council (WTTC), India will eventually take third place in the world as requirement for travel & tourism in the nation is expected to rise by 8.2 percent between 2010 and 2019, putting India in third place (Statistics of Hospitality Industry in India, 2012). The Indian tourism sector confronts a variety of issues, including a low worldwide share (0.38 percent), insufficient capacity, expensive travel, poor organisation, a lack of enabling infrastructure, and a skilled labour shortage in comparison to demand, lapses in security and safety, uneven progress, which has resulted in a poor visitor experience, and slow revenue growth (Hans, 2008). A Summary of the Hospitality Sector The hospitality sector is one of the world's oldest, having been patronised originally by traders, philosophers, religious leaders, and intellectuals, and is a part of the travel and tourist industry. The cornerstones of this industry include hotels, motels, inns, spas, and restaurants. The Hospitality Industry includes tourism, entertainment, housing, and transportation (airlines, railways, car rentals, cruise liners, and travel intermediaries such as travel agencies and tour operators). tour organisers Prior to World War II, locations were went to visit by Britishers and Indian Nobility, resulting in the establishment of hotels by British and Indian entrepreneurs, with only a few Indian firms attempting to control hotels in India, such as Indian Hotels Company Limited (The Taj Group) and Indian Hotels Company Limited (The Taj Group). When India gained independence in 1947, there was a time when no hotel expansion was done. Pandit Jawaharlal Nehru, India's Prime Minister at the time, saw that the travel and tourism industry might serve as a driving force for the country's economic growth and launched the construction of luxury hotels in India for international tourists in 1956. This inspired the Indian government to launch its first hotel investment, The Ashoka Hotel in New Delhi. The India Tourism Development Corporation was established in 1966 by the merger of Janpath Hotel India Ltd. and India Tourism Transport Undertaking Ltd. (ITDC). The Indian government boosted the tourism industry in 1967 by creating the Ministry of Tourism, which separated it from the Ministry of Transport and Shipping. The Asian Games, which were hosted in India in 1982, boosted the country's hotel economy. During that time, the first national tourism policy was released, outlining the goals to be reached through increasing tourism in order to assist the country fulfil the massive demand for hotel rooms in the capital city of New Delhi, which was also the venue of the Asian Games. Tourism was designated as an industry in 1986. Following a rigorous review in 1987, the Indian government approved the franchising of three and four-star hotels by an Indian enterprise. Tourism was designated as a priority sector in 1991, making the hospitality industry eligible for regular permits of hotels where 51 percent of the population resides. After tourism was designated as an Export House in 1998, several large international hotel chains established themselves in the country. As a result, hotel owners, travel agents, and tourist transport providers are eligible for a variety of government incentives. Growth prospects in travel and tourism cannot be realised until the hospitality industry is expanded. In India, there are an estimated 114,000 hotel rooms scattered throughout various hotel classes, which is around 150,000 rooms short, demonstrating that while there are numerous prospects, the

business must also cope with obstacles. Because the hotel sector is vulnerable to economic cycles, it experiences both depression and elevation dependent on room availability and demand. Poor infrastructure, expensive land acquisition costs, and many permits exacerbate India's growth challenges. The Indian hotel industry has recently demonstrated a negative trend after experiencing a period of significant growth due to factors such as rising interest rates, inflation, and strategic paralysis in the government, resulting in a decline in growth. Foreign tourist inflows have also decreased as a result of the global economic downturn, but the bright side is that domestic tourism in the nation has improved significantly with improved connectivity and is projected to outperform any decline in incoming visitor influx (US, UK and Eurozone). Future investment plans by global and domestic firms will have to take into account a wide range of customer preferences.

Research Methodology/Objective

The goal of this research is to understand the current state of the hotel sector in India as well as the issues that lie ahead. The study analyses the major problems that the sector faces. This study aids in the analysis of problems that owners and managers of hospitality firms, as well as individuals who use their products and services, are likely to confront. This study article is both descriptive and practical in character. The research is based on available literature on the many difficulties dealt with by the Indian hospitality industry. It covers the present state of things in the Indian hospitality industry, trends, and seeks to propose answers to these difficulties.

Challenges faced by the hospitality Industry in India

License Requirements: Indian restaurants must apply for a number of permissions, which are susceptible to red tape by government officials. Depending on the state, an entering property may have to approach and over forty agencies in order to obtain more than 100 licences. This activity of getting permissions delays the development by a year or more, which is inconvenient when contrasted to industrialised economies such as Singapore, which requires only six licences through six government entities. Because of the uncertainties produced by delayed procedures, the Indian government must make the entire process quick, simple, and transparent. (Kashyap, 2014) ^[3].

One of the most serious difficulties affecting the Indian hospitality sector is a shortage of good staff at all skill levels. This is particularly true in the nation's interior areas, which draw visitors but, unlike metro areas and tier two towns, struggle to retain competent and educated workers. Staff turnover of good labour: Also with training and education, the hotel industry in India struggles to keep its workers, and attrition rates are relatively high. Hotel workers are easily absorbed into greater industries such as retail, banking, aviation, and other service industry (Panwar, 2012) ^[13].

Excess Room Inventory: Earnings in the top hotel categories are likely to shrink in the next financial years due to a gap inside the number of available rooms and a limited increase in international visitors. Because of surplus rooms in 14 major metropolitan areas around the country, these hotels' operating profit margins are predicted to be the worst in the preceding ten years (Naidu, 2012).

Players are competing with one another: The sector is facing growing competition as new rivals, new items, and new systems enter the market. Competition from neighboring countries is also severe, with South East Asia developing as a lower-cost option with better infrastructure (Kannan, 2005).

In India, safety concerns are a major deterrent to tourism: International visitors to India are concerned about being hassled, tricked, or robbed. International travellers are also more likely to be targeted, defrauded, and robbed, according to the study. Tourists' belief in the safety and security of tourism locations influences their decision to visit and the growth of the tourism sector. Natural disasters such as the Indian Ocean tsunami, as well as the danger of epidemic illnesses (bird flu, swine flu, dengue fever, chikungunya, and so on), have an influence on the industry (Ninemeier, 2009). Following the 26/11 assault, hotels concentrated heavily on organising specific training sessions for the staff. High Expectations from Guests There is a lot of rivalry in the hospitality business due to an expansion in the number of participants, both domestically and internationally, and constantly changing customer needs necessitate the need for the newest services and delivery methods.

Conclusion

The study sheds light on the issues that the Indian hospitality industry faces, as well as proposed solutions to those challenges. These proposed policies, if implemented, might stimulate economic growth not just for the hotel industry but also for the Indian economy. Technological innovations must be implemented promptly in order to meet the requirements of knowledgeable guests. The government of India must focus on the delayed process of licence acquisition in order to make the entire process quick, easy, and transparent. Taxation should be rationalised, and taxes levied in all states across the country should be consistent. India must present itself as a safe and tourist-friendly country by launching various marketing campaigns in different regions of the world. Markets and trends move as the economy does, and what is true now may be obsolete in a few years. Because the hotel sector is always evolving, there is a need for continual study and innovation in this field. There is now a market slump with excess hotel inventory, therefore there is a trend toward boosting domestic travel; nevertheless, this scenario may not be sustainable in a few years. It may be stated that the leisure and entertainment sectors are expanding internationally. Tourist emotions about India would undoubtedly increase with the availability of improved infrastructure as well as a stable sociopolitical and economic environment.

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