

ARCHII NEWSLETTER

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followed the policy laid done by Mr. JRD Tata who had instructed his employees doing procurement to "Treat every Vendor with the same respect and courtesy that they would give to him as all vendors were his business partners" What high noble thoughts and hats off the to the people there who followed this practice.

Then, there was the Late Rm. KK Mehra of East India Hotels who used to look after procurements for the Oberoi Group. He was a close relative of the owners.

A very hard task master with a Military background. One used to walk on egg shells in his office and speak in soft whispers. Once he came to address the vendor's conference of suppliers and everyone was pleasantly surprised to see his cheerful behavior that day. He went through the vendors in detail and kept asking so many questions about everything and giving his inputs.

He addressed everyone cordially and said, "No procurement Manager in the World can know everything about everyone's products. Only the vendor knows his product the best"

He felt it was his duty to try to understand to the best of his abilities from the vendors themselves. It was, he said, his most pleasurable moments of learning more and more of the latest and best in the Industry.

We are all aware of the very high standards of this group which remain unmatched even today. The same philosophy continues to encourage vendors to explain as much as is relevant.

MacDonald's comes to India. Now one can see how they work. They develop their backend, spend huge sums of money developing the right type of potatoes, Chicken, Breads with various vendors, sit in their factories for days, travel the length and breathe of the country on dusty road in villages finding the right things needed. They didn't have the benefit of the EPCG Policy and they had a person watching over it all who was a passionate Indian. Their teams taught the vendors new strategies and, held hands as they taught them how to reduce costs. And it worked wonders. Many Indian manufacturers benefited from their tie ups with Mac D,

Circa 2000

WalMart plans to come to India. Their buying teams are some of the best in the world. Very knowledgeable and most importantly compassionate and understanding. They sit with you in your works, get you to improve your products, keep costs down and offer financial help where required. They don't have EPCG. And today there are success stories of over 400 to 500 Vendors they developed who are

supplying Wal Marts worldwide. That was perhaps the fading days of the glorious era.

Circa 2014

The world has changed in India in 40 years. 5 star Hotels are opening a dime a dozen. Hotels are mushrooming everywhere. Demand has exploded. The Indian manufacturer, common knowledge should dictate, must be laughing his way to the Bank you might think. Nut that is not to be.

The famous EPCG Policy for Hotels is the undoing of it all. Under EPCG the Hotels pay no Import duty (could be a max of 5%), Excise Duty or VAT. A straight 25 to 30% saving. Why should a foreign manufacturer open a Factory in India when he gets huge sales from Hotels in India without any effort because of this Policy?

This is a policy that has been grossly abused by everyone. Items allowed to be imported under this policy is open to one and all, Whereas it should be limited to Foods and Beverages not available in India or high tech equipment for which there are no manufacturers in India, Furniture, crockery, Mattresses, cutlery, linens everything under the sun being imported.

Why should a sane business person go through that effort? It's easily available under EPCG so why bother to develop Indian manufacturers? Of course, if they develop on their own and come back to the local ones it is a different thing.

And when you do consider them equal in quality the Duty free imports will give the foreign vendor the price advantage of 25%? Hence either way the local vendor gets the short end of the stick.

And then come the well heeled Indian Agents of these Foreign Companies, rich and powerful with loads of money world traveled with extensive PR networks. And the best part of the bias of Hotels to foreign suppliers is that are ready to pay or commit through LC 100% payment in advance, but for the Indian manufacturer it's a max of 25% against Bank Guarantee..

Today there is a plethora of Foreign Hotel brands in India. With their expat Managers, they have certain set standards of products and set suppliers abroad. They are simply not ready to discuss development of products in India. Why should they go through the hassle and re create the wheel?

EPCG helps them get what they want anyway. One does not see these Brand Managers, ever in exploring local vendor relationships works or for that matter even exploring the environs

of the AAHAR shows or other exhibitions. If at all they come they are happy visiting the stalls

of the foreign manufacturers to see their new products. There is news of even simple Kitchen tables being imported.

Is it that the Indian manufacturers are that bad? Not at all!

These professionals do hold the power of the brands in their hands and it is a rare story that Indian manufacturers get a chance there in their brands for capital goods.

The Indian Hotel owner signing the agreement of the particular brand should be very clear what all he is PERMITTED to buy from the home Country and what he is not allowed to. The grouch is that local manufacturers have just become quotation factories. They work hard, do costs, sampling everything, only to be told "The Brand has asked us to place the order with their preferred vendors abroad."

Did anyone ever visit the local manufacturers works, see their products?? No. the new professionals do need to keep an open mind on what Indian manufacturers do and cannot do. Precious Foreign Exchange is wasted; owners saddled with huge import bills all in the name of Brand Standards. Many manufacturers aver that the owners should insist as a clause in their agreements that the Brands must first try the Indian Manufacturers and only if not satisfied after trying their best should they import.

One Hotel I went to recently surprised me They informed me that under instructions from their US office they will like to try our samples and if not found right would give us in writing what they didn't like and ask us to improve on the same. If we couldn't do the same within a specified time, only then would they import.

Another bone of contention for vendors comes in the form of an entity that is actually meant to facilitate their operations- the Indian Purchase teams. These 'committees' rarely meet outside their preferred circle of vendors. Catalogues are sent by emails and there is no knowing what happens to it later on. There is barely any information about who makes the decisions. The usual answer is 'Higher Management' whose decisions are communicated down to Purchase teams to negotiate the best prices. Thus they only look for discounts. Few follow Mr. Mehra's example.

However, the rung indicated as the 'higher management' is seldom defined. Often it seems as if there is a reluctance to meet up new vendors or even give them time to explain their stand and offering of quality.

In owner driven properties, the scene is much more discernible. The Purchase guys have worked hard, the specifiers have worked hard to develop and the best rates obtained and given to the owners but one fine day the owner buys a ticket to China and goes shopping

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About us

Association of Resource Companies for the Hospitality Industry of India was formed in 1986 to promote co-operation among persons, firms and Companies connected with the Hospitality trade and industry, producing equipments, machinery & supplies, and providing services to various Hotels & Restaurants & Manufacturers, Importers, Exporters, Wholesalers or retail dealers or persons interested in this trade. ARCHII adopts a common policy and collectively takes such steps as may be deemed necessary or expedient to further safeguard the interest of its members, pertaining to the trade & industry.

Today ARCHII, is a well recognized platform to discuss contracts, for interaction between members, to look after the interest of members, to regulate and standardize and as far as possible to adopt ethical business practice in the Hospitality trade. ARCHII sponsors and supports various conferences, exhibitions and lectures along with investigating, collecting and circulation of information and statistics relating to the Hospitality trade. It also educates its members and general public by all suitable means about the benefits and utilities of environmental technology from the hygienic point of view.

The Vendor, the Hotel and the Yawning Chasm

Better communication, sound business and a willingness to grow in concert can do wonders to the industry, says **Rajat Pandhi, President ARCHII** in this free-wheeling article.

There is a clear need for procurement systems adopted by various Hotels in India to be seriously revamped. A lot needs to be done to bring about changes in the same for the mutual benefit of Hoteliers and vendors in India. Currently the systems are different from one Hotel to another and each system leaves a lot to be desired. The growth, deterioration or expansion, depending on which side of the mood spectrum one is on, illustrates a varied history.

Being a democratic body and having gone into regular elections of its Executive committee, it helps in settlement of disputes by reconciliation among the members and Hospitality institutions.

ARCHII has been active to represent officially the view of its members on any matter either technically or commercially affecting the interest of its member in Hospitality trade to the Government of India, Local Government, Chamber of Commerce and any other public or private authority.

ARCHII promotes goods/equipments by arranging meetings and having one to one discussions with various high profile visitors and guests, invited specifically in their periodical meetings. It also circulates among the members the information on various new upcoming projects on Hotels, Restaurants and Resorts for their business benefits in the printed manner as well as by its own website www.ARCHII.org

ARCHII is also the co-sponsor of the now famous AAHAR exhibition being held at Pragati Maidan, New Delhi every year for the past 28 years.

Circa 1981

Most suppliers used to be surprised at the warmth and cordial reception they used to get at Indian Hotels Taj Group when they called on them for their requirements in the early 80's. Pleasantly surprised, they would ask senior Procurement Directors there why this extra ordinary treatment was afforded to junior partners in the hotel business. The explanation was that Taj Group

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CHAIRMAN
M E S S A G E



ARCHII takes pride in presenting The ARCHII's Members Handbook.

Significantly the Hotel Industry is witnessing considerable increase in business both in terms of new Hotels and Renovations. Frequent Trade Exhibitions are adding new segments frequently. With the growing reach and recognition globally, the profile of exhibitors and visitors is no longer limited to national boundaries and is growing with each passing year.

This handbook of ARCHII Members will be a great reference Book for visitors which they will refer to regularly

I wish organizers and participants a great success in their endeavors.

Rajender Mittal
Chairman, ARCHII
Association of Resource Companies
the Hospitality Industry of India

ARCHII ACTIVITIES



PRESIDENT
M E S S A G E



ARCHII takes pride in presenting The ARCHII's Members Handbook.

For ARCHII (Association of Resource Companies the Hospitality Industry of India) it is a matter of immense pleasure to participate with ITPO and other Trade bodies in organizing International Food & Hospitality Fairs all over India

The Government of India is constantly trying to promote this industry as it promises significant employment and trade potential. As the figures indicate, there could never a better time to take the leap. Food and beverages companies operate today in an altogether new environment which is very different to that of a few years ago. At present AAHAR is providing a very good platform for all the members to display their expertise and strength. It also provides good opportunity to the buyers and sellers of the specialized field of hospitality industries and equipments as well as food products. AAHAR has become a mega event of the world for hospitality industries.

We have now for the first time brought out our Special ARCHII Members Directory which will be READY RECKONER for those all who visit the various Shows to get in touch with our members. It is being distributed free of cost. Thus this hand book giving details of our members with telephone numbers, name and specialization shall be reaching in different cities and hands across the country. This directory will also be loaded with colorful advertisements of participants.

I thank you all participants and members for your unstinting support and wish you all colossal success.

Rajat Pandhi
President ARCHII
Association of Resource Companies
the Hospitality Industry of India

Hotels need not raise a toast for 5-star tag

Simplifying luxury | Centre does away with 17 clearances required for grading of hotels in the country Roomed in 160,000 registered hotels in India 20,00,000 lodging services in the country

Luxury hotels that do not serve alcohol will now be able to claim the elusive five- or seven-star tag. Till now, to be a five-star or a seven-star hotel it was mandatory to serve liquor on the hotel premises, which further required the hotel to have an excise licence.

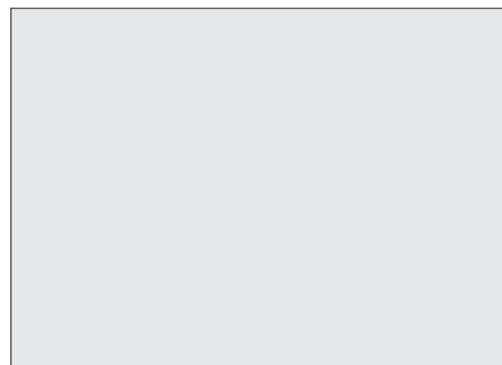
The central government on Friday, notified changes in the classification of hotels by doing away with more than 17 clearances and licences that were required by various local, state and central authorities.

In an announcement made by the Union Minister of Tourism and Culture Shripad Yesso Naik at the National Conference of State Tourism Ministers held in the Capital, the ministry sought to simplify the classification process. Some of the clearance certificates include the land

utilisation certificate, building completion certificate, coastal zone regulation clearance, forest and environment clearance, pollution control clearance, police clearance, fire safety clearance, airport authority clearance, health and sanitation clearance. From now on, hotels will have to furnish only the trade licence and the bar licence, if applicable.

Hotel owners welcomed the move, saying that the demand for the declassification has been in the running for more than two years. "It is a welcome step for us, and will ease the licensing process by making it faster and more transparent," said S M Shervani, president of the Federation of Hotel and Restaurant Associations of India (FHRAI). "If a hotel provides all the requisite paraphernalia, then there must be no reason to not give it a luxury tag. Market conditions will take its own course," he said.

He said the process was offset by policies in different states pertaining to property tax and minimum wages.



Problems in licensing, and further classification, also arose in places that did not permit liquor.

The classification and grading, which happened on a public-private partnership, is usually carried out by a team

comprising a central government official, a state official, a member from the Indian Association of Tour Operators (IATO) and a FHRAI member. While there are about 160,000 registered hotels in India, it is estimated that there are about 20,00,000 lodging services in the country. This includes ashrams, paying guests, motels and hotels, etc.

The changes, although of not much consequence to established hotels, will affect luxurious hotels that do not serve hotels, or hotels that are keen on expanding to other locations.

"Since our clientele is global, we will continue to have a bar and we have notified bar services in our website. But the waiving off the various licences will make it easier for any hotel to operate," said a management official of Shangri-La Hotels, which has a hotel in Delhi and is coming up with another in Bangalore later this year.