

## **Chapter 2**

# **Facts and Figures**

This chapter deals in quantitative facts and figures which establishes a base about the importance of restaurants on the economy of a region. Quantitative data makes descriptions more concise and understanding clearer. Therefore, before delving into the specific objectives of this research, it is beneficial to know about the past and present scenario of the evolution of restaurants in India and Assam and the trend of their growth and spread temporally and spatially.

### **Figures at the national level:**

India's fast food industry is mounting by 40 percent a year which statistically places India in the 10<sup>th</sup> place in fast food per capita spending figures along with 2.1% of expenditure of annual total spending. According to the national restaurants association of India (NRAI) 2010 report, the fast food industry in India was estimated to be between Rs. 6750 - Rs. 8000 crores, growing at a compound annual growth rate of 35 - 40 percent. Indian fast food market is estimated to double from the current Rs.3,400 crore in the next three years.

The QSR will be more than double to around Rs 7000 crore by 2015-16 from Rs 3,400 in 2012-2013, driven largely by new store additions. The report of fast food market in India 2015-2020 drew attention that the Indian fast food market is expected to grow at a compound annual growth rate (CAGR) of 18% by 2020 due to changing consumer behaviour and demography; it is expected to be worth US\$ 27.57 billion by 2020.

About 10% of the fast food market in India is organized. NOVOUS estimates that the organized fast food market in India is expected to grow at CAGR of 27% by 2020 (Kesari, 2016).

The market size of food in India is expected to reach Rs. 42 lakh crore by 2020 (reports BCG). Presently, the Indian food market is around Rs. 23 trillion (Rashmi, 2018). It is estimated that the organized fast food market in India is expected to grow at a CAGR of 27% by 2020.

Vegetarian fast food constitutes of around 45% of the whole fast food market in India and is expected to grow at a CAGR of 18% by 2020.

Fast food Casual dining restaurants (CDRs) market in organized fast food sector in India is projected to grow at a CAGR of 27% by 2019-20.

Non-casual dining restaurants (NCDR) or fast casual dining restaurants have gained tremendous market share in the last 10-15 years. Non-Casual dining restaurants (NCDRs) market in organized fast food sector in India is also projected to grow at a CAGR of 27% in next 5 years.

Quick Service Restaurants (QSRs) market in organized fast food sector in India is projected to grow at a CAGR of 20% by 2019-20.

Ethnic fast food market in India is projected to grow at a CAGR of 31.95% by 2019-20. (Anitharaj, 2018).

The above figures are compiled below in a tabular form (Table 2.1) for easy understanding.

<b>Table 2.1 Different Markets/Industries related to Food and their respective CAGRs</b>	
Type of Industry/Market	CAGR
Fast Food Industry (2010 Report)	35-40
Fast Food Industry (2015 Report)	18
Organised Fast Food Market	27
Vegetarian Fast Food Market	18
Casual Dining Restaurants	27
Non-Casual Dining Restaurants	27
Quick Service Restaurants	20
Ethnic Fast Food	31.95

It is difficult to assess the number of restaurants in India. They receive their licenses from the local municipal authority, which is mainly a licence from the point of view of health and hygiene. In certain bigger cities, there is also a requirement of a license from the local police for starting operations. Restaurant establishments in semi-urban and rural areas, which may also include road-side restaurants and dhabas on inter-city roads and highways, may not be possessing any license, from any authority. It is, therefore, difficult for anyone to compile statistics of all the restaurants in India.

<b>Table 2.2 Geographical Distribution of Restaurants and Hotels in India</b>	
State	Number of Restaurants
Andhra Pradesh	96483
Arunachal Pradesh	1475
Assam	26718
Bihar	61421
Delhi	21559
Goa	2929
Gujarat	27704
Haryana	17397
Himachal Pradesh	11145
Karnataka	94522
Kerala	98955
Madhya Pradesh	63660
Maharashtra	100065
Manipur	2968
Meghalaya	5322
Mizoram	1629
Nagaland	1538
Odisha	52818
Punjab	16700
Rajasthan	44246
Sikkim	659
Tamil Nadu	122200
Tripura	5350
Uttar Pradesh	102671
West Bengal	94687
Others	3485
Total	1078306

We believe that the best effort in this regard has been made in the government census. We have figures available from The Third Economic Census which was conducted in all cities/union territories except Jammu and Kashmir during 1990, along with the house listing operations of the 1991 population census (FHRAI Report, 2004).

Table 2.2 is prepared by FHRAI in their report of 2004. We can understand the situation of the number of restaurants and hotels at that time. We see that, even after more than a decade from the economic reforms, the number of such establishments were much higher in backward states like Bihar and Odisha than in the capital city, Delhi. Moreover, except for Assam, the number of hotels and restaurants were very few in all the north-eastern states. The Economic Survey Reports of 1990, 2005 and 2013 can be analysed to understand the number of restaurants that have been established over the years and to get an idea of the trend in their growth. Apart from that, the reports throw light on the number of workers working in such establishments.

Let us first look at the number of hotels and restaurants that have been established in the past few decades.

<b>Table 2.3 Number of Hotels and Restaurants in the past three decades</b>			
Number of establishments			
	Rural	Urban	Combined
Economic Census 1990	5923	4859	10782
Economic Census 2005	795558	696251	1491809
Economic Survey 2013	1111002	1333471	2444473

From Table 2.3 we can see that, between 1990 and 2005 the total number of hotels and restaurants have significantly increased both in the rural and in the urban areas. Globalisation, increase in the per capita income of the people, more exposure to foreign way of living, change

in the eating habits of the people, increase in the female labour force participation, all have contributed to this increase in the total number of hotels and restaurants in India.

We also see that the percentage change in the number of hotels and restaurants in the rural areas have been 13331.16% from 1990 to 2005 while the same figure is around 14229.10% in the urban areas, making the average percentage increase to be 13880.13%.

But from 2005 to 2013, the percentage increase in the number of hotels and restaurants have become 39.65% in the rural areas while it is 91.52% in the urban areas, thereby bringing the national average percentage change to 65.58%.

Again, we can see that the Compound Annual Growth Rate of the number of hotels and restaurants from 1990 to 2005 is 25.55% in the rural areas whereas in the urban areas it is 27.65% bringing the total average value to 26.59%.

Interestingly, the total number of hotels and restaurants were more in rural areas than in urban areas in 1990 and it was still higher even in 2005. However, in 2013, the number increased in the urban areas.

Next, let us look at the number of people who are employed in hotels and restaurants.

<b>Table 2.4 Number of people employed in Hotels and Restaurants in the past three decades</b>			
	Number of employment		
	Rural	Urban	Combined
Economic Census 1990	11485	16209	27694
Economic Census 2005	1625318	2154707	3780025
Economic Survey 2013	2259486	3827420	6086906

From the above table, it can be seen that the total number of people employed in hotels and restaurants have significantly increased in the past two decades, both in the rural and the urban areas.

From 1990 to 2005, the percentage increase in the number of people employed was 14051.65% in the rural areas while the same figure was 13193.27% in the urban areas. Therefore, the national average was 13622.46%. This is an interesting figure because even though we associate restaurants with urban areas, the percentage increase in the number of workers in the rural areas was more in comparison to urban areas. One explanation could be that the hotels and restaurants in the rural areas were more labour-intensive, that is, they used more labour rather than capital leading to a rise in the employment of labour. This could have been because of the cheap cost of labour in the rural areas.

But from 2005 to 2013, the percentage increase in the number of employed people increased by 39.01% in the rural areas while the same figure was 77.63%, thereby bringing the national average to 58.32%.

Again we see that the Compound Annual Growth Rate was 25.82% in the rural areas from 1990 to 2013 while it was 23.69% in the urban areas in the same period, and the national CAGR being 23.83%.

One interesting observation that we can make from the above figures is that, between 1990 and 2005, the percentage increase in the number of hotels and restaurants was more than the percentage increase in the number of people getting employed there. However, from 2005 and 2013, the percentage increase in the number of hotels and restaurants have fallen behind the percentage increase in the number of people getting employed there. Also, this scenario holds true in both rural and urban areas.

**Figures at the regional level (north eastern states of India):**

Now let us see the distribution of hotels and restaurants and the number of workers working in such establishments in the north-eastern states of India.

<b>Table 2.5 Number of hotels and restaurants in the NE States of India</b>						
	Number of Establishments					
	Rural (2005)	Rural (2013)	Urban (2005)	Urban (2013)	Total (2005)	Total (2013)
Sikkim	972	1515	786	1516	1758	3031
Arunachal Pradesh	1223	1360	547	1132	1770	2492
Nagaland	783	1243	1142	2029	1925	3272
Manipur	3112	4549	3069	3,913	6,181	8462
Mizoram	653	1055	1069	1087	1722	2142
Tripura	6465	7770	2392	5144	8857	12914
Meghalaya	5615	8170	2506	3469	8121	11639
Assam	25897	41895	13468	26227	39365	68122

From the above table it is seen that Assam occupies the top position in respect to the total number of establishments in the rural and the urban settings and also in the total number, in 2005 and 2013. The lowest position is achieved by Mizoram in this regard.

<b>Table 2.6 Number of workers in hotels and restaurants in the NE States</b>						
	Number of workers					
	Rural (2005)	Rural (2013)	Urban (2005)	Urban (2013)	Total (2005)	Total (2013)
Sikkim	2585	4101	3470	6406	6055	10507
Arunachal Pradesh	3132	3632	1843	4034	4975	7666
Nagaland	2586	3295	5635	6928	8221	10223
Manipur	6453	8677	6677	8569	13130	17246
Mizoram	1279	2749	2941	4824	4220	7573
Tripura	9646	10746	4371	9112	14017	19858
Meghalaya	13764	21230	8260	12061	22024	33291
Assam	66270	91625	46299	77603	112569	169228



The above table shows that the number of workers working in hotels and restaurants was highest in Assam and the lowest in Mizoram (excepting in the urban areas, where Arunachal Pradesh occupied the lowest position) in the rural and all India total level.

Again let us see the percentage change in the number of establishments and workers in these states.

Change in the number of establishments in the north-eastern states from 2005 to 2013:

<b>Table 2.7 Change in the number of hotels and restaurants from 2005 to 2013 in NE India</b>				
	Establishments			
	% change (R )	% change (U)	% change (T)	urban-rural
Sikkim	55.86	92.88	72.41	37.01
Arunachal Pradesh	11.2	106.95	40.79	95.75
Nagaland	58.75	77.67	69.97	18.92
Manipur	46.18	27.5	36.9	-18.68
Mizoram	61.56	1.68	24.39	-59.88
Tripura	20.19	115.05	45.81	94.86
Meghalaya	45.5	38.43	43.32	-7.08
Assam	61.78	94.74	73.05	32.96

In the above table, the R, U and T in parenthesis mean rural, urban and total areas respectively.

The above table shows the following points:

1. In the rural areas, the percentage increase in the number of establishments is highest in Assam (though Mizoram is just slightly lesser) and lowest in Arunachal Pradesh.
2. In the urban areas, the percentage increase in the number of restaurants is highest in Tripura and lowest in Mizoram.
3. In totality, this percentage is highest in Assam and lowest in Mizoram.

4. The difference in percentage increase in the number of establishments between urban and rural areas (more in urban areas) is highest in Arunachal Pradesh and lowest in Meghalaya.

Change in the number of workers in the north-eastern states:

<b>Table 2.8 Change in the number of workers in hotels and restaurants from 2005 to 2013 in NE India</b>				
	Workers			
	% change (R )	% change (U)	% change (T)	urban-rural
Sikkim	58.65	84.61	73.53	25.96
Arunachal Pradesh	15.96	118.88	54.09	102.92
Nagaland	27.42	22.95	24.35	-4.47
Manipur	34.46	28.34	31.35	-6.13
Mizoram	114.93	64.03	79.45	-50.91
Tripura	11.4	108.46	41.67	97.06
Meghalaya	54.24	46.02	51.16	-8.23
Assam	38.26	67.61	50.33	29.35

In the above table, the R, U and T in parenthesis mean rural, urban and total areas respectively.

The above table shows the following points:

1. In the rural areas, the percentage increase in the number of workers is highest in Mizoram and lowest in Tripura.
2. In the urban areas, the percentage increase in the number of workers is highest in Arunachal Pradesh and lowest in Nagaland.
3. In totality, this percentage is highest in Mizoram and lowest in Nagaland.
4. The difference in percentage increase in the number of workers between urban and rural areas (more in urban areas) is highest in Arunachal Pradesh and lowest in Nagaland.

### **Figures at the state level (Assam):**

Let us understand the contribution of the restaurants in the Net State Domestic Product of Assam from 2004 to 2013. Since, separate data of restaurants are not available, therefore, we show here the data derived from the Infrastructure Statistics of Assam (2014-15) of the Directorate of Economics and Statistics, Government of Assam.

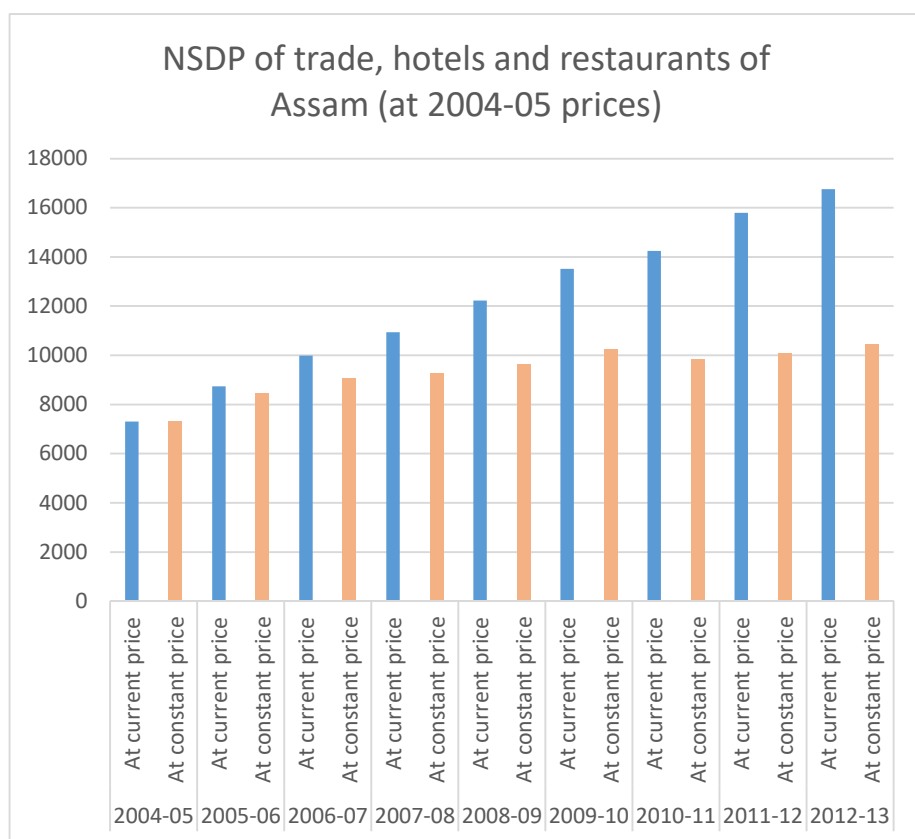


Fig. 2.1

From the above figure, we can see that:

1. The NSDP contributed by trade, hotels and restaurants is higher when calculated at current price than at constant price.
2. The NSDP contributed by trade, hotels and restaurants is continuously increasing from 2004 to 2013.

3. The CAGR of their contribution in NSDP is 9.66% (at current prices) and 4.06% (at constant prices).

Lastly, let us see the Net State Value Added (NSVA) of hotels and restaurants in Assam. This data is collected from Statistical Handbook, Assam, 2016 by the Directorate of Economics and Statistics, Government of Assam.



Fig. 2.2

From the above figure, we see that:

1. The NSVA of hotels and restaurants of Assam is higher when calculated using current than with constant price.
2. The NSVA is increasing for both current and constant prices from 2011 to 2016 (except for a small decrease from 2012-13 to 2013-14 at constant price).
3. The CAGR of the NSVA is 7.63% (at current prices) and 3.27% (at constant prices).

### Conclusion:

From the aforementioned facts and figures, it becomes increasingly clear that the restaurant sector is growing at a very high pace. The trend is not only prominent in the national level but also at the lower levels. In Assam, the restaurant sector has started playing a prominent role. Apart from that, this sector also provides scope for being a labour-intensive sector and thereby increase the level of employment. Thus, the figures in this chapter give us an understanding about the importance of this chapter in terms of contribution to GSDP and employment generation in a precise manner.