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**January–March, 2012**

## *Editorial*



*The Year 2012 has begun on a note of promise and hope for the vibrant growth of the nation's economy and of the tourism and hospitality sector, as outlined in the Twelfth Five Year Plan of the country.*

*The strategies for development during the Plan period of 2012-2016 are expected to expand our sector from 9 percent to 12 percent of the country's economy, creating 24.9 million jobs in the process. Challenging targets have been set for bringing about a quantum jump both in the Foreign Tourist Arrivals (FTAs) from 5.58 million (2010) to 11.39 million by 2016, and in the Foreign Exchange Earnings (FEEs) from US Dollar 14.16 billion (2010) to US Dollar 30.3 billion by the end of the 12<sup>th</sup> Plan period. Simultaneously, the Domestic Tourist Visits (DTVs) are expected to go up from 650 million in 2009 to 1451.46 million by 2016. The new target for the hotel sector is to achieve an increase in the number of hotel rooms of approved categories from 128,770 to 310,500 rooms by 2016, i.e. an increase of 181,730 hotel rooms in the next five years.*

*They present both challenges and opportunities for opening up new vistas for our sector. It will be our endeavour to keep our esteemed members **au fait** with the rapidly evolving developments as well as the various initiatives which HAI is taking on behalf of the industry. We have therefore much pleasure in introducing the HAI e-Newsletter as a value addition to HAI's portfolio of services to the members.*

*We would welcome our esteemed Members' views and suggestions. Please feel free to send any comments that will help improve our publication. Your feedback and suggestions may be e-mailed at: [bbhushan@hotelassociationofindia.com](mailto:bbhushan@hotelassociationofindia.com)*

**Bharat Bhushan**

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*&*

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## NAKUL ANAND RE-ELECTED HAI PRESIDENT

Mr Nakul Anand, Executive Director, ITC Ltd, was unanimously re-elected as President, Hotel Association of India for a consecutive two-year term (2012-2013) at the 15<sup>th</sup> Annual General Meeting of the Association held in New Delhi on February 01, 2012. The AGM also reconstituted the HAI Executive Committee for a two-year term (2012 – 2013).

Mr Vivek Nair and Ms Deepa Misra Harris were elected as the two new Members of the Executive Committee. Mr Vivek Nair, Vice Chairman and Managing Director, Hotel Leelaventure Ltd, would represent Leelaventure as Corporate Member of the Executive Committee in place of Capt C.P. Krishnan Nair, Chairman, Hotel Leelaventure Ltd. Ms Deepa Misra Harris, was elected to the Executive Committee in the Five Star and Five Star Deluxe Hotels category, vice Mr Ajoy Misra.

Earlier addressing the AGM, Mr Anand reiterated that he would continue to serve the Association to the best of his abilities to ensure that HAI retains its leadership position in the hospitality industry.

Among the several initiatives taken by the Association on behalf of the industry, Mr Anand made a special mention of the contribution made by the Hotel Association of India towards evolving the Tourism Ministry's Approach Paper on Tourism for the Twelfth Five Year Plan which has received the approval of Government at the highest levels. "As your President, I had the privilege of being nominated as a Member of the Working Group set up by the Ministry of Tourism and the Steering Group constituted by the Planning Commission, entrusted with the task of developing strategies for harnessing the full potential of Indian tourism during the 12<sup>th</sup> Five Year Plan period."

## NEW MANAGEMENT COMMITTEE



Nakul Anand, President



Raymond N. Bickson  
Vice President



Vikram Oberoi  
Hony. Treasurer



Vivek Nair  
Hony. Secretary

The newly-elected Executive Committee held its first meeting on February 01, 2012, immediately following the AGM and elected four Office Bearers who constitute HAI's Management Committee: Mr Nakul Anand as President; Mr Raymond N. Bickson as Vice President; Mr Vikram Oberoi as Honorary Treasurer and Mr Vivek Nair as the Honorary Secretary for the years 2012 and 2013.

## NAKUL ANAND HIGHLIGHTS HAI PRIORITIES

In a recent media interview after his election as HAI President for the second consecutive term (2012-2013), Mr Nakul Anand stated that the Association would continue to focus on promoting and protecting the interests of the Indian Hospitality Industry and secure its due place in India's economy.

Elaborating the major issues of concern to the hospitality industry in India, and how HAI would address them, Mr Anand observed:

First, ensuring the availability of hotel rooms for achieving the 12<sup>th</sup> Five Year Plan target of 11.24 million tourist arrivals in India by 2016. Since India is heavily under-roomed in hotel accommodation, having only about 118,000 hotel rooms in the approved categories, an additional 170,000 rooms would be needed by the year 2016 to accommodate the targeted level of foreign tourist arrivals. However, constraints of high cost of land, non--availability of suitable location, stringent land policies of State Governments and the highly capital intensive nature of the industry have been impeding the growth of hotel projects in India.

The Association would therefore continue to relentlessly pursue its long standing demand for the Industry to be granted the infrastructure industry status to derive full benefits of fiscal concessions and infrastructure facilities available to other sectors like airports, seaports, power projects and gas distribution networks. This would be the most important component of HAI's strategy to accelerate the pace of construction of more hotel rooms.

Second important area of concern is the acute shortage of skilled manpower. HAI was the first Association to voluntarily adopt the Ministry's Scheme of skill development titled "*Hunnar se Rauzgar*" through its Corporate Members in Delhi. From January this year the Scheme has been incorporated in the Ministry's Guidelines for Classification of Hotels and made mandatory. Human resource development is given prime importance by HAI members.

Third major issue concerns obtaining clearances for hotel projects. This problem however has recently been addressed by the creation of a Hospitality Development & Promotion Board (HDPB) under the Ministry of Tourism.

Lastly, high taxation and multiplicity of taxes across states and union territories is an issue of major concern to the industry. Hopefully these would likely be resolved with the introduction of the proposed Goods and Service Tax (GST) next year for which the Association has already submitted its proposals to the Government.

Mr Anand stated that the tourism and hospitality sector is continuously engaged in meaningful interaction with the Government through the Ministry of Tourism. HAI is represented in the National Tourism Advisory Council (NTAC) by him and Mr. R K Puri, Secretary General of the Association. He is also a nominated member of the Working Group set up by the Ministry of Tourism and the Steering Group constituted by the Planning Commission for developing strategies to harness the full potential of Indian tourism during the 12<sup>th</sup> Five Year Plan. Besides, HAI is closely associated with various Committees set up by the Ministry of Tourism, and provides regular inputs in consultation with its stakeholders. HAI is thus

able to play an active role in the interactions with the Government for the furtherance of the objective of promoting tourism in India.

#### **CAPT. C. P. KRISHNAN NAIR HANDS OVER THE BATON**

The distinguished Founder Member of HAI, Captain C. P. Krishnan Nair, Chairman, Hotel Leelaventure Ltd. who has been a Corporate Member of HAI's Executive Committee for 15 years, has nominated the Vice Chairman and Managing Director, Hotel Leelaventure Ltd., Mr. Vivek Nair to take over the mantle of his Group's Corporate Membership of HAI in 2012.

Capt. Nair turned 90 on 9th February 2012. His 90th birthday was celebrated with much enthusiasm by his vast circle of friends and well-wishers. HAI joins them in wishing him a long, healthy and active life.

#### **PRIYA PAUL HONOURED WITH "PADMA SHRI"**



On the occasion of the 62<sup>nd</sup> anniversary of India's Republic Day on January 26, 2012, the coveted civilian award "**Padma Shri**" was bestowed on Ms Priya Paul, Immediate Past President of Hotel Association of India and Chairperson, Apeejay Surrendra Park Hotels Limited, for her valuable contribution in the field of hospitality sector.

HAI takes pride in the fact that out of its six Corporate Members, three Members have been honoured with the Padma Awards.

Mr PRS Oberoi, Chairman & Chief Executive, EIH Limited, was honoured with "**Padma Vibhushan**" in 2008, the highest Award in this category.



Capt. C.P. Krishnan Nair, Founder Corporate Member of HAI and Chairman, Hotel Leelaventure Ltd., was conferred "**Padma Bhushan**" in 2010.



Ms Priya Paul receiving the "**Padma Shri**" Award in 2012 becomes the third recipient of this prestigious national recognition.

## **HAI INTERVENTION AVERTS CLOSURE OF AGRA AIRPORT**

The hospitality industry in Agra was confronted with a piquant situation due to the arbitrary decision of the Agra Air Force Station to close down the Civil Airport Runway in Agra for maintenance work from 1<sup>st</sup> of October, 2011, to 31<sup>st</sup> of March, 2012. The Tourism Guild of Agra had written to the concerned authorities, emphasizing that the closure of the Agra Airport should be averted because of the following factors:

- (i) The Agra Airport caters to several tourist Charter flights of Boeing 757 which bring in high-end tourists that include alumni of well known US Universities, patrons of famous museums like The Smithsonians, Art Institute of Chicago, the Metropolitan Museum of Art, and other high-end tourists from Europe and various destinations around the globe;
- (ii) The closure of the Agra Airport during the peak tourist season will not only severely hit the hospitality industry financially, but would also cause a huge loss of revenue to the exchequer;
- (iii) At stake is the imminent possibility of cancellation of 12 confirmed Charter flights; and
- (iv) Resultant significant drop in tourist arrivals in Agra from across the world, as it would no longer be considered a well-equipped international tourist destination.

Since there was no response from the concerned authorities to the representation of the Tourism Guild of Agra, the Clarke Group of Hotels, a leading hotel group of Agra and a member of HAI, urged the Association to seek urgent intervention by the Ministry of Tourism with the Ministry of Civil Aviation and the Airport Authority of India to ensure that all their efforts to promote Agra as an international tourist destination are not jeopardized.

In its Memorandum to the Ministry of Tourism, Hotel Association of India

requested the Ministry to take up this matter with the Airport Authority of India and the Ministry of Civil Aviation, and that they be advised to instruct the concerned local authorities at Agra not to resort to any drastic and precipitate action which would disrupt the smooth flow of international air Charter traffic to Agra. Instead, they should reschedule the maintenance work at Agra Airport during the non-peak tourist season, or if absolutely unavoidable, Agra's Civil Airport Runway may be closed only during the night in order to allow the landing of Boeings during the day time, so that the tourism season (October 2011-March 2012) is not affected.

HAI's efforts in the matter bore fruit and the issue was resolved to the complete satisfaction of the "Tourism Guild of Agra", who expressed their gratitude to HAI for effectively intervening with the authorities to avert the closure of the Agra Airport.

## **FSSAI'S LICENCING POLICY: HAI CONVEYS CONCERN**

In its representation to the Food Safety & Standards Authority of India, Hotel Association of India has underlined the difficulties its member hotels face in procuring State/Central Licenses from the Authority. Acting promptly at the behest of its members who are deeply concerned over the procedure specified by the Authority in its latest Public Notice dated January 24, 2012, in matters pertaining to the jurisdiction for issuance of state/central licenses, HAI in its representation submitted in the nick of time has emphasized the need for review and reconsideration of the procedure for obtaining licences.

HAI further pointed out that while the Government of India in its 12<sup>th</sup> Five Year Plan has accorded high priority to the growth of tourism and hospitality industry in the country, the latest licensing conditionalities to be imposed by the FSSAI would only serve to hamper the growth of this sector. HAI therefore requested the Authority to give an opportunity to the hotel industry representatives so that they could explain their difficulties for evolving seamless procedures of licencing which would be conducive to the fast growth of this sector.

## **DELHI MASTER PLAN 2021: HAI REPRESENTATION TO DDA**

In response to the Delhi Development Authority's Public Notice inviting suggestions for mid-term review of the Master Plan Delhi 2021, Hotel Association of India has stressed the need to have a relook at the Clause dealing with "Land Use", specifically for hotels. In its representation, HAI has pointed out that many hotels came up in India after Independence to boost tourism in the country, and many of them have even attained a landmark status in the city. When the first MPD was introduced in 1962, there was no legal method in place for the government to specify "Land Use" for commercial, hotels, residential, offices etc. Consequently, many hotels that were in existence before 1962 found themselves contravening the "Land Use" provisions. Though Section 14 of the DDA Act, 1957, protects such hotels with regard to the use of premises, many regulatory agencies thereafter have contended that all such hotels which are in zones not meant to have hotels are liable to face the consequences, even if they were in existence before 1962. "It is therefore our humble suggestion that land use by all such hotels should be regularized to remove a long pending anomaly", says HAI.

## **HAI SEEKS INFRASTRUCTURE STATUS FOR HOTEL INDUSTRY**

In its pre-Budget memorandum submitted to the Union Ministry of Finance, HAI has prioritized the grant of infrastructure status to hotel industry under Section 80 1-A of the Income Tax Act to achieve the targets set in the Approach Paper on Tourism in the 12<sup>th</sup> Five Year Plan for constructing 310,500 rooms by 2016, from the present 128,770. To achieve this targeted capacity, hotel industry would require mobilization of huge financial resources of more than Rs. 20,00,000 crore. Therefore it is now of strategic importance that the hotel industry is included in the category of infrastructure sectors on par with sectors like Airports, Ports, Highways, Railways and Bridges.

This demand has acquired added significance as the Planning Commission is giving high priority in the next Five-Year Plan: 2012-2016 to implementation of strategies to harness the full potential of Indian tourism that would result in a quantum jump not only in the foreign exchange earnings for the country – estimated at 30.3 billion - but also in the Foreign Tourist Arrivals which are estimated at around \$ 11.24 million by the end of the 12<sup>th</sup> Plan period.

## **PROMOTION OF GOLF TOURISM: HAI SUGGESTIONS**

In its endeavour to promote Golf Tourism in India, the Ministry of Tourism invited suggestions from the industry before formulating its policy in this regard. In its suggestions submitted to the Ministry, HAI pointed out that many of its leading Corporate Member Hotels, like the Taj Group, ITC Hotels and Leela Hotels, already provide world-class golfing facilities in some of their hotels and resorts for the convenience of their guests.

The Association suggested that the Ministry could consider bringing out an exclusive "**Brochure on Golfing Holidays in India**", highlighting the golfing facilities available in hotels in India. Such facilities could be promoted through India's Overseas Tourist Offices and could also be featured in the "**Incredible India**" campaign on the electronic media for wider exposure in overseas source markets.

HAI further emphasized that the Luxury Tourist trains like the "Palace on Wheels" could also include in their itinerary an option of stay-over at hotels in the Golden Triangle which provide excellent golfing facilities.

Also, India could benefit from the enormous interest that the Japanese have in golf, by launching an extensive and sustained promotion campaign offering golf enthusiasts of Japan attractive and competitive golfing holiday packages that would include stay in world-class hotels and a visit to Buddhist pilgrimage centres in India.

## **HAI PLEA ON ECO-TOURISM GUIDELINES**

Hotel industry's apprehensions about the adverse impact the "Draft Guidelines on Eco-Tourism" issued by the Ministry of Environment and Forests are likely to have were suitably conveyed to the Ministry of Tourism. In a communication to the Secretary, Tourism, HAI has pointed out that "under the guidance of the Ministry of Tourism, hotel industry has made a huge investment in developing world class hotel properties around National Parks in a responsible manner consistent with the preservation of fragile eco-tourism. Consequently, wildlife tourism has emerged as a major contributor to the growth of tourism in India". The hotel industry is therefore justifiably concerned over some of these new Guidelines being "tourism unfriendly" and detrimental to its cause.

## **'FAITH': NAKUL ANAND ELECTED WORKING CHAIRMAN**

For several years, leading National level tourism and hospitality industry associations have been interacting on the possibility of coming together on a common platform of an umbrella organization which will serve as the "united voice of the industry". On 9<sup>th</sup> February, 2012, the Presidents of ten leading Associations, namely, ADTOI; ATOAI; FHRAI; HAI; IATO; ICPB; IHHA; ITTA; TAAI; and TAFI signed at Hotel Ashok, New Delhi, the Memorandum of Association of the new organization to be known as "FAITH" (Federation of Associations in Indian Tourism and Hospitality). It "will be a non-government, non-profit, industry-led and industry-managed organization to serve as a catalyst in the growth and development of travel, tourism, hospitality and convention industry" in India.

HAI President, Mr. Nakul Anand was unanimously elected as the first Working Chairman of the new body. The process of Registration of FAITH is now underway.

## **GLOBAL TRAVEL MART INDIA**

In a move to enable India "to take its rightful place in the International Tourism Sector", the Ministry of Tourism, in association with Industry stakeholders, proposes to annually

organize the "Global Travel Mart India" (GTMI) in the month of December. The Ministry has chosen December for hosting the Mart as both HAI and FHRAI have conveyed to the Ministry that hotel rooms required for the event would be available in that month. The Secretary, Ministry of Tourism, Mr. R. H. Khwaja, at a recent meeting with industry stakeholders emphasized the importance of "looking at and learning from the Best Practices being followed nationally and globally in the field of travel exhibitions and marts".

The Ministry, fully confident that FAITH would extend its full support for the successful conduct of the GTMI, has decided to provide ten thousand sq. mtrs. of land needed for organizing the Mart.

## **HAI'S HR INITIATIVE: AGREEMENT WITH 'LAUSANNE CONSULTING'**

HAI's Members constantly keep striving to upgrade the skills of their staff so that guests are provided best possible services during their stay in their hotels. Keeping in view this avowed objective of its members, Hotel Association of India has entered into an agreement with the renowned Swiss consultancy firm "Lausanne Hospitality Consulting" which would provide training to senior staff members of hotels "in a professional and highly skilled manner consistent with high and sound relevant practices and standards as are employed internationally".

The training sessions in 2012 will be in a series of four 3-day Modules:

- **Module 1: Hotel Opening – Soft & Grand**  
(08 to 10 May, 2012)
- **Module 2: F&B Profit Maximization**  
(10 to 12 July, 2012)
- **Module 3: Rooms Revenue Management: Product and Pricing**  
(21 to 23 August, 2012)
- **Module 4: Managing the Training Function**  
(Tentatively in Sept. 2012)

**Venue: The Park Hotel or WelcomHotel Sheraton, New Delhi.**

## **DEVELOPMENT OF TOURISM: INTER-MINISTERIAL COMMITTEE**

The Minister of State for Tourism, Shri Sultan Ahmed, has announced in Parliament that the Government has set up an Inter-Ministerial Coordination Committee, under the Chairmanship of the Principal Secretary to the Prime Minister, to facilitate resolution of Inter-Ministerial issues impeding the development of tourism in the country. The Committee, which will consist of Member Secretary, Planning Commission; Chairman, Railway Board, and Secretaries from the Ministries of Home, Defence, External Affairs, Road Transport & Highways, Civil Aviation, Rural Development, Environment & Forests, Urban Development and Secretaries from the Departments of Revenue, Expenditure, and School Education & Literacy, will also help resolve issues raised by Industry Associations.

The Minister also announced that the Government has declared Hotel and Tourism Industry as “High Priority Industry” and allowed Foreign Direct Investment in this sector upto 100% under the “automatic route”, subject to applicable rules.

## **DCR MODIFICATIONS IN GREATER MUMBAI: HAI INTERVENES**

The Municipal Corporation of Greater Mumbai recently carried out modifications to its Development Control Regulations (DCRs) that are likely to negatively impact the hotel industry in this commercial capital of India. In a Representation submitted to the Municipal Commissioner, HAI has conveyed the deep concern of its member hotels in Mumbai who feel the modifications – specifically the DCR No 36 and 38 - would adversely affect almost 40 new hotel projects that are slated for commissioning in the Greater Mumbai region in the next 1-4 years.

HAI has emphasized that since tourism has emerged as an engine of economic growth and employment in the country, even the Planning Commission has recognized its role and is in the process of developing strategies for harnessing this sector’s full potential

during the 12<sup>th</sup> Five Year Plan period (2012-2016). It is therefore of paramount importance that the DCR modifications do not create any impediments in the growth of hotel accommodation, and are therefore suitably amended.

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