

India Might Lose Tourists Due to Hotel Rooms Prices



Travellers to India face serious problems with accommodation. Not only are hotel rooms almost unavailable but they are also incredibly expensive. The demand for rooms is very high and so are the prices. Experts worry that this behavior of hoteliers could damage the tourism industry. There were some 4 million foreign tourists in the country last year but the real important customers are Indians themselves as domestic travel accounted for 75.1% of all guests in 2005-06. More and more Indians are traveling throughout the country each year, but the high hotel rates slow the growth of tourism. For a night in a room in a five-star Indian hotel a middle level employee needs to spend the equivalent of an annual wage. If we compare this to China, where wages are twice as high as in India, we find that hotel rates are lower there. The high price of Indian hotel rooms turns away potential leisure visitors.

The economic boom in India brings many business travelers here and it is essential for the country to create world-class conference facilities in various cities. The tourism industry has to improve in catering both for leisure travellers and also to the MICE (meetings, incentives, conventions and exhibitions) segment. In some places hotel rates are so high that professionals commute every day instead of staying nearby. For example, in Bangalore, rooms are so costly that traveling salespeople and other professionals often commute from as far away as Mumbai, 1,000 kilometers, or 620 miles, away.

The country needs more hotel rooms. Various international hotel companies are investing or are going to invest in India. Among them there are Accor, Hilton, Wyndham and Pan Pacific. The companies often face problems with very high prices of land. Another problem is insufficient infrastructure, and the Indian government is making huge investments in highways, airports and convention centers.

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