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## 19. A Critical Review of the Working of Hotel Industries in Mumbai District

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- Prof. Ashok V Poojari

### Introduction

Mumbai has been the financial capital of Maharashtra It has attracted many businessmen to do business here. It has been described as the dream city of India. You will find diversity in population . You will find varieties of business conducted over here. The government is trying it's best to provide the best possible amenities and technology to see that the business in Maharashtra should prosper. Our government has also initiated MIDCs at various parts of Maharashtra .MIDC's have been the backbone of the Industrial development in Maharashtra State .Similarly many Foreign Companies are set up in Maharashtra thereby aiding the employment and income to the State. Endeavours are on to see that most of the business organization come to Maharashtra and people are employed. Similarlyendeavours are also on to see that the service industries are also to prosper. It is a fact that so as the business to prosper , the service industries should play a greater role in the development process. Prosperity of Service industries indicates the development of nation. The Industries have catered to the needs of the ever growing demands of the society like the products , employment etc... Today contribution of Maharashtra State in terms of Industrial production has been the highest in the country. So Maharashtra which is called as Mayanagri is the Financial Capital of India .Similarly all most all types of hospitality industries are also found in Mumbai. Both organized and unorganized hospitality industries are found in Mumbai. They also contribution to the income of the state.

Hotel industries are also a part of Hospitality Industries in India. We have both organized as well as unorganized hotels in Mumbai. Organized hotels are those who have been registered under special procedure and unorganized no doubt are registered but with minimal restrictions and procedures. Some of the examples of organized hotel are Hotel The Taj , Hotel Grand Hyatt , Hotel Intercontinental ,Hotel Grand Maratha ,Hotel Sea Princess etc..These are the star hotels like the five stars , Four Stars ,Three and two stars. In Mumbai you will also find the graded hotels also .Even we will find the chai kitapri which are the shacks types where hot teas and pakoras are served. There are middle class hotels also where normal lunch and snacks are provided. There are dining bars where liquors are served along with dinner. You will also find the quick service restaurants like the Mac Donalds, Surbways, KFC, Taccobell, Burger King Fasos, etc.

### **Rationale of the study**

It has been observed that the Hotel industry has been a contributor to the GDP of the nation. It has provided employment to many thereby reducing the shocks of unemployment. Hotel industry has always supported the prosperity of tourism industry. A major chunk of the nation's foreign income is tourism and without hotel stay you can't imagine tourism.

Existence of Hotel industries has been very old and had been since many generations. Initially the Kings and Maharajas used to build dharmashalas to provide hospitality and different country used different methods to provide hospitality. As the time passed away the concept of hotel industry changed and has become more of commercial type. Hotel service is availed when a traveler wanted rest and food , he used to enter into the hotel where he will be provided with food and rest and sometimes even drinks also. As the time passed on the concept of Hotel industries has become more sophisticated and advanced. Innovation in technology , customer centric approach ,multi -service etc has been initiated.

The main problem lies in existence of Hotel is in question. The Hotel Industry finds it more trouble in its existence. Many unorganized hotels and some organized hotels already have been closed thereby threatening the income of the state and endangered the employment status. It is a matter of sadness that many Udipi Hotels are closed in Mumbai.

Even one of the five star hotel in Goregaon area of Mumbai is out for sale. The owners find problems in running the business even if they are in the posh locality .That is the reason this study has been made

### **Objectives of the study**

1. To analyse the working status of Hotel industries in Mumbai
2. To find the reasons of closure of Hotel industries in Mumbai
3. To suggest the ways and mean of smooth running of Hotel industries in Mumbai

### **Research Methodology**

Primary data has been collected very recently .Visits to almost 108 hotels both organized and unorganized to get details. The secondary data has been compiled from the newspaper , magazines , internets etc.Interviews with owners of some quick service restaurants and tourist are also compiled.

### **Findings of the Study**

#### **1. Shortage of skilled employees**

Initially the Mangaloreans used to run the hotels and all the employees were the uneducated youngsters of Mangalore. Since they started to persue education , they left hotel industries in Mumbai and join one or the office for job. So now it is **of the greatest** challenges plaguing the hospitality industry is the unavailability of quality workforce in different skill levels. The hospitality industry has failed to retain good professionals.

#### **2. Retaining quality workforce**

Since there is inflation in the Economy , the salary or the wages paid does not match to their expectation of the worker or professional so retention of the workforce through training and development in the hotel industry is a problem and attrition levels are too high. One of the reasons for this is unattractive wage packages. Though there is boom in the service sector, most of the hotel management graduates are joining other sectors like retail and aviation. Lack of training to the staff or unskilled worker will increase the burden of the hotels in different way such as more wastages

#### **3. Existence of Quick Service Restaurants**

Foreign Direct Investments and the existence of Quick service Restaurants has been one of the cause of the decline of hotel business in Mumbai. The competition between the Hotels and the Quick Service Restaurants has led to the closure of hotels. The price and the quality and the speed of service of Quick Service Restaurant are far better than the hotels in Mumbai. Since taste of people have changed and they need quick services so they turn towards fast food chains ie quick service restaurants

#### **4. Intense competition and image of India**

The industry is witnessing heightened competition with the arrival of new players, new products and new systems. The competition from neighboring countries and negative perceptions about Indian tourism product constrains the growth of tourism. The image of India as a country overrun by poverty, political instability, safety concerns and diseases also harms the tourism industry. The government has also allowed Foreign Direct Investments, so the foreign players are in India leading to wasteful competition

#### **5. Customer expectations**

As India is emerging as a destination on the global travel map, expectations of customers are rising. The companies have to focus on customer loyalty and repeat purchases. So there is imbalance in the number of guest in each hotel. The media has made aware of all things available in different countries, so customers or tourist expects the same in the hotels of our country

#### **6. Less Digital in Nature**

As compared to other countries, our hotels are less digitalised. Reservations and booking process are very slow which leads to diversion of tourist to some other destination. Still today the hoteliers depend on agent for their customers but they should make use of websites to attract the customers through web hosting

#### **7. Human resource development**

Some of the services required in the tourism and hotel industries are highly personalized, and no amount of automation can substitute for personal service providers. India is focusing more on white collar jobs than blue collar jobs. The shortage of blue collar employees will pose various threats to the industry.

#### **8. Utility Cost**

Day by day the utility cost has been increasing which increased the cost of the service and products

#### **9. Safety Measures**

Recent cases of Kamla Mill Copound has posed fear in the minds of the hoteliers that safety measure should be focused or else customers will not turn up. Most of the customers think of safety criterion at the hotel.

### **10. Fundings and Loan facility**

Some banks are apprehensive to give loans to hotels and since the business of hotel industries are declining that may lead to Non performing Assets. So availability of loan or funding from outside agency has been a dream for some hotels

### **11. Taxation**

With the advent of GST (Goods and Service Tax), the rate of tax has increased and the tourists or the tourist are unaware about the actual rate for rooms including GST. So they are reluctant to stay in certain posh hotels. It has been found that some tourist were looted in the name of GST. Since the Tariff has increased due to GST, the tourist are unable to decide where to stay. Before GST has been introduced, different taxes like entertainment tax, luxury tax, central excise, fire tax etc has been levied. It has been also found that small hotels and shack owners don't pay right amount of taxes so the government is suspicious.

### **12. VISA issues**

Many hotels with foreign tourist especially the organized hotels find difficult to solve the VISA issues. Their Hoteliers body had been making representation regarding the same but it is found that the government is not keen on solving their problems which has really created problems in the hotel business. This leads to a type of harassment and thereby less tourist

### **13. Licensing problems :**

Outsiders feel that doing business in Mumbai is a tedious job. Obtaining license is a Himalayan task. You have to visit particular offices several hundred times to get the licenses

### **14. Corruptions :**

For obtaining permission or licenses you have to pay bribe to the concerned officer or else you will not get permission. Even there will be raid in some star hotels to search the tourist whose visa has expired. Even there are certain governments work according to the directions of the ministers issuing licences or any other matters. The Personal Assistant of some ministers intervening while issuing the license

### **15. Lack of Standardization :**

There should be standardization in food quality and service quality because the tourist always believe in the standard food and service and if at all it differs then don't expect them to come again

**Recommendations:**

1. The government should play a greater role in terms of licensing , taxation and provision of supplementary help
2. The tourist spot should be well developed and advertised like the Disneyland, so that tourists will be attracted
3. The government should take specific measures to curb corruption by licensing authorities
4. It is the duty of the government to provide proper infrastructure
5. A compulsory training program every six month that every hotel conduct for their employees so that they can be highly skilled
6. There should be technological upgradation in the hotel and the hotel owner should be always aware of the development of latest technology
7. It is the governments duty to see the safety and security of the foreign tourist coming to India. Proper protection should be extended to women tourist coming from other countries
8. The hotel should provide multi-speciality such as money exchange, air ticket booking , information centre , vehicle services at reasonable rate , pick and drop ,escorts etc...
9. There should be a strong body to represent the problems of hotels
10. There should be uniformity in the different aspects like uniform rate of tax , licensing policy , hours of working etc..
11. The funding agencies should take care of hotels whichever the possible way and help them to survive
12. The hotels should devise best methods of meeting expenses so that they can face competition and not to suffer loss
13. The provision of comforts and best services will bring more customers which will increase revenue to the hotel.