Chapter VII

SUMMARY & CONCLUSIONS

It is a well-known fact that hotel industry today is ranked highest in the midst of the worldwide industries. It is quite common around the globe since we can find them in every country and every type irrespective of the culture, location, etc. In most of the developed nations like the U.S.A., France, England, etc. the hotel industry is one of the major service industry. Historically the backbone of the industry is still in stage of development and progress. This period of transition will certainly help it in determining the future, which will definitely cast some major changes that can help in altering these statistics considerations.

The incoming changes in perception make possible a large-scale variation in the different categories of hotels. Since time immemorial there has been frequent changes in the concept and format of hotels. In this context, it is natural that all hotels do not offer the same facilities. The variation in architectural features, the size, the facade, the facilities and amenities can’t be overlooked. This necessitates a study of its typology.

In Fig. 1.1, the classification on the basis of nature of hotel is shown.

![Diagram of Hotel Types]

Fig. 1.1 Typology on the basis of nature

The forgoing referred to hotels may be forming two types, e.g., approved and un-approved.

![Diagram of Official Stamp]

Fig. 1.2 Typology on the basis of standards and control
Section 6 Division 69 of Industrial Classification, Restaurants & Hotels includes the following

Classification Group 690

(A) This group includes sale of prepared food and drinks for immediate consumption at the places such as: -

(i) Restaurants,
(ii) Cafes,
(iii) Lunch counters,
(iv) Refreshment stands,
(v) Catering activities and take-out activities as well as dining car activities of railway companies and other passenger transport companies where catering is undertaken as independent activity.
(vi) Sales through vending machines, vending stalls, whether or not mobile

Note: If the above-mentioned activities carried out in connection with the provision of lodging, they are to be classified in-group 691 as shown below:

Group Class 691

(B) Hotels, rooming houses, camps and other lodging places.

（⇒ Mechanism of Hotel Catering Business

Basically the Hotel Industry from the urban places from Marathwada could be divided into two segments:
(1) Commercial catering
(2) Welfare catering

(i) Commercial Catering

Here one of the prime concerns of hotelier is that the operation should fetch profits by selling goods and services. These can be further divided into residential and non-residential categories. Residential types comprise of:
- Hotels with living accommodations,
- Motels,
- Road side Dhaba,
- Guest houses,
- Dak Bungalows,
- Holiday Camps,
- Club houses,
- Hostels,
- Boarding houses, etc.

And the non-residential cover the following:
- Variety Restaurants
- Specialty restaurants
- Coffee shops
- Tea houses
- Stands
- Bars
- Cafeterias
- Night clubs /Tamasha or dancing clubs
- Drive in Variety of fast food services
- Pizza huts or Bhakari Huts
- Hamburger (Bhel ,Batatewada etc) stalls,
- Ice-cream or juice parlors
- Juice corners
- Sandwich shops
- Steak houses etc.
- Automated vending machines

(ii) Welfare Catering
In this case the catering bustle is undertaken not for all intents and purposes to make a profit, but as a necessary service for conciliate, convenience and care. These operations are mostly on a non-profit no-loss or on varied grades of subsidy.

Examples of this type of catering are found in the following areas:
(1) Industrial: Canteens in factories, workshop, mills, work sites, etc.

(2) Institutions: Hospitals, schools, colleges, homes for the aged, orphanages, offices, etc.

(3) Transport: Mobile catering

(4) Services: Defense services.

In short, Urban Hotels in Marathwada cater to all, which could be expediently grouped as follows:
(1) Travelers,
(2) Vacationers,
(3) Professionals & Social groups,
(4) Families and Students,
(5) Business and Industrial groups, and
(6) Institutional members, etc.

Commercial Hotel Management

If one desires to run his hotel business on commercial lines he has to take the recourse of scientific management for the purpose of profit, expansion and development. Operationally profit motivated Commercial hotel management is different for:

- Single Units,
- Multi-Units,
- Chain Units,
- Franchises,
- Affiliations, Etc.

It is observed during the course of experience survey of hotels that, in the majority numbers of cases the small hotels are single unit managed by either one or two persons with the help of few hired labours. As for ownership there are overwhelming number of proprietary concerns and partnership concerns, while private and public limited companies - which are mostly engaged in commercial or welfare catering or the combination of both types of catering - are few.

Many of such hotels are managed regardless of scientific management techniques though the catering dealings necessitate management on scientific basis. The management functions by small hotels from the urban centres, as observed, are discharged in two ways:

(i) In 15 to 20 percent hotels, there is a pre-thought and pre-planned hotel management, and

(ii) In majority number of hotels there is trial and error type of hotel management.

Every entrepreneur’s hotel business needs management and management is viewed itself as a business, which is taken care of by the professional experts in big or in Star Hotels. Hence, we shall briefly discuss the subject of commercial management in the light of our field observations in the following pages:

In a competitive business environment, the quality and performance of the hotel management determine the success of
commercial venture; indeed, they determine the product and hotel survival. For the quality and performance of hotel business, there is a need to develop appropriate commercial infrastructure. Good business management enables the hotelier to build up its competitive strength and develop and expand their hotel business as successful.

Reference Period:

The reference period for the field investigation while collecting primary data is limited to the 12 months preceding to the date of interviews (i.e. falling in period between 1\textsuperscript{st} May 2003 and 30\textsuperscript{th} June 2003) of hotel entrepreneurs, union leaders and officers of govt. or municipal departments having concern to hotel business. The reference period, while collecting the secondary data is not restricted to particular number of years, since it is found necessary to seek the references even prior to First World War when the hotel business was in its infancy stage.

Research Methodology:

The research methodology used for this study is both exploratory and descriptive. The former consists of survey of literature and experience survey, while the latter is confined to only cross-section analysis i.e. purposive sample selection of the respondents for survey.

Chapter II

Introduction

A promotion and development of hotel enterprise depends upon number of factors. Just as the economic, sociological and cultural factors play a very important role in making of an hotel enterprise, so also the thinking, education and training received by a person, specially in his early childhood, decides the shape and size of his hotel. Objective and purpose of the enterprise as set by other person also play role in deciding the size of the hotel. Once the purpose is clear in his mind, the person works accordingly and develops his hotel, as per his perception.

Investment capacity and the nature of hotel product or the service offered by the entrepreneur are also other two factors that are responsible for the type of entrepreneurial activity. If you visit a large scale and a small-scale Hotel, you would notice some distinctive difference in the culture of those two Hotels. This could be a result of the types of people behind each of the Hotels. Often many Hotels remain small because of the thinking and the way of working of the concerned entrepreneur. Larger
the view taken about the hotel enterprise, larger it is likely to grow within a short period. Such a culture has a direct effect on all the related matters of working of the Hotels. This difference in approach and attitude could also be a reason of difference you find in the external and internal organization of these Hotels. Broadly speaking the types can be divided in three different categories i.e. Small or Mini, Medium and Large Hotel business. The size of hotel depends upon number of factors. However most important amongst them are financial constraints and entrepreneurial inheritance. The size of hotel and its related parameter is the subject of this chapter.

One would notice that a very conservative vision is taken by him regarding every minor routine matter of the day-to-day activities like purchase of raw food item (milk, sugar etc.), telephone expenses, monthly living and his personal entertainment expenses (tea, hotel bills, conveyance) etc. There is no wonder to find a minimum number of employees working in the hotel and minimum level of benefits offered to them. The clear objective is to retain maximum profits for him. Frequently such persons, as observed in the survey, if hotel business is flourishing are very possessive in their life and thus can accumulate properties – both movable and immovable – in a very short period. In such hotel, since it has less number of employees, everyone is close to the owner; everyone is dependent upon hotel owner for all his needs and belonged to domicile or native town of the owner. A typical relationship can be found here similar to the one between the landlord and the tenant tiller, working on his farms in the earlier era. These Hotels usually take the form of a proprietorship business. The most udpai-managed hotels are of this type.

Such small Hotels face maximum amount of difficulties in the form of shortage of finance, competition, insufficiency of proper manpower due to high labor turnover and many others. The hotel business volume is also likely to be less and the turnover is also likely to be small. These further result in lowering the status and image in the eyes of their bankers, business associations and the society. Such venture, therefore, often exist only for the life span of the proprietors. Here, it might be mentioned that usually business size is determined by turnover. It is found in the survey that much hotel business doomed as with the demise or downfall of their owners.

For our present discussion however, we are concerned with the personality aspect of an enterprise and not with size in
terms of turnover. After all, in the early stages any business may have small volume.

A hotel producing a series of products in a line and having multiple foods processing or manufacturing and/or distribution centers can be called as medium-size hotel enterprises. The size marks the expansion of the trade and circulation of its brand in the broader geographical boundaries. Once the size increases relevant dimensions of operation also change. These dimensions include volume, turnover, manpower, land and building, culture etc. Often some hotel, even when they reach this stage as a medium scale, continue those control practices, which they had adopted as a small Hotel.

Medium scale hotel does not mean a snacks or food serving hotel only. It can be a processing or manufacturing Hotel for multiple products with its own distribution network consisting of dealers, depots and staff at different locations. It can also be a big marketing or agency organization dealing in trading of many hotel products of different manufacturers or authorizations. The size and the number of employees may prove to be deciding factor in the definition of a medium scale hotel. As regards the terms and conditions of employment (Wage structures, leave, dearness allowances etc.) and other laws pertaining to social securities are concerned, these hotels have to follow a certain set of rules and regulations. The effect of all these legal provisions results in building up a formal work culture. Better living and working conditions and general welfare of the employees are considered as important factors for increasing the productivity and overall efficiency in such Hotels. Thus, the quality of work life is also found to be better as compared with small hotels.

All large-scale Hotels, especially star hotel categories usually are public limited companies. All limited companies (both private and public) are required to be registered with The Registrar of Companies, under The Companies Act, 1956. For this purpose a “Memorandum and Articles” (Aims and Objectives) of the proposed company and an application, suggesting three probable names (title of the hotel company) of promoter choice have to be submitted to this registering authority. This is a tool in the hands of Government to control and monitor the working of the hotel.
Do one thinks 'Small Scale Hotel' can be defined by using other variables rather than merely the upper limit on value of building, kitchen, equipment/food dispensation machinery and like other things? Some such variables are required to be well thought-out for exploring the thesis objectives.

But "What is small about small scale? And "how small is small"? are two questions, which immediately arise. Indeed, Small Hotel Enterprises comprise a wide variety of hotels. They can be categorized in diverse ways depending on an urban pattern and stage of development policy aims and urban set up. Definitions of small hotel may relate to the capital invested or employment or both, or to other criteria.

A problem does arise when attempting to establish an acceptable upper limit for the definition: financiers often talk in terms of upper levels of fixed assets, net worth or value added; labour officers may refer to the total number of persons employed; traders might use a ceiling limit in sales volume; service personnel may use the total number of customers; manufacturers may prefer to use maximum levels of energy required for production; or different criteria may be combined in attempting to set the limit at which the enterprise ceases to be "small".

In practice, well over three-fourths of the small enterprises so defined would have fixed assets below Rs. ten lakhs and employment below 50. In India, small-scale industry has been defined by fixing an upper limit of value of Plant and Equipment rather than total fixed assets or employment size. This underscores is an apprehension for scarcity of capital relative to labour. Land and building are also excluded, because their value is even more difficult to determine, apart from these being unproductive assets, unlike Plant and Equipments.

However, with rising prices and changing technologies, the upper limit of the size of a small-scale unit in India so defined had to be changed over time. From Rs. 5.00 lacs in the fifties, it was raised to Rs. 20.00 lacs in the seventies and very recently, in April, 2000 it has been raised to Rs. 80 lacs and for ancillary units Rs. 85 lacs. "Small" has become quite "big" over a period of a time.

**Characteristics and Relevance of Small Hotel Enterprises**

Much distinctiveness of small hotel enterprises adds to their pivotal positions in accelerating economic growth in countries where they are seriously being developed.
• Their flexibility make them best suited in environments where intervening variables play a large part in day-to-day business management.

• Also, small hotels have a better change to carry out a number of innovations like combinations of new product or service new materials, new methods of production, new markets, new sources of materials and even new forms of organization.

• Being change-susceptible and highly reactive to socio-economic influences on the outside, small hotels can easily adapt to and adopt measures that will ensure not only their own viability but also the growth of the economy in which they are situated.

• Being fairly labor-intensive, they provide an economic solution by creating employment and income opportunities in urban and rural areas at relatively low cost of capital investment.

• Decentralization and dispersal of hotels into rural areas prevent the influx of job seekers in cities and urbanizing centers, thus allowing for a more balanced growth of economy.

• By using indigenous raw materials and the promotion of intermediate and capital goods, small hotels can contribute to faster economic growth in a traditional economy.

• Being set up by individuals, they provide a productive outlet for expressing the entrepreneurial spirit of human resources.

The benefits of Small Hotels can therefore be summarized as follows:

• Utilizing local resources

• Creating jobs at relatively low capital cost (lower capital/labour ratio)

• Diversifying hotel business structure and foiling monopolies
Providing a vehicle for introducing a more equitable income distribution.

Attracting and utilizing indigenous entrepreneurship

Developing a pool of skilled and semi-skilled workers as a basis for future hotel expansion.

Improving forward and backward linkages between economically, socially and geographically diverse sectors of the economy.

Providing opportunities for developing and adapting appropriate technological and managerial approaches

Increasing mobility for the improved development of natural resources

Adapting flexibility to market changes.

Role of Entrepreneurship in Hotel Business and Economic Development

Effectiveness of small hotels depends upon the entrepreneurial and managerial capabilities of those involved in the business. Because of its size and unique operating characteristics, a small hotel requires a management approach, which is also unique. Small hotels are generally managed in a personalized fashion. The owner is also the manager until the hotel grows to a certain level. They participate in all aspects of managing the business and there is generally no sharing in the decision-making process. As far as scope and scale of operations is concerned, small hotels usually serve a local market rather than regional or national or international market. They also tend to have a very limited share of a given market. These special characteristics must, therefore, be taken into account in planning for small hotels development on a national scale.

The entrepreneurial spirit, as described by recent studies and experiences on the subject, involves not only a desire to gain monetary benefits but also an admixture of a high need for achievement and all the motivations evident in a higher achiever. Long-term involvement with a goal, which the entrepreneur has set for himself, creates the need to persist with the undertaking even in the face of difficulties and hardships.
Management and entrepreneurial skills must, therefore, be blended in the small hotel owner's total make-up, as these will spell the different between success and failure. The ideal would be to find a man who is both efficient and effective. Without the latter capability a man may simply be a good manager. He still has to be developed into an effective hotel manager by inculcating in him the entrepreneurial spirit.

Wide Ranging Contributions
By small Hotel entrepreneurs:

There is a wide range of significant contributions that entrepreneurs and entrepreneurship can make to the development process of hotel industry. These include the following:

(1) Entrepreneurship raises productivity through technical and other forms of innovation.

(2) Entrepreneurship is a powerful tool of job creation.

(3) Entrepreneurship facilitates the transfer of technology.

(4) Entrepreneurship plays a strategic role in commercializing new inventions and products.

(5) Entrepreneurship plays a critical role in the restructuring and transformation of economy.

(6) Entrepreneurship help reduce the ossification of established social institutions and the concentration of economic power.

(7) Entrepreneurship and entrepreneurial Behaviour can breathe vitality into the life of large corporations and governmental enterprises.

(8) Entrepreneurs make markets more competitive and thereby reduce both static and dynamic market inefficiencies.

(9) Small entrepreneurs operating in the informal sector establishes government authority when government and their programmes inhibit economic development.
(10) Entrepreneurs stimulate a redistribution of wealth, income and political power within societies in ways that are economically positive and without being politically disruptive.

(11) Entrepreneurs improve the social welfare of a country by harnessing dormant, previously overlooked talent.

(12) Entrepreneurs create new markets and facilitate expansion into international markets.

Problems and Support Needs of Small Hotels Enterprises

Successful small hotel do not emerge, and thereafter survive and grow unless the environment is conducive. Political, economic, technological and socio-cultural factors in the environment impinge the life of the small hotels and generate much of the needs required for their existence.

Conducive Environment

The overall political climate in a country is important for the small hotel entrepreneur. Small hotels will need positive and encouraging measures by the municipal government and political constituencies to establish private investment at busy place like railway station or ST stand. Such measures could include liberal or non-restrictive investment policy, creation of promotional agencies, creation of hotel cites and free trade zones and availability of low-cost loan capital for private investors.

The political climate influences the economic direction taken by the municipal authorities in question. An analysis of the economic environment is particularly helpful in investment decisions, market measurement and in forecasting. The general state of the economy dictates what the small hotel will need especially since it is handicapped in obtaining capital and credit owning to greater unit costs of small transactions, greater risks involved, etc. The small hotel also generally lacks managerial and technical know-how, or is weak in marketing, production or personnel management skills. These are needed so it can be economically viable even if it operates on a small-scale basis.

Technological advances in the environment create new needs for the small hotel entrepreneur as far as adaptation and adjustment is concerned. Hotel entrepreneur may need to learn how to adjust to the new technological environment surrounding him, or he may need to take a set of advanced
technologies and bring these to his own level in the small hotel enterprise.

Finally, the socio-cultural environment also creates a very important climate for the survival of the small hotel enterprises. They need several conditions to keep being alive:

(1) Tolerance for change in the society and culture
(2) Social mobility
(3) Tolerance of profit-making and
(4) Tolerance of private ownership

It is the entrepreneurs who set up hotel enterprises where the needs, as human resources must not be overlooked. Being the kingpin in the whole small enterprise development process, the factors responsible for the emergence and growth of hotel entrepreneurship must be analyzed and supported, for without the person behind it, there can be no small enterprise to think of. India has been a pioneer in initiating Entrepreneurship Development Programmes (EDPs) to identify, select, motivate, train and guide new, first generation entrepreneurs from all walks of life, thereby increasing supply of capable entrepreneurs for small scale industrial units including hotels. Entrepreneurship development together with hotel is now being introduced in school and colleges to provide self-employment oriented youth and change the middle-class mentality for "job-seeking".

*Adequate Credit Assistance*

Small hotel enterprise development cannot be ensured without arrangement for financing. Adequate and timely supply of credit is critical for new hotel entrepreneurs to emerge especially from a wide base. A great majority of small and medium hotel business activities have come about because of special financing programmes offered to them.

Various financing programmes have been evolved in India to meet specific needs of existing and prospective hotel entrepreneurs. These usually take into consideration the difficulties and special needs that the prospective small enterprise borrower encounters. Thus, requirements are less strict in terms of (1) lower interest rates than the prevailing commercial rates, (2) less collateral requirements and lower equity ratio, (3) various assistance schemes such as preparing the project study etc. Special loan guarantee scheme have
proved to be useful whereby the government guarantee the loan of a small hotel entrepreneur by banks. Sometimes, the financing needs cannot be met simply through the provision of loans.

Chapter III

What is Hotel Business?

Let us assume that you have decided to eat Masla Dosa or idali from Hotel. Can you imagine the types of activities involved to realize your purchase. Behind your purchase, for example, there is the supplier of raw materials; there is cook who converts these raw materials and other inputs into eatable; there is the dealer who makes the raw food available at places convenient to hoteliers; there is the transport agent who assists in moving materials to the Hotel Kitchen and from Kitchen, if necessary to the consumers also; there is the banker to finance various activities; there is the advertising agency which tells about the Hotel food and services where and how they can be catered; there is the Govt. agent who regulates on your behalf; and a host of other activities. Not only a Hotel food, but also even a service items such as a accommodation necessitates a long chain of activities so as to make one’s purchase satisfactory.

The multitudinous activities involved in bringing raw food to the hotel and the end product from there to the market constitute business. In other words, Hotel business includes all activities connected with production, trade, banking, insurance, finance, agency, advertising, packaging and numerous other related activities.

What is important and what needs emphasis in the term Hotel ‘business’ is that all the above activities are being organized and carried for profit with an important aim, viz., to supply goods and services to consumers to satisfy their needs. Thus people occupy a central place around whom, by whom, and for whom Hotel business is run for profit.

The Hotel business includes various activities and all the activities that are carried on by and for people are underlined in the definitions quoted below:

Hotel Business represents the “organized efforts of enterprises to supply consumers with goods and services”
Hotel Business "is a system created to satisfy society's needs and desires."

A Hotel business "is nothing more than a person or group of person properly organized to produce or distribute goods or service. The study of Hotel business is the study of the activities involved in the production distribution of goods and services buying, selling, financing, personnel and the like. In a theoretical sense, this definition of business is incorrect. Before profit and the risk of loss"

Hotel Business is the "complex field of commerce and industry in which goods and services are created and distributed in the hope of profit within a framework of laws and regulations".

Scope of Hotel Business:

Hotel Business is a vast and fascinating subject. The more one reads about hotel business, the deeper it goes and more absorbing does it become. The subject encompasses the use of latest scientific know-how and technical know-how; challenges and difficulties encountered in converting raw materials into saleable products; problems confronted in raising and spending money for the good of business; the uphill task of bringing employees together and motivating them to achieve higher productivity; sleepless nights spent for better market the products; the stupendous task of complying with legal restrictions and government requirements and discharging obligations to consumers, employees, owners and to other interest groups which have a stake in hotel business directly or indirectly.

In keeping with its vastness, literature on the hotel business is ever growing. Numerous books are being written and published on each functional area and on the totality of hotel business. Some of the books on hotel business have become best sellers. Dailies and periodicals are also being published and their tribe is ever growing. Universities and other educational institutions are conducting special courses on hotel business and its management. Millions of people all over the world devote their time, attention, money and physical efforts to hotel business.
Characteristics of Today's Hotel Business

Today's business has the following characteristics:

(See Fig. 3.1)

- Govt. Interference
- Change
- Bigness
- Fast-Buck Culture
- Hotel Business
- Diversification
- Information
- Science
- Globalization

Fig. 3.1 Characteristics of Hotel Business

Grow the Hotel Enterprise

Many hotel entrepreneurs do not set the work objectives and do not achieve the target they have set in their life. They finally conclude and convince that they lacked in one or two qualities necessarily for success in hotel business. Some others continue to work without targets or ambitions. Success or failure has no place in their life, and neither of it has any effect on their morale, motivation or inspiration. It is often therefore, that successful hotel enterprises are born with a special kind of set of qualities.

There can be long arguments on this. Most successful hotel owners agree that there is no set formula for achieving success in hotel business and also in their life. Success for them is a relative term. Comparison and evaluation of self vis-à-vis others may lead to a feeling of non-achievement in life. Comparison with self can lend to partial satisfaction for specially, if the targets are not achieved. It is most interesting to note that most hotel owners told that they do not prepare a plan before venturing into a hotel business activity, for they know some things are still beyond their control. There is no point in making huge calculations and then land into a frustrated state. Mentally preparedness is a pre-condition to success for some hotel owners and their enterprises. A well laid out plan is the secret for them. Initially they get tempted with the idea of success, but if that does not happen they get easily frustrated and may slow down the efforts, with a policy to wait and watch. In terms of basic management of business some believe that the size does not make any difference. Qualities and attributes come automatically with the size. Growing hotel business teaches all the qualities necessary to handle the volume.
Hotel owners shall agree with these statements when they look at the example of some famous and successful hotel businessmen in our country. There are other cases, that in spite of increase in volume, some hotel entrepreneurs do not learn anything form the growing volume they work in the same manner and continue to run the hotel enterprise. According to these people nothing is ever perfect in managing the hotel business. Methods and means are only to be blamed for the failure, whereas the success if any, comes from the people behind the hotel enterprise.

Some luxurious service and food products produced by star Hotels sector, and some items are robotically reticent for small-scale hotels. The market mechanism directs the volume and therefore the size of such units. In communist countries, the picture was different because of the control exercised by the Government in almost every aspect of the business and trade. In India where economic liberalization is practiced, the hotels units, unlike communist countries were allowed to produce and sell as much quantity as they could. Their name, frame, reputation should bring growth if they could. It was a statement by leading small hotel entrepreneur from Aurangabad that he is never worried about the entry of many players, nor the competition. His hotel sure of its growth on the basis of his name, reputation, the quality, price and other characters of the products makes him

Why Monitor Costs?

Considering the present day situations in the market, it is essential for a hotel enterprise to achieve the cost reduction in every function to remain competitive as regards the pricing of product or service. Hence, continuous effort on monitoring all types of costs is very essential for any new or running hotel. Monitoring of costs gives insight into the main purposes of hotel business has,

To remain competitive and to avoid rise of competitors.
To keep Commitment to customers to offer products (or services) at the least reasonable possible minimum cost.

To keep a constant watch on the profits made by each activity and, generation of profits, surplus, survival and growth of the enterprise

To modify price structure, if necessary
To attract and retain the customers from time to time.

Variation in Behaviour of these costs gives many clues to know about the progress and growth of the hotel business. We have discussed about growth in earlier paragraph, however, when we consider the aspect of finance, it is necessary to draw attention to the fact that a hotel business activity should grow (percentage of growth and progress can vary in every case) and it must generate sufficient interest all the time to remain in business. Diversification, mergers and takeovers, product innovation, inventions and many other aspects are possible only when we monitor costs. All these activities need finance. It is only through profits from the sale of goods or services that surplus is generated, that if invested again can generate growth in business and thus progress is achieved. The concept of growth should be clear from the Fig. Given ahead:

![Diagram showing the relationship between capital formation, growth, survival, increase in profit, productivity of men and machines, productivity of materials, and higher efficiency of resources.]

**Fig:** Growth through productivity of 4Ms.

Thus, it is clear from the above figure that growth means higher productivity of all four resources. Productivity of capital employed is most important for progress and growth of the hotel enterprise, since it comes from profits it makes, on continuous basis. The basic objective of any hotel is to earn
profits. Whenever sales are affected revenue is generated and with it profits emerge. But sale can take place only if the customers buy the hotel products or services. If the prices are higher or beyond the capacity of the buyers, sale would not take place and there shall be neither revenue nor profits. Therefore it is necessary that sellers’ price as a producer, and the buyers’ price (cost that pays while purchasing) must match. Mathematical equation shall be,

\[
\text{Sellers' Price (SP) = Buyers' Price (BP) / Purchasers' Price.}
\]

The SP is comprised of two elements: (Cost of Production + Profits.)

Hence, Profits = (Sale Price - Cost of Production).

The conclusion from the above equation is that hotel sale price should be calculated in such a manner that it is attractive to the buyers, and at the same time it should cover all costs of production and earn some profits. It is true that the sales price cannot be just enhanced as hotel manager or owner wishes, because markets and buyers control it. In such situations, hotel owner is left with only one option to reduce costs on each and every aspect to maintain the same amount/level of profit. This is the basic reason why hotel enterprise has to monitor costs regularly and tries to remain within basic cost structure, or the budgets/estimates.

Environment refers to all external forces, which have a bearing on the functioning of business (Table No. 3.2.). “Environment factors or constraints”, wrote Barry M. Richman and Metvyn Copen, “are largely if not totally, external and beyond the control of individual industrial enterprises and their management. These are essentially the ‘givers’ with which firms and their management must operate in a specific country and they vary, often greatly, from country to country”. 10

As per the second definition, environment includes such factors as socio-economic, technological, supplier, competitor and government. While all these are highly relevant, there is yet another factor which is not included in the definition, and which exercises considerable influence on hotel business. It is physical or natural environment. Including physical environment the total environment of business, for our purposes, will include
five factors, viz., political-legal, economic, social-cultural, technological and natural. A brief description of each follows in the following paragraphs.

Thus, hotel business is the product of the political-legal, economic, social-cultural and natural factors amidst which it functions. Three features are common to this web of relationship between business an its environment. First, there is symbiotic relationship (see Fig. 3.3) between business and its environment and among the environmental factors. In other words, business is influenced by it environment and in turn, to a certain degree, it will influence the external forces. Similarly, political-legal environment influences economic environment and vice versa. The same is the relationship between other environment factors too.

\[
\begin{array}{c}
\text{Political-Legal} \\
\text{Natural} \\
\text{Business} \\
\text{Technological} \\
\text{Economic} \\
\text{Social-Cultural}
\end{array}
\]

Chapter - IV

Introduction:

Economics of Business and use of commercial methods for profits are interconnected. Their appropriate and skilful manipulations have deep concern to entrepreneurship. In other words we cannot separate entrepreneurship from economic as well as commercial dimensions. Hence it is thought meaningful to make a concern to study of entrepreneurship in Hotel Business.

Entrepreneurship\(^1\) is the outcome of the combination of multifarious socio-economic factors interacting at a point of time in any society. The socio-economic factors such as the economic background of the members, their caste system, cultural background, business ethics, inter alia, influence of entrepreneurial behaviour in society. For example, a person is likely to adopt marginality\(^2\) if he is a member of a social group traditionally constrained to enter economic activity and barred
from many other activities by the society. He is also likely to do so if he has been exposed to business culture. There are also purely structural factors such as the level of entrepreneurial opportunity available in the society, i.e. the number of openings in the economy for small entrepreneurs. Sometimes one is a Hotel entrepreneur by mere accident, not on one's own volition, but parents or circumstances largely force the decision upon him. An unemployed udapi person, for example, may see no other way out but to start an hotel of his own with his last savings or on credit, though he would much prefer to be employed by someone else. Thus an hotel entrepreneurial event may be the result of the occurrence of many events – social as well as economic. Therefore, the objective of this section of the study is to trace the age, caste, education, training and experience of the entrepreneurs surveyed; this is because it is believed that such factors determine the economical motivational characteristics of hotel entrepreneurs particularly in a developing his business. An Analysis of this type may provide us a clue to the influence, which the new and small hotel entrepreneurs reacted to.

The opening of narrow and later on Broad-guage Railway along with the widening of state and national highways connecting the tourist city of Aurangabad ushered a new atmosphere in the social and economic life. Aurangabad & later on Nanded, Parbhani & Latur came closer to the advanced parts of the country and intercourse with more civilized and industrialized people became possible. On the beginning of New Millennium, Railways were accepted as the lifeline. Though a small number of hotel units started blooming in the mid-sixties in Aurangabad proper, this was a humble beginning for an hotel industry growth which later on supported by the banks & Govt. for bringing up the underdeveloped Marathwada on par with the developed regions of the state. These changes, through did not make any deep impression in those days, were proved to be the foundation stones for the future. Because of these steps taken by the end of the sixties by the government, it was easy for the investors to make rapid strides in the industrial and economic front of Marathwada.

At the beginning of this process of social change, the participating of business communities (basically the immigrated Marwaris & others) in the catering business is worth mentioning. They started utilizing their hotel business acumen in industrial and commercial enterprises and hence contributed a great deal in the process of economic development of
Marathwada. The reason for the rise of this community in the manufacturing and commercial activities including hotel business are in terms of factors such as control over several operating firms through the managing agency, dominance in the indigenous banking system, community mobilization of resources, intra-community business linkage (within and outside Maharashtra, such as Bombay/Poona) and intra-community marriage networks.

Their participation brought about a change in the outlook of the other communities considered to be enterprising. More and more members of community other than the Marwaris (and other immigrated communities) participated during the Post-mid eighties period which ultimately helped in bringing about an industrial ethos among the masses.

Furthermore, the spread of education produced many numbers of educated technical and non-technical graduates during the Post-mix sixties period. It was, however, not possible to absorb all these educated persons in the governmental jobs. During 60’s and 70’s this problem aggravated further. These educated people (mostly from the upper stratum of the society) who had either little capital at their disposal or connection in the government bureaucracy or both, utilized their educational skill and aptitude in catering activities, directly enjoying the government’s assistance programme for the growth of hotel entrepreneurship. Thus the upper strata of the society who hitherto preferred government’s job to entrepreneurship diverted their attention towards the latter since the opportunity in the former was not foreseen immediately. This led to wider participation of different communities in entrepreneurial activities, particularly since seventies. Consequently, the social importance attached to a hotel profession was substituted by the prestige acquired by wealth which resulted in the new wave in catering business cities in Marathwada of trade and commerce. Aurangabad in its social life had never experienced this kind of social consciousness possessed by wealth. The social life of the people changed accordingly.

The table No. 4.1 shows about caste composition of 305 hotel owners from Aurangabad. It is seen from the table that 4% hotel entrepreneurs are from priestly caste, 32% from Trading Castes, 26% from professional castes 31% from farming and Warrior Castes, 2% from low service Castes and 4% from other Interior castes.
As against stall type Hotel owners, the small hotel owners are having different composition of Religions; Thus, the majority (54%) of them are Hindus, and the rest i.e. Nav-buddha (5%) Muslims (10%) Sikhs (12%), Christians (1%), Jains (16%) and other (2%) were small in number (Table No. 4.2).

The migration characteristics of 150 Hotel entrepreneurs are seen from the table No.4.3. The table shows that 42% are from cities proper, 12% from the District, 24% from the Maharashtra excluding Marathwada districts while 12% from outside Maharashtra.

Although the higher educational profile is required for the business development, the Hotel entrepreneurs lack in the same. It is told that, for the hotel business "Experience" rather than "Education" is counted much for the success. It is told that only experience leads to economic survival in hotel business.

Thus, the majority number of entrepreneurs were in a middle age group, when they entered into hotel business; of these entrepreneurs 64% had with some business contacts while 40% did not have any such contacts. Those having business contacts were in the large number from the age group category 20-40 (Table No.4.6).

An occupational profile of the majority number of fathers of Hotel entrepreneurs was of a lower order and the same is not useful for carrying or supporting business. The majority number of Hotel entrepreneurs could not keep any dependence on their fathers status or experience for the help in their business. While only 34% fathers owing hotels had passed the business in the hands of their sons or heirs i.e. existing entrepreneurs. In that sense these fathers were instrumental in helping their sons/existing entrepreneurs.

It is, thus seen that the large number of hotels have been established after 1980. The some economic reasons for the same are as follows :-

(i) The development of Marathwada has been speed up after 1980 due Govt. policy to encourage industrial entrepreneurs to start their plants into Marathwada.

(ii) As with increased tempo of Industrialization and commercialization, the number of salary and wage
earners have been increased and they required hotels, not only for luxury or change but as a necessity.

(iii) Banks and financing institutions are liberal in financing hotel business on priority.

(iv) An importance of cities in Marathwada as tourist center has been instrumental to increase an additional number of tourists year after years.

(v) As we have seen the demographic features of Marathwada were region swelling population and declining sex ratio provide a hint for increasing demand for hotel food.

70% Hotel are sole owners of their business; while 12% and 14% respectively have partnership and joint family ownership in their business.

The educated Hotel entrepreneurs are having partners in their business. Their partnership is often happened to be informal. Moreover many do not prefer to continue it on a long lasting basis.

26% Hotel entrepreneurs encouraged by their families while promoting business, while 16% Hotel entrepreneurs benefited in promoting business because of educational background of their families. The families’ social connections are also benefiting to 32% Hotel entrepreneurs while promoting business.

The fact is overwhelming noticed that about 34% entrepreneurs were either from the 1st or 2nd or at the most 3rd generation. All such hotels by and large are having market value of the hotel investment is upto Rs. 5 lakhs. During the initial promotion period these entrepreneurs spent amounting even less than Rs. 25 thousands.

3% Hotel entrepreneurs are from the background of rural artisans, 4% from domestic merchants, 16% from factory workmen, 3% from graduate engineers, 31% from service class, 6% from manufactures, and 37% from the background of cultivators (Table No. 4.13). On the whole it is found the Hotel entrepreneurs are with lower technical profile of their families.
or themselves, which naturally cripple them while carrying their business.

⇒ The hotel business success depends upon the combination of a number of factors which are listed ahead. Of these factors, few are instrumental for hotel business success for the majority number of entrepreneurs; some of these are Good performance (86%), Reasonable price (31%), location (86%), and cleanliness (44%), Adaptation of modern methods of business (62%), experience (82%) and population increase (42%) Table No. (4.14)

⇒ Hotel entrepreneurs are in business due to a number of (46) motivating factors. In other words no single factor is responsible for venturing entrepreneurs to run the business. For example Availability of transport (77%), reasonable cost of location (64%), cheap labour (46%), Reasonable cost of construction (64%), access to electricity (96%), assistance from Banks (89%), and survival (89%) and other factors have motivated the large number of Hotel entrepreneurs. The overall summary of opinions (Table No. 4.14) about motivating factors will clear the above.

⇒ Problems in Hotel Business:

Hotel entrepreneurs have to confront a number of problems right from the establishment of hotel to marketing of products & services. All such problems are identified in general and a number of entrepreneurs reporting against the same are found out. The following summary is prepared to explain the problems of hotel entrepreneurs in nutshell.

Table 4.1

<table>
<thead>
<tr>
<th>Problems faced by entrepreneurs</th>
<th>Percentage of entrepreneurs reporting</th>
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<td>2</td>
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(A) Promoting and Procedural Problems.
Lack of motivation                                             33
Lack of incentives                                              42
Lack of proper information                                      67
Lack of co-ordination among various hotel owners.               63
Excessive formalities observed by Bank, Govt. offices etc., while financing. 42
Registration delay for various purposes.                         34
Dearth of finance                                               42
Procurement of technical know how                               12
Getting plot or accommodation for hotel at convenient place.

(B) Problems relating to supply of Raw Material
National or Regional or local shortage 42
Overdue payment to supplier 42
High cost or Rising Prices 72
Poor quality 42
Poor purchasing Capacity 32
Adulteration 42
Obstacles in credit purchases

(C) Technical Problems.
Wrong choice of location 43
Improper layout of Business premises 72
Working below the available capacity 12
Huge labour cost 42
Inadequate space for storage 34
Electricity, Gas & Fuel Cost 42

(D) Production Problems.
Poor maintenance of furniture, Kitchen, machinery 63
Poor Kitchen staff, including cook poor quality of raw material 42
Power shortage --
Delay in supply from wholesalers 41
Lack of product diversification 42
Improper planning for the sale of product 32
Competition 82
Disturbance by Municipal authorities. 42

(E) Financial Problems.
High inventory requiring huge capital 41
Inadequate working capital 42
High rate of interest 64
Delay in getting financial assistance 78
Large amount of bad-debts 34
Depletion of resources 24
High cost of operation 24
Non availability of profit for business 32

(F) Personnel Problems.
Illiteracy or low education of labour 44
Weak organization 62
Absenteism of employees 12
High labour cost 62
Non-availability of skilled labour 12

(G) Marketing Problems.
Decision hurdles 12
Low quality of persons assisting 42
Irregular deliveries to customers. 32
Poor marketing efforts 42
Obsolescence of food 12
High sale tax 02
Delay in realisation of Bills from customers 16
Lack of advertisement 72
Lack of catering planning and forecast 62
High material wastage 32
Untrained staff 32
Migratory Nature of Labour 42

(H) General Problems.
Lack of management expertise 16
Lack of co-ordination of partners or family members helping in business 40
Inability to maintain proper account. 82
Lack of honesty of partners 32
Absence of utilities or infrastructure 32
Uncongenial Government policies 42

Source: Field Survey.

⇒ The entrepreneurs introducing improved product are from all the age groups and like above they are highly educated.

⇒ An imitation of products are practiced by all the entrepreneurs from all the age groups and educational categories

⇒ The annual turnover size is large in the respect very few Hotel entrepreneurs. The small investment and limited market are the reasons minimizing the size of turnover of a number of hotel entrepreneurs.

⇒ Almost all the Hotel entrepreneurs have their business units in the city proper, adjacent to consumers. 90% of them are having one unit or branch while 10% are having two or more units or branches (Table No. 4.20)

⇒ Almost the majority has small hotel premises and condition of the same by and large is far from satisfactory. The "Poor" condition is seen in the respect of construction of business premises (48%), flooring (46%), Electricity arrangements (81%), Roof (68%), Ventilation (68%), colouring to walls (64%), seating arrangements (41%), window dressing (81%), wall almerahas (81%), wooden racks (81%) and counters (81%) (Table No. 4.24)
The license procuring or renewing of the same is found to be a difficult task. The entrepreneurs have to pay under table consideration while getting licenses. Thus, during the year (1997), 29% hotel entrepreneurs had bribe for Rs. 1,000/- or more amount for getting licenses or renewing the same.

Table No. 4.30 shows that 3% entrepreneurs employ minimum one individual, 6% employ in between 1 and 3, 14% employ in-between 3 and 4, 16% employ in between 4 and 7, 197 employ in between 7 and 10, 14% employ in between 10 and 14, 23% employ in between 14 and 20 and 7% employ above 20 persons. The total employment is to the size of 3082, with resultant rate of 10 employees per hotel.

The Hotel entrepreneurs use various methods of selling for increasing profits. Thus, 93% entrepreneurs sell at uniform rates, while 7% entrepreneurs charge differential rates. Other selling tactics used are arbitrary pricing (36%), advertising (14%), free sample supply before selling (8%), home delivery of good/services (14%), attractive packaging (28%), cash discount (22%), storing for selling at the time of scarcities (36%) and syndicate selling (4%). (Table No. 4.32).

The project report is prepared by entrepreneurs himself, friends or relatives, professionals, middlemen or by officials of banks. It is found that the officials of Bank manage to prepare project report and impose unofficial charges on entrepreneurs. While releasing the loan or seed money or subsidies, these charges are deducted under mutual consent. The entrepreneurs in such case have to hand over the post dated cheques on the name of any person recommended by the Bank officials, preparing the project report and helping for loans etc.

Most entrepreneurs (72%) Write their Books of account in Marathi, while in Hindi (13%) English (3%), Kanadi (7%) and Urdu (4%) languages are used by very few entrepreneurs. (Table No. 4.37).

There is a tendency to keep kucha Register or noting in diary about the financial transactions (Table No. 4.38).
Chapter - V

The need for Financial Assistance

Finance is the lifeblood of Hotel industry. Its vital needs is doubly realized when its availability is limited. As we know, financing is a form of employing capital, with which all productive operations are carried out. Without it the wheels of modern business system cannot be greased. Therefore, metamorphic-ally finance is the lubricant of the process of Hotel growth. It is only with the availability of finance that Hotel development is initiated and new investment opportunities come to surface. This newly developed access to funds on reasonable terms induces or encourages entrepreneurs to expand their horison of conceivable opportunities. Besides access to funds, the entire financial milieu and the rationalism it implies, trigger creative entrepreneurial responses. It attracts the entrepreneurs who have hitherto been deprived of the opportunities around them due to lack of capital. At the same time it also boosts the 'aural spirits' of those who were earlier reluctant to tread un-trodden paths. Thus, the wheel of economic development starts moving. With the change in the economic environment new opportunities are foreseen. Business advantages accrue to businessmen in one form or the other leading thereby to a change in the outlook of this community. To this, it is rightly pointed out that the capacity of businessmen to perform risky operations increases in two ways. On the one hand it raises their incomes, and this enables them to perform activities, which involve the risk of incurring larger losses. On the other, a more prosperous economy is provided to businessmen with better risk-reducing and risk-shifting devices than a poorer one.

The supply of this finance is now days canalized through specialized institutions meant for the purpose of extending financial support to the hotel business. They act as pump-primers rather than simply conduits for the factors of production and draw more and more industry. Before independence, the major source of this finance was the Banking sector, which was organized on the basis of orthodox banking practices. A handful of business enterprises were the prime receivers of such assistance. Consequently, effective entrepreneurship concentrated in a few hands commanding a good amount of capital resources.

Whatever may be the source of initial capital; a part of the project cost is invariably met from 'own funds', which needs a close look. The initial capital also functions as a base for
borrowings because a reasonable amount of it is always a prime condition before requesting for credit from financial institutions.

Our data here suggest that the new entrepreneurs coming from business classes depended to a greater extent on external sources, (loan from friends and relatives) as compared to those who came from non-business classes. In fact, the finance from external source is to supplement if need arises in case of the latter and the same external source is necessary to become a part of the initial capital along with their personal saving (or family savings) in case of the former. When we look at their family occupation as represented by father's occupation we can notice that the entrepreneurs whose father were in business are more frequent in the first category of sources of funds than in any other categories.

⇒ To sum up, the non-institutional sources of funds for the small Hotel enterprises are first, the friends and relatives of the entrepreneurs and second, the unofficial unregistered money-lenders; in the former case the funds are available on relatively easy terms while in the latter case, funds are advanced selectively but on much higher rates of interest, the cost of these funds often being prohibitive. Whatever may be the case, the small entrepreneur's dependence on institutional finance for their initial capital requirement is almost non-existent. The various sources of credit can be broadly divided into two groups as shown in the following chart:

Sources Of Finances to hotel owners

- Non-Institutional
  - Money Lenders
  - Traders and Agents
  - Relatives and Friends

- Institutional
  - Urban Cooperative
  - Commercial Banks
  - Landlords.

⇒ Development of Hotel Product

In an institution of commercial hospitality, the development of product has lasting effects on the marketing strategy. This is due to the fact that magnitude of success is
very much influenced by the product or says the quality of services offered in a hotel. The development of products keeping in view the likes and dislikes of users or their preferences, makes it convenient to expand the market where the customers are found satisfied and the profit index is found moving upward. It is quite natural that sensitive product of today are found least sensitive for tomorrow. This is due to a continuous change in the likes and dislikes of users. Scientific and technological advances, innovations and inventions in the field of communication, latest developments in the field of transportation, increasing efforts for global co-operation, growth and ever growing commercialization, positive trends in cultural transmission are some of the important factors necessitating scientific and planned development of hotel product. The marketers can’t undermine all these changes in the socio-economic panorama. What product to continue and what to eliminate? The elimination and inclusion decisions are found significant to transform the potential users into actual users. This naturally diverts our attention on the time-honoured development of hotel product.

⇒ An in-depth attention to the following is necessary while planning for development of Hotel:

(i) Establishment of unique and novel selling propositions at appropriate location,

(ii) Customer oriented propositions to fulfill their needs,

(iii) Determination of objectives and formulation of strategies,

(iv) Advertisement of a promise which is genuine and credible and in which consumer can easily discern his own benefit,

(v) Keeping the promises simple, and

(vi) Continuous market research and monitoring of the progress.

⇒ Development process can’t remain static. This necessitates a continuous effort for making possible multi-dimensional changes in the product line. Today AC rooms are made available by a number of hotels but a few decades earlier only a few of the hotels had AC rooms. Like this, computerized communication facilities could not be included in the product of
a hotel just yesterday but today, a good number of hotels make available to their guests sophisticated communication facilities. This makes it clear that ordering of the product line requires more dynamism. A hotel manager is also expected to make a comparatives study of the product line so that the users don't get an opportunity of making complaints or making it a point for good-bye. This is possible when we enrich our research wing and assign due weightage to the management of information. The marketing information system thus becomes and integral part of hotel management and failing it, the qualitative improvements would not be possible and the matter of establishing leadership would be turned into fiasco.

General Practice

In general, the Majority of hotels from Aurangabad cater break-fast of south Indian style (Masala Dosa, Uttapa Upith, Idali Sambar etc), and Maharasthrain style (Pakoda, Pohe, Sabudana Wada, Bhaji, Batata-wada, Thalipith, Shira etc.) and very few hotels serving non-traditional dishes, many of them are referred to forgoing pages. The meals are available as a lunch in between 10.00 a.m. and 3.00 p.m. and as a dinner in between 7.00 p.m. and 10.00 p.m.

Kitchen And Food Service Planning

One of the major functions of any catering manager is planning and this should be practiced in Food Production areas too. Many factors such as type of business, type of customers whether a hotel catered only to residents, or also to outsiders, possibility of expansion etc. should be considered. In determining kitchen layout, whatever type of operation, however there are certain fundamental functions.

(1) Reception of commodities.

(2) The various processes through which the raw materials have to pass through to be converted into finished products.

(3) Regulating and properly dispensing the finished foods.

Modern food service and kitchen operations must be planned not only in accordance with concepts of work flow and culinary principles, but also take into account technological changes such as the use of convenience foods, mechanization, etc.
Answering the following questions can provide most of the information required:

1. What type of meal will be required?
2. How many persons will be served?
3. When will these meals be required? Will it be lunch or dinner service?
4. What is the extent of stillroom requirements?
5. Is provision to be made for special functions?
6. Will convenience foods be used?
7. What area of floor space is available?
8. How about ventilation, lighting, power and water supply etc?
9. What type of service is done?
10. What is the degree of mechanization?

**Principles and procedures of food production**

Frequently it is observed that the hotels from Aurangabad are overlooking the principles of cooking the food items and uncooked food is served to the customers. In view of this some principles of cooking for some food items are given ahead:

Some of the basic principles of food production are listed below:

1. **Ingredients:** Use the best quality ingredients to suit the dish.

2. **Cooking methods:** Each individual item should be prepared to obtain the highest quality maximum yield, greatest flavour, fullest retention of nutritional value and best possible appearance.

3. **Time between preparation and service:** Schedule preparation to minimize the holding period.
(4) **Caring for cooked food**: Once cooked, take the maximum care, if not food can be dangerous.

(5) **Avoid waste**: Avoid over production. Make use of sales History Record to forecast the production so as to prevent waste.

(6) **Use and storage of left over**: any left over are to be stored in the best of conditions and use them imaginatively.

(7) **Waste, Loss, Theft**: Have strict control and make sure there is maximum personal supervision in food handling areas.

(8) **Use of standards**: Use

1. Standard purchase Specifications
2. Standard recipes.

Bar Control & Management

Many Hotels in Aurangabad are having Bar sections or Permit Rooms. In these bar sections the waiter takes the order in duplicate. The top copy goes to the barman who hands him the drinks ordered for in return. The second copy goes to the cashier who makes the bill. Bills are made in triplicate. The top copy is for the customer, the second for the control department and the third (fixed copy) is for the Bar, from which the daily consumption sheet is made.

Receiving, indenting and issuing procedures are similar to that of food. Bin-cards are maintained by the control department and surprise physical inventory may be taken frequently. This inventory is tallied with the bin-cards.

All bottles may be market by the hotel, to prevent the bar staff from selling their own drinks. Periodical tests for adulteration may be made with the help of a hydrometer. This will show if water has been added. The temptation to cheat is great due to the high value of merchandise.

Sometimes the barman may serve a little less than a peg thus saving a little alcohol each time, which he may sell to a guest without making a bill and keep the money for himself. To avoid this, automatic peg measures are used in some hotels.
Hotel Marketing & its Development

Hotel Marketing is defined as "The Hotel Management function which organizes and directs all those hotel business activities involved in assessing and converting customer purchasing power into effective demand for specific product or service and in moving the product or service to the final customers so as to achieve the profit target or other objectives set by the Hotel company".

Marketing is not the department of the business but has all co-ordinating aspects of the hotel business and to achieve the overall objectives of the business.

The marketing practices of hotel are a study of identifying the best marketing opportunity. It is a study to assess the demand providing the best services, providing every aspect of facilities to customer satisfaction, pricing of the products.

The existing facilities and services are durable for short period. Research may be undertaken to see which market segments could be attached explored for particular types of hotels.

In marketing practices of hotels where demand is in excess of supply, there is no sales problem whatever output can be sold. The main problem is to increase output. This gives rise to a sellers market and a production orientation on the part of the seller and has been apparent in many hotel markets at particular time.

The new technological progress increased productivity and the provision of new capacity. In which higher incomes also generate increasing purchasing power. This has occurred first with goods and then with various services. A great supply of them if it exceeds demand, it leads to a buyers market and a sales orientation on the part of the seller.

The growth in capacity and output is normally accompanied by a rise in people income and formation of the culture of affluent society. These affluent demand hotels of different types for satisfying, lodging and boarding needs. Their demand for goods and services are assessed by hotel entrepreneurs and they make provision in an anticipation of demand. It gives rise to buyers market. Opposite to this, there are certain hotel customers, they need hotels services as a
necessity and they put frequent demand for them. In own cases supply of hotel services becomes inadequate and sellers came into being.

In a nutshell from the experience of Aurangabad, it is seen that affluent class people needs star hotel services and star hotel entrepreneurs have to face a situation of "Buyers Market" for many week in the year, while it is also observed that there are common people and they need hoteling services for which supply is inadequate and there is an existence of Sellers Market.

Hotel investment is primarily an investment in land and building and interior assets. The bulk of the capital invested in fixed assets of the hotel combined with continuity of the hotel activity gives rise to higher fixed costs, which have to be carried irrespective of the volume of business. Three key factors are therefore critical to a successful hotel operation -

The right location
Correct capacity and
A higher level of utilization.

If this is there, the hotel entrepreneur can face any situation i.e., whether the buyers are sellers market.
Questionnaire for seeking the information from hotel entrepreneurs on:-

- Name of hotel
- Name of owner
- Address
- Caste
- Religion
- Migration from where
- Education
- Age at the time of entering in business
- Previous Business
- Nature of family help
- Father's occupation
- Year of Establishment of Hotels
- Type of Ownership
- Income
- Technical Background
- Success Factor in Hotel Business
- Motivating Factors.
- Types of Hotel
- Turnover of Hotel Business
- No of Hotel branches
- Distance of Residence from Hotel
- Type of Ownership of Premises
- Area Available for Business
- Amount of Expenditure incurred for Hotel Promotion
- Market Price of Hotel Land/premises
- Average Daily employment
- Method of selling commodity
- Sources of raw material Purchases
- Reasons for accepting the business
- Book-Keeping Language
- Types of Books of Account & Registered Maintenance
- Nature of Products sold
- Nature of Experience before starting Hotel Business
- Most Important reasons for entry into the Hotel Business
- Delay in Starting in Hotel Unit
- Facility available to Hotel Unit While Selecting site
- Sources of Capital
- Average daily employment in hotel