

RESOURCE CHALLENGE

Skilled manpower shortage threat to hotel industry growth

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The \$23 billion hotel industry plans to add at least 50,000 more rooms in the top six cities of India by 2016-17, but there are concerns over whether there will be enough skilled people to meet demand in the labour-intensive sector, which is already facing a shortage of trained staff.

There are only 52,000 trained people available against the hospitality industry's need for 583,000 professionals, which will go up to 754,000 over the next four years, according to the government.

The "current supply of professionally trained manpower is estimated to be very dismal—8.92%" of the total requirement, according to a September report by Cushman and Wakefield and the Confederation of Indian Industry. There are currently 128,000 hotel rooms in the organized sector, according to central government data.

The shortage of skilled manpower looms as a threat to plans by companies such as **ITC Ltd**, **Indian Hotels Co. Ltd** and **Hotel Leelaventure Ltd** which are planning to add a total of some 10,000 rooms within the next five years. Similarly, international companies such as Fairmont, InterContinental and Carlson are planning to open more than 50 hotels in the same period.

If the shortage persists, the hotel industry will face two key

challenges, said Subrata Ray, senior group vice-president and head, corporate ratings, at rating agency **Icra Ltd**. "The cost of employees will increase (thus affecting revenue) and, second, hotel companies will have to enhance the capacity of their in-house training programmes," he said.

Employee costs have risen for hotel companies by about 10-15% in the last two years, according to industry estimates. In the next few years, this could rise by as much as 20% year-on-year, said Ray.

With a surge in the number of young Indians joining the workforce, the government wants to establish skill-

development infrastructure to make sure that they are employable. To this end, it has set up the National Skill Development Corporation, to act as a nodal agency, in collaboration with the private sector. India's growth prospects also depend on an expected expansion of the service sector, in which the hotel industry will be a key provider of jobs.

The tourism ministry is putting more emphasis on training through the Indian Institutes of Hotel Management (IIHM) and other skill-development schemes, said Vivek Nair, vice-chairman and managing director, Hotel Leelaven-

ture. "Shortage of skilled manpower in the hotel industry is a huge challenge going ahead," he said.

But the current capacity of the 51 institutes accredited to the National Council for Hotel Management and Catering Technology (NCHMCT), a body associated with the tourism ministry, is inadequate.

The institutes train around 7,500 students at the graduate and diploma level, according to N.S. Bhuie, consultant, academics, at NCHMCT.

"We understand the shortage but it will take some time to augment the capacity as it needs simultaneous development of infrastructure," said Bhuie. One of

the key constraints is the poor starting pay, which isn't encouraging for those seeking career options. IIHM students get about ₹11,000 a month on average as their first salary, he said. Apart from the institutes mentioned above, there are 129 hotel management schools affiliated to the All India Council for Technical Education. Capacity dropped about 5% to 9,716, from the previous year, reinforcing Bhuie's point about infrastructure.

There's wide scope for improvement in training, according to industry professionals.

"Most of the guys we hire from hotel management insti-

tutes are unemployable," said Patu Keswani, chairman and managing director of **Lemon Tree Hotels Pvt. Ltd**, which runs a hotel chain in India. "We provide in-house training... There's always a cost attached to it."

The study anticipates a rapidly widening gap by 2016-17, taking into account factors such as attrition, retirements and supply from both government and private programmes.

The shortage is also widely prevalent in the unorganized sector, said Kamlesh Barot, former president, Federation of Hotel and Restaurant Associations of India (FHRAI).

Even if all the hotel management schools and government-run schemes manage to train around 100,000 people as planned this year, the country will still face a shortage of at least 50% annually both in the organized and unorganized sector, said Barot.

"Going forward, the main concerns ahead of us are human resources, fuel, land and water," Barot said, adding that there is a huge opportunity for training institutes to tap the sector.

Akshay Kulkarni, regional director, South and Southeast Asia at Cushman and Wakefield, said: "The need of the hour will be to start skill-oriented programmes for a larger base."

NSDC has tied up with more than a dozen institutes to provide training.

TeamLease Services, a training and staffing company, will be starting hospitality courses next month, said Ashok Reddy, co-founder and managing director.

"There is a huge pool of candidates but are they job ready? The answer is no and we are planning to bridge this gap," said Reddy. Teamlease is an NSDC partner.

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There are 52,000 trained people, against the industry's need for 583,000, show govt data