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Chapter III

Nature, Scope & Characteristics of
Environment Causing the Development Hotel Business

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”¹

Hotel Business “is a system created to satisfy society’s needs and desires.”²

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”.³

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”.⁴
Hotel Business “comprises all profit-seeking activities and enterprises that provide goods and services necessary to an economic system. It is the economic pulse of a nation, striving to increase society’s standard of living. Profits are a primary mechanism for motivating these activities.”

The last three definitions introduce one more element, viz., profit. A Hotel business must make profit to succeed. Profit is income minus outgo. It is the main incentive for starting a Hotel business. Hotel Business people weight each of their decisions and actions in terms of making profit and avoiding loss.

To sum up, Hotel business may be understood as the organized efforts of enterprise to supply consumers with goods and services and to make profit in the process.

**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)

![Diagram of hotel business characteristics](image)

**Fig. 3.1 Characteristics of Hotel Business**

1. **Change**

   If there is any single word that can best describe today’s Hotel business, it is change. Modern Hotel business is dynamic. New technologies herald the arrival of new products leaving behind the old ones. “Today’s growth
product”, aptly remarked Theordore Levitt, “may be tomorrow’s earthen pot”. Incandescent room put off old hotel Room. Though the changes have been occurred at many places, the Mini hotels under survey were far away from new methods of hotel business operation. Especially many hotels are unable to use the modern methods of keeping and maintaining the hotels clean and hygienic condition. The municipal authorities are also dismal about asking the hotel owners to maintain the condition of hotels clean. The old furniture, unclean sanitary block or its total absence, unclean clothing of waiters and cooks, un-modernized cooking or kitchen place, poor ventilation, are the sign of traditional and old practice of management of hotels. Few mini hotels, opposite to Aurangabad ST stand or Nanded Railway station are noticed as change prone. However, by and large the tendency is to run the business. He main reason is that the customers coming to hotels are from the rural area or from the low-income group concurred less or no importance to cleanliness and such other aspects mentioned above and also they do not have any other alternative but avail hoteling in the state of condition as given. What makes the hotel owners not to go for changes? When enquired, many reported that there is no use in spending for modern facilities and amenities since this does not allure the customers but they need quality food and services. The same are

2. Bigness

Mass catering is the order of the day. Machines are gradually replacing manual labour in the catering process. With machines operating machines, production in bulk has become possible. Marketing activities are being stepped up to match massive production. New Channels of distribution, super-hotels discount hotels, food fairs or festivals, Motels, Guest Houses, mobile hotels, Time sharing hotels/ restaurants, Club
houses and such other units have sprung up to meet the challenges of mass catering of hotel food and services.

Mass production and mass catering fetch economies of scale of the hoteliers and the benefits will be passed on to the final customers.

3. **Diversification**

Today’s Hotel Business is characterized by diversification. The product portfolio of any medium or large hotel reads like who is who.

Product proliferation is another characteristics of many Hotels. Product proliferation represents introducing different food items in the same product line. For example, Chicken Roasted, Chicken Masala, Chicken Manchurian etc.

Diversification, on the other hand, implies introducing different lines of products, mostly unrelated to each other. Diversification and product proliferation are used as measures to face severe competition, which is crucial characteristic of modern hotel business. Product diversification can assist to keep away the hotel failures.

How to avoid failures? The following 10 commandments are highly useful: 6

(i) If you are not big enough, don’t try diversification

(ii) If you lack staying power, stay clear of grandiose of diversification.
(iii) Look before you leap.

(iv) If possible be the first in the race.

(v) Where feasible, float a new company.

(vi) Check whether you have the marketing skill necessary in the new business.

(vii) Be ready to accept your imitations and compromises.

(viii) If you are a small player, it is better to have a small ego.

(ix) Tax saving alone is not good enough to foray into new areas.

(x) It is no crime to remain un-diversified.

4. **International**

   Going international is yet another quality of modern star Hotel Business. Political boundaries are no barriers to hotel business. Catering facilities are being set-up in different countries and hotel products are being sold worldwide. Gradually, hotel business is exposed to global competition, which augurs well for consumers.

   By end December 2001, there were 118 Star Hotels as Indian units set-up by hotel industrialists in as many as 38 countries.
5. **Science**

"Also occupying a major role in hotel industry is science. The Development of electronic instruments, advances in metallurgy and allowed fields; accomplishments relating to Tourism Development programmes; application of mathematics in managerial decision-making; and progress in miniaturization are illustrations from the myriad of contributions being made to hotel business by science. And many more are to come. Future scientific breakthroughs will offer attractive opportunities to alert hotel businessmen. Current means of food cooking or servicing to customers or selling will be scrapped in order to remain competitive and new means of financing these tremendous changes will be developed."

6. **Information**

Another characteristics of contemporary hotel business is the recognition of and need for information. The whole area of information getting and giving, including data processing, information system analysis, and preparation of effective records and reports, has achieved a major status. The complexities of modern Hotel business and government requirements have spearheaded this growth. But the vital reason for progress in this area is the availability of the computer and electronic devices that have made feasible the quick and accurate gathering, processing, and distribution information. Man is now free from the drudgery of much-detailed paper work. He can further enhance progress by feeding proper information to proper people.

7. **'Fast - Cash Ethnicity'**

Cynics point out that today's hotel business people are motivated primarily by the fast-buck culture, i.e. making as much money and as
quick as possible. Consumer satisfaction, concern for ecology, and well-being of society are secondary to people engaged in hotel business activities. The cynic has reasons to prove his point. He cites the instance of several businessmen, being apprehended for evading taxes and indulging in shady dealings. Hotel world is full of such shenanigan businessmen, asserts the cynic.

8. **Ever-increasing Government Intrusion**

Interference of government in hotel business is common in every country. In the name of protecting hotel industry, restrictions are placed. In order to reduce inequalities of income to prevent concentration of economic power and similar other socio economic objectives, governments impose restrictions and levy taxes on hotel industries. As of today there is no government in the world which does into interfere in the hotel business activities in some respects or other.

**Growth of 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 from 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

**Definition Of Growth**

We are aware that it is entirely a personal matter for a hotel entrepreneur to decide whether to grow or retain small. As avowed there it is the mindset of people that proves decisive in the matter. Many large-scale hotel business owners complain that they work for their bankers to whom they pay interests and for the government, to whom they pay taxes, and not for themselves; while mini or small hotel owners told that they work for paying exorbitant interest to moneylender and corrupting municipal officials or police. This is again a matter of discussion, rather more of argument. However the real point is the purpose of growth.

Let us see some of the popular definitions often used and quoted by some successful entrepreneurs:

"Achieving success that makes more money, more material /means for life is growth", as felt by earlier businessmen with some training from management schools.
"Acquisition of reasonable wealth and some comfort, some spare time for own family and for social activities, is growth". After all the growth needs to be enjoyed in terms of comforts and also to be shown to the society, for which one should have spare time for participants in social and family activities.

"Growth means extra earning, extra cash, more profits, creation of more assets, more investment, but not in the same line instead, acquiring other units, starting newer lines and further growth would come". This is another definition by those businessmen from such lines where interference by Government is less.

According to the government, "growth means promoting competitiveness, because it breeds notion of innovation, dynamism, efficiency, winning instinct and ultimately increasing the export volume". Government always views export earning as an important source of financial support in the national growth.

Each of these definitions emphasizes different aspect of growth according to the different interest group. One more thought is about the source of growth that it comes from people and therefore its roofs lie in human nature. Growth comes form peoples' belief that people can make
growth possible when they come and work together for a common goal. Businesses founded by groups of people are likely to grow faster than those founded by single individuals or numbers of a small family. A group is richer both in terms of wealth and mental power. All persons in a group contribute through their own efforts to help achieve the success and growth for their enterprise. A steadfast belief in the minds of some hotelier is that, if the venture benefits and grows, they shall certainly have their share.

The first definition relates growth to personal well-being and the majority number of small hotel owners accepts it. The hotel owners who believed in this definition only thought of personal gains of assessing wealth. The small or mini Hotel Enterprises that were built upon this definition are on declining today because once they amassed wealth they were left with no purpose to work.

There are many examples around us. Opportunities, during World War II made fortunes through supply of goods and services to the fighting nations. But success tends to breed slackness' was proved correct in these cases. As soon as the war was over, nations returned to the normal routine, the business volume of these units also lowered. Soon these enterprises found crowded with people who themselves were opportunists and were on the lookout to make fortune in those enterprises. Their objective was their personal growth, even at the cost of those enterprises, if necessary. Some hotels or contractors engaged in catering business and working for the government during those days found them overstaffed and were not in a position to manage themselves once the business after the war was slackened. In case of some large-scale hotel enterprises set up by the governments, people continued to be in large volume. Such enterprises hardly had chances of real growth in their being.
Look at the recent example of the largest private sector hotel company (Taj Group) promoted in the last decade of twentieth century. The unit made tremendous growth and reached a stage where its assets were worth Rs. 2,000 crores. The enterprise has more than 5 lakhs shareholders. Do you call this a growth? The meaning of the third definition goes true. Yes. This is a growth by acquiring more units, increase in sales volumes, more profits, creation of assets year after year. This is, growth of people. The earning of the shareholders has been great over last decade. The Taj enterprise has encouraged many small enterprises and helped those to grow with it. It is a unique example itself. It receives investment also from other countries in the world. The unit is never short of funds for any new project.

Greater induction of external resources (inputs) like market information, advice, funds, loans and others results in faster growth. This is one more line of thinking by some experts, as seen from the working of those units where the control by the government is less or negligible. Arranging external resources and utilizing those for the growth is always beneficial to the industry. This philosophy is tried by many and has been proved successfully in our country. There are examples of many such enterprises.

If the hotel business can work towards satisfying some needs of the people however small those may be, that hotel enterprise shall have potential of growth without fail. A natural hotel entrepreneur through his intuition senses people needs. His strong feelings for ‘what is right for the people’ not just right for the business can save his hotel enterprise from tides.
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](image)

Fig: Growth through productivity of 4M s.

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,

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

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

**Economic and Commercial**

**Goals of Hotel Business**

Economic or commercial Goals or objectives are the ends, which a Hotel business enterprise seeks to accomplish through its existence and operations. A typical hotel business establishment seeks to achieve more than one goal and there are always restraints to the attainment of some
goals. Objectives vary with the passage of time. Goals common to most contemporary hotel business establishments are explained ahead: (see Fig. No.2)

Fig. - Goals of Hotel Business
1. Yield/Profit

Making yield or profit is the primary economic/commercial goal of hotel business enterprise. Profit, is the excess of income over expense. Profit is the main incentive, motivator, strong sustainer, judicious allocator of resources, objective indicator of efficient productivity, and a solid basis of growth, expansion and survival. Profit enables a businessman to realize his other objectives.

In profit-making hotel enterprises, profit should not be the end in itself. Profit should be the beginning acting as seed money for services more dividends, more tax payments, more jobs and more opportunities. Profits should promote the well-being of all the rich and poor; privileged and less privileged; consumers and producers; and investors and non-investors. Ignoring this and overemphasizing profit may bring early death to an enterprise. For instance, writes George R. Terry, "promoting only products with high margins to earn profits, ignoring research, and failing to provide working conditions satisfactory to employees, may in the ultimate, bring about the demise of an enterprise." The small hotel owners do not have broad vision about the profit. They have profit connotation in the limited sense to earn more than incurred expenditure for own survival and maintenance of their families.

2. Escalation

It is another primary objective of hotel business. Hotel business should grow in all directions over a period of time. A hotel enterprise, which remains stagnant for long, is presumed to suffer from an organic defect.

The strategies adopted to achieve escalation are:
- Add more products / markets;

- Diversify into new areas;

- Integration-forward or backward;

- Increase market share;

- Cut down and increase productivity.

Truly speaking very few hotel entrepreneurs, who were surveyed, had with above vision. They simply work for their self within their limited resources. Their understanding about enlargement of market share, diversification of product, forward and backward economic integration etc. is found missing.

3. Influence

Hotel Business of a large size, but not of small size may have vast resources (in the form of money, materials, men and know-how) as it command. These resources confer enormous economic and political influence or power on owners and managers of hotel business ventures. Several enlightened hotel businessmen have used their power for the good of society. The small or mini hotel owners deficient in the above they often have to obtain the shelter of moneylenders. The influences, either economic, social or political assists hotel owners to accomplish their commercial / profiteering motives. For example if one desires to run hotel at road side in busy location, he has to seek the shelter of a person having influence or he has to establish his own influence for his illegal
encroachment on the road for his business. It is noticed in the survey that almost more than sixty percent hotels near bus or rail terminals of selected cities in Marathwada have illegal encroachment on municipal road for their hotels. These hotels often owned by the elected members or by their relatives or friends.

4. Employee Satisfactions and Development

"If you want to plan for a year, plant corn. If you want to plan for 30 years plant a tree. But if you want to plan for 100 years, plant men" - so goes a Chinese proverb, Hotel Business is people in the beginning. Caring for employee satisfaction and providing for their development has been one of the objectives of enlightened hotel business enterprises.

The small hotels or mini hotels do not realize a need to boost the moral of employees by providing the necessary remuneration and welfare facilities. It is observed that the hotel workers, waiters, cooks, head persons etc. all are mostly drawn from the natives of owners on annual contract basis. These illegally bounded labor are unacquainted with local language, illiterate in all walks of life, living in dingy unventilated dwellings provided by the owners, poorly dressed, ill informed, lacking in communication, mostly adolescents or aged, unhealthy, suffering from contagious diseases, obliged either by owners or moneylenders, liquor addicts and so on. Under this disagreeable state of living and working condition, how they could envisage satisfaction? Numbers of studies so far have been conducted on the problems of hotel workers but due to unorganized form of these hotel units and labor therein, no use of such studies has been so far insisted or bargained to bring any improvement in the working and living condition of these people.
5. **Quality Products and Services**

Providing quality products and services is yet another objective of hotel business. Those who insisted on and persisted in quality survived in competition and stayed ahead of others in the market. Persistent quality earns brand loyalty, a vital ingredient of success. Though the small hotel owners from Marathwada are aware of quality but they are not quality cautious due to particular culture and inadequacies of funds. These owners believe in quick money and do harm to their business. Quick money comes through short cuts. These hoteliers give us food which fail to give a smooth and neat life; such hotel enterprises will not either make a profit or survive for a long.

6. **Bazaar Headship**

To earn market or Bazzar headship or leadership is yet another objective of hotel business. To earn a niche for oneself in the market, innovation is the key factor. Innovation may be in product, advertising, distribution, finance or in any other field. *Prasanna* Hotel retains its market leadership by introducing new roadside venture catering.

In the case of small or mini hotels, there is no market leadership. They have to trail the customers and customers are rarely steadfast to these hotels. If prices are lower, there may be possibilities of tie up of poor customers. However, if hotel is crowded by the poor due to low prices despite the fact of supply of coarser food, the middle class customers desist from such hotels and it results in trouncing of revenue with no or less profit.

7. **Challenging**

Hotel Business offers vast scope and poses formidable challenges. Success in a hotel business venture smacks of the abilities of individuals
who own and manage and failure betrays their inability and incompetence. The real worth of an individual is tested more in hotel business than in any other profession. The mini hotel owner right from the beginning of his professional career has opportunities to groom himself through adversities, and while growing he can make use of his accumulated experience like pilot reaching towards desired destination. When interviewed the big sized hotel owners, they substantiated the same against their experience. Customer psychology and psychology of the Govt. officials coming transversely in the hotel working, as told, could be attained through experience by these hotel owners and not by reading the books on it; and it help to contribute for success in the business.

8. Joy of Conception

It is the hotel business through which new ideas and innovations are given a shape and are converted into useful products and services. Although it may be too difficult to list all the products and services that the hotel business had provided us till now, it is interesting to mention that in the coming two or three decades the hotel building receive considerable attention.

9. Tune-up to Society

Hotel Business is a part of society and has several obligations towards it. Some of them are:

(i) Providing safe and quality goods at reasonable prices;

(ii) Providing employment;

(iii) Patronizing cultural and religious activities;
(iv) Maintaining and protecting ecology; and

(v) Supporting less privileged sections of people in society like Scheduled Castes and scheduled tribes, physically handicapped, women and children.

10. First-Rate Commercial Citizenship

First-Rate Commercial corporate citizenship implies that the hotel business unit complies with the rules of the land, pays taxes to the government regularly, discharges its obligations to society and cares for its employees and customers. Bending rules of the land, evading tax payments by under-invoicing exports and dubious tax-planning; cornering licenses at the cost of others; adulterating quality of products; and indulging in other unethical practices may earn money. But such practices hardly speak highly of corporate citizenship.

Environment for Hotel Business

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

The environment poses threats to a firm or offers immense opportunities for exploitation. Stressing this aspect, William F. Glueck and Lawrence R. Jauch wrote thus: "The environment includes factors outside the firm which can lead to opportunities for or threats to the firm.
Although there are many factors, the most important of the sectors are socio-economic, technological, supplier, competitors and government. 11

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.

Political environment refers to the influence exerted by the three political institutions, viz., legislature, executive and judiciary in shaping, directing, developing and controlling hotel business activities. The legislature decides on a particular course of action; the executive, also called government, implements whatever was decided by parliament; and the judiciary plays the watchdog role in order to ensure that both the legislature and the executive function in public interest and within the boundaries of the Constitution. A stable and dynamic political environment is indispensable for hotel business growth.

Economic environment refers to all forces which have an economic impact on hotel business. Industrial production, agriculture, planning, basic economic philosophy, infrastructure, national income, per capita income, money supply, price level, population, saving, stages in the economic development and trade cycles are major factors which make up the total economic environment. There is close relationship between hotel
business and its economic environment. Hotel business obtains all its needed inputs from economic environment and it absorbs the output of business units.

Social and cultural environment exert considerable influence on hotel business. Cultural aspects broadly define the type of goods and services the hotel business must produce and provide. It determines the dominant view of people about hotel business, union-management relations, mobility of people, and what hotel business should do to promote cultural activities. Concern for ecology, consumerism, support to physically handicap and disadvantaged sections of society and other aspects make up the social environment of hotel business. Society gives hotel business a charter for existence. Hotel or any other business has reason to exist as long as society desires so and hotel or Business has no reason to exist once society ceases to have any use for it (business).

Next to the political-legal environment, it is probably technological environment that exercises considerable influence on hotel business. Technology is understood as the systematic application of scientific or other organized knowledge to practical tasks. It is through hotel business the technology reaches to people. Technology changes fast and to keep pace with it, hotel businessmen should be ever alert to adopt changed technology to their business.

Notwithstanding spectacular advancements made in science and technology, man's attempt to conquer nature has not met with total success. He has no answer, for example, for the flourishing affluence coexisting with stark poverty; served droughts and devastating floods occurring in sickening regularity; and some other such phenomena. Man
still bows down before the mighty nature. Business, an economic pursuit of man, continues to be dictated by nature. To what extent hotel business depends on nature and what is the relationship between the two constitute an interesting study.

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 and 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.

![Diagram showing the relationship between hotel business and its environment](image)

**Fig. 3.3 Symbiotic Relationship between Hotel Business and its Environment**

The second feature is that these environmental factors are dynamic. They keep on changing as years roll by. So does hotel business.
The third feature is that a particular hotel, by itself, may not be in a position to change its environment. But along with other firms, business will be in a position to mould the environment in its favour, to large extent.

**Types of Environment**

Four types of environment have been distinguish: (i) placid, randomized environment, (ii) placid, clustered environment, (iii) disturbed reactive environment, (iv) turbulent environment (Emery and Trist(1965).

Placid, Randomized Environment: Resources in the environment are distributed to the point of being randomly distributed. Environment is stable and unchanging. Economist’s concept of classic market corresponds to this type.

Placid, Clustered Environment: Resources are not randomly distributed, but are concentrated. Some areas are, therefore, richer than others. The environment is still stable, but because of resources concentration, location becomes an important factor in the survival of hotel survival becomes critically linked with what an organization knows of its environment. In this type, ‘optional location’ becomes an objective.

Disturbed-reactive Environment: In this type, the resources are concentrated, but the environment becomes unstable because there is more than one kind of hotel organization. The existence of a number of similar hotel organizations now becomes a dominant characteristic of the environment. Further, these hotel organizations are competing with each other. Meeting competitive challenges becomes a necessity.
Turbulent Environment: This is a dynamic environment in which relations among all environmental forces keep changing at a faster rate. Survival of hotel organizations, therefore, depends on efficient environmental scanning and monitoring.

*Economic Profile of Marathwada revealing the developmental avenues to Industries:*

Agricultural was main occupation of the people of Marathwada in Nizam’s regime which was continued till mid fifties\(^{13}\). But condition of agricultural was not much improved during the regime of Nizam. The basic policy of the Nizam had been to disintegrate the economic integration of the people.\(^{14}\)

The Jagir Commission reported about the pitiable conditions of agricultural, educational, health and water supplying under Nizam’s regime\(^{15}\). The opening of Hyderabad Godavari Railway in 1900 had made some marginal impact over the economy of this region. Later on the Parbhani-Parli railway developed during 1921-31 had also caused to gear the economy of the small portion of the region. The total length of the railway within dominions was 1,481 miles in 1941\(^{16}\).

Till 1917 there was no independent department of industrial affairs. On 1st January, 1918 such department was established.\(^{17}\) Even after establishment of industrial affairs department, the Nizam Government used to spend less than 1% of the total expenditure on industrial development of the region\(^{18}\).
On the whole it is seen from the statistical reports of the Hyderabad State that an organised factory sector in Marathwada could not gather any momentum during the Nizam Regime, except the establishment of one textile mill at Nanded and Cotton and ginning factories at the various places of the region.

Maharashtra is one of the industrially developed states in the country. Yet, paradoxically, extremely backward and poverty stricken areas co-exist with the more advance tracts in the State. The Aurangabad Division - traditionally known as Marathwada and comprising the seven districts of Aurangabad, Jalna, Parbhani, Beed, Nanded, Osmanabad and Latur is not only the most backward in Maharashtra, but, unfortunately, it also seems to be one of the most undeveloped regions in the country.

Much of the economic backwardness of Marathwada had no doubt been due to its historical neglect by the erstwhile feudal state of Hyderabad, of which it was an integral part till 1956. Disappointedly, the neglect of this region continued even after its merger with the rest of Maharashtra in 1956. As a result, even after more than three decades of planning in the country, the economy of Marathwada continues to be characterised by mostly primitive subsistence farming with little growth in either the per capita income or quality of life.

As it is, the region is devoid of any major natural resources, either forest based or of mineral origin. Agricultural is the mainstay of Marathwada. As much as three fourth of the geographical area is under the plough and provides work to almost four fifth of the labour force. Yet, in the absence of irrigation (which does not cover even one tenth of the net sown area) and adequate rainfall, nearly two fifth of the land and population in the region falls in the drought prone zones. Not surprisingly, agriculture
in Marathwada is confined to the cultivation of less water intensive food crops, mostly inferior cereals like jowar and bajra.

With paucity of natural resources from farm, forest and mines, the advent of industries in Marathwada has been dismally slow. Low levels of literacy and education lack of entrepreneurship and skilled manpower, and inadequate physical, social and financial infrastructure, further compound the problem. While Marathwada has been discriminated against by nature, what is perhaps more pathetic is that it has failed to receive during the last over three decades its fair share from the State in terms of investment in physical (transport, communications and power), social (education, health and housing) and financial (Capital and credit) assets. Consequently, all the commonly accepted indicators of economic development (Covering both the natural and man made assets) vividly bring out that Marathwada is backward.

Today, we have somewhat better economic picture of Marathwada but during mid sixties the situation of Marathwada, was deplorable and that made the Government to take positive action for improvement of economy.

Historical factors are also responsible for the development on trade and commerce. For example, the presence of Nizam Government, even after the independence is responsible for non-development of trade and commerce. The British and also Nizam looked upon Marathwada only as the source of supplying agricultural commodities. The peculiar land revenue policy of Nizam, land-lordism and Zamindari heritage, fragmented holding etc. was largely responsible for worsening the condition of the economy of Marathwada. Added to this the absence of en-lighten leadership and the dominance of political leadership from Mumbai, Pune
belt and Western Maharashtra was instrumental in delaying the
development prospects. As result, the rate of capital formation was very
meager in Marathwada region.

The following pages aim to show in what ways the Marathwada
region is lagging behind on the economic fronts and how trade and
commerce suffers from such low economic profile.

Census Reports reveal the Demographic features of Marathwada.
Marathwada’s population in 1981 was 97.29 lakhs. By 1991, it went upto
127.68 lakhs. The growth was 1.9 percent per annum for 1970-1981 and
1.31 percent per annum for 1980-1991. These growth rates were lower as
compared to the decade (1961-71) when it was to the mark of 2.5 percent
per annum. The fall in the growth of population of the region, as against
overall growth rate for the rest of Maharashtra, might be favorable to
economy. It might partly because of the decline in birth rate and perhaps
partly due to migration\textsuperscript{19}.

The slow pace of economic development in the region is also
reflected in the degree of its urbanization. Marathwada has the lowest level
of urbanization among the different regions of Maharashtra\textsuperscript{20} and therefore
the development of banking sector is obstacle.

Not surprisingly, of the 42% workers in population of 1991, about
80% of them consisted of the workers engaged in the agricultural sector.
Statistics presented by the Economic survey of Maharashtra bring out this
fact.\textsuperscript{21}
Drought prone area in 1994 consisted almost 40% of the region\(^2\). Inspite of progressive steps taken by the state government for the development of Agriculture.\(^22\)

While foodgrain is the dominant cropping pattern of the region, and accounts for nearly 83.00 percent of the gross cropped area, what is perhaps even more distressing is that the foodgrain yields in the Marathwada are the lowest in the Maharashtra for years toghether. The only satisfactory situation is that the Marathwada region is self sufficient in foodgrains.

Cultivation of commercial crops is limited and restricted to cotton mainly and to a lesser extent to oil seeds and sugarcane.\(^23\)

The limited and scattered area under pasture affects animal husbandry in Marathwada region. Fooder development has not been taken up seriously. Thus, the population of cattles in Marathwada formed less than 25% of their total Cattle population in Maharashtra in 1987.\(^24\)

What is true about milk is equally true about mean and poultry. The per capital eggs availability is not yet satisfactory.\(^25\)

Evidently, despite Marathwada’s near total dependence on the primary sector, this sector has failed to provide the necessary wherewithal for economic development of the region.\(^26\)

Till mid eighties, the industries in Marathwada could not reach to the takeoff state. The disappointing features of industrial localisation is that about more than 60% industries under manufacturing have their plants only in Aurangabad district. The rest of the districts are waiting for industries. Even the year 2001 would have deplorable position in this respect.
Factory sector in Marathwada provided employment in 1992 to only 79,129 persons. The total number of factories was 863, out of this the largest i.e., 478 was in Aurangabad district. The factory sector in Marathwada is small not only in size of employment, but also in the size and scale of operations. Infact, the low value added and "processing" rather than the high value added "manufacturing" activity dominates the factory sector in the region\(^27\).

The number of villages in Marathwada was 7994 against 53 towns spread in the area of 64,302Sq. kms. This indicates the rural environment is lacking in infrastructure for the development of any industry including sugar industry\(^28\).

There are only four river basins in Marathwada i.e., Godavari, Purna, Penganga and Manjara. besides miscellaneous river basin of Lendi, Bindusara, Dhondary, Amrita, Sindhphana, Kham, etc. This natural source of water is often handicapped by the vagaries of monsoon\(^29\).

The Marathwada labor force comprised of 80 percent in primary, 5 percent secondary and 15 percent in service sector is indicative of imbalances in the manpower development. No wonder such an imbalance would naturally lead to dwarfing the growth of the industry.

Added to above the poor rate of literacy among the males (55 percent) and females (28 percent), lower scale of working population (56 percent), dominance of rural dwellers (78 percent) against urban dwellers (22 percent), and imbalance of females in total population (48 percent) were the indirect reasons negatively affecting the development of industry\(^30\).
Disappointingly enough Marathwada is dependent on agriculture, scarceley 28 percent of the gross cropped area was covered under the irrigation. The rest has till been left to the mercy of the truant weather gods. Not only is the rainfall in the region inadequate, but worst still, it is also erratic showing wide variations from year to year\(^31\).

Out of total soil in the region only 13% is of a deep black quality and 60.68% is of a medium black quality and remaining soil is of poor quality or fallow\(^32\).

Of the 6,357 thousand hectares land of Marathwada, 74% land was under cultivation; out of which only 18% was irrigated. Against this, the lower percentage of forestation, only 4% forest area was clearly indicates the toothing trouble of soil erosion \(^33\).

The study of minimum and maximum and average temperature of last 25 years (1966-1992)\(^34\) reveals that the minimum temperature is always between 32.1 to 33.5 centigrade. It is true that this weather may not be so suitable in absence of adequate water for the cash crop.

The district wise statistics on co-operative societies presented \(^35\), for the total Maharashtra shows that the number of co-operative institution in Marathwada (16, 372) is small as against the institutions in Western Maharashtra (27,589).

**Other lower Economic Dimensions**\(^36\):  
While the industrial development hardly seems to have begun in Marathwada, what is even more depressing is that the following demerits are still noticed in Marathwada.

a. Fall in per capital income not suited to betterment of living standard.
b. Absence of export trade.

c. Absence of diversification of industries producing variety of goods and services.

d. Gross negligence by the State and business houses towards the welfare function.

e. Absence of social change in the favour of national integration.

f. Lopsided industrial development absentee various districts.

g. Scarcity of capital and technical know-how.

h. Predominance of consumer goods industry.

i. Imbalances of development as between talukas.


k. Slow or no industrial progress made during the planning period.

l. Poor share of industries in employment.

m. Excessive importance to agro based industries excluding sugar industry.

n. Dismal attitude of the Government to start the large size public sector manufacturing venture-having potentiality to create socio economic linkage effects.

After observing the state of economy of Marathwada as poor in comparison with other regions in Maharashtra, one can visualize the poor economy of the Aurangabad District. Since this region is backward or under developed one in Maharashtra, the state of economy of Aurangabad district with no reservation can be identified as backward.
Economic Profile of Aurangabad District\textsuperscript{37}

Engulfed in the traditions of history, Aurangabad district has a long cherished and influenced past by keeping its memory alive by the monuments; Ajantha and Ellora. The tradition emerged is the powerful Satvahanas made Parthishtan (present Paithan) as their capital a few centuries before the beginning of the Christian era, However, with the downfall of the Satvahanas it lost its predominance and with the Muslim invasions from the North it remained as a part of Delhi Sultanate, Bahamani Kingdom, Nizamshahi of Ahmednagar and since 1724 it became a part of Hyderabad State of Nizamul-Mulk, till 1948-49. In the year 1948-49, the police action took place and the region was liberated from the clutches of feudalism and in 1956 as per the recommendations of the State Reorganisation Committee, it became a part of the Maharashtra State. In 1981, Aurangabad district reorganised by separating some of its part to Jalna district.

Administrative Set-Up

After the 1981 census, there were major changes in the administrative set up of Maharashtra resulting into increase of 2 divisions and 4 districts. The Kon-kan Division included 5 districts, the newly created Nashik division 4 districts, Pune Division 5 districts, Aurangabad Division 7 districts, newly created Amarvati Division 4 districts and Nagpur division 5 districts. thus in 1991, the State has 30 districts spread over 6 Divisions. For administrative convenience 4 tahsils of Aurangabad district were transferred to newly created Jalna district. 16 villages of Bhokardan tahsil of Jalna district were transferred to Soegaon tahsil of Aurangabad district and 4 villages of vajapur tahsil were transferred to Shrirampur tahsil of
Ahmadnaar district. Thus Aurangabad district now has 8 towns and 1344 villages spread over Aurangabad (219), Kuldabad (81), Kannad (212), soegaon (83), sildod (172), Paithan (188), Gangapur (225) and Vaijapur (164) tahsils.

**The Socio-economic Background:**

Aurangabad is located in Maharashtra, the most industrially developed State in India, which has achieved highest rate of growth of industry during the plan period. However, this state suffers from the problem of intra-state disparities in industrial development. The growth of industries have been concentrated in Mumbai-Thane-Pune belt and excluding this belt would show Maharashtra as backward as many other State in India. Aurangabad is geographically situated in the most backward region of the state i.e., in Marathwada. The Government of India declared all the districts in Marathwada backward in 1971 and Aurangabad was selected as one of the 3 backward districts in Maharashtra to be eligible for Central Investment Subsidy. In addition to concessional finance and Central subsidy, State Government’s subsidy and incentives are also available in Aurangabad district.

Aurangabad is predominantly an agricultural district. The pattern of employment indicates that 75% of workers were engaged in agriculture as against 65% in the State and 5% workers are engaged in industry as against 13% in the state. The agricultural laborers in the district were 35.43% of total workers against 29.5% in the state (1991). This is an indication of the district having agricultural based economy and lacking industrial development, Industry, particularly manufacturing could make little in progress into the district. Development of industries in such rural backward district would be a challenging task before the Government.
Since the growth and development of industries are influenced and assisted by many factors like geographic condition (land, river, climate), natural resources (mineral, agricultural, forests) and infrastructure (economic-social). We have given a short account of the availability of these factors in Aurangabad district in the following paragraphs.

A case of Development of Aurangabad & Small Hotel Business

The city of Aurangabad is gifted with a magnificent historical and cultural heritage. A number of places to day stand in evidence of this. Many Indians and foreigners have curiosity about these illustrious places of historic importance and hence they come to the city. All these tourists put the demand for hotel services and the hotel businessmen try to satisfy a part of this demand. The ensuing discussion aims to provide a brief account of all these places, and brief note describing the hotels running around these places, which may be historic, or cultural or educational or industrial importance or mixed with all such merits.

(a) The City of Aurangabad

Aurangabad, the then seat of the viceroyalty of Aurangazeb in the Deccan; was founded on the site of a village called “Khirki” in 1610 by Malik Amber. It lies between 19° 18′ and 20° 40′ East Longitude.

In 1653, Aurangazeb was appointed Viceroy of the Deccan for the second time and he changed the name of the city from “Fatehpur” to Aurangabad”. In 1956 the district became part of the then Bombay state and the city became the Headquarters of a division. As seen from the municipal record that almost by the end of fifties there were about two
hundred small or medium sized hotels in Aurangabad and some of them were made use of by tourists. The foreign tourist used to stay in Subhedari Guest House having lodging and boarding facilities. The Govt owns this Guest House.

The vicinity of the city as well as the district abounds in Tombs, Rozas, Ancient sculpture, and architecture and has many undying magnificent monuments of the past attracting attention of the tourist both from within and outside the country. No wonder, Aurangabad has become one of the nationally and internationally well-known tourist centers. To-day there are special hotels from five stars to mini hotels which caters the needs of tourists.

Marathwada University is a seat of learning, and place of employment for around three thousands persons and is daily visited by more than thousands students and such other persons. Now it is proved to be a very good reason to make a hotel business worthwhile by catering the needs of the people commuting in and around the university. In the university campus and its outskirt itself there are twelve small hotels having investment around two to three lakhs and daily used by the employees and the students and other visitors. The details of these hotels are:-

Aurangabad is the faster developing industrial town not only in India but also in Asia.

The well known tourist attractions and historically important paces are situated in and around Aurangabad.
Aurangabad city acts as a gateway for almost all the tourists who visit the world famous caves of Ajanta and Ellora. It is, therefore, natural that the city has developed with numerous activities which boost tourism.

Given below is the information about the places of tourist attraction in the hinter-land of the city as well as in the district.

(b) Bibi-Ka-Makbara:

"Bibi-Ka-Makbara", a replica of the Taj Mahal, the beautiful Mausoleum, stands in the suburb of Begampura. It was dedicated by the prince Azam Shah the Sweet and cherished memory of his mother Ras Banu Begum, the illustrious wife of Aurangzed.

A masterpiece of architecture and an undying monument in testimony to the immortal love and prosperity, this magnificent structure, designed by Ata-Ul-la, was erected between 1650 and 1959 at a cost of Rs. 668203-7-0. A lovely mosque covered with a dome, it is built of white polished stone.

(c) Ellora Caves:

About 30 Kilometres from the district headquarters town of Aurangabad, on the Aurangabad – Chalisgaon state-highway, and about one Km. East to the village Ellora, there stand the magnificent monuments of ancient India, the world famous Ellora caves.

Ellora, since long has been attracting the attention of the tourists, historians and the research scholars both form within the country and abroad. No wonder it has become one of the most sought-after and 'must-be-visited' paces in the hinterlands of the district. Normally in the peak
season an average of between eight and ten thousand tourists daily visit Ellora.

(d) Ajanta Caves:

In the wooded and rugged ravine of the Wagura river, a tributary of the Tapi, there lie the Ajanta caves - celebrated for their Buddhist caves and wall paintings. About 5 to 6 Kms. South-west of Fardapur, and lying between 20° 25' in North latitude and 76° 12' in East longitude, the caves are easily approachable form Aurangabad and Jalgaon by a good all-weather motor able road. The caves are about 100 Kilometre form Aurangabad and about the same distance (95 Kms.) from Jalgaon. Surrounded by the thick woods and multitudes of bubbling fountains, it is a place of charming abode for the nature loving and research scholars.

(e) Daulatabad Fort:

About 13 kms. of North-West of Aurangabad, on the Aurangabad-Chalisgaon State highway and on the way to the world famous Ellora caves, a petty village in Aurangabad Tehsil, Daulatabad is situated at latitude 19°57’ North and longitude 75° 15’43” East.

Daulatabad, the then capital of the Yadavas was then known as Devagiri or the ‘Hill of God’. It wasProbably founded by about 1187 by the Yadava king Bhillama.

(f) Paithan:

It is located about 45 kilometres North of Aurangabad, between latitude 19° 39’19” North and longitude 57° 26’ 2” East. In the old days it
was recognised by different names such as 'Pratisthan', 'Potali', 'Paitthan', 'Pattan', 'Santpura'.

Paithan is called Dakshin Kashi. Since long it has been a religious centre of great importance. It is the birth place of illustrious saints like Eknath, Chakradhar, Bhanudas, Mukteshwar, Chimna Pandit.

It is also a pious place for the Muslims because the religious environs of the town are also enriched by the Mosques and Dargahs of many Muslim illustrious Saints, Fakirs, etc.

Since, the beginning of the eighties, Paithan has received unique importance on account of the famous Jayakwadi dam, constructed across the river Godavari. It has helped bring the rapid transformation in the economic condition of the people. The Dyaneshwar Udyan located near the Jayakwadi dam has now become the main attraction to tourists coming from Aurangabad.

(g) Panchakki:

Panchakki or water mill, yet another example of the perfection, the Indian artists had attained in the field of architecture and engineering which forms part of the complex of Baba Musafir Dargah is situated on the right banks of the Kaula Nala, just one yard North-West of the modern Medical College Hospital complex and about one Km. North-West of the city's Central Bus Station. Between five and six thousand tourists daily visit this place.
(h) Khultabad:

A great religious centre with historical importance, Khuldabad, previously known as Roza, about 22 kilometers North-West of Aurangabad, on the Aurangabad-Chalisgaon State highway, lies on latitude 20° 0' 58" North and longitude 75° 14' 32" East. An excellent health resort enjoying a pleasant and temperate climate with an altitude of about 500 feet above the plains and 2730 feet above the sea level, it has provided an eternal abode to the many Mohammedan saints; highly revered by the Muslims; able rulers, and the great Moghal Kings.

The tomb of Aurangzeb lies in the South-East angle of Khuldabad. Many Muslims and Hindus come to see this tomb and hill-station.

(i) Aurangabad Caves:

On the Northern outskirts of the city, about 4 Kms. North-West of the city's central Bus Station and in the vicinity of the Marathwada University/complex, Aurangabad caves are situated. In the earlier days the caves could be reached only after a hard climb and, therefore, they were often dropped from the itinerary of the tourists. But now a fine winding tar road leads right upto the caves.

(j) Naukonda Place and Other places.

Malik Amber erected many buildings and Mosques during his ministership of Murtza Nizam Shah II. Naukonda place was one of the beautiful buildings erected by him in 1616 upon the summit of a rising ground. The interior buildings of the place consisted of five Zananas, a Diwani-Am, a Diwani Khas, A Masjid and Kacheri (Office).
Development of City

The economic and commercial development have a direct concern to demand for transport including Taxi Transport. This demand for transports originated from the different categories of people residing in the city. As the people of different categories (i.e. rich, middle class, industrialist, traders, etc.) have and involvement in the economic and commercial activities, the demand for transports bound to occur and swell along with the boom in economic and commercial development of the city. The extent and scope of such development and consequent impact on transport demand (including demand for taxi transport) can be visualised in the light of the following parameters:

(a) Geographical expansion of the city.

(b) Growth in trade, commerce, industry and education.

(c) Growth in population and working force.

(d) Growth inland use other than agriculture.

(e) Volume of passengers at the main transport terminals i.e. Aerodrome, Railway Station, MSRT

(a) Geographical expansion of city

The city of Aurangabad being a capital of Marathwada since long, has been expanding with leaps and bounds, especially the geographical expansion has been markedly evident since mid-sixties. The city tops the list of towns in Maharashtra for its decade’s growth in the rate of population, which was 70% during 1961-71. Today besides the tourist attraction the city of Aurangabad is the center of trade, commerce,
education and several other social-economic activities. On account of the swelling scale of such activities, the Aurangabad city is fully packed up in more than 51 Sq. Km. area with the residential, industrial and educational zones.

The campus of Marathwada University, industrial estates at Chikalthana and Waluj, residential zones of CIDCO and HUDCO, defence housing and Military camps near the Cantonment area, various colleges, schools and other institutions housed in the core and outskirts of the city, and the hinterland around form the comprehensive growth centre known as the Aurangabad Municipal Corporation. In such growth centers the hotel business is found flourishing.

(b) Growth in Trade, Commerce, Industry and Education:

The industrial development of the city has been very speedy during the last fifteen years. The various developmental agencies such as Marathwada Development Corporation Limited, Maharashtra Industrial Development Corporation Ltd., District Industries Center, State Industrial and Investment Corporation of Maharashtra Limited, Nationalized Banks etc. have been actively engaged in developing the industries of city. All the industrial units located in and around the city generate transportation demand. Similarly the industrial units housed in the districts nearby Aurangabad have also been causing to swell the demand for transport. The growth in industrial activities can be understood from the census data. All these activities are going to be swelled by the end of 2001 A.D. leading to accelerated transportation demand.

The city of Aurangabad is seat of learning of repute. The foundation of Marathwada University in mid - fifties has widened the
scope educational activities. In the early fifties there were only two colleges and a few Schools, mostly primary or secondary. Later on the number of Colleges and School rose and by the end of 1997 there were 32 colleges and about a hundred schools imparting education at different levels. About 20 to 25 thousand students are estimated to move on the roads of Aurangabad daily. Many of these students use transport conveyances for going and coming to schools.

The retail and wholesale trade of the city have registered spectacular expansion on account of growth in population and industries. Similarly aids -t to - trade such as banking, insurance, financing institutions etc. have also been swelled both in number and scale of their functioning. This has caused the growth of hotel business.

(c) Growth in Population and working force:

The size of population and its composition influence the transportation demand. Since the beginning of the sixties the city population has registered a phenomenal growth. Thus it rose from 98 thousand in 1961 to more than 600 thousand in 1997. By the end of 2000 it is (estimated ) to be around 800 thousand. The composition of the working force in the population by 1991 was around 28%. This size of the working force provides a vision about the economic activities. (Table No. 3.4) The table No.3.5 shows the details of population in Aurangabad Cantonment.

(d) Growth in land use other than agriculture:

The land use pattern of the city is understood from the record of Municipal Corporation. The record shows that the total developed areas
consisting of residential, industrial and commercial locations, transport and communications network, public and semi-public constructions, public utilities premises, gardens etc. occupy 1263.44 hectares which was being 31% of the 4079.00 hectares of the total area of the city. The agricultural land in 1991 was just more than half of the total recorded area. By 1997, it was reported that the agricultural area including barren land is just one-third of the total area of the city. The overall land use pattern reveals that the city has, other than agricultural, economic and commercial activities on the large scale and such situation causes to grow transport of the city, both within and outside.

(e) Volume of Passengers at main Transport Terminals:

The city has main transport terminals which create demand for feeder transport services.

The aerodrome is about 6 Kilometers away from the city. About three to four thousand passengers daily use the above airport. The taxi-cab has very good business at the airport.

The MSRTC has the main Bus Stand near Siddharth Garden. This stand produces passenger traffic of about 10,000 persons per day. Some of these passengers use the taxi-cab for going to the places of tourist importance or for going to industrial units, offices, the University, etc.

The Railway Station of Aurangabad is also a source of business to the taxi-men. About 8 to 10 thousand passengers traffic is generated at this station.
Traffic Projection for the year 2001

The Regional Plan authorities constituted for the Aurangabad-Jalna region has undertaken an exercise to project the traffic volume on the major roads of the city for the year 2001. According to their estimation the total daily traffic volume in 2001 would be 67,299 PCU’s out of these 35% would be slow-moving PCU’s. All these estimations provide a hint about the probable transport demand in future. Cultural & the various developmental parameters as discussed have contributed towards the development of Hotel Business.
Table No. 3.1: 
Classification of Hotel Entrepreneurs as per their Business Goals aspiration

<table>
<thead>
<tr>
<th>Business Goals</th>
<th>No. of entrepreneurs Aspiring (in%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fully</td>
<td>Partly</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Profit</td>
<td>100</td>
<td>--</td>
</tr>
<tr>
<td>Growth</td>
<td>100</td>
<td>--</td>
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<td>Employment Satisfaction &amp; Development</td>
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<td>42</td>
</tr>
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<td>Market leadership</td>
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<td>12</td>
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<tr>
<td>Service to Society</td>
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<td>16</td>
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<tr>
<td>Good Corporate Citizenship</td>
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<td>20</td>
</tr>
<tr>
<td>Joy of Creation</td>
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<td>46</td>
</tr>
<tr>
<td>Challenging</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Quality Producer &amp; Service</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Power</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>

*Source:* Field Survey
Table No. 3.2:  
Classification of Hotel Entrepreneurs as per their Vision about awareness of Environmental Factors

<table>
<thead>
<tr>
<th>Environmental Factors</th>
<th>% Of Entrepreneurs Aware of</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>Fully</td>
<td>Partly</td>
</tr>
<tr>
<td>1. Govt. Interference</td>
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Source: Field Survey
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