CHAPTER I

INTRODUCTION

1.1 INTRODUCTION

Hotel industry plays an active role in increasing the employment opportunities and economic status of developed and under developing countries and it is closely linked to the tourism industry. The success and survival of hotel industry depend upon proper service to customer, cleanliness, acceptable hospitality, proper rooms and other facilities, proper customer relation management, quality employees, and proper place etc. However, revenues of hotel and restaurant industry in India during the financial year 2006-07 were Rs.604.32 billion, a growth of 21.27 per cent over the previous year, primarily driven by foreign tourist arrivals that increased by 14.17 per cent. Currently there are 1,980 hotels approved and classified by the Ministry of Tourism, Government of India, with a total capacity of about 110,000 hotel rooms. The hospitality industry is expected to grow at a faster rate and will reach Rs.826.76 billion by 2010. It is estimated that over the next two years 70,000-80,000 rooms will be added across different categories throughout the country. With this backdrop, the study has ventured to unearth the satisfaction level of customers about services of hotel industry. Philip Kotler (2006) states that customer satisfaction refers to individual feelings of pleasure or disappointment resulting from comparing a
profit perceived performance in relation to his or her expectation. Westbrook & Oliver (1991) feel that customer satisfaction is a post consumption evaluate judgement concerning a specific product or services. However, the customer satisfaction is a measure of how products or services supplied by an industry to meet customer expectation functions. It is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person. The performance of an organisation is purely based on consumer satisfaction of an organisation does not take proper step towards satisfaction of consumers, it may adversely impact on profitability of the organisation.\(^1\)

The hotel industry constitutes a very important sector of the touristic infrastructure and is considered the king-pin of the tourist industry. It has been aptly said “No Hotels, No Tourism”. Among the numerous types of facilities sought by the tourists, transport and accommodation form the important items, in this study, “Accommodation” is assumed to be the first and the foremost infrastructure necessary to improve tourist traffic. It is rightly said that “the accommodation facilities are the places where tourists stop (cease to be travellers) and become guests. The level of guest satisfaction achieved by an area’s

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accommodation facilities will, in a large measure, determine the total success of the tourism programme.²

Tourism has emerged as the most lucrative business of the world, having tremendous potential for earning foreign exchange. Globally speaking tourism accounts for nearly 5.4 per cent of world’s trade and 11 per cent of world’s gross product. In the global market of 400 million tourists, India’s share constitutes at present a meagre of 0.35 per cent.³ In modern times, tourism has received the widest recognition and it is the second largest industry in the world while it is the sixth largest in India.

India has much to offer both to the foreign and domestic tourists. In fact, it is no exaggeration to say that no other single tourist destination in the world has a greater and diverse range of tourist attractions than India.⁴

India’s tourist attractions are many. Its historic and cultural mosaic is indeed unique. Indian civilization is a combination of Vedic, Islamic and Western streams. Its monuments, sculptures and paintings bear testimony to the national ethos for harmony and diversities. Its geographical features are both colourful and varied. India has lofty Himalayas to inspire human spirit to divine heights. It


has some of the best beaches of the world with an irresistible combination of Sun, Sand and Sea. It has a chain of bird sanctuaries and national parks. It also has some of the best hill-resorts. In addition to all this, the fairs and festivals are found in abundance. In spite of such attractions, India’s share constitutes less than half-a-per cent mainly because of insufficient infrastructure. However, it is heartening to know that the earnings in terms of foreign exchange from tourism are generally on the increase in India. To be more specific, its earnings were just 31.5 crores of rupees in 1971 and it increased and touched the level of Rs.1063 crores of rupees in 1981. The earnings from tourism rose to Rs.2440 crores in 1991 and it is expected that by the end of the present century, the amount will increase to Rs.10,000 crores.

Several agencies in India are involved in the matter of developing and protecting tourism at national and international level. The agencies are (1) Department of Tourism; (2) Indian Institute of Tourism; (3) India Tourism Development; (4) Travel Management; and (5) National Council for Hotel Management and Catering Technology.

The Department of Tourism is responsible for the promotion of India as a tourist destination, development of tourism infrastructure and facilities in the

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6The Hindu, Thursday, October 22, 1992, p.10.
country. It also performs regulatory functions in the field of tourism. There are four regional offices in New Delhi, Bombay, Calcutta and Madras.

The Indian Institute of Tourism and Travel Management (IITM) was set up in January 1983 with its registered office at New Delhi. It is designed as an institute for offering different level academic courses in the field of tourism and travel management and related areas.

India Tourism Development Corporation (ITDC), a public sector undertaking established in October 1966, is responsible for creation, development and expansion of tourism. It provides varied services to tourists by way of accommodation, catering, transport, entertainment, shopping facilities, conventions, etc. It also produces, distributes and sells tourist publicity material and renders consultancy services in the field of tourism both in India and abroad.

The National Council for Hotel Management and Catering Technology with its headquarters in New Delhi, acts as an apex body to co-ordinate training and research in hotel and catering management.\(^7\)

\section*{1.2 TOURISM INDUSTRY AND DEVELOPMENT OF INDIA}

Tourism is one of the fastest growing sectors in the country. It offers immense opportunities to entrepreneurs in various segments. But what is

\(^7\)Ministry of Information and Broadcast, India Year Book, Publication Division, Government of India, New Delhi, 1990, pp.629-631.
detrimental to our tourism growth is lack of basic facilities at our monuments, pilgrimage places and tourist sites. We need to improve the basic facilities by roping in all the stakeholders as the government cannot do this job alone. The Asia region is as important for us as other regions and we are going to aggressively market there.

This is largely attributed to a rise in global wealth, liberalization of international airspace, cheaper flights and the use of the internet as a travel tool. Interestingly, a recent study has found that India today ranks eighth in the world in terms of the number of billionaires and has over 1.6 million households that earn over Rs.45 lakhs per year and spend about Rs.4 lakh on luxury premium goods and services. So it is estimated that Indian tourism market potential is worth Rs.65,000 crore and the number of such households is growing at 14 per cent.8

ANOTHER HEALTHY TREND IN FOREIGN TOURISM IN INDIA SINCE 1991 IS THE CONSPICUOUS INCREASE IN BUSINESS TRAVELS WITH ITS SPIN OFF EFFECTS IN UPGRADEATION OF ACCOMMODATION AND INTRODUCTION OF NEW TECHNOLOGY IN COMMUNICATIONS AND OTHER SERVICES. ON AN AVERAGE, A FOREIGN TOURIST STAYS FOR ABOUT 27 DAYS IN INDIA WHICH IS AN IMPORTANT INDICATOR OF INCREASE OF THE FOREIGN EXCHANGE EARNED BY THE COUNTRY.

Recent political unrest, fear of violence, terrorism, strikes and epidemics etc., are detrimental to our tourism business. However, it is hoped that India will

8Ibid., p.156.
get her share in world tourism. Marketing of Tourism services includes mainly the services sold to domestic and foreign tourists. Domestic tourism fosters a sense of unity in otherwise diverse environment of the country and contributes to national integration.

Tourism in India has a vast employment potential much of which still awaits exploitation. Another important aspect of employment in tourism is that it employs a large number of women in hotels, airline services, travel agencies, handicrafts, business and marketing and cultural activity centres. In other words, every man, woman and child could become richer by Rs.7,000. India has yet to realize its full potential from tourism. The travel and tourism industry holds tremendous potential for India’s economy. It can provide impetus to other industries, create millions of new jobs and generate enough wealth to help pay off international debt. That is why we have included tourism amongst the core sectors of the Indian economy.\(^9\)

Hotel sector is the key segment of tourism industry to earn foreign exchange. Places of tourist interest are so numerous and of varied nature that it is not easy to describe these places comprehensively. These include mostly the Himalayan region, the great plain of north India, the peninsular plateau and coastal plains. In general the tourist spots are counted more like Buddhist sites, shrines, forts, places of historical importance, hot springs, Jain monasteries, lakes

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\(^9\)Ibid., p.156.
and bird sanctuaries, religious centres, science spots, sea beaches, summer resorts, waterfalls and wild life sanctuaries.

Tourism involves travelling to relatively undisturbed or uncontaminated natural areas with the specific objects of studying, admiring and enjoying the scenery and its wild flora and fauna, as well as other existing cultural and historical aspects. A visit with a motto to know these areas is nothing but tourism. Places of tourist interest are numerous and of varied nature. These include places of archeological and historical importance, pilgrimage centres, sanctuaries, national parks, hill resorts and sea beaches etc.

In order to give a philip to the tourism trade the Central Government as well as the State Government should come forward to develop some of the newly unexploited and selected tourist places, some of the culture oriented tourism to holiday and leisure tourism, develop trekking, winter sports, wild life, beach resorts tourism, launching key markets near tourist centres, provide inexpensive accommodation and to improve service efficiency. India hopes still to improve tourism marketing services and to take an equal and more challenging steps with her competitors in the field more vigorously.

There is no dearth of tourist destinations in the world. Tourist generating countries are themselves gifted with diverse natural and man made tourist attractions and therefore they are excellent tourist destinations. So to win targets
and to attract maximum inbound tourist creative plans and innovative strategies have to be adopted. A tourist organisation should employ a core group of professionals who will engage in shaping plans, strategies and programmes for implementation. The progress of these actions must be evaluated periodically and if necessary, corrective revision and updating must also be undertaken.

Tourism plays an important role in promoting international goodwill. It creates awareness and appreciation of other countries’ culture and tradition and makes possible cultural exchange and enrichment. In Indian context the age old saying “Atithi Devo Bhavo” is apt and appropriate. Tourism can be a vehicle for international understanding by way of bringing diverse people from different cultures and traditions and can greatly enrich and promote friendship between different counties in the world. The socio-economic benefits from tourism are powerful.

Tourism development must be guided by a sound and careful planned policy, a policy not built on balance sheets and profit and loss statements alone, but on the ideals and principles of human welfare and happiness. Sound development policy can have the happy results of a growing tourist business and the preservation of the natural and cultural resources that attracted visitors in the first place. Main advantages of tourism are that it provides employment opportunities, both skilled and unskilled because it is a labour intensive industry,
generates a supply of needed foreign exchange, increases income, creates increased gross national product, requires the development of an infrastructure that will also to help stimulate local commerce and industry, justifies environmental protection and improvement, increases governmental revenues, helps to diversify the economy, creates a favourable worldwide image for the destination, facilitates the process of modernization by education of youth and society and changing values, provides tourist recreational facilities that may be used by a local population, gives foreigners an opportunity to be favourably impressed by a little known country or region.

Global tourism continued to move upward during 2006 with the number of international tourist arrivals worldwide reaching about 846 million (UNTO estimates) and international tourism receipts scaling US $ 735 billion in the year. The aforesaid variables grew at 5.7 per cent and 8.4 per cent respectively, compared to 2005. The rate of growth of the tourism sector of India has been above the world average in the last few years. 2006-2007 is the fourth consecutive year of high growth in foreign tourist arrivals and foreign exchange earnings from tourism. Both in bound and outbound tourism from India registered a 15 per cent to 20 per cent growth in 2006-07 and is expected to cross 20 per cent this year too. By 2020 tourism in India could contribute Rs.8,50,000 crore to the GDP.
The prospects for growth of tourism in India are bright. The overall development of tourism infrastructure coupled with other efforts by the government to promote tourism such as appropriately positioning India in the global tourism map through the “Incredible India” campaign, accordingly greater focus in newly emerging markets such as China, Latin America and CIS countries, and participating in trade fairs and exhibitions will facilitate tourism growth.

Year 2007 saw over 5 million foreigners visiting India, generating about $12 billion in foreign forex earnings. The bullish trend continues in 2008 with about 12 per cent growth in foreign traffic and 29 per cent of growth in forex earnings in the first four months of the year. The opening of a tourism office in Beijing in April 2008 has thrown open a new gateway. But India has miles to go before it catches up with its neighbour China which boasts of 50 million foreign visitors. The success of “Incredible India” campaign has proved that the potential of the country is immense. On top of an excellent marketing campaign, efforts are being made to create better tourism infrastructure to sustain the growth momentum at national level by maximizing of tourism-Incredible India campaign has been able to capture the high-end tourists who are spending a longer time in India. This is evident from the UN-WTO’s latest report which indicates that even though countries like Indonesia, Thailand and Singapore may be having larger number of foreign tourist arrivals, the foreign exchange earned per foreign tourist
of India is much higher (at about $1,920) compared to that of Indonesia ($905) and Malaysia ($520). These facts confirm that India is attracting travellers from across the globe that are spending more time and money compared to the other South East Asian countries.

In 2007, India received 5 million foreign tourists and had a foreign exchange earning (FEE) of $12 billion. Thailand earned a little more than us from about 14 million tourists during the year, while India has been a long-haul tourist destination Thailand and Malaysia are short haul destination. India is also trying to attract tourists for short – haul destinations. Some important heritage sites are Hampi, Ajanta and Ellora, Bodh Gaya and Taj Mahal. We would also convert more sites into short-haul tourist destinations. For 2008-09, we have a budget of about Rs.1,000 crore to develop tourism infrastructure.

The tourism sector is an economic driver. It directly and indirectly employs about 8.9 per cent of the total workforce in the country. Globally 8.1 per cent people are employed in the sector. We expect a total tourist arrival of 10 million in 2010 which will lead to huge employment. We are promoting rural tourism, food, medical, tribal, shopping and tea garden, among many other types of tourism. We are also encouraging adventure and sports tourism like rafting and mountain climbing. We expect to have a significant share in the meetings, incentives, conventions and exhibitions (MICE) market.
India has a significant potential for becoming a major global tourist destination. The growth in India’s tourism market is expected to serve as a boon, driving the growth of several associated industries, including hotel industry, medical tourism industry and aviation industry. The following achievements and contributions are enough to prove India’s tourism potential in global world:

- **Travel and tourism is the second highest foreign exchange earner of India, and the government has given organizations in this industry export house status.**

- The industry is waking up to the potential of domestic tourism as well, with a 382.1 million domestic trips in 2005 as against 236.5 millions domestic trips in 2001.

- **Exports:** Export earnings from international visitors and tourism goods are expected to generate 6.7 per cent of total exports (INR 718.2 billion or US$ 18.5 billion in 2008 growing (nominal terms) to INR 2,750.2 billion or US $ 51.6 billion (4.4 per cent of total in 2018.

- **Employment:** There is considerable government presence in travel and tourism industry. Each state has a tourism corporation, which typically runs a chain of hotels / motels and operates package tours, while the Central government runs the India Tourism Development Corporation. Disinvestment of these state-run tourism corporations has either already taken place or is in process. The contribution of the travel and tourism
The economy to employment is expected to rise from 30,491,000 jobs in 2008 – 6.4 per cent of total employment or 1 in every 15.6 jobs to 39,615,000 jobs – 7.2 per cent of total employment or 1 in every 13.8 jobs by 2018.

- **Gross Domestic Product (GDP):** The contribution of travel and tourism to Gross Domestic Product is expected to stay the same at 6.1 per cent (INR 2,859 billion or US $ 73.6 billion) in 2008 to 6.1 per cent (INR 9,141.1 billion or US $ 171.5 billion) by 2018.

- **Growth:** Incoming foreign tourist arrivals have shown a 6 per cent compound annual growth rate over the last 10 years. The government has realized the potential and has advanced several incentives to promote infrastructure growth in the tourism sector. Real GDP growth for travel and tourism economy is expected to be 7.9 per cent in 2008 and to average 7.6 per cent per annum over the coming 10 years.

Current investments are likely to see hotel room capacity increase by 20 per cent over the next three years, with several international hotel chains entering the hotel industry. Similar growth is anticipated in air travel capacity.¹⁰

### 1.4 LAWS GOVERNING THE HOTEL INDUSTRY AND TOURISM

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¹⁰Ibid., pp.156-158.
The laws governing the professional status of the hotel industry should be subjected to review and amendment by both governmental authorities and trade organisations. The aim is to provide a suitable environment for hotels and other tourist establishments so that they may practise their trade under favourable conditions. Emphasis be placed upon raising the standards in general. This should cover a broad range of facilities, furnishings and equipment and also quality of service. Most important, the legislation must set up incentives for capital investment.

The laws should deal with regulating the relationship between hotel guests on one hand and the hotel management on the other. It should provide stipulations regarding rates and the means of controlling them, the procedures for sanctions including closing and granting of licences. Standards should also be established for grading hotels and other tourist accommodation in accordance with international practices.

The law may consist of several sections dealing with the following aspects:

Tourist Establishment
These include public establishments that may be authorised by the Ministry of Tourism for accommodating tourists. These are

(a) Hotels
(b) Floating Hotels
The public places that could be licenced by the Ministry of Tourism to offer food and beverages to the tourists are restaurants, bars, night clubs and casinos.

Also included under the law for licencing could be transport facilities on land, sea and the river water.
For the setting up and management of these establishments, a licence must be obtained from the Ministry of Tourism in accordance with regulations and procedures to be defined by the Ministry.

The engineering and structural conditions of such tourist establishments should be specified by the Ministry of Housing and Public Utilities except floating hotels and transit ships, which are the concern of the Ministry of Transport. In all cases, the Ministry of Tourism should approve such specifications.

Only gambling casinos should be open to non-Indians under the jurisdiction of the Ministry of Tourism, which specifies where gambling can take place and the conditions imposed. All dealings in gambling must be in foreign currency.

Taxes

TOURIST ESTABLISHMENTS INCLUDING HOTELS AND AUTHORISED PLACES DEFINED ABOVE MAY BE EXEMPTED FROM TAXES, INCLUDING TAXES ON COMMERCIAL AND INDUSTRIAL PROFITS AND REAL ESTATE TAXES. THESE EXEMPTIONS MAY BE GRANTED FOR THE FIRST FIVE YEARS OF OPERATION BEGINNING WITH THE DATE WHEN SUCH TAXES BECOME DUE. INCOME TAXES ARE BORNE BY INDIVIDUALS AND BASED ON THE NET INCOME OF THE PERSON.
All capital goods, including building material and equipment, whether for the initial erection or for rehabilitation and renovation, be custom-free for authorized tourist establishments.

Operating Personnel
The conditions and standards to be met by hotel personnel are to be defined by the Ministry of Tourism.

Guest Relations
The Act should regulate the relationship between clients and hotels in such matters as refusing to rent out rooms and renting rooms at higher rates than those authorised.

Hotel Rates

THE DETERMINATION OF TARIFFS FOR VARIOUS SERVICES AND THE GRADING OF TOURIST ESTABLISHMENTS ARE TO BE COVERED UNDER THE HEAD.

Relation with Ministry of Tourism
The obligations of the tourist establishments need to be spelled out in this section. It includes:

1. Publishing the hotel grade and price of services in both English and Hindi in guest rooms as well as in the reception office.

2. Notify the Ministry monthly of the number of guest-nights realised.
3. Maintain a reservation register for all requests for room reservations. These should be made mandatory by the Ministry of Tourism.¹¹

1.5 PROBLEMS PERTAINING TO HOTELS AND HOTEL POLICY (National Action Plan)

Though the policy of the government run hotels namely, ITDC/TTDC hotels is to earns profits. They are equally obliged to provide facilities to tourists at reasonable rates. During this study it was discovered that most of the hotels suffer on account of the following problems:

- Salary and grades of hotel staff are not attractive.
- Inadequate rooms and shortage of space in hotels.
- Charges are unreasonable
- Non-co-operative behaviour of the staff
- Competition between public and private sector hotels.
- Uncleanliness and non-maintenance
- Lack of co-ordination and proper supervision.

Therefore, there is a strong need of a sound and fool proof hotel policy which could control the affairs of hotels/travel agencies and other allied private agencies and to co-ordinate their functions in the area of tourism. Separate norms for different type of hotels, rules and regulations for their functioning, minimum

requirements of various articles, commodities, beds, linen, crockery and cutlery, provision for food and beverages, drinks, etc., should be specified on the basis of the capacity of hotels.

**Budget Hotels are IN**

The Three-Star Twinkle is guiding the hospitality industry.

“When Indrani Chowdhary took a business-cum-vacation trip to Delhi with his wife and daughter this year, he did not stay in a five-star hotel. The management consultant who earns over Rs.50,000 a month in Calcutta, checked into Hotel Krishna Continental, a quietly efficient three-star outfit run by the Bhanot group. Chowdhary is but one of the steadily increasing band of upwardly mobile professionals company executives and vacationers who are giving up the five-star fixation and opting for the three-star alternative.

It was precisely this class that, new entrants to the hotel business had been targetting – the upper middle-class domestic vacationer and businessman. The conscious shift in approach by not only the big chains like the Oberois, the welcom-group and the Taj, but by every hotelier has already changed the complexion of the business. With the accent on non-traditional tourism such as excursions to wildlife sanctuaries and adventure tourism, suddenly, the low-budget hotel, hitherto considered unviable, has become a hot proposition”. The three-star twinkle is guiding the hospitality industry.
With boom time beckoning, could international giants be far behind? Old-times like the Sheraton, The Holiday Inn, Crown Plaza and the Regency have been joined by the Hilton Group, the Mandarin Group, Kempinski, Ramada Inn Club and the Mediterranean. Even second rung chains like the Days Inn and Acor, Novotel have made their debut by tying up with local groups.

The decision of several private as well as public sector hotels to fly into the three-star horizon is in tune with the governments calculations. It has forecast that a large number of these hotels would be needed to put up with the increasing number of foreign tourists. The National Action Plan for tourism envisages a surge in tourist inflow from the present 1.7 million to 5 million by the end of the Eighth Plan. Rajiv Bhanot, the Director of the Krishna Continental in Delhi says: “Three-star hotels hold the key to wooing the budget tourists, the middle class and senior-level corporate clients. Even for the owners, the pay-back period of loans is comfortable. The customers have the advantage of getting personalized service if they patronize one hotel. Besides, they get value for money”.¹²

The increase in disposable income with the people has also spurred the travel bug, according to Bhanot. But Rs.5,000 a day for a room is still beyond their means. Hotels which charge less than Rs.1000 a day are what they look for. ‘If a person gets the same service or comfort at one-fourth the cost of a Five Star

hotel, why won’t he seriously consider the three-star option? “asks A.K. Dave, who pioneered budget hotels in the country. Dave’s quality Inns India runs the Southern Star in Mysore, Aruna in Madras and Springfields in Shimla. “Today’s itinerant businessman or tourist is not star-struck”, says Dave. “A decent bed and wholesome breakfast will do very well for him”. The boom in domestic tourism is encouraging several big industrial houses to take a serious look at the hotel industry. The Chabrias, the Maker group, the Rahejas, the Mahindras and the Bhanot group are all looking for big money. SITA World Travels has set up a travel resort in Manesar while a five-star hotel has come up in Kanpur, courtesy-Som Dutt Builders. Latika Dutt Abbott, Director Som Dutt Builders, says: “The diversification into the hotel business is paying off and we plan to acquire about a dozen losing hotels this year and turn them into three or four star hotels with an investment of Rs.100 crore.’ Profits are high because there are no heavy overheads like multi-cuisine restaurants, laundry services or swimming pools.

Real estate also works out much cheaper. According to R. Subramaniam, Managing Director, Tourism Finance Corporation of India (TFCI). “Three-star hotels have come up even on 500 sq.metre plots. Besides, the risks are low and profitability high in a three-star venture, since unlike the five-star hotels they are not dependent on the foreign tourist”.

The Break UP
By the end of 1993 there were 3028 hotels with about 50,000 rooms in the approved list of the Department of Tourism. Of these 627 hotels have been classified.

The Tourism Department is justifiably happy with the boom. “We welcome new-comers … the more, the merrier”, says Swaran Singh Boparai, Director General of Tourism. ‘The new entrants will probably encourage newer products and a greater degree of innovation’. To encourage growth, the government reduced the hotel tariff this summer. It led to a 24 per cent increase in tourism. ‘We have requested the foreign airlines to reduce winter airfares too. The fares to and from India are 20 to 30 per cent higher compared to the fare tariff offered by our competitors in Sri Lanka, Singapore, Thailand and Malaysia. If they reduce the fares, we will have a growth in budget tourism activity’, says Boparai.
The down market thrust is what most hoteliers are swearing by these days. ‘This is the single-largest foreign exchange earner in the country’, says Bhanot group chief, R.D. Bhanot. ‘The need of the hour is three and four-star-hotels.

But the preference for the three-star segment does not mean that five-star hotels construction has dwindled. They continue to attract the loaded clientele and the top brass of companies. But even the Taj and the Oberoi have taken note of the new trend and have set up second level chains. ‘We decided to expand because we saw great scope in this area’, says Larry Malarkar, the Oberoi group’s Sales and Marketing Vice President, ‘We cannot go on building deluxe hotels in small places like Pune, Mysore and Madurai.’

The Taj group is building a 74-room, three-star hotel in Nasik. Two more will come up in Kerala, one at Kochi and the other, a 75-room hotel, at Kozhikode. Some big hotels are also trying up with foreign chains. This is a marketing strategy to get easy acceptability from the customer … foreign as well as domestic’ says a hotelier.

The Oberoi, for instance, has tied up with Novotel. ‘When we say Novotel, it automatically means more value for money. In fact, the growing tourism market of India is an irresistible attraction for international hotel chains. That is why Novotel has entered into a tie-up with us’, says Larry Malarkar.

\[13\text{Ibid.}\]
On October 1, last year, Novotel Agra, the three-star Oberoi hotel in Agra, received its first guest. Three more Novotels are coming up in Jaipur, Udaipur and Delhi.

The Oberois began their experiment with budget hotels in 1988 by acquiring the 174-room Pleasant Hotel in Madras from the Rane Group. But the Rs.17.5 crore hotel did not get the prestigious Oberoi label. It was called the Trident Madras, to differentiate it from the group’s deluxe hotels. The commitment to quality however is the same. ‘Whether we build big or small hotels, we believe in total quality. Excellence in all things is the standard. We stand by service in the finest sense of the world’ says P.R.S. Oberoi, the scion of the group.

Even the public sector India Tourism Development Corporation (ITDC) is getting aggressive. ‘We now feel it is time to brand our products differently so that there is no confusion and the customer knows exactly what he is getting’ says C. Rathnaswamy, General Manager. ‘In ITDC, we have been able to strike a balance between a five-star hotel and a budget hotel and cater to the broad-based needs of the customer. In the comfort category, we have around 12 hotels. Ashok Travels and Tours also cater to the budget tourist’. 
The potential has however, not tempted the Welcom-group into the fray. ‘We have consciously decided to position ourselves as an up market business travel hotel. That is why we have put off our plans to build second-rung hotels’, says a group spokesman.

Nirula’s the best-known food chain in Delhi, has set up a hotel in NOIDA. The 40-room hotel is exclusively for corporate clients who come to the industrial township which adjoins the capital. Samir Kuchreja, the group’s technical adviser says, ‘The five-star market is saturated. The middle-rung traveller, either domestic or foreign, does not have a lavish budget. He wants to stay in a reasonably priced hotel. A lot of places including the large metros lack good three-star accommodation. This inhibits domestic tourists from travelling’. Nirula’s will build more three-star hotels in cities close to Delhi like Jaipur and Agra.

With competition getting close in the bigger cities, hoteliers are going to smaller destinations such as Ludhiana, Kanpur, Panipat, Bhopal, Nagpur, Coimbatore and Tirupati. Says Anil Advani of the Tourism Finance Corporation of India, ‘The budget traveller has realized that he can do away with the frills like room size, luxurious furnishings, spacious lobbies, health clubs and swimming pools as he hardly has anytime to utilize these services. As long as the place is neat, hygienic and not exorbitantly priced, he is happy’. Accordingly to him,
most three-star hotels provide 80 per cent of the efficiency and comforts of a five-star hotel at 33 per cent the cost.

Dinesh K. Abbi, Director, Lucky Star Estate and owner of the budget Vikram Vintage Inn in Nainital is setting up the Holiday Inn a 72-room four-star Deluxe hotel in Jaipur. Says Abbi “Holiday Inn is misunderstood in India to be a deluxe hotel chain. It is an international budget chain and has three categories like the Holiday Inn Crown Plaza, five-star hotels, and time about-to-be launched Holiday Inn Express, the three-star hotels’. This aggressive group plans to set up around 70 Holidays Inn in the country in the next few years.

The government is also chipping in to help out the three star hotel builders. In the case of one to three-star hotels, the government is providing interest subsidy at the rate of three per cent for projects located in Bombay, Madras, Calcutta, Delhi and Bangalore, says TFCI MD R. Subramaniam. ‘For special tourism areas (Heritage) interest subsidy is at the rate of five per cent’.14

With new hotels springing up every day, foreign franchise also helps a lot in wooing customers. Says Mandeep S. Lamba, General Manager, Holiday Inn Jaipur, “It provides instant recognition and instant acceptability in the market’.

The Rahejas and Makers of Bombay, the Bhanots and Som Dutt builders of Delhi are but a few of the outsiders who have migrated to the hospitality business

14Ibid.
which has grown into a highly profitable proposition. The Rahejas own the 125-room Ramada Inn Palm Grove on Juhu Beach in Bombay, the 65-room resort hotel off Bombay’s Madh Island and the 100-room Carlton Hotel in Kodaikanal in Tamil Nadu.

The greenhorns who have notched up significant success in their opening innings are determined to make it big. Says BHANOT, ‘The hotel industry works by the simple cost mechanism where customer satisfaction is what matters most. And we will give our clients a bigger deal for their bucks’.

They are certainly not just starry eyed businessmen gazing at the shining hospitality firmament. They may yet make a splash there because they have their feet firmly on earth.\textsuperscript{15}

1.6 CATEGORY OF HOTELS

1.6.1 One-Star Category

General Features

The general construction of the building should be good and the locality and environs including immediate approach should be suitable. The hotel should have at least 10 lettable bed rooms of which at least 25 per cent should have attached bath rooms, with a bath room for every 4 of the remaining rooms. At least 25 per cent of the bath rooms should have Western Style WCs. All bath

\textsuperscript{15}Ibid.
rooms should have modern sanitation and running cold water with adequate supply of hot water, soap and toilet paper. The rooms should be properly ventilated and should have clean and comfortable beds and furniture.

Facilities

There should be a reception counter with a telephone and a telephone for the use of guests and visitors. There should be a clean and moderately well equipped dining room/restaurant serving clean wholesome food, and there should be a clean, well equipped kitchen and pantry.

Service

There should be experienced, courteous and efficient staff in smart and clean uniforms and the senior staff coming in contact with guests should possess a working knowledge of English. House-keeping at the hotel should be of a good standard and clean and good quality linen, blankets, towels, etc., should be supplied. Similarly, crockery, cutlery and glassware should be of good quality.

1.6.2 Two-Star Category

General Features

The building should be well constructed and the locality and environs including the approach should be suitable for a good hotel. The hotel should have at least 10 lettable bed rooms of which at least 75 per cent should have attached bath rooms with modern showers with a bath room for every 4 of the remaining
rooms. All bathrooms should have modern sanitation and running cold water with an adequate supply of hot water, soap and toilet paper. 25 per cent of the rooms should be air conditioned (except in hill stations where there should be heating arrangements in all the rooms), and all rooms must be properly ventilated, clean and comfortable, with all the necessary items of furniture. There should be well furnished lounge.

Facilities

There should be a reception counter with a telephone. There should be a telephone or call bell in each room. There should be a well maintained and well equipped dining room/restaurant serving clean wholesome food, and a clean hygienic and well equipped kitchen and pantry.

Service

There should be experienced, courteous and efficient staff in smart and clean uniforms. The supervisory staff coming in contact with guests should understand English. There should be provision for laundry and dry cleaning services. Housekeeping at the hotel should be of a good standard and clean and good quality linen, blankets, towels, etc., should be provided. Similarly, crockery and glassware should be of a good quality.
1.6.3 Three-Star Category

General Features

The architectural features and general construction of the building should be of a very good standard and the locality including the immediate approach and environs should be suitable for a very good hotel, and there should be adequate parking facilities for cars. The hotel should have at least 20 lettable bed rooms, all with attached bath room with bath tubs, showers and should be modern in design and equipped with fitting of a good standard, with hot and cold running water. At least 50 per cent of the rooms should be air conditioned, (except in hill stations where there should be heating arrangements in all the bed rooms, dining rooms, restaurant and lounge) the furniture and furnishings such as carpets, curtains, etc., should be of a very good standard and design. There should be adequate number of lifts in buildings with more than two storeys including the ground floor. There should be a well appointed lounge, separate ladies and gentlemen’s cloak rooms equipped with fittings of a good standard.

Facilities

There should be a reception, information counter attended by qualified, experienced staff, a book stall, recognized travel agency, money changing and safe deposit facilities on the premises. There should be a telephone in each room, (except in season hotels where there should be a call bell in each room and a
telephone for the use of hotel guests) a telephone for the use of guests and visitors to the hotel. There should be a well equipped, well maintained air conditioned dining room / restaurant and wherever permissible by law there should a bar / permit rooms. The kitchen, pantry, cold storage should be clean and organized for orderliness and efficiency.

**Services**

The hotel should offer good quality cuisine Indian as well as continental, and the food and beverage service should be of a good standard. There should be qualified, trained, experienced, efficient, courteous staff in smart, clean uniforms, the supervisory staff coming in contact with the guests should understand English, and the senior staff should possess a good knowledge of English. There should be provision for laundry, dry cleaning service. Housekeeping at the hotel should be of a very good standard and there should be adequate supply of linen, blankets, towels, etc., of good quality. Each bed room should be provided with a vacuum jug / thermos flask with cold boiled drinking water. The hotel should provide orchestra, ball room facilities, and should attempt to present specially choreographed Indian cabaret.

**1.6.4 Four-Star Category**

**General Features**
The façade, architectural features, general construction of the building should be distinctive, the locality including the immediate approach and the environs should be suitable for a hotel of this category. There should be adequate parking facilities for cars. The hotel should have at least 25 letteble bed rooms, all with attached bath rooms. At least 50 per cent of the bath rooms must have long baths or the most modern shower chamber, with 24 hour service of hot and cold running water. All public rooms and private rooms should be fully air conditioned (except in hill stations where there should be heating arrangements) and should be well furnished with carpets, curtains, furniture, fittings, etc., in good taste. It should be advisable to employ the services of professionally qualified and experienced interior designers of repute for this purpose. There should be an adequate number of efficient lifts in building of more than 2 steps including the ground floor. There should be a well appointed lobby, ladies and gentlemen’s cloak room equipped with fittings of standard or a hotel of this category.

Facilities

There should be a reception, cash, information counter attended by trained and experienced personnel. There should be a book stall, recognized travel agency, money changing, safe deposit facilities and a left luggage room on the premises. There should be a telephone for the use of guests, visitors and provision
for a radio or replayed music in each room. There should be well equipped, well furnished, well maintained dinning room / restaurant on the premises, and wherever permissible by law, there should be an elegant well equipped permit room. The kitchen, pantry, cold storage should be professionally designed to ensure efficiency of operation and should be well equipped.

Service

The hotel should offer both international, Indian cuisine and food and the beverage service should be of the highest standards. There should be professionally qualified, highly trained, experienced, efficient, courteous staff in smart, clean uniforms, and the staff coming in contact with guest should understand English. The Supervisory and senior staff possess a good knowledge of English. It will be desirable for some of the staff to have a knowledge of foreign language and staff knowing at least one continental language should be rotated on duty at all times. There should be 24 hours service for reception information and telephones. There should be provision for reliable and try cleaning services. Housekeeping at the hotel should be of the highest possible standard and there should be a plentiful supply of lines, blankets, towels, etc., which should be of the highest quality available. Similarly, the cutlery and glassware should be of the best quality available. Each bed room should be
provided with a vacuum jug thermos flask with ice cold, boiled drinking water is
provided. There should be a special restaurant / dining room where facilities for
dancing and an orchestra are provided.

1.6.5 Five Star Deluxe Category

This is a qualitative extension of the 5-star category while quantitatively,
the basic features are as of the 5-star category. In a 5-star deluxe hotel, the
comparative all round standard of service and amenities is of a very superior
quality.

Five- Star Category

General Features

The façade, architectural features and general construction of the building
should have the distinctive qualities of a luxury hotel of this category. The
locality including the immediate approach, environs should be suitable for luxury
hotel of this category, and there should be adequate parking space for cars. The
hotel should have at least 25 lettable bed rooms, all with well appointed attached
bath rooms with long baths or the most modern shower chambers, with 24 hours
service of hot and cold running water. All public rooms, private rooms should be
fully air conditioned (except in hill station where there should be heating arrangements) and should be well appointed with superior quality carpets, curtains, furniture, fittings, etc. in good taste. It would be advisable to employ the services of professionally and experienced interior designers of repute for this purpose. There should be an adequate number of efficient lifts in buildings of more than 2 storeys including the ground floor, with 24 hours service. There should be a well designed and properly equipped swimming pool (except in hill stations). There should be a well appointed lobby, ladies and gentlemen’s cloak room equipment with fittings and furniture of highest standard.

Facilities

There should be a reception, cash, information counter attended by highly qualified, trained, experienced personnel, and conference facilities in the form of one each or more of the conference room / banquet hall and private dining rooms. There should be a beauty parlour, barber shop, recognized travel agency; money changing, safe deposit facilities left luggage room, florist and a shop for toilet requisites and medicines, on the premises. There should be a telephone in each room, telephone for the use of guests and visitors and provision for a radio or a relayed music in each room. There should be a well equipped, well furnished, well maintained dining room / restaurant on the premises, and wherever permissible by law, there would be an elegant well equipped bar / permit room.
The pantry, cold storage would be professionally designed to ensure efficiency of operation and should be well equipped.

**Services**

The hotel should offer both international, Indian cuisine and the food and beverage service should be of the highest standards. There should be professionally qualified, highly trained, experienced, efficient, courteous staff, clean uniforms, the staff coming in contact with guests should possess a good knowledge of foreign languages and staff knowing at least one continental language should be rotated on duty at all times. There should be 24 hours service for reception, information and telephones. There should be provision for reliable laundry and dry cleaning services. Housekeeping at the hotel should be of the highest possible standard and there should be a plentiful supply of all linens, towels, etc., which should be of the highest quality available. Each bed room should be provided with a vacuum jug/thermos flask with ice cold, boiled drinking water except where centrally chilled purified drinking water is provided. There should be a special restaurant / dining room where facilities for dancing and orchestra to be provided.

1.7 **STATEMENT OF THE PROBLEM**
Modern tourism is the most striking phenomenon of 21st Century and offers us an opportunity to learn, enrich humanity and to identify what may be termed as goals for a better life and a better society. As an industry the impact of tourism is manifold. Tourism industry nourishes a country’s economy, stimulates development process, restores cultural heritage, helps in maintaining international peace and understanding. The most significant feature of the tourism industry is the capacity to generate large scale employment opportunities. It also contributes to national integration. Tourism consists of diverse operations ranging from tour operators, travel agencies, hotels, destination development and promotion to airlines, road, rail and water transportation, entertainment, cuisine and so on. In order to develop and promote responsible tourism, one also has to do away with or minimize the negative impacts of tourism, particularly on ecology and environment, culture, customs and traditions of the host population. People in general now view tourism as a way of life rather than a luxury item reserved for the affluent and the elite. The tourist has become more cautious for the value of the money he/she spends. This means for the service providers, constant improvement in the quality of the service, maintaining certain standards and greater emphasis on customer care.\(^\text{16}\)

Hotel and its management once regarded as a part is at present being considered as a science and has therefore been realised that hotels provide an

excellent setting for research studies. The problems found in socio-economic and managerial fields facilitate enormous scope for research by sociologists, economists and psychologists. For example, problems connected with marketing of accommodation, advertising, sales promotion, training, production, communication, recruitment grievances, etc., are all becoming sensitive to the growth and development of hotel industry. Hence, the hotel industry, and particularly the accommodation sector is increasingly conscious of the research needs in its various operations. But until recently no other industries have ever received less attention than hotel and tourism industries in the field of research and this fact is true particularly in the case of India.

The researcher being fully aware of the need and importance of study about hotel industry at micro-level in relation to tourist inflow has undertaken to do so choosing Madurai – a beautiful summer resort in Tamil Nadu. It is optimistically believed that this modest attempt in this field will certainly prove to provide some substantial information in order to frame an adequate policy to tackle the problems connected with hotel industry in Madurai in particular and hotel industry in other parts of tourists’ interest in India at large.

1.5 OBJECTIVES

The main objectives of the study are
1) To undertake a comprehensive study of the major tourist attractions in Madurai.

2) To study the trends in tourist arrivals and hotel accommodation in Madurai.

3) To study the demand and supply of hotel accommodation for tourists in Madurai.

4) To analyse the expenditure portfolio and its determinants of sample tourists.

5) To examine the tourists’ evaluation of hotel facilities and services in Madurai.

6) To make suggestions and policy recommendations so that tourism industry is general and hotel industry in particular can hope to have a prospective future.

1.7 LIMITATIONS

Though the investigator seeks to analyse every minute detail of the tourism industry with the utmost care possible, one is afraid that one cannot but be mindful about the following limitations:

1. Paucity of secondary data

2. Exaggerated accounts of the informants.

3. Fallacies of sampling.
1.8 SCHEME OF WORK

The present study on “Role of Luxury Hotels in the Promotion of Tourism in Madurai” has been divided into seven chapters.

Chapter I introduces the subject and discusses the contribution of tourism industry in Indian economy, market potential of Indian tourism industry in global perspective, laws covering the hotel industry and tourism, statement of the problem, objectives of the study, limitations and scheme of work.

Chapter II reviews the literature of past studies and deals with important definitions and concepts. Further, it describes the methodology adopted for the present study.

Chapter III discusses the profile of the study area and tourist spots in Madurai.

Chapter IV analyses the trends in tourist arrivals and hotel accommodation in Madurai.

Chapter V discusses the profile of the tourists, expenditure portfolio and its determinants.
Chapter VI undertakes the examination of the tourists’ evaluation of hotel facilities and services in Madurai.

Chapter VII presents a summary of the findings of the analysis, conclusion arrived at and offers a suitable policy implication.

CHAPTER II

REVIEW OF LITERATURE AND METHODOLOGY

2.1 REVIEW OF LITERATURE

A brief literature would be of immense help to the researcher in gaining insight into the problem selected. The researcher would gain good background knowledge of the problem by reviewing certain studies. A vigilant scrutiny and monitored overview of the earlier studies will be helpful in reconstructing the present study. Hence, in the present chapter, an attempt has been made to review the earlier studies relevant to various signal aspects of tourism in India.