

HOTEL INDUSTRY IN KERALA WITH SPECIAL REFERENCE TO TOURISM

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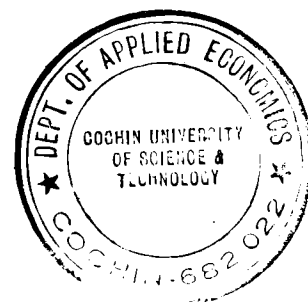
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Chapter - I



Introduction

CHAPTER I

INTRODUCTION

The hotel industry plays a prominent role in providing facilities for the transaction of business for meetings and conferences, for recreations and entertainments. From a very humble beginning in the relatively recent past, the industry has moved to a position of undisputed importance in our national economy. Hotels are essential for the material well-being of nations and communities, just as adequate transport, communication and retail distribution systems are for the various goods and services. The role of hotels in attracting tourists is very important. The quantitative and qualitative growth of this industry decides the future of tourism in any destination. Hotels are important attractions for visitors who bring with them spending powers and tend to spend at a higher rate than they do when they are at home. Hotel industry the world over, is undergoing a period of rapid growth and India is no exception. The expansion of tourism and emergence of the new culture of 'eating out' and 'staying out' have added a new impetus to the industry.

The travel and tourism industry world wide is growing at a very fast rate. According to the World Tourism Organisation Report, the growth rate of tourism industry was at an average annual rate of 3.2 per cent in 1993-94, which is likely to grow to 4.4 per cent a year in 1995-2000¹. Due to the bountiful economic bonanza of tourism in terms of foreign exchange, tourism is now recognised as an

economic activity, rather than a private affair. The lure for foreign exchange has virtually induced almost all nations of the world to compete with each other to woo tourists. Tourism is the one industry that can provide development at multi-levels - social, economic and developmental². It is one of the largest foreign exchange earner and the import content is minimal, i.e. between five to seven per cent.

One of the major constraints of Indian planning is the paucity of foreign exchange. Even at present, the country is passing through a critical period in the matter of foreign exchange. Among the many methods suggested to overcome this chronic problem, tourism assumes a pride of place. The development of tourism automatically involves the development of hotels and restaurants not only in important cities and towns, but also in all the centres of tourist attraction. But hotel facilities are found to be inadequate to meet the growing needs of the country.

The definitions of the terms 'hotel' and 'tourist' determine the inter linkage of the industries. The terms 'hotel', 'tourist' and 'tourism' used in the present study are defined below :

Hotel

According to the British Hotel Proprietor's Act, 1956, 'hotel' means an establishment held out by the proprietor as offering food, drink, and if so required, sleeping accommodation without special contract to any traveller presenting himself who appears able and willing to pay a reasonable sum for the services and facilities provided and who is in the fit state to be received³.

Tourist

The World Tourism Organization (W.T.O) has defined a tourist as a temporary visitor staying for at least twenty four hours in a country visited when the purpose of journey can be classified under one of the following headings :

- a. Leisure - Recreation, holiday, health, study, religion and sports; or
- b. Business - Family, mission meetings⁴.

Tourism

Tourism is the sum of phenomena and relationship arising from travel and stay of non-residents in so far as they do not lead to permanent residents and are not connected with any earning activity⁵ as defined by the Swiss Professors Hunziker and Krapf and adopted by the International Association of Scientific Experts on Tourism (A.I.E.S.T).

It can be observed from the definition that the term 'tourism' includes not only the movement of people but also their activities during their stay at the destinations. So the 'stay' of the tourist is an equally important constituent of tourism like travel. A tourist can stay at various accommodation properties available at the destination, according to his choice, such as hotels, motels, inns, rest houses, guest-houses, tourist bungalows, youth hostels, choultries and paying-guest accommodations. But many of the earlier studies indicate that both the foreign and domestic tourists mainly depend on hotels for accommodations.

India is one of the nations with a strong potential for tourism in the world. But her share of tourism in terms of world arrivals has been growing at a snail's pace. The major constraints for the growth of India as a tourism destination are

lack of infrastructure and insufficient supply of quality accommodation at reasonable rate. A major handicap has been lack of vision, expertise and aspiration on the part of the Indian hotelier, necessary to increase and develop large number of hotels and resorts. There are a number of hotels and restaurants in India, providing inexpensive accommodation and food. However sanitary and hygienic conditions have a lot to be improved. Table 1.1 shows that there were 821 approved hotels in India with 49,942 rooms in 1994 of which 36 were five star deluxe hotels with 9,566 rooms and 51 five star hotels with 6,964 rooms. The five star chains were confined to major cities and a few tourist spots.

TABLE 1.1
NUMBER OF APPROVED HOTELS IN INDIA AND THEIR ROOM CAPACITY
IN 1994

Category of hotels	No. of Hotels	No. of Rooms Available
5 Star Deluxe	36	9556
5 "	51	6964
4 "	55	3795
3 "	126	6453
2 "	238	8777
1 "	94	4196
Heritage	21	610
To be classified	200	9591
Total	821	49942

Source Hotel and Restaurant Guide, FHRAI, 1994, New Delhi.

TABLE 1.2

CATEGORY-WISE DISTRIBUTION OF APPROVED HOTELS AND THEIR ROOM CAPACITY IN THE METROPOLITAN CITIES OF INDIA IN 1994

Sl No	Category	Number of Hotels					Number of Rooms				
		Bom bay	Calc-utta	New Delhi	Mad-ras	Total	Bom-bay	Calc-utta	New Delhi	Mad-ras	Total
1.	5 Star Deluxe	7	2	9	1	19	2196	500	3521	240	6457
2.	Five Star	7	3	7	4	21	1263	500	1139	668	3570
3.	Four Star	9	2	8	5	24	761	231	852	470	2314
4.	Three Star	15	2	9	6	32	626	114	710	572	2022
5.	Two Star	26	2	6	4	38	1062	42	259	263	1626
6.	One Star	9	2	6	8	25	331	229	130	616	1306
7.	Others	71	26	25	29	151	2288	777	806	1682	5553
8.	Total	144	39	70	57	310	8527	2393	7417	4511	22848

Source FHRAI Guide 1994.

There were altogether 87 five star deluxe and five star hotels in India in 1994 (Table 1.1) of which 40 were in the four metropolitan cities of India (Table 1.2). The growth of the hotel industry in these cities during 1988 to 1994 can be seen from Table 1.3. Bombay held the first rank throughout the period both in respect of the number of hotels and the room capacity followed by New Delhi. To capitalise on India's tourism potential more aggressive marketing is required. Tourism marketing begins with tourism products. A tourist destination is not ready for marketing unless requisite infrastructure is built for easy accessibility and comfortable accommodation and amenities are provided at the destinations.

Infrastructure and amenities turn a tourist destination object into a marketable tourism product which the consumers buy⁶

TABLE 1.3

TOTAL NUMBER OF APPROVED HOTELS AND THEIR ROOM CAPACITY IN THE METROPOLITAN CITIES DURING 1988 TO 1994

Year	No of Hotels				Number of Rooms				Total in Metropolitan Cities	
	Bom-bay	Calc-utta	Delhi	Mad-ras	Bom-bay	Calc-utta	Delhi	Mad-ras	No of Hotels	Rooms
1988	134	22	64	42	7981	1554	7398	3357	262	20290
1989	137	21	65	44	8437	1504	7826	3716	267	21483
1990	145	26	71	48	9374	1865	8539	3960	290	23738
1991	147	28	70	55	9023	1929	8137	4410	300	23499
1992	156	34	70	58	9300	2153	8181	4661	318	24295
1993	159	37	74	62	9243	2192	8273	4619	332	24327
1994	144	39	70	57	8527	2393	7417	4511	310	22848

Source : FHRAI Guides.

1.1. Kerala

Kerala is a state where nature is at her abundant best. With its palm fringed beaches, labyrinthine canal systems and backwaters, luxuriant vegetation, enticing hills and valleys. Kerala's land-scape offers tough competition to the romantic exaggerations normally found in tourism literature⁷.

The state of Kerala is perhaps the poorest geographical region in the world with the highest Physical Quality of Life. Physical Quality of life Index (P.Q.L.I) is often recommended nowadays as a standard to measure a community's progress.

This P.Q.L.I. is based on parameters like birth-rate, life expectancy at the time of birth, rate of infant mortality, length of road per square kilometre of area, female literacy etc. In terms of P Q L I. Kerala stands first among all the Indian states and ranks with Malaysia and some other West European nations⁸. The density of population is 749 persons per square kilometre. The social infrastructure of Kerala is made better than in many other states. The picturesque land and literature and the intelligent people are the unique resources of Kerala. Kerala can boast of the best literacy percentage in India with her literacy rate at 100 per cent. The people of Kerala have a reputation for hygiene. Kerala abounds in many centres of tourist attraction. The state which is industrially backward can safely look forward to tourism - "the smokeless industry" as a major source of its future well-being.

There are forty-five tourist centres in Kerala, big and small, each offering different tourist products. This is ample evidence of the variety she has to offer to the tourists. Table 1.4 shows the travel circuits in Kerala, with the forty-five tourist centres divided into core, major and minor centres. Thiruvananthapuram, Kochi and Kozhikode are the core centres representing circuits I, II, and III respectively. There are 4 major centres and 3 minor centres in the first circuit, in addition to the core centre i.e. 8 centres altogether; 14 major centres, 12 minor centres and a core centre totalling 27 centres in the second circuit and 2 major centres, 7 minor centres and a core centre totalling 10 centres in the third circuit. But many of these centres are yet to be developed. The growth in the number of tourist arrivals has not been encouraging despite many factors in favour of the state.

TABLE 1.4
TRAVEL CIRCUITS IN KERALA

Circuit	Core Centre	Major Centres	Minor Centres
I	Thiruvananthapuram	1. Kovalam 2. Veli 3. Ponmudi 4. Varkala	1. Neyyar Dam 2. Kollam 3. Tirumullavaram Beach
II	Kochi	1. Alapuzha 2. Kuttanad 3. Pathiramanal Island 4. Kumarakam Lake Side 5. Kalady 6. Sabarimala 7. Malayattoor 8. Devikulam 9. Munnar 10. Malampuzha 11. Parambikulam 12. Thekkady 13. Guruvayoor 14. Peermade	1. Kottayam 2. Aranmula 3. Nellyampathy 4. Idukky 5. Aluva 6. Angamali 7. Vazhachal 8. Thrissur 9. Peechi 10. Cheruthuruthy 11. Palakkad 12. Cherai
III	Kozhikode	1. Kappad Beach 2. Bekal Fort	1. Mazhapilangad 2. Kottakkal 3. Silent Valley 4. Tellicherry 5. Mananthawady 6. Sultan's Battery 7. Kasargod

Source Kerala Tourism - a status paper, D.O.T., Govt. of Kerala, Thiruvananthapuram, August 1991, p.4.

In spite of the immense potential that the state has, much remains unattended to improve tourism facilities here. Proper attention is not given to Kerala by the Department of Tourism, Government of India. Kerala could not find a place in the international tourism map of the department. Again, Kerala was excluded from the Circuit Diary published by the Department of Tourism in view of the "Visit India Year 1991".

Of late, the idea of “destination south” has caught the attention of many, due to the disturbances in the north. The fact that India is not Kashmir or Taj Mahal alone, is being slowly realised. In almost all countries the ‘south’ has a personality of its own and India is no exception. Situated between the Bay of Bengal and the Arabian Sea, the southern states have immense potential for the tourism development. Kerala in the west coast is a palm-fringed paradise cradled in the Western-Ghats. Centuries ago the Phoenicians, Greeks, Romans, Arabs, Chinese, Dutch and finally the British sailed to high seas of adventure and following unfamiliar routes they reached this picturesque coastline. Many foreign tourists who had visited Kerala of late, remarked that, Kerala is a piece of paradise and indeed God’s own country Kerala would one day become the Switzerland of India⁹. Kerala is the most beautiful land over the whole world¹⁰.

The dimensions of international tourism and the potential which exists in the country show tremendous scope for the accelerated growth of tourism industry in the country. The scope for accelerated growth of tourism is more in Kerala than any other states in India. There is not much benefit earned from the huge sums spent by governments to boost tourism in Kerala because they tend to tie the horse behind the cart¹¹.

The accommodation sector is the most organised segment of the tourism industry and provides the most perceptible index of the industry but it is also capital intensive and the general trend so far has been that supply succeeds demand generation. For accelerating the growth of tourism industry, it may be propounded that supply should be available before demand can be generated, but this would require subsidisation by the government, if the private sector investment is to be attracted to build hotels in centres where the demand potential is there but needs

to be converted in to actual tourist traffic by the creation of accommodation infrastructure¹²

Thiruvananthapuram International Airport has already helped in bringing in more tourists. The opening up of Nedumpasseri International Airport will provide us with an international port of entry. This will enable the tourists to come to Kerala without having to pay high air-charges. Thus the opinion that a visit to India is a costly affair can be changed.

It is an indispensable need to provide comfortable accommodation at hotels of international standards, when the tourists come to Kerala. High spending foreign tourists are to be attracted here and encouraged to stay longer. The quantitative growth in the number of arrivals by budget tourists will only add on the negatives of tourism. High-spending foreign tourists usually prefer to arrange their tour through international tour operators and famous hotel chains. If chartered flights come to Kerala rooms of uniform standards to accommodate these large number of foreign tourists, are inadequate. Unless this major problem is solved, our state can not proceed to harvest the benefits of international tourism in its true sense. International tourism is the superstructure of domestic tourism. Domestic tourism should serve as a basis of the pyramid of international tourism. Development of infrastructural and service facilities are very much dependent on the growth of domestic tourism.

In terms of number, on an average, the ratio between the foreign and domestic tourists is 1:12. Eighty-five per cent of the World Tourism consists of the domestic tourism. So internal tourism, generates much more income and employment opportunities through tourist spending than international tourism. Moreover, foreign tourism is seasonal. There can not be continuous flow of

international tourists throughout the year because of which the travel trade has to suffer. This situation can be met with giving due attention to domestic tourism. A rational blend of foreign and domestic tourism has to be tried. Hotel facilities of two star and lower categories are required for the convenience of the domestic tourists.

1.2 Statement of the Problem

The slow growth of tourism in India and Kerala in terms of percentage increase in the number of foreign tourist arrivals, is indicative of the fact that we have not succeeded in promoting tourism to the desired level, in spite of the varieties possessed to offer to the tourists. Because of the suitability of tourism industry for our state, as the best earner of foreign exchange, every effort should be made to promote tourism, minimising the possible negatives of it. But even at the World Tourism Meet 1994, major tour operators were reported to have expressed reservations about tourism infrastructure in Kerala over the lack of enough luxury hotels in important tourist centres of Kerala.

We have to pay attention to other types of hotels too, in view of the domestic tourists, because, it is dangerous to depend only on export oriented tourism with no stress on domestic tourism. Travel trade will suffer in the absence of continuous stream of foreign tourists. Hence, it needs to create a well balanced accommodation structure to maintain uniform flow of domestic and foreign tourists all over the year. For the over-all tourism promotion, adequate accommodation facilities to suit the varying requirements of different classes of foreign and domestic tourists should be provided. The study takes stock of the existing hotel facilities and suggests steps for betterment.

1.3 Objectives of the Study

Since tourism was declared an industry in Kerala in 1986, conscious efforts have been taken to boost the tourist arrivals here, especially foreign tourists. Accordingly, it is necessary to have faster aggregate growth in the hotel industry, with special care in the growth of different classes of hotels, especially in the major tourist centres. For this more and more entrepreneurs have to be encouraged to invest in hotels. The financial performance of the hotel industry in comparison with other major industries will throw light as to whether the investors are safe in making investments in hotels. An analysis of the Human Resource Development in the hotel industry will expose the role of the hotel industry in solving the problem of unemployment. The potentiality of the hotel industry in tourism promotion will educate all those interested to have a favourable attitude towards the hotel industry in particular. Hence, the specific objectives of the study are

- to study the trends in the hotel industry in Kerala
- to study the financial performance of the hotel industry
- to study the contribution of the hotel industry to employment generation and
- to enquire into the potentiality of the hotel industry in tourism promotion.

1.4 Relevance of the Study

A number of studies made earlier on tourism promotion unanimously agree that hotels have a significant role in tourism development. Many of the international tour operators and travel agents hesitate to bring tourists on chartered flights to Kerala, due to the lack of hotel accommodations of the required standards even at the important tourist centres.

No study is known to have been made in Kerala about the hotel industry in relation to tourism development. The present study, it is expected, will suggest the various measures to provide hotel facilities of the right type, which is the most serious limiting factor in the development of tourism in Kerala .

1.5 Hypotheses

1. The number of hotels available are inadequate in relation to the inflow of tourists.
2. The right type of accommodation demanded by the tourists is not available.
3. The management of hotels needs to be streamlined to cater to the needs of tourists.

1.6 Sources of Data

Both descriptive and analytical methods are used for the study. Data have been collected from primary and secondary sources.

1.6.1 *Primary Data*

Structured schedules have been used to collect data from :

1. Hotel establishments
2. Employees of hotels and
3. Tourists - foreign and domestic.

1.6.2 *Secondary Data*

Information and statistics from various publications of The World Tourism Organisation, Department of Tourism Government of India, F.H.R.A.I., C.M.I.E, C.S.O., I.I.P.O, The Hindu Industrial Survey of India, R.B.I., I.D.B.I., IFCI, TFCI, SIDBI, KSIDC, KFC, Department of Tourism, Government of Kerala, Kerala State Planning Board, Kerala Hotel and Restaurant Association, Tourist Desk, Annual

Reports of both Public and Private Sector Hotels, Tourism and Hotel Magazines, Periodicals, News Papers and Books on Hotel and Tourism Industry have been used.

1.7 Sample Design

Fifty hotels have been surveyed. There were 224 hotels altogether at the eleven centres of tourism in Kerala, at the time of the survey, consisting of 56 approved and 168 unapproved hotels. Of the approved hotels, 49 hotels were approved and classified and the remaining 7 awaiting classification. The approved and classified hotels consisted of : five star hotels - 2, three star hotels - 9, two star hotels - 25 and one star hotels - 13. Thirty-five hotels from the unapproved category were members of the Federation of Hotel and Restaurant Association of India (FHRAI).

It was known during the pilot survey of tourists and hotels that the tourists preferred to stay in the approved hotels. Hence census method of studying approved hotels was attempted. Lottery method was followed in selecting the samples from the unapproved group. For the purpose of survey hotels were grouped into four as follows :

Group I - five star and three star hotels

Group II - two star, one star and hotels awaiting classification

Group III - unapproved hotels which were members of the FHRAI, and

Group IV - remaining unapproved hotels.

Though census method was attempted for approved hotels, only the categories of five and three star hotels responded fully. Others co-operated in the following order :

Two star - 15 out of 25 (60 per cent)

One star - 2 out of 13 (15.38 per cent) and

awaiting classification - 2 out of 7 (28.57 per cent).

Altogether 30 out of the 56 approved hotels (53.57 per cent) co-operated in the survey. From the 168 unapproved hotels 20 (11.90 per cent) were selected for the survey on lottery method.

1.7.1. *The Hotel Employees*

Structured questionnaires have been used for the survey of the employees. Personal interview of the employees was not allowed by the management. Hence the questionnaires were entrusted to the general managers of the hotels for ten per cent of the employees of each category totalling 340 employees. These questionnaires duly filled in by the employees have been received back from the general managers on subsequent visit. But only 100 of them were ready to furnish information, the details of which are given below in Table 1.5.

TABLE 1.5
PARTICULARS OF THE RESPONDENT HOTELS AND THE
HOTEL EMPLOYEES

Particulars	Five Star	Three Star	Two Star	One Star	Others	Total
Number of hotel surveyed	2	9	15	2	22	50
Total number of employees in the hotels	554	848	1148	128	724	3382
Number of employees to whom questionnaires were given	55	85	115	15	70	340
Number of employees responded	24	15	28	8	25	100

1.7.2 *The Tourists*

One hundred foreign tourists from the respondent hotels have been selected using systematic sampling method. Structured schedules have been used to collect data from them. Similarly for the domestic tourists also the same method of sampling was used. One hundred and fifty domestic tourists have been interviewed from the following centres Kovalam (Kovalam beach), Thiruvananthapuram (museum complex, Veli Tourist Village, Shanghumugham beach, and Science and Technology Museum), Kochi (Bolgatty Island, Jewish Synagogue, Dutch Palace at Mattancheri and Santacruz Cathedral at Fort Kochi), Alapuzha (Boat Race Venue), Thrissur (Zoo and Museum, and Peechi Dam), Guruvayoor, Palakkad (Malampuzha) and Kozhikode (Beach, Pazhassiraja Museum and Mananchira).

1.8 **Method of Analysis**

1. Ratios, percentages, indices and graphs are used to bring out the growth of the hotel industry in Kerala. Linear trends have been estimated, by regressing the number of hotels, rooms and bed capacity on time and taking into consideration the auto correlated residuals to study the aggregate growth of the industry. Similarly linear trends have been estimated, taking the auto-correlated residuals and regressing the three variables group wise, on time, to study the growth of the three variables among the four groups of hotels.
2. Centre-wise growth in the three variables is analysed using percentages and indices.
3. Estimation of centre-wise hotel room requirements is made by using 'R' factor analysis.
4. Mean-centre size is used to identify the significant tourism centres in Kerala.

5. 'β - rating' and 'η - rating' scores are used to measure the spatial concentration and dispersion of the industry in various centres.
6. 'Herfindal Index' is used to indicate the degree of variation in concentration in the room capacity - of different - types of hotels.
7. 'Entropy Index' is used to measure the degree of uncertainty of a centre in attracting or retaining customers.
8. The financial performance of the hotel industry in India and Kerala is analysed with the use of appropriate accounting ratios. The data published by the CMIE, November 1994, and the annual reports of the K.T.D.C. and the six private hotel companies in Kerala, are used for this purpose.
9. Human Resource Development of the hotel industry in Kerala is analysed using ratios and percentages.
10. The potentiality of the hotel industry in tourism promotion and the problems faced by the hotel industry in Kerala are studied using ratios and percentages. χ^2 test is used to test the significance of the result wherever necessary. Satisfaction Index is calculated to measure the level of satisfaction derived by the tourists from the various services.
11. Additive seasonal model was adopted for estimating the seasonal index, which was the average deviation of each month's tourist arrival from the corresponding trend level. The Centred Moving Average method with a span of 13 months was used for estimating the trend level.
12. The factors of tourist attractions and the centres of tourist preference to stay are identified with the help of proportions, the results of which were statistically found significant with χ^2 test.
13. The foreign exchange earnings by some of the private hotels and public sector hotels were looked into

14. The expenditure pattern of the tourists is analysed to find out the proportion of expenditure on accommodation.

1.9 Scheme of the Study

The study is divided into eight chapters. The first chapter introduces the theme. It also contains a brief outline of the problem, the objectives of the study, the relevance of the study, the hypotheses, the sources of data, the sample design, the method of analysis and the limitations of the study.

The second chapter makes an attempt to review the existing theoretical literature on the hotel and tourism industry.

The third chapter gives an account of the origin, growth and development of the hotel and tourism industry.

Chapter four presents a detailed analysis of the growth trends in the hotel industry in Kerala. The category-wise demand for hotel rooms at the eleven centres of tourism in Kerala is estimated and compared with the supply to assess the shortage/surplus.

Chapter five examines the financial performance of the hotel industry in India in comparison with sixty other industries to bring out the rank of the hotel industry among them. The growth of the hotel industry in India is brought out by indicating the changes in the growth indicators and the key industry ratios. The financial performance of the hotel industry in Kerala both in the public and private sector is also analysed in this chapter.

The Human Resource Development in the hotel industry in Kerala is dealt with in chapter six. The growth of the number of employees and professionalism in

various categories of the hotel job in the different categories of hotels and the socio economic profile of the hotel employees are analysed in this chapter.

Chapter seven presents a detailed analysis of the foreign and domestic tourists and the hotel establishments in Kerala to bring out the potentiality of the hotel industry in tourism promotion by focussing on the purposes of visit, the factors of attraction, the preferences to stay at the different centres of tourism in Kerala, the duration of stay, the categories of hotels preferred, facilities demanded and supplied in hotels, the opinions of the tourists about hotel services, the satisfaction derived from various aspects and the expenditure pattern in respect of tourists and the year of establishment, the ownership pattern, the accessibility to transport terminals, the occupancy and duration of guest stay, the foreign exchange earned, the contribution to the exchequer and the seasonality pattern in respect of the hotel establishments, besides highlighting the various problems faced by the hotel industry.

The concluding chapter, summarises the discussion and records the findings.

1.10 Limitations of the Study

Due to the non-availability of centre-wise tourism statistics in Kerala prior to 1990, the rooms demanded and shortage /surplus could be estimated for the period 1990-1993 only. There was no dependable data-base to know the availability of hotel rooms in Kerala. Hence category-wise details of this, had to be compiled from the F.H.R.A.I. guides, the Tourist Desk publications, the various publications of the Department of Tourism and the primary survey which were not available for more than ten years.

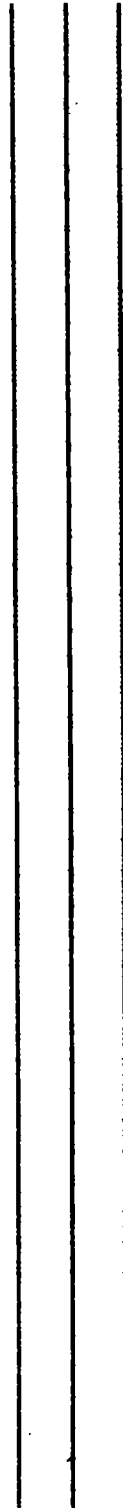
Since personal interview with the employees of the hotel was not permitted, the questionnaires had to be supplied to them and received back through the managers. Hence it is doubted if free opinions of the employees had been expressed or not.

Most of the hoteliers, except a few, were not ready to divulge the information relating to their foreign exchange earnings. For the financial analysis of the hotel industry only six hotels in the private sector whose annual accounts were available for consecutive years in common, could be included. In the public sector - hotels represented by the KTDC units - the consolidated annual reports only were available. The number of units of the KTDC were not the same for all the years under study.

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Chapter - II



REVIEW OF LITERATURE

CHAPTER - II

REVIEW OF LITERATURE

Hotel industry and tourism are fast growing world-wide. There are a number of studies on the problems and prospects of tourism industry in India and in Kerala. However research on hotel industry has grown only in recent years. No systematic, detailed and comprehensive study on the hotel industry in Kerala has been made so far. Very poor data base on the availability of hotel accommodation, even at the important tourist centres is a serious problem. Only descriptive literatures exist at broad level. An attempt is made in this chapter to review some of the relevant existing literatures. Anand¹ in his study examines the reason for the poor tourist traffic in India. He says that hotels and other supplementary accommodations are the core of tourism industry and suggests that, the required number should be made available for the proper development of tourism. Negi² deals with all kinds of demands and problems faced by hotel industry. He predicts that hotel industry has a big scope for expansion in future. The Indian Institute of Public Opinion in a study considered accommodation sector as one of the central elements because foreign tourist expenditure accounts with food and beverages for 55 per cent and dominates foreign exchange earnings³. Seth Pran Nath⁴ is of the opinion that there should be close connection between growth of accommodation facilities and developments in the modes of transport.

Selvam⁵ in his study also deals with the adequacy and future needs of accommodation. Leela Shelly⁶ has made an attempt to present a broad profile of the hospitality industry. She has brought a fresh insight into the hotel industry and has made a critical appraisal of the contemporary scene in the hospitality industry. Pragathi Mohanty⁷ in her study has analysed the growth pattern of the hotel industry in Orissa and has examined the growth trend with respect to different regions and different types of hotels.

2.1 Trends in the Hotel Industry

In a study⁸ conducted by the Ministry of Tourism, the Government of India, it is pointed out that star hotels of four star and above are generally considered to be of international standards and cater to foreign tourists as well as the most affluent of domestic tourists. According to Robert Collier⁹ a new hotel customer is going to be looking for good value three star accommodation. So focus should be on the development of three star hotels. He asserts that in order to survive in today's global village, hotels will have to be heavily branded or linked to a brand¹⁰ or positioned in a niche market. He foresees that there will continue to be room for major chains¹¹ to grow with a variety of brands - as well as individual and small regional chain in niche markets.

2.2 Dependence of Tourism on Hotel Industry.

Lack of accommodation was a serious problem for tourism development even in the past. The Sargent Committee¹² set up in 1945, was the first to point out the lack of suitable accommodation for international visitors and suggested that a chain of first class hotels should be built in India. In 1956, the Estimate Committee¹³ on tourism said that the paucity of accommodation in India continued. The appraisal of hotel accommodation situation made by the Tourism

Department resulted in the recommendation of setting up of 5000 rooms or 8500 beds within the next three years¹⁴. In 1958, the Hotel Standard and Rates Structure Committee¹⁵ recommended the rapid expansion of the hotel industry on a rational and scientific basis.

In 1962, Hemphili, commented on the Indian hotel accommodation situation that one has to book accommodation a year in advance to be sure of getting what he wants. He also pointed out that about 7000 visitors cancelled trips to India simply due to the non-availability of hotel accommodation¹⁶. The Ad-hoc Committee¹⁷ on Tourism 1962, focussed its attention on the failure of the hotel industry to keep pace with the increasing tourist demand. It pointed out that during the period 1955-'62 the number of hotel-beds had increased by 11 percent only against 300 percent increase in the number of visitors to India. The leading hotelier J.R.D. Tata in 1965 had admitted that acute shortage of accommodation had curtailed the flow of tourists to India¹⁸. In a survey conducted by M.M. Anand in 1966, twenty-two per cent of the foreign tourists answered accommodation shortage as the most important deterrent to travel in India¹⁹. The Hotel Review and Survey Committee²⁰ 1968, set up to survey the requirements of additional bed capacity at important tourist centres, once again highlighted the accommodation shortage in India.

The National Council of Applied Economic Research²¹ (NCAER) had opined that hotels are undoubtedly the most essential destination facility that a country must provide, if it plans to build up tourism²¹. The Estimate Committee of Lok Sabha's report²² for the year 1975-'76 felt that the various measures taken and efforts made for tourism promotion will not produce the desired results if the hotel accommodation in the country lags behind. J.R.D. Tata²³ was of the opinion that unless a major sustained programme of construction of new hotel facilities is

undertaken during the next five years, upto a million foreign visitors a year will be diverted to other countries involving a loss of foreign exchange earnings to the tune of Rs. 500 crore.

Lattin²⁴ stated that the hospitality industry is the only field where supply must precede demand. The growth of the hotel industry is a pre-requisite for the growth of tourist traffic. Naik S.D. and Davies N.V²⁵. in an article expressed that the growth of hotel accommodation has not kept pace with the growing demand for it. J.R.D. Tata felt that shortage of accommodation makes travel unsafe and discourages the tourists to visit a particular area²⁶. According to him it is essential to have up-to-date hotels for the advancement of a country in general or a city in particular to provide facilities and comforts to visitors from all parts of the world. Anand pointed out that lack of adequate hotels of acceptable international standards is a critical factor in limiting traffic throughout the pacific, especially India²⁷. Haksar suggested that accommodation must be available in sufficient quantity in the required type and quality to match the demand²⁸ of travellers who arrive at the destination. Accommodation probably precedes any other type of development.

Naik S.D. and Davis N.V. observed that the future growth of tourism will largely depend on the growth of suitable hotel accommodation in the country, coupled with transport and other infrastructure²⁹. The Sector Working Paper on Tourism³⁰ of the World Bank has recorded that usually 60 to 75 percent of the total expenditure of tourists accounts for food and accommodation and a remarkable expansion of tourism is possible by increased supplies of moderately priced accommodation in many countries. Negi asserted that "No Hotels no Tourism"

The Economic Times³² reported that acute shortage of accommodation and travel difficulties can affect the image that a country presents to the world. The Southern Economist³³ opined that the main problem the foreigners face on landing in India is the dearth of good hotel accommodation in the place of tourist interest. The bulk is concentrated in metropolitan cities.

According to Lattin³⁴, out of the various components of tourism industry, accommodation component, more specially hotels, constitutes the major share, ranging from 45 to 60 percent. Mukul Guha³⁵ pointed out that hotels bag over 47 percent of the total sales by tourism and hold control over another 15 percent of the incidentals complementary to the entire trade. For this he suggested that hotels should be in a position to absorb the varied kinds of visitors' influx. He added that hotels are responsible to back up the spirit of a transit passenger for the next visit or to dampen the same³⁶. He concluded that the growth of tourism industry in a country depends on many respects on the hotel management of that country³⁷.

Medlik³⁸ is of the opinion that hotels are essential to the economies and societies as are adequate transport, communication and retail distribution systems for various goods and services. He said that hotels are important attractions for visitors³⁹. The direct and indirect contribution of the hotel industry through the subsequent diffusion of visitor expenditure to other recipients in the community is brought out by him⁴⁰. He added that hotels may be one of the few sources of foreign exchange earnings through the medium of tourism⁴¹. Moreover hotels are important outlets for the products of other industries⁴² according to him. He also revealed that many hotels became social centres of their communities⁴³.

In the opinion of Howard L. Hughes⁴⁴ the amenities of accommodation and catering must exist if tourism is to happen at all. The hotel and catering industry

will be responsible for whatever benefits and costs the phenomenon of tourism itself brings and the amount of accommodation will in part, set the capacity of a tourist destination⁴⁵. He also states that an expansion of tourism may require an increase in the accommodation stock⁴⁶. The tourists especially the international tourists may be influenced in their choice of destination by the availability of suitable hotels and restaurants⁴⁷.

According to Medlik⁴⁸ the proportion of foreign and domestic tourists to total tourists to a country has relation to the number of hotels in that country. The larger the proportion of foreign tourists the higher would be the predominance of hotels and vice versa. According to Sharma K.K, accommodation is the matrix of tourism⁴⁹. Vivek Sharma states that without an adequate development of hotel resources, all the national scenery, all climatic virtues and all the sporting and recreational facilities will hardly suffice to sustain a good volume of tourists trade. Seventy-five per cent of the problems of tourists on land are connected with unsatisfactory hotel accommodation and services.

Hotels form an integral and vital segment of the tourism infrastructure in the country and hence the Government of India had initiated steps to double the hotel room capacity⁵¹. Government policies towards industry in general and the hotel and catering industry in particular, will be a reflection of how far the industry is able to contribute towards the achievements of government economic policies⁵².

Subramanian points out that for accelerating the growth of tourism industry, it may be propounded that supply⁵³ should be available before demand can be generated. The centres with demand potential need be converted into centres with actual tourist traffic⁵⁴. Maneet Kumar points out that a country's

tourism traffic is assessed not only by the number of tourists visiting the country but also by the duration of their stay⁵⁵. Robert Collier⁵⁶ asserts that the obvious reasons for people to stay in hotels are for business, meetings and seminars on the one hand and for leisure, recreation and holidays or vacation on the other. According to him the two most important factors relating to successful hotel stay are comfort and luxury and efficiency.

2.3 Studies in the Context of Kerala

Tourism was declared an industry⁵⁷ in Kerala in 1986, with a view to developing tourism in the state, thus enabling those engaged in tourism promotional activities in the state, to become automatically eligible for concessions and incentives as applicable to the industrial sector from time to time. The existence of well known and acclaimed hotels will go a long way in promoting a tourist destination and unfortunately Kerala state has only a very marginal representation in any major hotel chains⁵⁸.

Skipper. G is of the opinion that various groups and individuals are carrying out excellent work within tourism industry in Kerala but some times it would seem in a vacuum; it is un-co-ordinated and sometimes adhoc and piecemeal⁵⁹. He admits that there are some superb quality hotels across the state and quality guest houses and attractions, but all too often, it appears that expectations of overseas customers are not met to the full⁶⁰. According to Najeeb E.M only very few hotels⁶¹ and resorts are available in the state. This results in a rush with limited inflow to the destinations and subsequent inability to carry more people

At the world Tourism Meet 1994, major tour operators were reported to have expressed reservations about tourism infrastructure of Kerala over the lack of

enough luxury hotels⁶² at Kovalam, Kochi and other tourist centres. Sudheer S.V⁶³ observed that private hotels were rendering better services in providing facilities to tourists. There were complaints, according to him, about poor hygiene and service rendered by the state hotels. He was of the opinion that more hotels and restaurants which are clean, moderately expensive and assuring best service⁶⁴, may be provided in the close vicinity of the centres. The Asian Institute of Development and Entrepreneurship, made it clear that in order to increase the percentage arrivals of foreign and domestic tourists to Kerala it is necessary to create the necessary additional infrastructural facilities and amenities. Assistance to hotel industry⁶⁵ was an important recommendation in the project.

2.4 Back Water Tourism in Kerala

According to a study report⁶⁶ by Mathews Varghese, Kerala is unparalleled in the world. He says that Kerala has the added advantage of the sun, sand and surf the three universal tourist attractions. He suggests that high standard hotels should come up near back water tourism centres. Jose Dominic is of the opinion that Kerala's tourism industry and tourism product are in a stage of infancy⁶⁷. He points out that the resource truly unique and peculiar to Kerala is undoubtedly the back-waters⁶⁸. He brings out that the backwaters can be to Kerala what the Taj Mahal is to India or the pyramids to Egypt⁶⁹. According to him, recently there have been some welcome development in the creation of backwater based hotel infrastructure⁷⁰ centred around Kumarakam. He opines that there is an urgent need to review existing regulations which are constraints⁷¹ on the development of hotel facilities in the backwater tourism centres. According to Skipper G, the backwaters are Kerala's Unique Selling Proposition⁷² (USP).

2.5 Foreign Exchange Earnings

Foreign exchange resource crunch was heavily felt in India in 1991. In March 1991, the official foreign exchange reserve of the Reserve Bank of India excluding gold and SDR was \$ 2,236 million. Three months later in June 1991, it came down to just \$1,124 million. At this stage it was worth just about two week's import, against a critical minimum of three months recommended by the I.M.F. So the Government of India immediately negotiated a structural adjustment loan from the IMF. As a part of the agreement, rupee was depreciated by about 20 per cent against U.S dollar and other major international currencies, in June 1991 followed by the partial convertibility of the rupee⁷³.

Peters observed⁷⁴ that many countries have embraced tourism as a way to increase foreign exchange earnings. He added that net foreign exchange earnings is high in tourism as the leakages⁷⁵ are the minimum. The import content⁷⁶ of tourism industry's foreign exchange earnings is a mere 5 per cent. The present estimates⁷⁷ show that foreign exchange earnings from tourism can be increased to about Rs. 5000 crore per annum (at 1986-87 prices) by the year 2000 A.D in India. According to Madhav Rao Scindia⁷⁸, tourism had emerged as the largest foreign exchange earner for the country. Tourism brings in stupendously large amount of foreign exchange. Even individual hotels⁷⁹ brought in hefty chunks of foreign currency. Tourism can become India's key foreign exchange earner within the next five years⁸⁰

Vasant Sanzgiri⁸¹ estimated that with a foreign exchange outflow of Rs. 6-7 crores the hotel and restaurant industry directly earns about 49.7 per cent of the estimated foreign exchange earnings by the tourism industry. Tourism is the largest single foreign exchange earner for the country and the earnings mostly account for

by the expenditure on food and accommodation in this country⁸². Chatterjee⁸³ documented that foreign exchange earnings from tourism are so high that tourism industry now tops the list amongst other export oriented industries including engineering goods and jewellery. Hotels and restaurants share fifty percent of the foreign exchange earnings from tourism⁸⁴. Syamali Talukdar and Alka Dahar⁸⁵ opine that tourism is a major foreign exchange earner and hence the industry has very strong case that it should be treated on par with export oriented industries and same benefit be extended to it. It is reported that 70-80 percent of the turnover of hotels is foreign exchange⁸⁶. On the basis of net foreign exchange earnings, tourism earnings were actually higher than that from exports of handicrafts. The net foreign exchange earnings⁸⁷ from tourism have been as high as 93 per cent. Tourism and hotel industry is already the third largest earner of the foreign exchange. Still the foreign exchange earnings in India from tourism and hotel industry are very small compared to many other industries⁸⁸.

2.6 Employment Generation

The capital-labour ratio of hotel industry vis-a-vis other industries have to be related in depth for evaluating the employment generations in hotels. The employment potential for skilled and semi skilled labour in the hotel sector is quite large. Negi estimates that as regards the direct employment, the room to staff ratio⁸⁹ for hotel varies between 1:1.5 to 1:3. It is estimated that 54 per cent of the tourist expenditure goes towards the payment of wages and salaries⁹⁰. On an average one hotel room should expect to provide employment for 2.5 persons while connected industries and services would offer employment to nine times the number of persons who are employed directly by the hotels⁹¹. The cycle of increased income and employment continues until it is exhausted, which phenomenon is due to employment multiplier in hotel and tourism industries⁹². An

extra-ordinary contribution of two million jobs⁹³ in hotels and restaurant sector was found in the economic census of 1980. The labour content of \$1000 worth value added or net-output in various industries (1971) suggested that hotels and catering create more employment⁹⁴ for any rise in output than many other industries. It is estimated that on an average, a single hotel room generates employment to eight people directly or indirectly⁹⁵. Increase in the hotel room requirements in the approved sector would generate substantial number of jobs as one hotel room provides direct employment to 2-4 persons and indirect employment to ten times that number⁹⁶. The National Tourism Board reported⁹⁷ that about 45,000 trained personnel will be required by the hotel industry by 1995.

2.7 Income Multiplier Effect of Tourism

The National Committee on Tourism in its report of May 1988 has stated that the money spent by the tourist percolates through many levels and generates additional income at each round of spending and this has a multiplier effect⁹⁸. There is high multiplier for hotel industry; 3.8 for every Re. 1/- on hotel expenditure⁹⁹. It is usually observed that the income multiplier effect of tourism may be taken as 3.2 and the employment multiplier as 2.82 for foreign tourism and 4.00 for domestic tourism¹⁰⁰. Tourism is an effective instrument of income redistribution in an economy¹⁰¹. According to a report by Chechi & Company¹⁰² the income multiplier of foreign tourist expenditure varies between 0.58 to 4.3. The multiplier effect of tourism in India has been estimated at 3.2 by the Indian Council of Applied Economic Research^{103 and 104}.

It is estimated, for several items of tourist expenditure as many as 13-14 subsequent chain transactions take place¹⁰⁵. In 1982, the Tata Economic Consultancy Services Report had shown that for every job created by tourism

sector, 2.57 jobs are created else-where¹⁰⁶. According to Peter¹⁰⁷ most island economies have an income multiplier range between 0.6 and 1.2 while developed economies have range between 1.7 and 2.0.

2.8 Hotel Finance

In order to overcome the infrastructural short-comings a substantial injection of funds is required which may be obtained through local borrowings and borrowings at concessional rates of interests from financial and aid institution abroad¹⁰⁸. Statler emphasises the role of “location¹⁰⁹” in the success of any hotel. Hotels frequently compete for sites in town centres and other stations where land values are high¹¹⁰. The ratio of capital to turnover is high in hotels, since the bulk of capital, sometimes over 90 per cent, is permanently sunk in fixed assets. Variable assets form only a small part of the total and stocks are usually low and there is little or no work-in-progress¹¹¹. Total fixed assets are static irrespective of the occupancy and total variable costs are more or less proportionate with occupancy¹¹².

A survey of Horwarth and Horwarth International published in 1971 indicates that the average annual room occupancy of first class hotels¹¹³ ranges between 72.6 per cent and 80 per cent in Asia and Far East, parts of Europe including U.K., Australia and Mexico and to 60 per cent in U.S.A. It was 71.4 per cent in Swiss city hotels¹¹⁴, according to the report of the Swiss Society for Hotel Credit 1970. It is found that the rate of return on investment¹¹⁵ in the four star and five star category hotels is better than in other categories.

Intosh¹¹⁶ observed that expensive hotel accommodations are demanded by those who want the best and who are willing and able to pay accordingly. Expensive hotels have the highest occupancy. We have to concentrate on our

guests and try to create a special niche for the hotel¹¹⁷. If tourists are brought in chartered flights in large scale, the position in regard to hotel accommodation would be chaotic. Unless a massive programme of hotel construction is taken up immediately, India will have to miss out all the jumbos and the passengers they carry¹¹⁸. John Lea¹¹⁹ states that big hotel companies through their international operations in origin and destination countries intervene between the would-be-tourist and a chosen destination.

2.9 Public Sector vs. Private Sector in Hotel Industry

Skipper G¹²⁰ opines that I.T.D.C and Government hotels are not up to the standard and it is time for the various governments to get out of running hotels. According to him there are some things which the public sector does the best and only they can do and some things which the private sector does the best and only they can do; put them together¹²¹ to have the best of both the world. The Adhoc Committee on Tourism 1963 made it clear that the public sector will have to play a major role if adequate accommodation of the right type for the kind of growth of tourism is to be provided¹²². Tourism industry is not a one man show. Private entrepreneurs¹²³, big and small, have to come forward to provide services of such quality that these services themselves should become an attraction. According to Mahajan, tourism is a people's industry and it is not possible for the government alone to develop it; the government would provide necessary basic infrastructure and give all possible incentives to the private sector to see that this industry is properly exploited¹²⁴. The Estimates Committee of the Lok Sabha in its report on tourism¹²⁵, October, 1966 had opined that the hotel industry was predominantly suitable for the private sector and that the public sector should not encroach upon this sphere. The government should invite the private sector to take up the task of

investing massive amount for creating additional accommodation in all ranges of hotels¹²⁶

The recommendations¹²⁷ made in the final draft of the approach paper of seventh five-year plan 1985-'90 stated that private sector investment will have to be encouraged in developing tourism and public sector investments should be focussed on the development of support infrastructure. The objectives of tourism can be achieved successfully only with the joint effort of both public and private sectors with government acting as a catalyst¹²⁸. Ganapathy is of the opinion that tourism depends on a great deal on the private sector¹²⁹ for which adequate incentives and concessions are necessary. The role of the private sector in tourism promotion will have to be increased significantly during the eighth five year plan period, according to the National Development Corporation¹³⁰. The nation invited the private sector in a big way in the tourism sector in the seventh plan period because of the resource constraint at the government level¹³¹. The hotel industry in India was finding it difficult to attract investors because they found investment in other industries much safer and more attractive¹³².

According to Chechi & Co., in most countries an investor can easily get two to three times more return on his money when put elsewhere than in a hotel¹³³. It was pointed out at a conference on tourism in London that it was better to build shops, offices and other business premises and to make a profit rather than build hotels and sell them at a loss¹³⁴.

Delegates from the Third World Countries attending a U.N conference on industrial development were urged to encourage private foreign investment and remove government constraints in order to ensure economic recovery¹³⁵. The government liberalisation had attracted private initiative and investment from

existing hotel companies, the Indian Corporate Industry, Non-resident Indians and the foreign sector.

It is seen that for the accelerated growth of tourism, adequate hotel accommodation of the required type is a prerequisite. The economic significance of hotels strongly recommends the setting up of additional hotels of different types, especially the “class hotels” for which the private sector should involve in a big way

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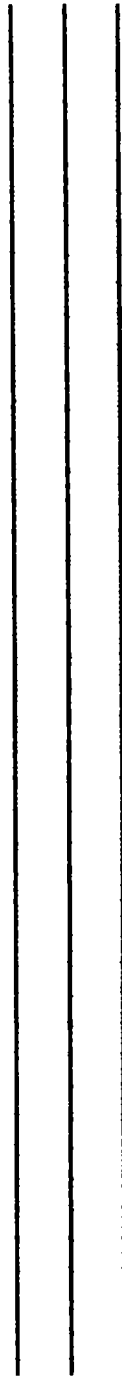
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Chapter - III



THE ORIGIN, GROWTH AND DEVELOPMENT OF HOTEL AND TOURISM INDUSTRY

CHAPTER - III

THE ORIGIN, GROWTH AND DEVELOPMENT OF HOTEL AND TOURISM INDUSTRY

Travelling is one of man's most basic impulses. An air of excitement, adventure and romance has always been associated with travel. It not only takes one to unknown lands but also fills one with profound experiences¹. Staying away from home is a function of travel and accommodating those away from home and supplying them with their basic needs are the functions of a hotel. Other functions are supplementary to these functions². Food, shelter and clothing are the basic necessities of man. The prehistoric nomadic human tribes were constantly on the move looking for shelter and food. But the present day traveller is provided with the food and shelter of his choice at the place where he wants, by modern hotels. The shift from unintended pleasure out of travel, to travelling exclusively for pleasure constitutes the history of tourism industry.

3.1 The Tourism Industry

Tourism is one of the world's fastest growing industries and its role in accelerating the economic development of a country is widely recognised. Over the past two decades tourism has emerged as one of the world's largest industries. Never before in the history of man-kind, have so many people travelled at home and abroad. In 1992, the number of world travellers was 476 million who spent over US \$ 279 billion³. Two decades ago tourism was a luxury product available

only to those who had time and money to spare. But it is today available to practically everyone, in the developed and developing countries.

In the words of Bertrand Russel the art of using one's leisure intelligently is a supreme sign of civilisation. All modern countries are progressing quite rapidly towards life styles which favour the growth and development of tourism. Wanderlust, curiosity about the unknown, the urge to escape from the drudgery and monotony of every day life, increased real personal income, technological improvements in manufacturing, increased productivity per worker, increase in leisure, higher levels of education, the development of sabbatical leave for persons outside the field of education, growth of interest in cultural matters, improvements in communication, awareness of other countries, improvements in political and socio-economic conditions and tremendous strides in aviation and surface transportation are the factors responsible for the growth of tourism^{4 & 5}.

Man, since antiquity, has been an inveterate traveller. Only the motivations of travel have changed. In ancient times the main motivations were trade, pilgrimage and conquest⁶. Invention of the wheel and money resulted in the increased flow of trade and commerce which marks the modern era of travel. After the World War I, there was a beginning of travel for pleasure and transformation of travel into tourism. The Phoenicians were probably the first real travellers in the modern sense and they travelled from place to place as traders⁷. The earliest evidences show that pleasure tourism originated in the Roman Empire. Medicinal baths and seaside resorts which were later renamed as "Spas" were very popular with the Romans.

In advanced countries specialised education became very common between the sixteenth and eighteenth centuries. Travel was recommended as a part of

curriculum development. This persuaded the elite to travel abroad. The Industrial Revolution brought about the development of industrialised societies. This also brought in an increase of material wealth and certain improvements in transport and communication during the second half of the nineteenth century and early twentieth century. All these led to the development of pleasure traffic on a big scale.

Introduction of Railways in the 19th century was a land mark in the history of travel. Thomas Cook can rightly be recognised as the first travel agent whose pioneering efforts were eventually to be copied widely in all parts of the world. He was the first professional travel agent in the world who hired a special train to carry 570 passengers on a trip from Leicester to London and back. International travel was made possible through steamships. Opening of the Suez Canal in 1869 brought about the possibility of a much shortened sea-route. Manufacturing of motor cars gave an impetus to the travel and tourism industry. After the World War II, when travel was increasingly carried on by aeroplanes, tourism attained a new dimension. The early traveller had advanced from the scholar and pilgrim of the past to the pleasure seeker of today.

Since the mid 1960's international tourism has become the top item of the international trade and has reached major proportions in the world's economy. Tourism is looked upon by many countries as a highly desirable and feasible method of economic development because the resources which attract and support tourism are usually abundant in underdeveloped areas⁸. The most important economic benefit of tourism is the earnings of foreign exchange. The receipts from international tourism provide a valuable source of earnings for many countries both developed and developing. The importance of earnings for developing countries is however much more than those for developed countries. Equally important is the

capability of tourism in creating employment opportunities. It is a highly labour intensive industry. Tourism is a light industry requiring no capital. If the community can attract a couple of dozen tourists a day throughout the year, it would economically be comparable to acquiring a new manufacturing industry with an annual pay-roll of one lakh dollars (US)⁹.

Tourists bring wealth into a country, wealth in the form of goodwill and understanding; in the form of foreign exchange and in the form of financing for future tourist infrastructure and other facets of economic development¹⁰. The multiplier effect of tourism is very important. It is estimated that for several items of tourist expenditure often as many as 13 to 14 subsequent chain transactions take place. Tourism helps to close the widening gap in the balance of payments position. In the developing countries the chronic gap in the balance of payments due to heavy development expenditure can be met through the development of tourism industry which does not demand as much technological sophistication as other industries.

Tourism promotes internal and international goodwill and understanding. It not only widens one's outlook but also promotes national and international understanding. Tourism helps in correcting the regional imbalances. Development of tourism spots at hitherto underdeveloped regions will result in the development of that region through the tourism infrastructures provided therein, thus helping to remove the regional imbalances.

Growth of tourism could, to a large extent, contribute in building universal understanding and promote world peace. Young travellers could be given adequate incentive to stay longer in the host country for better understanding of their socio-cultural milieu and thus contribute to world peace. If we have any

hope for a lasting peace in the world, it is believed that travel can contribute substantially to the achievement of such peace¹¹. Tourism helps in removing hostility among countries as we receive guests from many countries and send them back as friends.

Thus, tourism is a major source of income and employment for individuals in many places deficient in natural resources other than climate and natural scenery. It makes use of resources which may not be used otherwise, in particular, if there is unemployed labour, in developing countries and regions with few or no alternate sources of employment. Beaches, moors and snow fields are examples of natural resources which cannot readily contribute to economic well-being of the area except through the medium of tourism¹².

3.1.1 *Tourism in India*

India is a land of myriad images, people and faces, religion and culture, adventure and memories. India has a lot to offer from the towering Himalayas in the North to the sun kissed beaches in the South; from the exquisite temples of the East to the breath-taking beauty of the West; festivals and exotic food. India is a land of striking contrasts - bullock carts and jet planes, stark deserts and lush forests, soaring sky scrapers and tiny thatched cottages; blue jeans and silk sarees. It is like rambling in the past, while living in the present. There is such a mingling of tradition and modernity. Hence the old and new keep in step. India is not just a country; it is a great experience¹³. India is all things at once - a grand paradox, soaring mountains and the real, the mysterious and mundane. It is a different experience in each of its states and union territories¹⁴.

The natural attributes of our country make it a potential tourist paradise. To quote Samuel Hoare, "India's geographical position in Asia makes it possible

for her to be the flying centre of the East"¹⁵. To quote Mark Twain "It is the one country under the sun that is endowed with an imperishable interest for alien prince and alien peasant, for lettered and ignorant, wise and fool, rich and poor, bond and free and on land that all men desire to have seen and having seen once by even a glimpse would not give that glimpse for the shows of all the globe combined"¹⁶.

India, boasting over five thousand years of history and geographical diversity, shows that the tourism performance so far, has been far from flattering. Despite all her endowments, India has still to accept the bitter fact that countries with far less resources have overtaken us in the highly competitive tourism race and have reaped the concomitant benefits and spin-off advantages. e.g. Sri Lanka, Nepal, Thailand etc¹⁷.

If some of our neighbouring countries with nothing more to offer as a destination, account for a larger number of tourists, we get a clear perspective of the potential that India holds for the future¹⁸. Tourism development has a special significance for developing countries like India. Tourism development has been advanced as a policy alternative particularly for developing countries, to aid economic growth. The developing nations need foreign exchange to aid their own economic development to satisfy the rising expectations of their growing population. Each country has the "raw material" for tourism, within their borders. The organisation for Economic Co-operation and Development(OECD) had concluded that, "in fact tourism provides major opportunity for growth for countries that find themselves at the intermediate stage of economic development and that are experiencing rather fast economic growth and increasingly require more foreign earnings. There are few developing countries which should rely principally, on tourism for their economic salvation"¹⁹.

"The share of India in the global tourist growth is negligible. From 25 million in 1950, the number of tourists in the world, had gone upto 500 million in 1993 and earnings from tourism from around \$ 2 billion to \$ 324 billion. India accounts for less than one per cent of the tourist trade. According to some optimistic projections for India, the number of foreign tourists may reach 600 million in 1996 and 1000 million by 2000. While in 1990-95 the tourist industry in India grew at an average annual rate of 3.2 per cent, it is likely to grow by 4.4 per cent per year in 1995-2000, which is not an impressive target. India, therefore cannot afford to be complacent on this front²⁰. The tourist flow to this country has increased but slowly in recent years. From around 1.8 million in 1990-91, the number of tourists rose to 1.9 million in 1991-92 but was down at 1.7 million in 1992-93. By 2000 A.D, over 5.0 million tourists are expected to visit the country²¹"

TABLE 3.1
INTERNATIONAL TOURIST ARRIVALS - WORLD-WIDE AND THE
SHARE OF INDIA 1980 - 1992
(Arrivals in thousands)

Year	World Arrivals	Percentage Change	Share of India
1980	284841	-	0.28
1985	326501	-	0.39
1986	330746	1.3	0.44
1987	356640	7.8	0.42
1988	381824	7.1	0.42
1989	415376	8.8	0.42
1990	443477	6.8	0.38
1991	455100	8.3	0.37
1992	476000(PE)	4.6	0.39

Source : Tourist statistics 1992. Dept. of Tourism Govt. of India.

Note : P.E Preliminary Estimates.

It can be seen that the percentage change over the previous year in the world arrivals from 1985 to 1992, ranged between 1.3 (1986) and 8.8 (1989) (Table 3.1). But the share of India in the world arrivals ranged between 0.38 per

cent (1990) and 0.44 per cent (1986) during the corresponding period. This shows the poor contribution of India to world tourism. It is a pity that when world tourism trade goes for over 360 billion US \$ every year, India with her alluring potentiality of tourist spots in thousands of places, only bags a meagre amount of Rs.500 crore. May be this has happened due to the reason that the hotel concept in India is a new one among both the private investors as well as the government wings²².

TABLE 3.2

FOREIGN EXCHANGE EARNINGS - WORLD & INDIA

Year	Estimated World Travel Receipts (in million US\$)	Percentage Change	Estimated Travel Receipts in India (Rs. in Crores)	Percentage Change
1981	104309	-	1063.9	-
1982	98634	-5.44	1130.6	-
1983	98634	0	1225.0	-
1984	98395	-0.24	1300.0	-
1985	109832	11.62	1189.1*	-
1986	116158	5.76	1606.6	35.11
1987	140000	20.53	1856.1	15.53
1988	171314	22.37	2054.0	10.66
1989	197661	15.38	2386.0	16.16
1990	255074	29.05	2444.0	2.43
1991	261070	2.35	3318.6	35.79
1992	279000 (P.E)	6.87	3989.5	20.22

(P.E) = Provisional estimate

* Figures for the years 1985-86 onwards were estimated on the basis of revised methodology and hence not comparable with those upto the year 1984-85.

Source : Tourism Statistics, Government of India.

The Foreign Exchange Earnings (estimated) in the world and in India for the period 1981 to 1992 can be seen in Table 3.2. The percentage change over the previous year in respect of foreign exchange earnings in the world, ranged between -5.44 (1982) and 29.05 (1990). But in India, the foreign exchange was estimated

for the years 1985-'86 onwards, on the basis of revised methodology and hence, not comparable upto the year 1984-85. However the percentage change over the previous year from 1986 onwards ranged between 2.43 (1990) and 35.79 (1991).

3.1.2. *Tourism in Kerala*

Kerala, an evergreen state tucked away in the south west corner of India is a land of vivid, vibrant colours and breath taking surprises. This blessed land known for its exotic natural assets also unfolds a fascinating cultural canvas. Kerala with its multi-racial and multi-religious society is a microcosm of India. Kerala presents an enchanting kaleidoscope. She appears like a green shawl spread out in gleaming sunshine and is a paradise of travellers. The intricate coconut groves, the lush greenery of the valleys and the splendid sights atop the hills are so alluring. The backwater cruises along the coastal lagoons mesmerize the travellers with the tranquilizing lullaby of nature.

The state of Kerala occupies just under 40,000 square kilometres of land, curving along the Arabian Sea on the south west coast of India. Only 100 kilometres at its widest parts, it is a narrow strip of a state, exceedingly fertile and brilliantly green throughout. Packed into this small crescent of land are beaches, jungles, mountains, meandering rivers backwaters and some of the most romantic natural resources in the world. Kerala's cardamom, pepper and spices, her teak, rosewood and ebony, have brought the world to her shores, since the time of King Solomon (according to legend) and since before the beginning of the Christian Era (according to history). The eastern edge of the state, top to bottom, is sealed off by the rolling high ranges of the Western Ghats. This green wall of mountains has always separated Kerala from the rest of India.

The culture of Kerala is a paradox. This is an area where the most refined and conservative concept of caste, in all Hinduism originated and took hold, yet it is also an area where Hindu rulers built churches and mosques for their many Christian and Muslim subjects and where Jews have freely settled and prospered for two thousand years.

The present state of Kerala was formed in 1956. The commitment of the successive governments in power, to social progress has continued unabated, resulting in a state that is highly literate, remarkably prosperous and almost sparkling clean. By the eighth century Kerala had already boasted of eighteen Vedic Academies. Her strong religious and philosophical traditions have produced some of Hinduism's greatest saints as well as a great wealth of literature. Both traditional and contemporary architecture are seen in palaces, temples, mosques, mansions, churches and houses. Performing arts, in which can be glimpsed myriad influences and styles, have crystallised into dazzling and dramatic forms which are famous and unique, the world over.

The people of Kerala are a lively and literate lot. Their long history of trade with the world has bred in them a rare tolerance, leading to a state where Hindus, Muslims, Christians and Jews live peacefully side by side. The Keralites have an air of dignity, a relaxed friendliness and a breezy sense of humour. They are glad to see visitors to their state and happy to make new friends. Kerala is virtually the capital of Ayurveda, the traditional Indian system of medicine.

Kerala has been attracting tourists from abroad largely on the fame of its scenic beauty and cultural heritage. Vasco da Gama's historic landing in Kozhikode helped the Portuguese even to establish trading centres in Malabar. The Jews came to Kerala long before the days of Christ. It was in search of these Jews that

St. Thomas, one of the Chosen Twelve, visited Kerala in A.D. 52 even before St. Paul crossed over to Europe. In spite of our claim that Kerala has a wide range of tourist attractions, tourist arrivals have not been commensurately impressive

TABLE 3.3
FOREIGN TOURIST ARRIVALS IN INDIA AND KERALA AND
DOMESTIC TOURIST ARRIVALS IN KERALA

Year	Foreign Tourists					Domestic Tourists		
	Visited India	Visited Kerala	% Share of Kerala over India	Index India	Index Kerala	Visited Kerala	% change over the previous year	Index
1975	465725	12565	2.70	100	100	100496	-	100
1976	533951	14417	2.70	114.65	114.74	115336	14.77	114.77
1977	640422	17291	2.70	137.51	137.61	138328	19.93	137.65
1978	747255	20196	2.70	160.45	160.73	161568	16.80	160.77
1979	764781	20649	2.70	164.21	164.34	165192	2.24	164.38
1980	800150	21604	2.70	171.81	171.94	172832	4.62	171.98
1981	853148	24315	2.85	183.19	193.51	194520	12.55	193.56
1982	860178	24515	2.85	184.70	195.11	196120	0.82	195.15
1983	884731	25215	2.85	189.97	200.68	201720	2.86	200.72
1984	852503	24292	2.85	183.05	193.33	194336	-3.66	193.38
1985	836902	42347	5.06	179.70	337.02	338776	74.32	337.10
1986	1078568	50841	4.71	231.59	404.62	423756	25.08	421.66
1987	1163744	51816	4.45	249.88	412.38	510619	20.50	508.10
1988	1239992	52083	4.20	266.25	414.50	582050	13.99	579.18
1989	1337232	62952	4.71	287.13	501.01	634248	8.97	631.12
1990	1329950	66139	4.97	285.57	526.37	866525	36.62	862.25
1991	1236120	69309	5.61	265.42	551.60	948991	9.52	944.31
1992	1434737	90635	6.32	308.07	721.33	994140	4.76	989.23
1993	1442641	95209	6.60	309.76	757.73	1027236	3.33	1022.17

Source: Tourist Statistics, Dept. of Tourism, Govt. of India and Govt. of Kerala

The distribution of foreign tourists to Kerala and India and the proportion of foreign tourist arrivals to Kerala over India can be seen from Table 3.3. It was below 3 per cent from 1975 to 1984. During the period 1975 to 1980, this remained constant at 2.70 per cent and from 1981 to 1984, at 2.85 per cent, which increased to 5.06 per cent in 1985. By 1993, it became 6.60 per cent though there were oscillations in between. From 1989 to 1993 a steady increase of 4.7 to 6.60

per cent was witnessed. The index of foreign tourist arrivals in Kerala for the corresponding period had grown from 100 to 757.73 with a decline in 1984. The domestic tourist arrivals to Kerala show an increase during 1975 to 1993; the index grew from 100 to 1022.17 steadily except in 1984, when there was a decline.

3.2 The Hotel Industry

Hotels serve as a 'home away from home, for the travelling public. When the first roads were built in Britain, merchants and other wealthy travellers journeyed to various parts of the country. At points on their journeys shelter, food and drink were to be found at road side taverns²³. Later on monasteries provided hospitality to raise money for the church. Large manor houses scattered throughout the country provided services to travellers. When the manor houses began to be taxed the lords of the manors began converting their homes into inns. An inn could provide rest but a tavern could provide only food and drink. Gradually the inns and taverns improved in quality and standard. Laws existed concerning accommodation premises as far back as 1550. From 1750 to 1825 English inns²⁴ gained reputation of being the first in the world and reached their peak of development from 1780 to 1825. The development of the railway system in the early part of the nineteenth century resulted in a decline in the use of inns and taverns.

The American innkeepers after the industrial revolution were on their way to offering the finest services available anywhere. By 1800 the United States of America was assuming leadership in the development of modern lodging industry. The extensive travelling habit of the Americans helped in the tremendous growth of the hotel industry in America and abroad.

After 1760, a kind of establishment called "hotel garni" was introduced in London and this was then common in Paris. The use of the word 'hotel' came in England from this 'hotel garni' which was a long house in which apartments were let by the day, week or month to the travellers.

Steam ships brought continents closer together and provided their wealthy customers with luxurious accommodation at sea. These wealthy passengers were to be accommodated on land. Hotels such as Savoy and Claridge were built followed by a long string of other luxury hotels. The Tremont House which was known as the 'Adam and Eve of the modern hotel industry' was the largest costliest building which established the supremacy of America in the science of hotel management. There was fast development in hotel industry as a result of the contest among hoteliers to build better, larger and more luxurious hotels. They wanted to have at least one hotel which in the city could impress upon the visitors the greatness and hospitality of the community. The hotel boom moved westward and gradually in the East.

Ellsworth Statler invented the first modern commercial hotel in 1908. Many services and conveniences that were provided by a hotel today were first introduced in this hotel to increase the guest comfort. The hotel contained many new structured engineering designs because of which the Statler Hotel became the model for the modern hotel construction for the next forty years.

The hotel industry remained inactive from 1910 to 1920 partly due to the first World War. After 1920s new hotels came up every where. In 1930 because of the Great Depression, hotel rooms were emptied and about 85 per cent of the hotels went into liquidation. Many financial experts openly expressed the opinion that hotel industry would never recover²⁵. But the situation changed completely

during the World War II and the hotel rooms were insufficient to accommodate the increasing number of the travelling public.

During the 1950s motels came up. Intensive competition existed in the hotel industry during 1970 to 1980 and hotels were made available depending on the wants and needs of the consumer, such as luxury hotels, commercial hotels, resort hotels and motels. The persistent competitions among the hoteliers led to the increase in the number of amenities. Guest services such as automatic check out, free parking, airport transportation, twenty-four hour service, and multilingual staff are designed to bolster the hotel's appeal, enhance guest stay and bring them back to the hotel. Computer and other advanced technology had caused a technological revolution in the hospitality industry. The hotel industry turned to be a mega industry requiring huge investment which led to the growth of different patterns of ownership. Moreover, much technical know-how expertise and experience backed with effective marketing abroad are essential for the success of the industry for which the various ownership patterns will also help.

3.3 The Ownership Patterns

The following are the common patterns of ownership in the hotel industry.

3.3.1 *Independents and Chains*

The term independent refers to an operator owning one or more properties which have no chain relationship. Chain refers to properties which are affiliated with others. A chain property may be owned by a parent company, a franchise operation or operated by a management contract company. Operation of several hotels by one organisation is called the chain operation. Today, chains dominate

the industry and the largest of these chains own or operate hundreds of properties around the world.

3.3.2 *Franchising*

Instead of operating a hotel developed by an individual developer, he enters into a franchise agreement with a hotel company by paying fees to use the franchiser's name and agrees to follow the franchiser's business pattern and maintain its standards at the property. Franchising may pose risk to the franchiser's name and reputation because the franchiser cannot exercise the same level of control over the operation of its franchises.

3.3.3 *The Owner Chain*

Both outside investor and a hotel company have an interest in the property. Both provide about half the total investment. The parent corporation selects the sites, designs, finances, builds and furnishes the property and supervises.

3.3.4 *The Referral Organisations*

The chains had ready-made brand names and symbols. Independent operators found themselves in a tough competitive position. In order to serve the independent operator a number of referral organisations grew up. Referral organisations are organised on a non-profit basis. They are owned and controlled by the members. The independent hotel operator could obtain sales promotion benefits through these referral organisations. Each referral organisation operated a reservation system. The property owner had to maintain certain minimum standards to retain the membership of the organisation. If a member is found to have failed in maintaining the prescribed standards, the membership in the

organization will cease. The operation profits are then split by contractual agreement with the investor.

3.3.5 *Management Contracts*

This new strategy was developed by about 1970. Management contract companies are organisations that are hired by the property owners to manage the hotel for those owners. The chain has complete control over the standards and quality of each property and is responsible for the day-to-day operations. The chain needs a large professional operating staff. This system is helpful to the chain to increase the number of properties.

3.3.6 *Condominium Contracts*

The hotels are owned by different investors who spend only two or three weeks a year in it and rent it to the vacationists during the remainder of the year.

3.3.7 *Time Sharing*

This is a modification of condominium contracts. A developer constructs or purchases a building containing several types of living rooms. Buyers then purchase periods of one or two weeks per year during which they may live in it.

3.3.8 *Resort Hotels*

They are intended for the vacationists. Resort hotels are located in areas where spas and mineral springs are most common. Hotels are built along the sea shore and on the mountains with scenic, historical and recreational advantages.

3.4 Hotel Industry in India

India with her unique culture, traditions and above all natural resources had attracted people from all parts of the world and provided temporary shelter to utter strangers and mere 'birds of passage' in institutions such as 'Saraikhanas' or 'Panth Niwas' or 'Dharma Salas' or 'Vihar' or 'Hospice' or 'Musa Firkhana'. All these institutions were intended to be public houses for lodging for travellers, similar to the inns in western countries.

The Buddhist vihars or monasteries were meant for housing monks who looked after the guests and provided material and spiritual comforts to them free of cost. The support of the state exchequer and the generous donations of the grateful guests helped in the upkeep of vihars. 'Dharamsalas' were built by affluent sections of the society particularly royalty as an offering to the poor and meant for weaker sections of the society. Artha Sastra of Kautilya mentions that travellers were provided with accommodation at almost no cost at these Dharamsalas. They provided only accommodation. The Muslim counterpart of Dharamsalas are Musafirkhanas. During the Muslim rule in India they were built by affluent Muslims to provide free or cheap residential accommodation mostly to Muslim travellers.

In India hotel business had been accepted as an industry recently. During the nineteenth century the word hotel meant private mansions in a city and the accommodation of tourists was met by traditional inns or sarais whose keepers were legally bound to entertain travellers who were ready to pay. Before 1939, there were hardly any establishment which could entertain more than five hundred tourists at a time. After the World War II important cities in India witnessed the

emergence of many hotels and restaurants because the then market was growing with the continuous influx of international visitors²⁶.

Hotels according to the western concept were introduced in India by the British and the British and Swiss were running almost all hotels in India except the Taj Mahal of Bombay, built by Jamshedji Naoroji Tata in 1902. The real growth of the hotel industry in India was in the twentieth century when big business houses entered into hotel field. India's great industrialist, Jamshedji Naoroji Tata, felt that it was essential for the advancement of Bombay city in particular and India in general, that it should have an up-to-date hotel to provide facilities and comforts to visitors from all parts of the world, to attract visitors from overseas²⁷.

In the 1950s the Government of India decided to encourage tourism, realising its importance. Acute shortage of hotel accommodation was felt and it was necessary to take the decision to build hotels in the public sector. Thus the Ashok Hotel, New Delhi, was established in 1956. This was to be done within a short time of less than one year to accommodate delegates of the Unesco Conference in New Delhi. In 1956, the Government of India set up a Hotel Standards and Rates Structure Committee, with the following objectives:

- to lay down the criteria for the purpose of classification of hotels in India, keeping in view the international standards that apply to similar establishments
- to suggest improvements in the existing arrangements
- to consider whether legislations/assistances were necessary for the hotel industry and if so what type
- to suggest suitable rates structure for the hotel industry.

The most important finding of the committee was that, in order to improve standards of hotels, a universally accepted system of classification based on star-rating may be adopted by an organisation like the Department of Tourism. The Government of India accepted the recommendations and the Hotel Classification Committee was set up in 1962. This committee set the norms and recommended periodic inspection of all establishments in the country to keep up the tempo and suggested that re-classification should be made once in three years.

The Second Hotel Review And Survey Committee was set up in 1967 including regional representation of the Travel Agents Association of India and the State Governments. The report of this committee dealt with classification of hotels, projections of hotel capacity and the standardisation of hotel rates. The classification of hotels led to improvements of standards in the hotel industry. The Asiad 1982, helped further in this direction.

A permanent committee exists in the Department of Tourism to inspect new establishments. They accord approval to existing establishments desiring to be approved. The approval of the hotel industry entitles it to fiscal benefits as well as import entitlements against foreign exchange earnings. The Permanent Central Committee inspects and classifies only five to three star hotels. For classification and inspection of one and two star hotels, committees have been set up at the state level with the representative of central government co-opted. The classification of hotels in India was done to improve their standards and introduce standardisation. There are thirty different national systems for classifying hotels. These can be divided into two types.

(1) The European type where classification is based on factors relating to equipment and

- (2) Classification based on points. The second type is prevalent in India.

The availability of hotels in India at the time of classification in 1962 is shown in Table 3.4. There were 186 classified hotels. The largest proportion of the hotels was in the two star category (38.17 per cent) and the lowest (3.76 Per cent) in the five star category. The largest proportion of rooms to total rooms available was also in the two star category (27.42 per cent) and the lowest in four star category (13.30 per cent). There was tremendous growth in the number of hotels and rooms in India since then.

TABLE 3.4

AVAILABILITY OF HOTELS IN INDIA, AT THE TIME OF CLASSIFICATION IN 1962.

Star Category	Number of Hotels	% to total	Total Number of Rooms	% to total
Five Star	7	3.76	1184	16.71
Four Star	12	6.45	942	13.30
Three Star	26	3.98	1341	18.93
Two Star	71	38.17	1943	27.42
One Star	70	37.64	1675	23.64
Total	186	100.00	7085	100.00

Source : Pran Nath Seth, Successful Tourism Management. Sterling Publishers (P) Ltd., New Delhi, 1987, p.314.

The number of hotels in 5 star deluxe and 5 star category had increased from 15 to 82; in four star from 13 to 49; in 3 star from 52 to 115; in two star from 64 to 235; in one star from 32 to 96 and in those awaiting classification from 172 to 202, during the period 1980 to 1992 (Table 3.5). The number of rooms increased from 3521 to 16580, from 1112 to 4104, from 2711 to 7477, from 2566 to 8744, and from 1073 to 3344 in 5 star deluxe plus 5 star hotels, four star, 3 star, 2 star, and one star hotels respectively. In unclassified hotels the number of rooms stood decreased from 10598 to 10288 (Table 3.6).

TABLE 3.5
AVAILABILITY OF DIFFERENT CATEGORIES OF HOTELS IN
INDIA DURING 1980-'92

Year	5 Star Deluxe& 5Star	4 Star	3 Star	2 Star	1 Star	Total Star Hotels	@ Hotels	Star Hotels + @
1980	15 <i>4.31</i>	13 <i>3.74</i>	52 <i>14.94</i>	64 <i>18.39</i>	32 <i>9.19</i>	176 <i>50.57</i>	172 <i>49.43</i>	348 <i>100</i>
1981	25 <i>6.89</i>	18 <i>4.96</i>	59 <i>16.25</i>	78 <i>21.49</i>	38 <i>10.47</i>	218 <i>60.06</i>	145 <i>39.94</i>	363 <i>100</i>
1982	29 <i>7.16</i>	20 <i>4.94</i>	63 <i>15.56</i>	80 <i>19.75</i>	47 <i>10.37</i>	234 <i>57.78</i>	171 <i>42.22</i>	405 <i>100</i>
1983	46 <i>10.82</i>	28 <i>6.59</i>	76 <i>17.88</i>	113 <i>26.59</i>	51 <i>12.00</i>	314 <i>73.88</i>	111 <i>26.12</i>	425 <i>100</i>
1984	48 <i>11.24</i>	31 <i>7.26</i>	80 <i>18.74</i>	111 <i>26.00</i>	51 <i>11.94</i>	321 <i>75.18</i>	106 <i>24.82</i>	427 <i>100</i>
1985	55 <i>10.76</i>	37 <i>7.24</i>	102 <i>19.96</i>	136 <i>26.62</i>	88 <i>17.22</i>	418 <i>81.80</i>	93 <i>18.20</i>	511 <i>100</i>
1986	55 <i>10.91</i>	35 <i>6.94</i>	103 <i>20.44</i>	139 <i>27.58</i>	89 <i>17.66</i>	421 <i>83.53</i>	83 <i>16.47</i>	504 <i>100</i>
1987	56 <i>10.49</i>	39 <i>7.30</i>	107 <i>20.04</i>	167 <i>31.27</i>	67 <i>12.55</i>	436 <i>81.65</i>	98 <i>18.35</i>	534 <i>100</i>
1988	62 <i>10.97</i>	41 <i>7.26</i>	116 <i>20.53</i>	170 <i>30.09</i>	73 <i>12.92</i>	462 <i>81.77</i>	103 <i>18.23</i>	565 <i>100</i>
1989	69 <i>10.66</i>	45 <i>6.96</i>	125 <i>19.32</i>	186 <i>28.75</i>	79 <i>12.21</i>	504 <i>77.90</i>	143 <i>22.10</i>	647 <i>100</i>
1990	79 <i>11.38</i>	42 <i>6.05</i>	114 <i>16.43</i>	217 <i>31.27</i>	81 <i>11.67</i>	533 <i>76.80</i>	161 <i>23.20</i>	694 <i>100</i>
1991	85 <i>11.38</i>	56 <i>7.50</i>	115 <i>15.39</i>	233 <i>31.19</i>	91 <i>12.18</i>	580 <i>77.64</i>	167 <i>22.36</i>	747 <i>100</i>
1992	82 <i>10.53</i>	49 <i>6.29</i>	115 <i>14.76</i>	235 <i>30.17</i>	96 <i>12.32</i>	577 <i>74.07</i>	202 <i>25.93</i>	779* <i>100</i>

Source : 1980 to 1984 Selvam M : Tourism Industry in India- Himalaya Publishing House, 1989, pp.101-102.

1985 to 1989 Quarterly Economic Report of IIPQ Vol. XXXII No. 3127. April - June 1989, p.28.

1990-93. Government of India Tourism Statistics

* The figures is exclusive of 19 heritage hotels classified.

Note : figures in italics show the percentage to total.

@ Hotels means hotels awaiting classification.

TABLE 3.6.

CATEGORY WISE AVAILABILITY OF HOTEL ROOMS IN INDIA DURING 1980 - 93

Year	5D + 5 Star	4 Star	3 Star	2 Star	1 Star	Total Rooms in Star Category	Un classified Rooms	Grand Total
1980	3521 <i>16.32</i>	1112 <i>5.15</i>	2711 <i>12.56</i>	2566 <i>11.89</i>	1073 <i>4.97</i>	10983 <i>50.89</i>	10598 <i>49.11</i>	21581 <i>100</i>
1981	5498 <i>24.65</i>	1336 <i>5.99</i>	2974 <i>13.34</i>	3248 <i>14.57</i>	1262 <i>5.66</i>	14318 <i>64.21</i>	7982 <i>35.79</i>	22300 <i>100</i>
1982	6065 <i>20.68</i>	1469 <i>5.00</i>	3144 <i>10.72</i>	3305 <i>11.27</i>	1346 <i>4.59</i>	15329 <i>52.26</i>	14003 <i>47.74</i>	29332 <i>100</i>
1983	7903 <i>25.66</i>	1960 <i>6.36</i>	3895 <i>12.65</i>	4852 <i>15.75</i>	1727 <i>5.61</i>	20337 <i>66.03</i>	10462 <i>33.97</i>	30799 <i>100</i>
1984	8596 <i>26.86</i>	2231 <i>6.97</i>	4287 <i>13.40</i>	4891 <i>15.28</i>	1648 <i>5.15</i>	21653 <i>67.66</i>	10349 <i>32.34</i>	32002 <i>100</i>
1985	10219 <i>31.34</i>	2589 <i>7.94</i>	5524 <i>16.94</i>	5128 <i>15.73</i>	1762 <i>5.40</i>	25222 <i>77.35</i>	7387 <i>22.65</i>	32609 <i>100</i>
1986	9986 <i>33.06</i>	2436 <i>8.07</i>	4967 <i>16.45</i>	4967 <i>16.45</i>	1788 <i>5.92</i>	24144 <i>79.95</i>	6056 <i>20.05</i>	30200 <i>100</i>
1987	10303 <i>29.80</i>	2847 <i>8.23</i>	5924 <i>17.13</i>	5260 <i>15.21</i>	1876 <i>5.43</i>	26210 <i>75.81</i>	8364 <i>24.19</i>	34574 <i>100</i>
1988	10775 <i>29.63</i>	2846 <i>7.82</i>	5884 <i>16.18</i>	5553 <i>15.27</i>	1964 <i>5.40</i>	27022 <i>74.30</i>	9347 <i>25.70</i>	36369 <i>100</i>
1989	11647 <i>27.46</i>	3102 <i>7.31</i>	6365 <i>15.01</i>	5912 <i>13.94</i>	2070 <i>4.88</i>	29096 <i>68.60</i>	13319 <i>31.40</i>	42415 <i>100</i>
1990	15090 <i>33.98</i>	2882 <i>6.49</i>	5953 <i>13.41</i>	10207 <i>22.99</i>	2604 <i>5.86</i>	36736 <i>82.73</i>	7669 <i>17.27</i>	44405 <i>100</i>
1991	15636 <i>35.14</i>	3742 <i>8.41</i>	5913 <i>13.29</i>	8139 <i>18.29</i>	3097 <i>6.96</i>	36527 <i>82.09</i>	7968 <i>17.91</i>	44495 <i>100</i>
1992	15435 <i>33.01</i>	3543 <i>7.58</i>	6045 <i>12.93</i>	8740 <i>18.69</i>	3182 <i>6.81</i>	36945 <i>79.02</i>	9811 <i>20.98</i>	46756* <i>100</i>
1993	16580 <i>32.81</i>	4104 <i>8.12</i>	7477 <i>14.79</i>	8744 <i>17.30</i>	3344 <i>6.62</i>	40249 <i>79.64</i>	10288 <i>20.36</i>	50537* <i>100</i>

Source : 1980 to 1984 Selvam., Tourism Industry in India- Himalaya Publishing House, 1989, pp.101-102.

1985 to 1989 Quarterly Economic Report of IIPQ Vol. XXXII No. 3127. April - June 1989, p.28.

1990-93. Government of India, Tourism Statistics

* Total number of rooms in 1992 and 1993 does not include heritage hotel rooms 651 and 616 respectively.

Note Figures in italics show the percentage to total.

The growth of the hotel industry in India from a very humble beginning, to the present day multimillion industry shows its importance in the economy. India received 19.09 lakh foreign tourists during 1994-95 earning a foreign exchange of Rs. 7,367 crore as against 18.07 lakh tourists earning Rs6,509 crore in 1993-94. Besides, there has been an annual growth rate of about 18.4 per cent in domestic tourists. Spurred by the strong growth in the tourism sector, the increasing trend in investment is still continuing and foreign investment exceeding Rs.1,110 crore has already been approved since liberalisation of investment in 1991. The provisional estimates available show that, the investment in the tourism industry is about Rs.1000 crore per year. While there has been an increase of 7.5 per cent tourist arrivals in 1994, over the previous year, the forecast is that by the year 2000, the arrivals would shoot up by 62 per cent²⁸. The government has plans to invest Rs.29000 crore in tourism sector over the next five years²⁹. Several private sector companies have also initiated to expand their existing facilities and set up new hotels in India. They are encouraged by the sound financial performance of the hotel industry as evidenced by the study conducted³⁰.

There are a large number of hotels in the private sector and hotels run by India Tourism Development Corporation (ITDC) and the concerned State Tourism Development Corporations, in the public sector. Some of the important hotel chains in the private sector are :

1. Indian Hotels
2. Oberoi group of hotels
3. I.T.C. group (Welcom group)
4. Hotel Leela Venture and
5. Holiday Inns.

3.4.1 *Indian Hotels*

The Indian Hotel company, Bombay was incorporated and the Taj Mahal Hotel, Bombay came into being in 1903. The Indian Hotel Company is the largest in terms of turnover³¹. It owns and operates fourteen hotels and resorts in India with 2678 rooms. It is managing 27 hotels and resorts in India with 2561 rooms making a total of 5239 rooms under the Taj Group³².

Sales and Net Profit for the three years 1989-90 to 1991-92 have been growing at a compound annual growth rate of 26.36 per cent and 59.68 per cent respectively. Taj group opened a new hotel in Lucknow in March 1995, in 35 acres of land and it is expected to have a turnover of Rs.10 crore to Rs.12 crore in 1995-96. The Indian Hotel Company plans to open 21 Taj group hotels with 2000 rooms by 1999 with a cost of Rs.300 crore³³.

3.4.2 *The Oberoi Group of Hotels*

Oberoi entered the field of hotel industry by purchasing a controlling interest in the Associated Hotels of India, in 1943 and opened a chain of Oberoi hotels in India and abroad, growing from a clerk to a magnate.

In 1946, the Oberoi Hotels Private Limited was established and the East India Hotels, Calcutta in 1949. In 1956, he started the East India Hotels Limited, Calcutta. The Oberoi Hotels (P) Ltd., had extended its activities to the international field in 1964 by signing a management agreement with His Highness Prince Himalaya of Nepal to operate a luxury hotel at Kathmandu in Nepal.

Again an operating agreement of Oberoi Imperial in Singapore was an addition to its international chain. In 1972 Meena House in Cairo was acquired. Then it moved to Elephantine Island in Nile and started Oberoi Aswan Hotel. In

Sri Lanka, it started Lanka Oberoi and Hotel Damman in Saudi Arabia. The East India Hotels Ltd.³⁴ owned two hotels in Egypt and one each in Bale, Saudi Arabia, Singapore, Sri Lanka and Nepal, by 1981

3.4.2.1 *Joint Hoteliering in India.*

In 1962 the Oberoi Hotels (P) Ltd., entered into a collaboration agreement with Inter Continental Hotels Corporation, New York (a wholly owned subsidiary of Pan American World Airways) for Oberoi Inter Continental Hotel, New Delhi and opened the Oberoi Inter-continental Hotel in 1965. Today it is a member of the leading hotels of the world³⁵.

In 1968, a collaboration agreement with Sheraton Hotels International, Boston, U.S.A. was finalised to build a luxury hotel in Bombay and received Rs.4.35 crore to fund the project from the United Agency for International Development. The 500 room luxury hotel, the Oberoi Sheraton, Bombay was commissioned in 1973. It was the first among the world famous chain of Sheraton hotels to be located in India and the first Oberoi Hotel in Bombay.

The East India Hotel's operations are currently handled only through management contracts. The company also plans to expand in Africa, Indonesia, Mauritius and other neighbouring countries under joint venture. The foreign partner would be responsible for land and local expertise. The foreign partner can also bring in equity. The company plans to double the number of hotels it owns overseas. It owns ten hotels overseas at present. Another group of company, Oberoi Associated Hotels Ltd., is setting up 60 Villa accommodation over 25 acres of land in Jaipur, at a cost of Rs.28 crore³⁶. The Oberois have tied up with Accor to develop budget hotels and have plans to set up 20 such hotels in the next ten years.

3.4.3 *The I.T.C. Group (Welcom Group Hotels)*

The Indian Tobacco Company (ITC) is the fastest growing group of hotels in India. The ITC entered the hotel field in 1974 and opened its first hotel, Chola^{37 & 38} in Madras, in 1975. It has two types of hotels - Welcome group hotels and Indovilla hotels. Indovilla hotels are low cost hotels, the objective of which is to encourage Indian tourism by offering facilities to those tourists who cannot afford to luxury deluxe hotels. In 1976 Mughal Hotel was opened at Agra in U.P. In 1977, Maurya Hotel was opened in Delhi.

The ITC extended its hoteliering activities abroad by entering into an agreement with Al-Futtain group, Dubai in 1981 for developing and increasing hotels outside India in different parts of the world. A new company known as the Alfit Corp. International (P) Ltd., had been formed with equal participation in equity and equal representation in the board.

The ITC group of hotels are also servicing a number of hotels in India owned by various independent Indian parties. The company had acquired substantial experience and expertise in all facets of the hoteliering industry, from early design and construction to servicing and marketing after the hotels become operational.

A decade after entering the hotel business, the ITC Ltd., had finally decided to setup a five star 200 room Welcome group hotel in Calcutta at a cost of Rs.20 crore³⁹. The ITC wanted to establish its credibility as serious entrants and to attract the best talent from within the industry by providing for personal growth, to awaken those in the industry to grow and compete, to increase the number of domestic and foreign tourists from which everyone in the industry, including the country in general would benefit and to make it difficult for competitors to launch

a concentrated counter attack. The ITC group of hotels has emerged as one of the largest hotel companies along side the East India Hotels and the Indian Hotels following the transfer of the Welcome group properties from the parent ITC Ltd.

3.4.4 *Hotel Leela Venture*

The Leela Venture (P) Ltd., was a company promoted by Captain C.P.K. Nair. It was incorporated on 20th March, 1981 at Bombay and was converted into a public limited company on March 10th 1983. The company entered into a collaboration agreement with the Penta Hotels Ltd. for a period of ten years for sales, marketing and technical know-how, marketing the hotel by Penta's three airline partners (Lufthansa, Swiss Air and British Airways). During 1987-88 the hotel delinked itself from the Penta and entered into a technical, sales and marketing agreement with the Kempinski hotels, S. A. Switzerland - a part of the Lufthansa group of hotels - as the hotel was being upgraded to a five star deluxe hotel. The name of the hotel was also changed to "The Leela Kempinski, Bombay" with effect from October 15, 1988.

Captain Krishnan Nair entered the hospitality industry in 1986, with the establishment of Hotel Leela, 1.5 Km away from Sahar International Airport, Bombay. The 168 room Leela Beach, at the tip of Colva Beach in Goa, five hundred Kms. south of Bombay was established in 1990. The Leela initiated a sales and marketing tie up with the Penta group. The shareholders of the Penta Hotels, which came into being in 1970, were three of the world's leading airlines - British Airways (9 per cent), Lufthansa (62 per cent) and Swiss Air (17 per cent) besides Union Bank of Switzerland (6 per cent) and Westdeutsche Land Bank (96 per cent). The Penta group had 16 hotels in various countries and Leela Penta was the 17th in its chain. The Penta group has no financial stake in the Indian venture

but will provide Leela with technical and managerial assistance. Penta's computerised reservation service and the world wide combined sales force of the three airlines will be available on top for Leela Penta.

The major thrust of expansion of the Leela Venture is in Goa where 247 acres of land has been acquired for an eighteen hole golf course which will be designed and executed by Jack Nicklaus, the world renowned golfer.

Club Med, one of the world's largest leisure and tourism groups with a turnover of more than 8 billion French Francs in 1992, had invited the Leela Beach to have an association with them. But so far it has no plans for any association with anyone

The right management and personal involvement of the members of his family are the causes of the success of the Leela Venture, according to Captain Nair. His son Vivek who graduated from Cornell University in hotel management, is running the hotel. Eighty-five percent of the clientele of Leela Venture are foreigners.

3.4.5 *The Holiday Inns*

The Holiday Inns incorporated U.S.A and the Eastern International Hotels Ltd., in a franchise arrangement had started the first Holiday Inn Hotel in India, at Juhu Beach, Bombay. Again in 1975 the North India Hotels (P) Ltd., started a five star luxury hotel at Agra in collaboration agreement with the Holiday Inns Incorporated U.S.A.

The Holiday Inn hotels have their own Holidex system, the world's largest computerised global reservation network, that would enable its customers to make reservation in Holiday Inns any where in the world, almost instantly and free of

cost. The Holiday Inns Incorporated is also extending the technical know-how services to the project in India in the field of construction, designing, interior decoration and operation.

The Holiday Inn, Ahemadabad, a member of the Holiday Inn global chain had drawn up a Rs.2 crore quality upgradation programme which includes Rs.9 lakh in the installation of firm alarms and providing electronic card locking systems in its sixty-three rooms⁴⁰. The Holiday Inns had 1750 Holiday Inn hotels in 56 countries and territories in the world⁴¹.

In addition to the important international hotel chains mentioned above, a number of hotel companies also entered the hotel field. A twenty four storey five star deluxe hotel cum commercial complex, with Rs.56.2 crore project cost and 466 double rooms and suites, spread over six acres of land called Bharat Hotels came up in New Delhi in 1984. The construction was started in 1981. It had entered into marketing franchise agreement for ten years with Holiday Inns Incorporated U.S.A.⁴² The company was promoted by Delhi Automobiles (P) Ltd., and Suri Group and it was one of the tallest hotels in the sub continent.

For the first time, Ramada International, the third largest hotel chain in the US entered India by lending its name and providing technical know-how for establishing six large hotels in India at a cost of Rs.45 crore⁴³.

With over 600 hotels of all kinds around the globe, Ramada sought to enter India in a big way. A study by Ramada International had shown that it could support India's economic developments by lending its technical know-how for setting up four star hotels to serve businessmen in India⁴⁴. All the regional offices of Ramada around the world were tele-linked and reservation system was computerised which would facilitate businessmen to plan and execute foreign tour

programmes without any hitch, but would open up India in a big way for foreign tourists. Ramada International's full-fledged institute of food research, hotel management, catering, house-keeping and maintenance is training personnel for its world-wide chain so that a uniformly high standard could be maintained at all links of the chain. Videos of Ramada Institute's curriculum are supplied to all its Indian hotels for training their staff at lower levels. A new company Ramada Hotels (India) Ltd. was promoted in technical and financial collaboration with Ramada (UK) Ltd., to set up a five star holiday resort at Colva Beach, Goa, with 140 rooms in over a 21 acre beach front land, designed by the famous Hawaiian architects Wimberly Whisenand Allison Tong and Goo⁴⁵.

The Asian Hotels Ltd., a new company entered the hotel field in October 1982. The company was incorporated in November 1980 and promoted by a group of non-resident Indians and resident Indians who had experience in various areas to set up a five star deluxe hotel of international standards, at New Delhi with 588 rooms. It entered into the franchise agreement with M/s. Hyatt of HongKong Ltd. and named as 'Hyatt Regency Delhi'. The Hyatt is well known among the international hotel chains.

3.4.6 *The Public Sector Hotels in India*

Ashok Hotel, New Delhi, was established in 1956 to accommodate delegates of UNESCO conference in New Delhi, at a time when acute shortage of hotel accommodation was felt.

3.4.6.1 *India Tourism Development Corporation Ltd. (I.T.D.C)*

The 3.89 percent decrease in the number of tourists in the year 1962 for the first time from 139804 to 134360 against an increase of eight percent in the case

of world arrivals and fourteen per cent in the case of Pacific region, prompted the government of India to appoint an Ad-hoc Committee on Tourism in 1963 under the chairmanship of Jha and the committee is popularly referred to as Jha Committee. The Jha Committee made it clear that "if adequate hotel accommodation of the right type for the kind of growth of tourism is to be provided, the public sector will have to play a major role in the field"⁴⁶. On 21st January 1965, as per the recommendation of the Jha Committee the India Tourism Hotel Corporation was established to construct and manage hotels in the public sector. On 31st March, 1965 Indian Tourism Corporation Ltd., was established to produce material for tourist publicity. On December 1st, 1964, Indian Tourism Transport undertaking was established to provide transportation facilities to tourists. In 1966 these three corporations were amalgamated and India Tourism Development Corporation (ITDC) was formed on 1st October, 1966 and it was the task of ITDC to build suitable accommodation for tourists. ITDC is still setting an incentive to travel and tourism backed by the country's largest accommodation chain. Originally ITDC was set up to provide hotel accommodation at places where private sector was shy of investing in the industry. But today, ITDC runs chains of hotels at all important centres at national and international level, independently or with foreign collaboration.

ITDC is the only organisation in the country which offers a complete package of tourist services under one roof.

The following are the services of ITDC :

- ◆ ITDC was set up in 1966 with the prime task of promoting tourism.
- ◆ It not only offers consultancy services to the state governments and international organisations but also aids in promoting tourism publicity. It has set

up a special cell to undertake consultancy cum technical services and management contracts on commercial basis.

- ◆ Duty free shops are run by ITDC at important places. It is the only authorised dealer in duty free shops.
- ◆ ITDC planned to set up full-fledged training academy to impart expertise so as to achieve accelerated development of tourism.
- ◆ The first travel agency of ITDC out side its head quarters was opened in Gangtok, Sikkim, in 1982.
- ◆ The company started helicopter services in Sikkim.

ITDC's greatest contribution to the development of Indian tourism has been the parallel development it has stimulated in the private sector. Whenever it has broken new ground, the private sector has rushed in, to establish themselves in areas far off the tourist tracks. ITDC lodges and hotels now have opened the way and the very fact that it faces so much worth while competition from private sector is a measure of ITDC's success⁴⁷.

ITDC'S Hotel Ventures with States

The Union Ministry of Tourism and Civil Aviation had formulated a scheme for constructing medium priced joint venture hotels at important centres to bring about a balanced growth of all the regions. The scheme envisaged the setting up of a separate company in each stage with nearly equal equity by ITDC and the State Government Tourism Development Corporation. ITDC under the scheme would provide consultancy services in planning, designing and construction as well as managing and marketing the hotels⁴⁸. The company now having international

marketing links, all these joint venture projects are expected to do well in promoting tourism.

Joint Sector

In a major policy change, the Union Government had permitted ITDC to enter into joint sector hotel projects with the private companies. As a part of this policy ITDC concluded its first joint sector project agreement with Sima Hotel and Resorts Ltd., to set up the country's first family beach resort at Goa which has been named as the Canacona Ashok⁴⁹. The concept of "time sharing" in the country was introduced by ITDC at the family beach resort at Goa⁵⁰.

Foreign Collaboration

ITDC entered into foreign collaboration with the Odner Hotels Hong Kong, to undertake marketing and reservation services in the Far East putting an end to the problem of lack of adequate overseas marketing facilities. This was a serious problem faced by the company because of which its hotels suffered a set back over a period of time. The Odner Hotels was the single largest marketing agency in Hong Kong involved in the promotion of tourism with 15 offices in 11 countries. Under the agreement ITDC had to pay foreign currency equivalent to Rs.6 lakh per annum to the Hong Kong agency for marketing its 24 hotels. It was the first international tie up for sales and marketing. The agreement was with effect from 1st January 1985

Developments in ITDC

ITDC has been able to make a mark in many areas hitherto unknown to this organisation. These include the successful launching of the overseas consultancy projects, opening of new sources of foreign exchange earnings, professionalising

and streamlining the operations of duty free shops and launching of Ashok Travel and Tours. In preparation of the Asian games 1982, ITDC commissioned 3 new hotels in the capital. These included the revolutionary common man's Yatri Niwas, the Luxury Kanishka and Super Deluxe Samrat, altogether 1200 rooms⁵¹.

ITDC together with the Indian Railways had organised package tours using a specially introduced luxury air-conditioned train called "Great Indian Rover". ITDC has eleven operating divisions including hotel division, Ashok travel and tours division, international product sales division and marketing division⁵². The company had invested a sizeable portion of the total capital employed in its 5 star projects. It had signed an agreement with Mitsui Real Estate Development Company of Japan for a hotel project in Nepal called Hotel Himalayan in Kathmandu. ITDC had been selected to cater for the food arrangement at the month long festival of India held in Stockhom (Sweden) on 21st August 1987. It had also entered into collaboration agreement with the Grand Hotel Chain in Lund, Sweden, to organise an Indian Food Festival between September 28th and October 4th 1987.

Foreign Equity Participation

The public sector group of hotels - Ashok group of hotels, Ranjit, Lodhi and Janpath - were in for major policy changes and were looking for foreign known hoteliers for equity participation. With the growing competition from the existing hotel chains in the private sector it had become imperative to link up with internationally known chains. The Union Government had decided to lease out the state owned ITDC hotels to the private sector while rejecting the proposal seeking outright sale of these hotels. ITDC has a total of 36 hotels spread all over the country⁵³.

Aeroflot, the Soviet Airline, had partnered ITDC in 1991, in a hotel venture for the first time in the country and the first hotel of Aeroflot outside the Soviet Union with Aeroflot having 40 per cent equity participation and 60 per cent by ITDC was proposed. This joint venture was planned to rebuild ITDC's Ranjit Hotel in Delhi, with 3 star rating at a cost of Rs.12.5 crore and 300 rooms. ITDC's policy is no longer going in for 5 star hotels. It has now, returned to its original objective of developing tourism infrastructure of the country⁵⁴.

3.4.7. *Hotel Corporation of India (H.C.I)*

The HCI was set up in July 1971 as a wholly owned subsidiary of Air India. It had planned to build hotels at important airports and tourist centres. The HCI opened Centaur Hotel at Bombay airport in 1974.

3.4.8 *Heritage Hotels*

A classification described as heritage hotels was adopted in January 1991 as an additional category. The heritage hotels provide the tourists from abroad, an opportunity to experience the life style of the Rajas and Maharaja's of the past, in the same settings. Only the high budget tourists can afford them. The scheme of heritage hotels fits in well with the prime objective of the tourism policy during the eighth plan to attract the high spending tourists from the U.S., Europe and Japan. In India there were 19 hotels of this category in 1992. The Heritage hotels should cover running hotels in palaces / castles / forts / havelies / residences of any size which were built prior to 1950. Historically the oldest Heritage hotel of India, is the Neemrana, Fort Palace, whose earliest building dates back to 1464 A.D.

The introduction of Heritage hotels by the Department of Tourism, as a unique tourism experience in India has met with great success. Many of the

Heritage hotels are now becoming destinations by themselves. The owners of such properties now find that this is the best way of ensuring that their ancestral properties are preserved and enhanced in value and at the same time are very rewarding ventures financially. As most of the properties of the Rajas and Maharajas are in remote places the development of the Heritage hotels also gives benefit to the community as a whole by improving infrastructure and also providing employment to a large number of local people in traditional crafts and folk activities.

3.5. The Hotel Industry in Kerala

History shows that Kerala attracted tourists from far and near from time immemorial. Accommodation was provided in 'Sathrams' and similar shelters. Just as hotels all over the world developed, by gradual evolution, Kerala also witnessed the development of the hotel industry.

3.5.1 *The Private Sector Hotels*

In 1912 Spencers started the Malabar Hotel at Kochi and the Mascot hotel at Thiruvananthapuram. Later the Malabar hotel was taken on lease in 1952, by Dominic Jose. At that time hotels were not considered quite respectable⁵⁵. However he ran the hotel pretty well with the help of a senior staff member whom he made the manager. In the mid fifties when the lease expired, in order to accommodate this manager, who was nearing the age of retirement, Dominic started a small restaurant at Willington Island. Since beer licences were given only to hotels, it was made Casino Hotel and Restaurant by constructing three rooms. This hotel gradually grew and became a three star hotel. Few other hotels in the private sector were started in the sixties. The rate of growth of hotels in the private sector was more in the eighties.

3.5.2 *The Public Sector Hotels*

Kerala Tourist and Handicrafts Development Corporation (P) Ltd., Thiruvananthapuram was registered on 29th December 1965. The name of the company was changed into Kerala Tourism Development Corporation (KTDC) in 1970-71. At the time of inception, the corporation took over the following five establishments :

1. The Aranya Niwas Hotel, Thekkadi
2. Edappalayam T.B. Thekkadi
3. Periyar House, Thekkadi
4. Mascot Hotel, Thiruvananthapuram and
5. Kovalam Beach House, Kovalam.

The Kovalam Palace was taken over as going concern on 19.02.1967. Three decades back Kovalam was an unknown tiny remote village. The Maharaja of Travancore, built a delightful retreat for himself at Kovalam which came to be known as the Summer Resort called Halcyon Castle

KTDC has been doing its best to attract more tourists to the state by organising tourist festivals, organising conducted tours and guiding tourists. The tourism week celebrations are organised during Onam with the active help and assistance of the Government as an effective publicity for the tourist aspects of Kerala. It was during 1978 that the corporation realised the importance of tourism and large scale investments for the development and promotion of tourism was found necessary. It was decided to provide adequate infrastructure by way of accommodation, transport etc. to attract large number of foreign as well as

domestic tourists to the state. The Government had availed the services of the Consultancy and Applied Research Division of the Administrative Staff college of Hyderabad for drawing up a Master Plan for the development of tourism in the state. During 1994-'95 the corporation had altogether 43 units consisting of 24 hotels, 13 Sabala Restaurants, one Air-port Restaurant, one Boat Club at Veli, 3 travel and tour divisions and a head office.

Conclusion

Kerala is convinced of the importance of tourism development and is aiming at maximising the foreign exchange earnings from tourism. Imaginative steps should be taken to attract foreign tourists to Kerala. Stress should be given to bring in foreign tourists belonging to the creamy layer and to discourage backpackers. This would avoid environment pollution and help in increasing contribution of foreign exchange earnings. An attempt in this direction has already been started with the introduction of chartered flights to Kerala with foreign tourists. The travel agents, tour operators and above all the foreign tourists should be assured of safe and comfortable stay when Kerala is considered as a safe destination in the wake of disturbances that prevail in the Golden Triangle of the North. Every effort should be made to increase the availability of hotel accommodation of the required category. Growth trends in the hotel industry in Kerala is discussed in the following chapter.

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Chapter - III



TRENDS IN THE HOTEL INDUSTRY IN KERALA

CHAPTER - IV

TRENDS IN THE HOTEL INDUSTRY IN KERALA

A hotel is a commercial establishment offering living quarters and facilities for the assemblage of people for social, business or entertainment purposes and may engage in renting out portions of its premises for shops and business whose contiguity to a hotel is deemed desirable. In order to promote tourism in Kerala there is an urgent need for launching a vigorous programme of establishing new hotels. For tourism to grow on healthy lines and to make substantial headway, the quantum of accommodation available and the facilities offered should be adequate to meet the needs of the prospective tourists. Also, the range of variety offered should be suitable to their varied tastes and purses.

The growth of the hotel industry in any place is an index of the economic development of that region, especially the industrial development and development in terms of tourist activity. The hotel industry has gained importance in Kerala only recently. Most of the hotels in Kerala were established in the post eighty period, especially after 1986. The data relating to the availability of the number of hotels, number of rooms and beds prior to this period were not available even with the Department of Tourism, Government of Kerala. Hence an attempt is made here to study the trends in the hotel industry after 1985. The data used here are compiled from the various hotel guides published by the Federation of Hotel and Restaurant Association of India (FHRAI), various

publications of the Department of Tourism Government of Kerala, "Hotels in Kerala", published by the Tourist Desk, Kochi and the results of the primary survey.

In Kerala, during the decade from 1985 to 1994, there were five star hotels, four star hotels (only for few years), three star hotels, two star hotels, one star hotels and hotels awaiting classification in the approved sector, besides some unapproved hotels. They were spread over at the eleven centres of tourism, recognised by the D.O.T, Government of Kerala. Foreign tourists prefer to stay at classified hotels of three star and higher categories. Among the domestic tourists, the preference is for approved hotels of two star and lower categories, though a minority goes for three star or higher categories of hotels. A few domestic tourists stay at unapproved hotels also, which are neat and clean.

The growth of the hotel industry, both quantitatively and qualitatively, is a sine qua non for the growth of the tourism industry. The structural growth of the hotel industry in Kerala is exposed in this chapter by :

- analysing the aggregate growth of the hotel industry in terms of the number of hotels, rooms and beds
- analysing the group-wise growth of the industry in Kerala in terms of :
 - a. the number of hotels in H_1, H_2, H_3 and H_4 types
 - b. the number of rooms in R_1, R_2, R_3 and R_4 types
 - c. the number of beds in B_1, B_2, B_3 and B_4 types
- centre-wise analysis of the growth trends to know whether the growth was in the appropriate group at the appropriate centres

- estimating group-wise room demand at the various centres to bring out the shortage/excess of the hotel rooms
- identifying the significant centres
- use of ' β ' and ' η ' scores to bring out the significant changes in the spatial structure of the industry
- use of "Herfindal Index" to indicate the degree of variation of concentration in each group of hotel rooms
- use of "Entropy Index" to measure the degree of uncertainty of centres in attracting and retaining the customers.

4.1 Aggregate Growth of the Hotel Industry in Kerala

The aggregate growth of the hotel industry in Kerala in terms of the number of hotels, and the number of rooms set aside to let and the available beds during the decade 1985-'94 is analysed below with the help of time series data obtained from both primary and secondary sources. Table 4.1 below depicts the data available on the three variables and figure 4.1 illustrates the growth of the hotel industry in Kerala and reveals the differential pattern of growth in terms of all the three variables.

The total number of hotels in Kerala, their room capacity and bed capacity from 1985 to 1994 can be seen from Table 4.1. It also shows the percentage change over the previous year and the indices of these three variables along with the bed to room ratio (i.e. the total number of beds in a year divided by the total number of rooms in that year), mean-firm size in terms of rooms (i.e. the total number of rooms in the state in a year divided by the total number of hotels in

TABLE 4.1

AGGREGATE GROWTH OF HOTELS ROOMS AND BEDS IN KERALA DURING 1985-94

S. NO.	Y E A R	Number of			Percentage Change over the Previous Year			Index			Bed to Room	Mean-firm size in terms of		Mean- centre size in terms of
		Hotels	Rooms	Beds	Hotels	Rooms	Beds	Hotels	Rooms	Beds		Rooms	Beds	
1.	1985	127	4654	8833	-	-	-	100	100	100	1.90	36.65	69.55	423.09
2.	1986	150	5390	10370	18.11	15.81	17.40	118.11	115.81	117.40	1.92	35.93	69.13	490.00
3.	1987	176	6412	12043	17.33	18.96	16.13	138.58	137.77	136.34	1.88	36.43	68.43	582.91
4.	1988	195	7067	13207	10.80	10.22	9.67	153.54	151.85	149.52	1.87	36.24	67.73	642.45
5.	1989	206	7430	14002	5.64	5.14	6.02	162.20	159.65	158.52	1.88	36.07	67.97	675.45
6.	1990	212	7746	14763	2.91	4.52	5.43	166.93	166.44	167.13	1.91	36.54	69.64	704.18
7.	1991	214	7875	15039	0.94	1.67	1.87	168.50	169.21	170.26	1.91	36.80	70.28	713.18
8.	1992	206	7664	14702	-3.74	-0.03	-2.24	162.20	164.12	166.44	1.92	37.20	71.37	696.73
9.	1993	206	7675	14793	0	0.14	0.62	162.20	164.91	167.47	1.93	37.26	71.81	697.73
10.	1994	224	8521	16315	8.74	11.02	10.29	176.38	183.09	184.70	1.91	38.04	72.83	774.64

Source : 1. Hotel Guides of the FHRAI 2. Publications of the Dept. of Tourism, Govt. of Kerala.

3. Publications of the Tourist Desk, Ernakulam. 4. Survey Data.

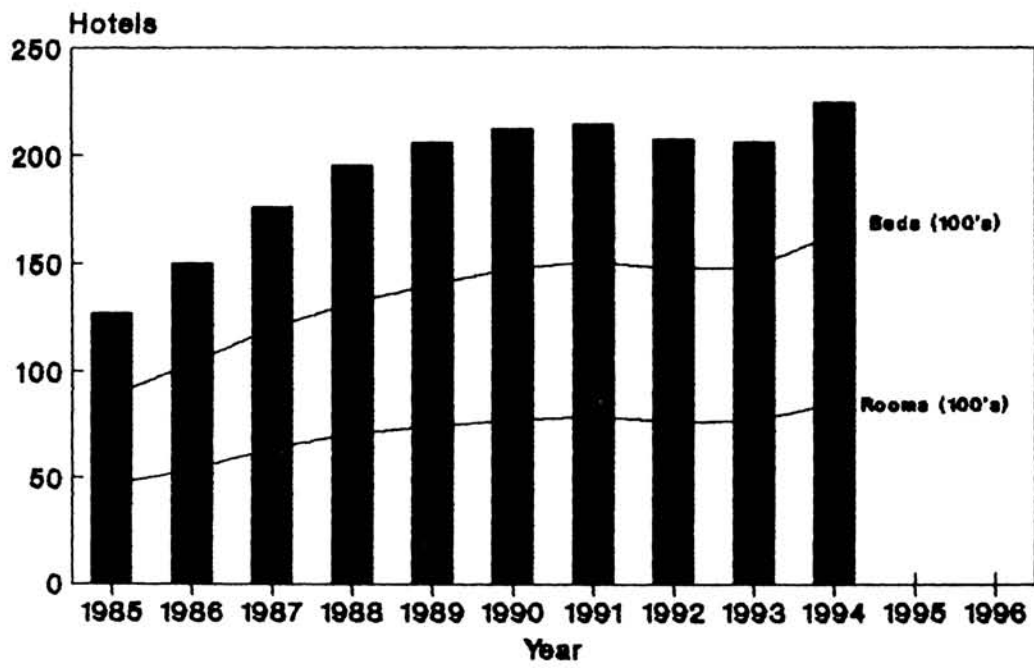


Figure 4.1 Growth of Hotel Industry in Kerala.

state in that year), mean-firm size in terms of beds (i.e. the total number of beds in the state in a year divided by the total number of hotels in the state in that year) and mean centre size in terms of rooms (i.e. the total number of rooms in the state in a year divided by the eleven tourist centres).

It can be observed from Table 4.1 that the total number of hotels, rooms and beds had increased in all the years except in 1992. The number of hotels had increased from 127 to 224, rooms from 4654 to 8521 and beds from 8833 to 16315, during 1985 to 1994. The percentage changes over the previous year were positive in all the years except in 1992, in all the three variables. The highest change in the number of hotels was 18.11 per cent in 1986, in the number of rooms 18.96 per cent in 1987 and in the number of beds 17.40 per cent in 1986. In all the three variables, the changes were 10 per cent and above from 1986 to 1988. From 1989 to 1993 it was below 10 per cent. But in 1994, the changes were 8.74 per cent, 11.02 per cent and 10.29 per cent in hotels, rooms and beds respectively.

The indices grew from 100 in 1985 to 176.38, 183.09 and 184.70 in 1994 in the number of hotels, rooms and beds respectively. This indicates that the highest growth was in bed capacity and the lowest in the number of hotels during the decade 1985 to 1994.

The bed to room ratio ranged between 1.87 (1988) and 1.93 (1993) during the period under study. Similarly, the mean-firm size in respect of rooms ranged between 35.93 (1986) and 38.04 (1994) and in respect of bed capacity, it ranged between 67.73 (1988) and 72.83 (1994) during the decade.

The mean centre size in terms of rooms was the minimum at 423.09 (1985) and the maximum at 774.64 (1994). It had increased steadily over the years except in 1992, when there was a decline from 713.18 (1991) to 696.73 (1992).

4.1.1. *Estimation of Linear Trends for Hotels, Rooms, and Beds*

Tourism was declared an industry in Kerala in 1986. Substantial developments have taken place in the areas of tourist accommodation since then. The growth of the hotel industry in the temporal context is studied by estimating the linear trends for the three variables namely, number of hotels, room capacity and bed capacity. The comparative growth in these variables is revealed in Table 4.2, where the growth of the hotel industry in the eleven tourist centres in Kerala is studied by regressing, the number of hotels, room and bed capacity on time. The equations were fitted by taking into consideration the auto correlated residuals.

TABLE 4.2
LINEAR GROWTH TRENDS OF HOTELS, ROOMS AND BEDS

Variables	Linear Equations	Rho	t	r ²
Number of Hotels	H = 138.79+10.34 t (17.55) (2.75)	0.76	3.76	0.669
Number of Rooms	R=5057.90+408.03t (553.04) (90.32)	0.71	4.52	0.745
Number of Beds	B=9559.91+793.92t (956.51) (156.06)	0.71	5.09	0.787

Figures in parenthesis indicate the standard error of α and β .

It is discernible from Table 4.2 that, H, R and B are dependent variables and 't' is the independent variable which represents the time period. The intercept and the slope are seen to be the highest in the case of the third variable. 't' and r² are also the highest in it. 't' is significant at 5 per cent level. Both the intercept and slope are found the lowest in the case of the first variable. 't' and r² are also the highest in the case of the first variable. This indicates that growth was the highest in the bed capacity and the lowest in the number of hotels.

The foregoing discussions on the growth of the three variables of the hotel industry reveal that :

- The growth of the indices of the three variables and estimation of the linear trends show that the growth was the highest in the third variable, i.e. the bed capacity, and the lowest in the first variable, i.e. the number of hotels.
- The highest growth in the bed capacity indicates that the existing hoteliers expand their old units by adding more multi-bedded rooms and new entrants in the field build comparatively larger units with multi bedded rooms.
- A steady increase in the mean centre size in terms of the room capacity over the years indicates the increasing demand for hotel rooms at various centres.

4.2. The Growth of the Four Groups of Hotels in Kerala

The preferences of the foreign and domestic tourists for their stay in a particular category of hotel differ based on economic and other related considerations. Accordingly hotels in Kerala are grouped into four. The growth in these four groups is studied based on the growth in the number of hotels, room capacity and bed capacity in each of the four groups. Group-wise analysis of the growth of the hotel industry will help us to know whether the growth was in the appropriate group required by the tourists, especially the foreign tourists.

4.2.1 *Group-wise Growth of the Hotel Industry in Kerala Based on the Number of Hotels.*

An attempt is made to study the group-wise growth of the hotel industry in Kerala, based on the number of hotels in H_1, H_2, H_3 and H_4 groups by means of time series data shown in Table 4.3, graphical representations in Figures 4.2, 4.3, 4.4 and 4.5 and estimating the linear growth trends for the number of hotels in H_1, H_2

TABLE 4.3

GROUPWISE GROWTH OF THE HOTEL INDUSTRY IN KERALA DURING 1985-1994 BASED ON THE NUMBER OF HOTELS

S No	Y E A R	FIRST GROUP				SECOND GROUP				THIRD GROUP				FOURTH GROUP				TOTAL OF THE STATE			
		No of Hotels	% Change	Index	Proportion of this type to the total in the state (%)	No of Hotels	% Change	Index	Proportion of this type to the total in the state (%)	No of Hotels	% Change	Index	Proportion of this type to the total in the state (%)	No of Hotels	% Change	Index	Proportion of this type to the total in the state (%)	No of Hotels	% Change	Index	Total (%)
1	1985	7	-	100	5.51	14	-	100	11.02	14	-	100	11.02	92	-	100	72.44	127	-	100	100
2	1986	9	28.57	128.57	6.00	17	21.43	121.43	11.33	14	0	100	9.33	110	19.57	119.57	73.34	150	18.11	118.11	100
3	1987	9	0	128.57	5.11	14	-17.65	100	7.96	21	50	150	11.93	132	20.00	143.48	75.00	176	17.33	138.58	100
4	1988	8	-11.11	114.29	4.10	17	21.43	121.43	8.72	26	23.81	165.71	13.33	144	9.09	156.52	73.85	195	10.80	153.54	100
5	1989	11	37.5	157.14	5.34	19	11.76	135.71	9.22	24	-7.69	171.43	11.65	152	5.56	165.22	73.79	206	5.64	162.20	100
6	1990	11	0	157.14	5.19	23	21.05	164.29	10.85	23	-4.17	164.29	10.85	155	1.97	166.48	73.11	212	2.91	166.93	100
7	1991	11	0	157.14	5.14	30	30.43	214.29	14.01	20	-13.04	142.86	9.35	153	-1.29	166.30	71.50	214	0.94	168.50	100
8	1992	10	-9.09	142.86	4.85	35	16.67	250.00	17.00	21	5.00	150	10.19	140	-8.50	152.17	67.96	206	-3.74	162.20	100
9	1993	11	10.00	157.14	5.34	36	2.86	257.14	17.48	21	0	150	10.19	136	-1.43	150.00	66.99	206	0	162.20	100
10	1994	11	0	157.14	4.91	37	2.76	264.29	16.51	32	52.38	226.57	14.29	144	4.35	156.52	64.29	224	8.74	176.38	100

Source Compiled from 1. FHRAI Guides

2. Publications of the D. O. T. Govt. of Kerala

3. Tourist Desk Publications and

4. Survey Data.

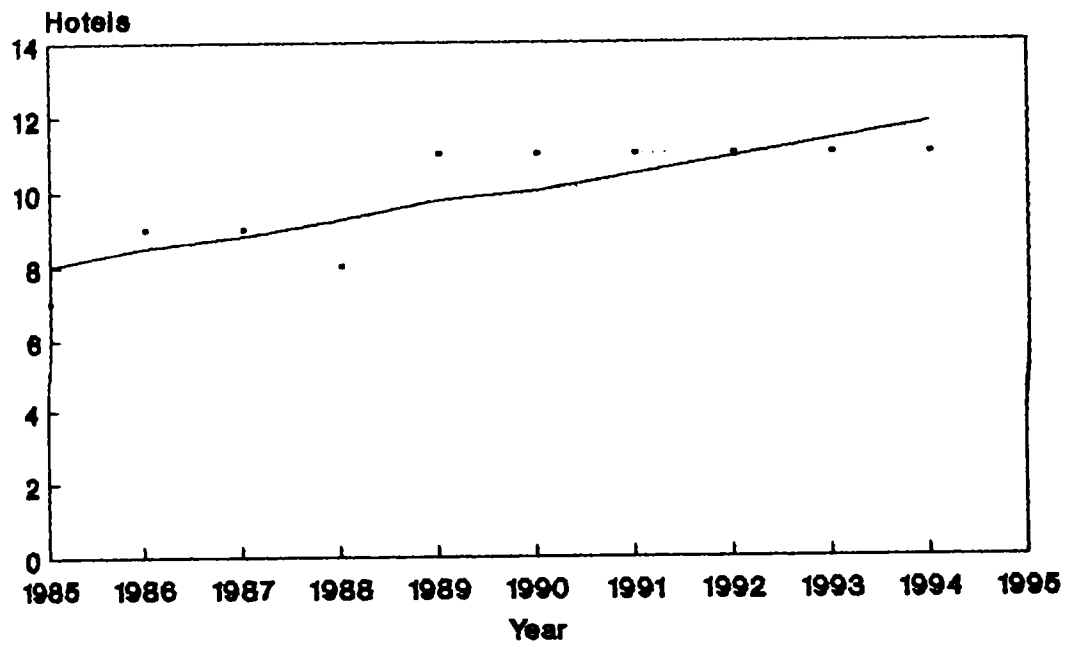


Figure 4.2 Growth of H_1 type Hotels in Kerala.

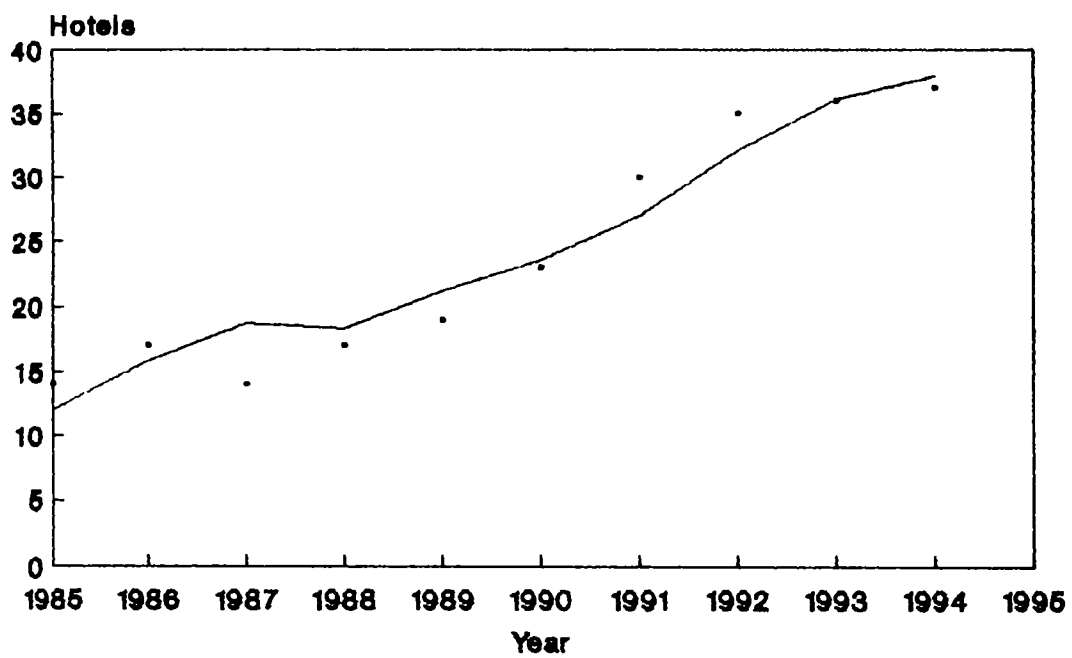


Figure 4.3 Growth of H_2 type Hotels in Kerala.

H₃ and H₄ groups. The abbreviations H₁, H₂, H₃ and H₄ represent hotels in the first, second, third and fourth group respectively.

The number of H₁ hotels had increased from 7 in 1985 to 11 in 1994 (Table 4.3). The percentage change over the previous year was the highest in 1989 (37.5) and the lowest in 1988 (-11.11). The index grew from 100 in 1985 to 157.14 in 1989 and remained unchanged till '94 excepting '92 when the index fell to 142.86. The proportion of the H₁ hotels to the total number of hotels in the state was the lowest in 1988 (4.10 per cent) and the highest in 1986 (6 per cent). Fig. 4.2 illustrates the growth pattern of the H₁ hotels.

During the decade 1985 to 1994, there was a steady growth in the H₂ hotels except in 1987. There were 14 such hotels in 1985 which became 37 in 1994 (Table 4.3). The percentage change over the previous year was the highest in 1991 (30.43) and the lowest in 1987 (-17.65). The index grew steadily from 100 in 1985 to 264.29 in 1994 except in 1987. The index fell from 121.43 in 1986 to 100 in 1987. The proportion of the H₂ hotels to total hotels was the lowest in 1987 (7.96 per cent) and the highest in 1993 (17.48 per cent). The proportion of the H₂ hotels to total hotels was more than the proportion of the H₁ hotels to total hotels. The index also grew higher in the H₂ hotels than the H₁ hotels during the decade. The growth pattern of the H₂ hotels is graphically illustrated in Fig. 4.3.

The number of H₃ hotels increased from 14 in 1985 to 32 in 1994 (Table 4.3). There were oscillations in the growth in between. Figure 4.4 depicts the graphical representation of the growth pattern of the H₃ hotels. The percentage change over the previous year was the highest in 1994 (52.38) and the lowest in 1991 (-13.04). The index grew from 100 in 1985 to 228.57 in 1994 with

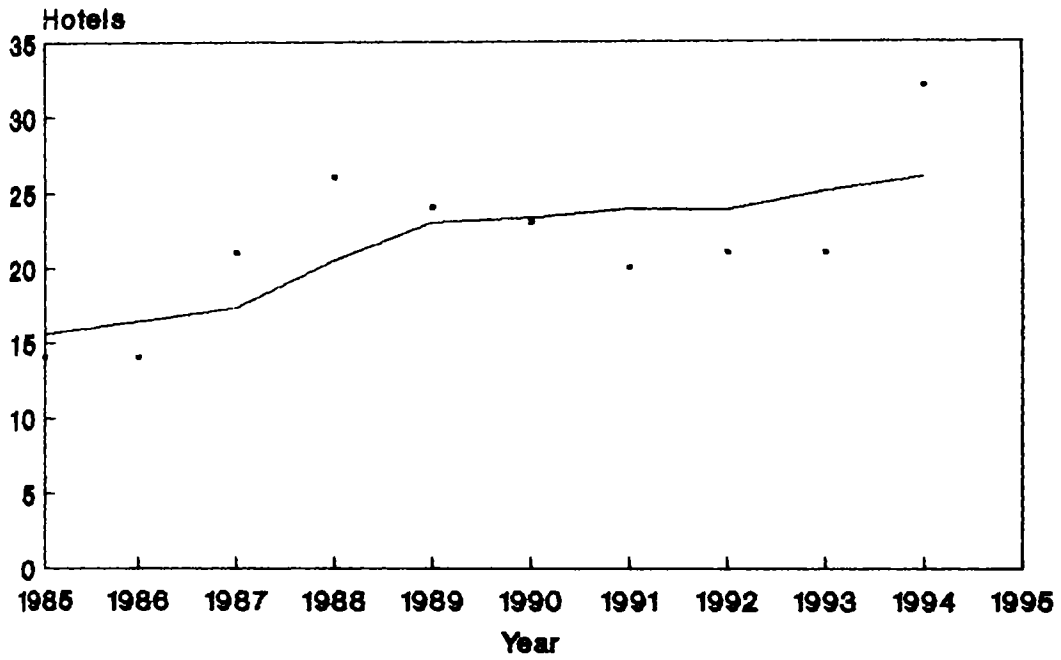


Figure 4.4 Growth of H₃ type Hotels in Kerala.

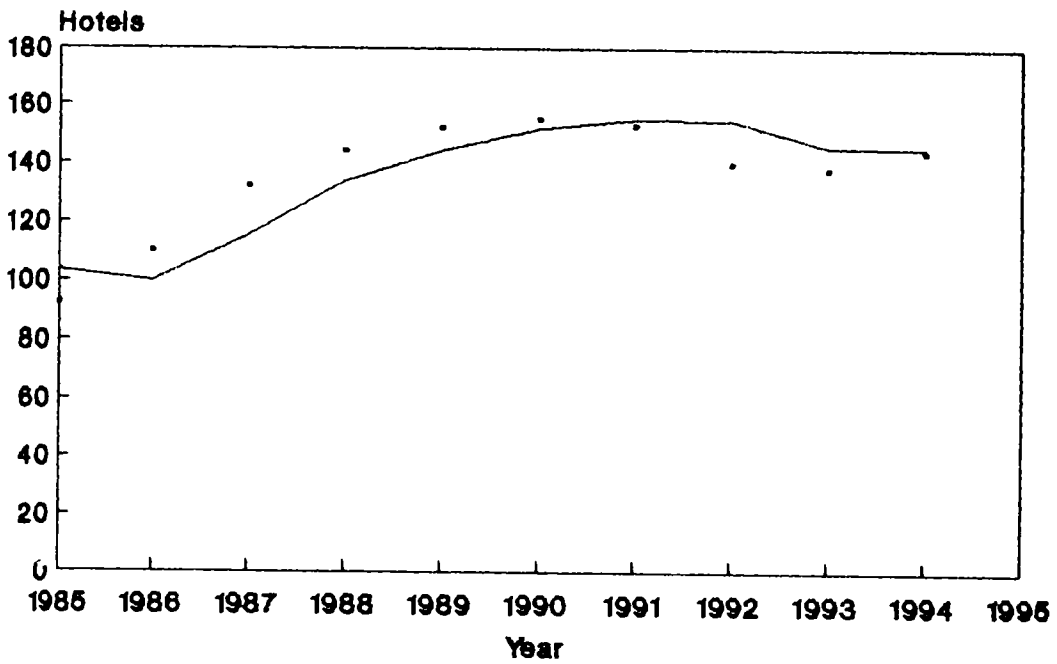


Figure 4.5 Growth of H₄ type Hotels in Kerala.

oscillations in between. The proportion of the H₃ hotels to total hotels in the state was the lowest in 1986 (9.33 per cent) and the highest in 1994 (14.29 per cent). This proportion was more than the proportion of the H₂ hotels to total hotels in 1987 (i.e. 11.93 against 7.96), 1988 (i.e. 13.33 against 8.72) and 1989 (i.e. 11.65 against 9.22). During the rest of the period the proportions were either equal to or less than the proportions of the H₂ hotels.

It can be further seen from Table 4.3 that the number of H₄ hotels had increased steadily from 92 in 1985 to 155 in 1990 followed by a steady decline during 1991 to 1993 i.e. from 153 to 138 and then increased to 144 in 1994. An illustration of the growth pattern of the H₄ type hotels is shown in Fig. 4.5. The percentage change over the previous year was the highest in 1987 (20) and the lowest in 1992 (-8.50). The index increased from 100 in 1985 to 156.52 in 1994. The proportion of the H₄ hotels to total number of hotels in the state was the lowest in 1994 (64.29 per cent) and the highest in 1987 (75 per cent). This proportion was above 64 per cent throughout the decade which indicates the relative prominence of the H₄ hotels among the other hotels.

4.2.2 *Estimation of Linear Trends for Hotels.*

Linear trends have been estimated to study the growth of the four groups of hotels by regressing the number of the four groups of hotels on time. The equations were fitted taking into consideration the auto correlated residuals.

The intercept, and the slope coefficient are the highest in H₄ hotels and the lowest for H₁ hotels which indicate the highest growth in the former and the lowest in the latter. The slope coefficient is the second highest in the H₂ and 3rd in the H₃ types. Growth is indicated in the same order. Slope coefficients are significant at 0.05 level of significance (Table 4.4).

TABLE 4.4
LINEAR GROWTH TRENDS IN H₁, H₂, H₃ & H₄ HOTELS

Variables	Linear Equations	Rho	t	r ²
No. of hotels in Group I	H ₁ = 8.036+0.417 t (0.533) (0.100)	-0.075	4.162	0.712
No. of hotels in Group II	H ₂ = 11.986+2.770 t (2.751) (0.481)	0.545	5.760	0.826
No. of hotels in Group III	H ₃ = 15.588+1.363 t (3.348) (0.610)	0.325	2.236	0.417
No. of hotels in Group IV	H ₄ = 103.572+5.498 t (17.672) (2.704)	0.788	2.033	0.371

Note: Figures in parenthesis indicate the standard error of the intercept and the slope coefficient.

The category status of a hotel awarded by the Department of Tourism, is not permanent. A change in the quality and quantum of facilities and services in a hotel in either direction will decide its future status. As a result of this, slight changes in the number of hotels in the different groups may be found without affecting the total number of hotels in the state.

The foregoing analysis revealed that during 1985-94 though the index grew the highest in the second group, the linear trends estimated by regressing the four groups of hotels on time, in terms of the number of hotels, showed that, there was consistent growth in the fourth group; the growth was the highest in that group and the lowest in the first group.

4.2.3 *Group-wise Growth of the Hotel Industry in Kerala Based on the Room Capacity of the Four Groups*

An attempt is made to study the growth of the hotel industry in Kerala during 1985-1994 in terms of the room capacity. The number of rooms of each group in absolute figures, percentage change over the previous year, indices,

proportion of the room capacity of each group to total room capacity of the state, mean-firm size (based on rooms*) and estimation of linear trends by regressing the room capacity of the four groups on time are used for the analysis. The growth in the room capacity of the four groups is graphically represented in Figures 4.6, 4.7, 4.8 and 4.9 respectively for R₁, R₂, R₃ and R₄ types of rooms. The abbreviations R₁, R₂, R₃ and R₄ represent the respective rooms in the first, second, third and fourth group of hotels.

The growth of R₁, R₂, R₃ and R₄ type of room capacity during 1985 to 1994 is shown in Table 4.5. It can be seen from Table 4.5 that the number of R₁ type rooms increased from 357 to 804 during 1985-'94. The percentage change over the previous year was the highest in 1989 (35.43) and the lowest in 1988 (-5.54). The index grew from 100 in 1985 to 225.21 in 1994 with oscillations in between. The proportion of R₁ type rooms to total room capacity in the state was the lowest in 1988 (6.99 per cent) and the highest in 1994 (9.44 per cent). The mean-firm size (based on rooms) increased from 51 in 1985 to 73.09 in 1994 with oscillations in between.

The R₂ type of rooms increased from 599 in 1985 to 1501 in 1994. The percentage change over the previous year was the highest in 1991 (41.32) and the lowest in 1987 (-20.30). The index grew steadily from 100 in 1985 to 250.58 in 1994, except a decline in 1987 (96.33). The proportion of R₂ rooms to total room capacity of the state ranged between 9 percent (1987) and 19.19 percent (1993). This indicates that the proportion of R₂ rooms was more than that of R₁ rooms. The percentage change over the previous year was also higher in this type of rooms than the R₁ type of rooms. But the mean-firm size (based on rooms)

* Mean firm size (based on rooms) = Total number of rooms in a particular group in a year divided by the number of hotel of that group in that year.

TABLE 4.5

**GROUPWISE GROWTH OF HOTEL INDUSTRY IN KERALA DURING 1985-1994
BASED ON THE ROOM CAPACITY.**

S.No	Year	FIRST GROUP				SECOND GROUP				THIRD GROUP				FOURTH GROUP				TOTAL OF THE STATE				MEAN-FIRM SIZE (based on rooms)				
		No of rooms	% change	Index	% to state total	No of rooms	% change	Index	% to state total	No of rooms	% change	Index	% to state total	No of rooms	% change	Index	% to state total	No of rooms	% change	Index	% to state total	R1	R2	R3	R4	Total
1	1985	357		100	7.67	599		100	12.87	677		100	12.40	3121		100	67.06	4654		100	100	51.00	42.79	41.21	33.92	36.65
2	1986	483	35.29	135.29	9.96	724	20.87	120.87	13.43	583	-2.43	97.57	10.45	3620	15.96	115.99	67.16	6390	15.81	116.81	100	53.87	42.56	40.21	32.91	35.93
3	1987	523	8.28	148.50	8.16	577	-20.30	88.33	9.00	936	68.25	162.22	14.60	4376	20.88	140.21	68.24	6412	18.96	137.77	100	58.11	41.21	44.57	33.15	36.43
4	1988	484	-5.57	138.38	6.89	687	20.80	116.36	9.86	1192	27.36	206.59	16.87	4694	7.04	150.08	68.28	7087	10.22	151.85	100	61.75	41.00	45.85	32.53	36.24
5	1989	666	35.43	187.39	9.00	761	9.16	127.05	10.24	1125	-5.82	194.97	15.14	4875	4.08	156.20	69.62	7430	5.14	154.65	100	60.82	40.05	46.88	32.07	36.07
6	1990	667	-0.30	186.83	8.81	664	13.53	144.24	11.15	1138	1.16	197.23	14.68	5077	4.14	162.87	65.54	7746	4.25	166.44	100	60.84	37.57	48.48	32.75	36.54
7	1991	666	0.15	187.11	8.48	1221	41.32	203.84	15.50	911	-19.95	157.89	11.57	5075	-0.04	162.81	64.45	7875	1.87	169.21	100	60.73	40.70	45.55	33.17	36.80
8	1992	670	0.30	187.68	8.74	1420	16.30	237.06	18.53	870	-4.50	150.78	11.35	4704	7.31	150.72	61.36	7664	-2.68	164.87	100	67.00	40.57	41.43	33.60	37.20
9	1993	705	5.22	197.48	9.19	1473	3.73	245.91	19.19	916	5.29	158.75	11.93	4581	-2.81	146.78	59.89	7675	0.14	164.91	100	64.09	40.92	43.62	33.20	37.26
10	1994	804	14.04	226.21	9.44	1501	1.90	250.98	17.81	1306	42.58	228.34	16.33	4810	7.16	157.32	57.82	8621	11.02	183.09	100	73.08	40.57	40.81	34.10	38.04

Source : Compiled from :

1. FHRAI Guides
2. Publications of the D.O.T. Govt. of Kerala
3. Tourist Desk Publications and
4. Survey Data.

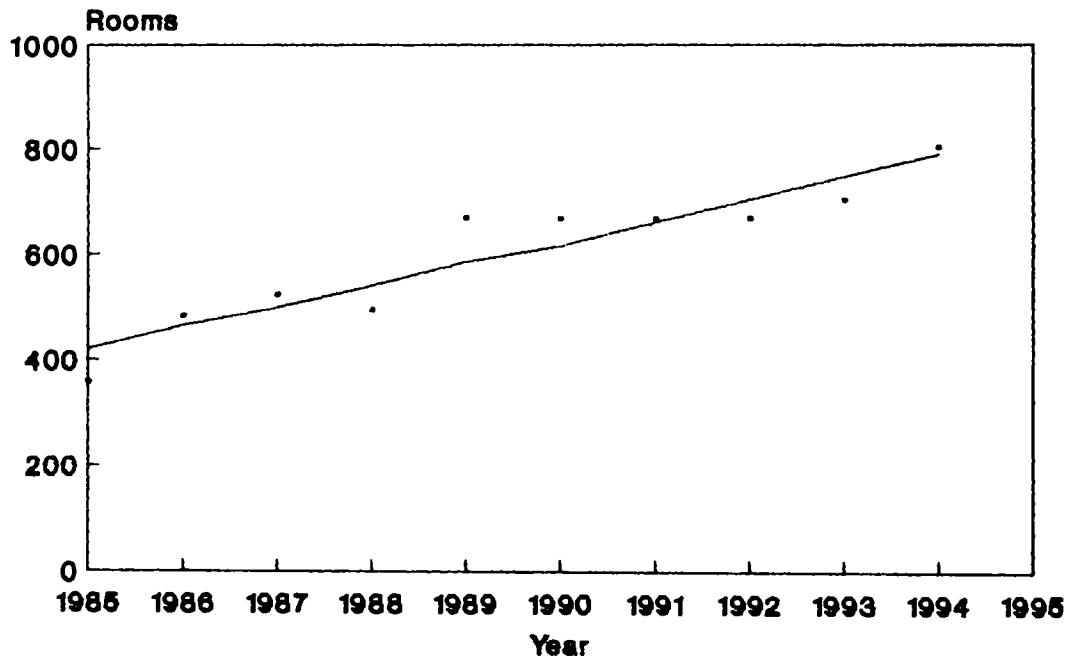


Figure 4.6 Growth of R_1 type Rooms in Kerala.

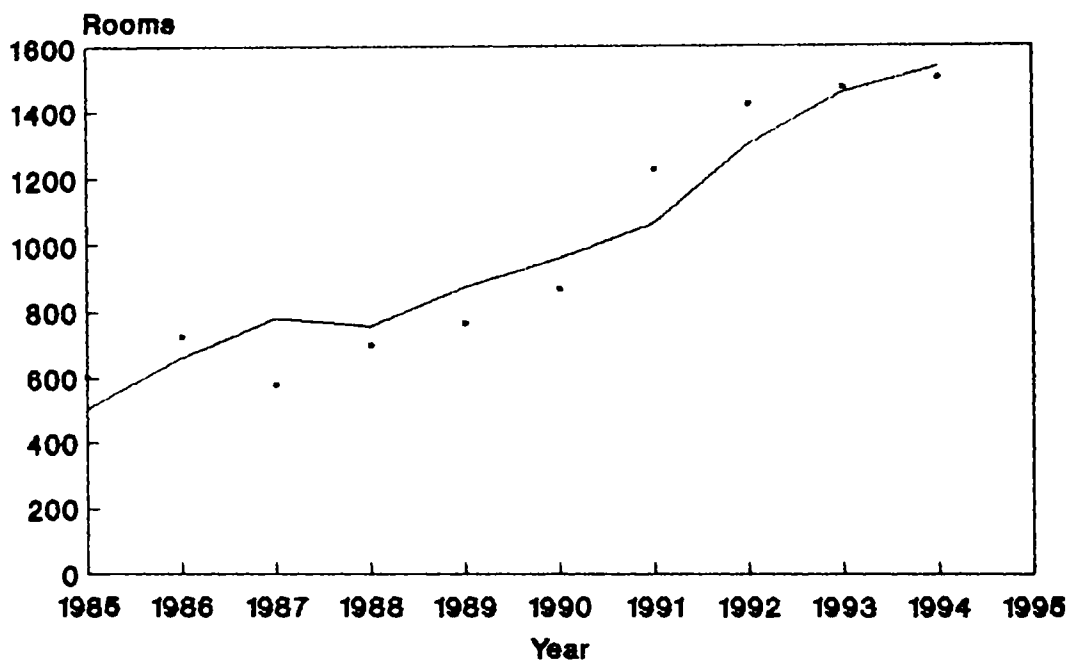


Figure 4.7 Growth of R_2 type Rooms in Kerala.

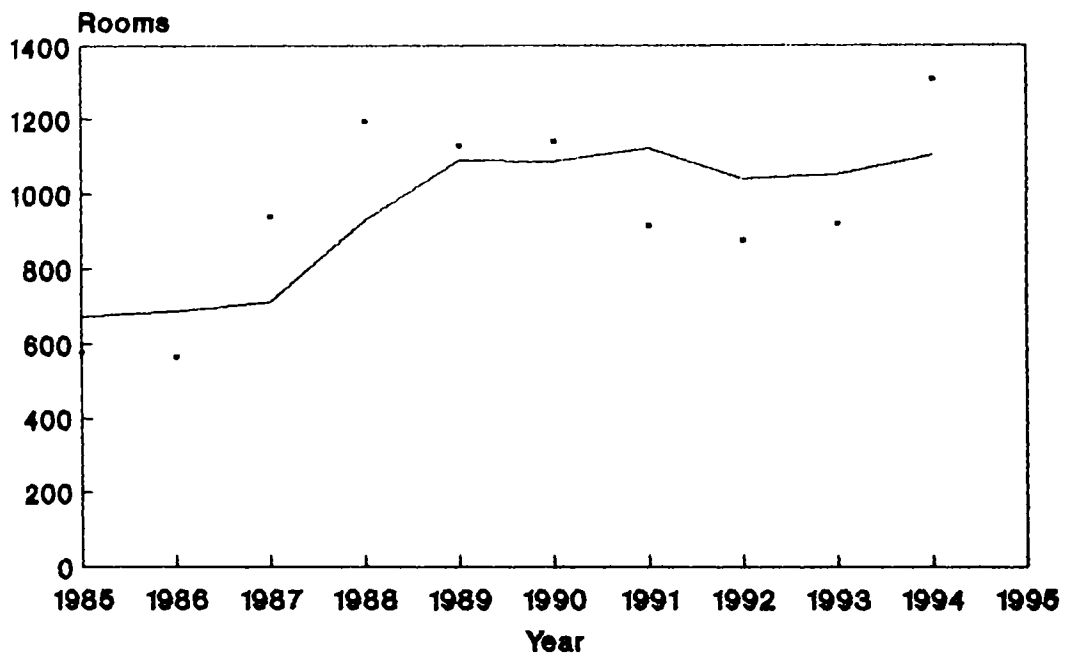


Figure 4.8 Growth of R₃ type Rooms in Kerala.

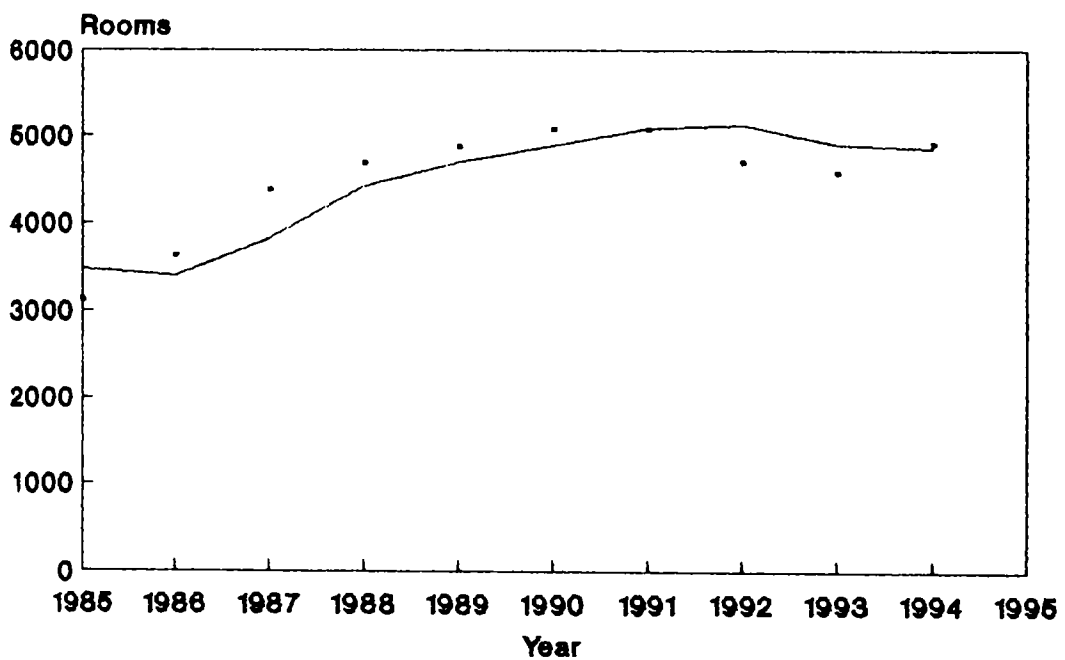


Figure 4.9 Growth of R₄ type Rooms in Kerala

ranged between 37.57 (1990) and 42.79 (1985). This was less than the R₁ type of rooms which ranged between 51 and 73.09 (Table 4.5).

The number of rooms of the R₃ type increased from 577 in 1985 to 1306 in 1994 (Table 4.5). The percentage change over the previous year was the highest in 1987 (66.25) and the lowest in 1991 (-19.95). The index grew from 100 in 1985 to 226.34 in 1994 with oscillations in between. The proportion of the R₃ type rooms to total room capacity of the state ranged between 10.45 percent (1986) and 16.87 per cent (1988). This range was less than that of the R₂ rooms. Similarly the mean-firm size (based on rooms) ranged between 40.21 (1986) and 49.48 (1990). This range was more than that of the R₂ type but less than that of the R₁ type.

The number of R₄ rooms increased from 3121 in 1985 to 4910 in 1994 (Table 4.5). The percentage change over the previous year was the highest in 1987 (20.88) and the lowest in 1992 (-7.31). The index grew steadily from 100 in 1985 to 162.67 in 1990. During 1991 to 1993 the index declined from 162.61 to 146.78 and subsequently increased to 157.32 in 1994. The proportion of the R₄ type of rooms to total room capacity of the state ranged between 57.62 per cent (1994) and 68.24 per cent (1987). A consistent decline in the proportion from 68.24 per cent (1987) to 57.62 per cent in 1994 can be noticed. The increase in the proportion of the R₁ type of rooms to total room capacity from 8.48 per cent in 1991 to 9.44 per cent in 1994, while the proportion of the R₄ type of rooms to total room capacity in the state decreases indicates a favourable growth of R₁ hotel rooms to suit the class tourists. The mean-firm size (based on rooms) ranged between 32.07 (1989) and 34.10 (1994) in the R₄ type of rooms and this range was the lowest among the four groups. The mean-firm size of the total room capacity of the state ranged between 35.93 (1986) and 38.04 (1994).

4.2.4 Estimation of Linear Growth Trends for Rooms.

Linear trends have been estimated to study the growth of the hotel industry by regressing the room capacity of the four groups of hotels on time. The equations were fitted taking into consideration the auto correlated residuals.

TABLE 4.6

LINEAR GROWTH TRENDS IN THE R₁, R₂, R₃ AND R₄ TYPES OF ROOMS

Variables	Linear Equations	Rho	t	r ²
No. of Rooms - Group I	R ₁ = 419.73+41.03 t	-0.080	7.441	0.888
	(29.31) (5.51)			
No. of Rooms - Group II	R ₂ = 502.869+109.475 t	0.519	4.932	0.777
	(126.175) (22.199)			
No. of Rooms - Group III	R ₃ = 674.441+61.549 t	0.501	1.829	0.323
	(190.351) (38.643)			
No. of Rooms - Group IV	R ₄ = 3484.23+187.026 t	0.740	2.408	0.453
	(485.772) (77.669)			

Figures in parenthesis show the Standard Error of α and β .

It can be seen from Table 4.6 that the intercept, and the slope are the highest in the case of R₄ rooms i.e. Group IV indicating the highest growth there in. The next highest is in the R₂ type (Group II) rooms, as the slope is the second highest in that type. The R₃ type (Group III) has the third and the R₁ type (Group I) has the lowest position in growth. The slope and the intercept are the lowest in the R₁ type and the Rho is negative. The slope coefficients are significant at 0.05 level of significance.

The foregoing analysis shows that though there was growth in all the four groups of hotels in terms of rooms, and the index grew the highest in the second

group, the linear trends estimated, regressing the room capacities of the four groups of hotels on time, indicate the highest growth in the R₄ type and the lowest in the R₁ type. This is because there was consistent growth only in the fourth group.

4.2.5 Growth of the Hotel Industry in Kerala - Based on the Bed Capacity of the Four Groups of Hotels.

In the attempt to study the growth of the hotel industry in Kerala in terms of the bed capacity during 1985-1994, the same parameters used in the analysis based on the room capacity are used. Instead of the number of rooms, the number of beds in absolute figures are taken. Similarly the mean-firm size is calculated based on the number of beds. The abbreviations B₁, B₂, B₃, and B₄ represent bed capacity in the first, second, third and fourth group respectively. The growth in the bed capacity of the four groups is graphically represented in Figures 4.10, 4.11, 4.12 and 4.13 respectively.

The B₁ type of beds increased from 777 in 1985 to 1773 in 1994 (Table 4.7). The percentage change over the previous year was the highest in 1989 (41.52) and the lowest in 1988 (-10.58). The index grew steadily from 100 in 1985 to 228.19 in 1994, excepting a decline from 143.50 in 1987 to 128.31 in 1988. The proportion of the B₁ type of beds to total bed capacity of the state ranged between 8.80 per cent (1985) and 10.87 per cent (1994). The mean-firm size (based on bed capacity) ranged between 111 (1985) and 161.18 (1994).

During 1985 to 1994, the B₂ type of beds increased in absolute figures from 1111 to 2837. The percentage change over the previous year was the highest in 1991 (42.20) and the lowest in 1987 (-21.15). The index grew from 100 in 1985 to 255.36 in 1994. This was more than in the B₁ type. The proportion of the B₂ type bed capacity to total bed capacity ranged between 8.79 per cent (1987) and

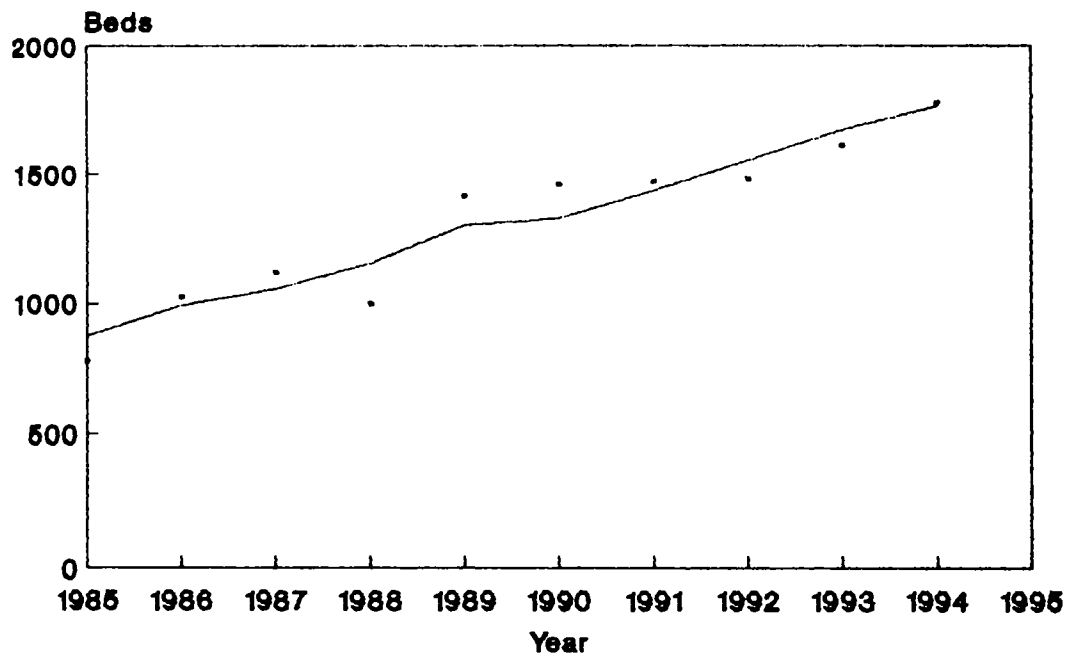


Figure 4.10 Growth of Beds in H₁ type Hotels in Kerala.

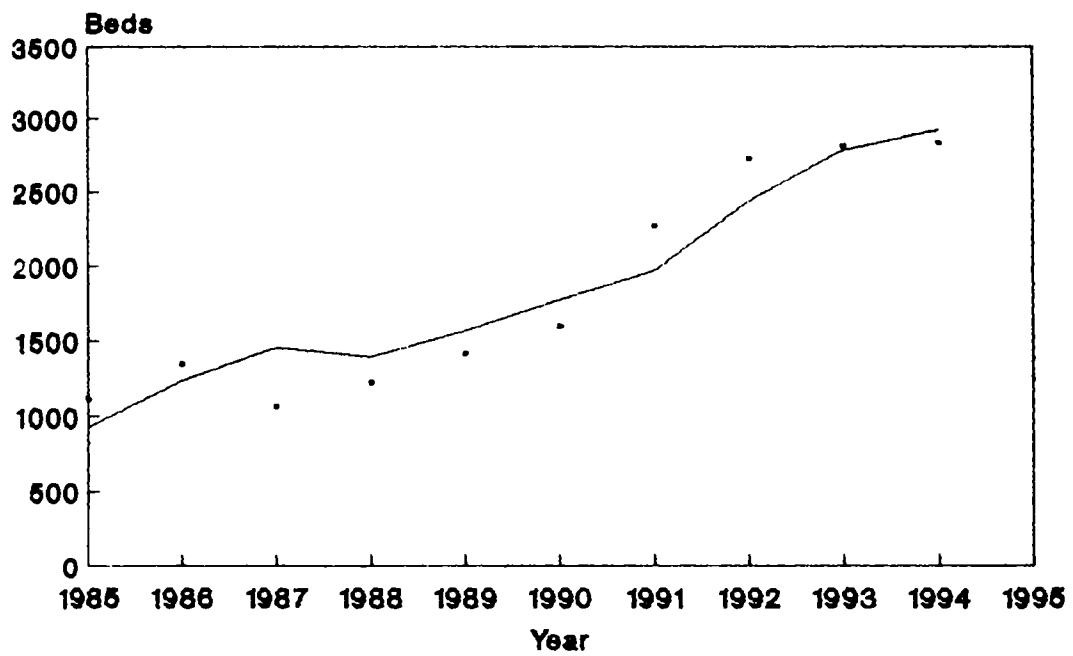


Figure 4.11 Growth of Beds in H₂ type Hotels in Kerala.

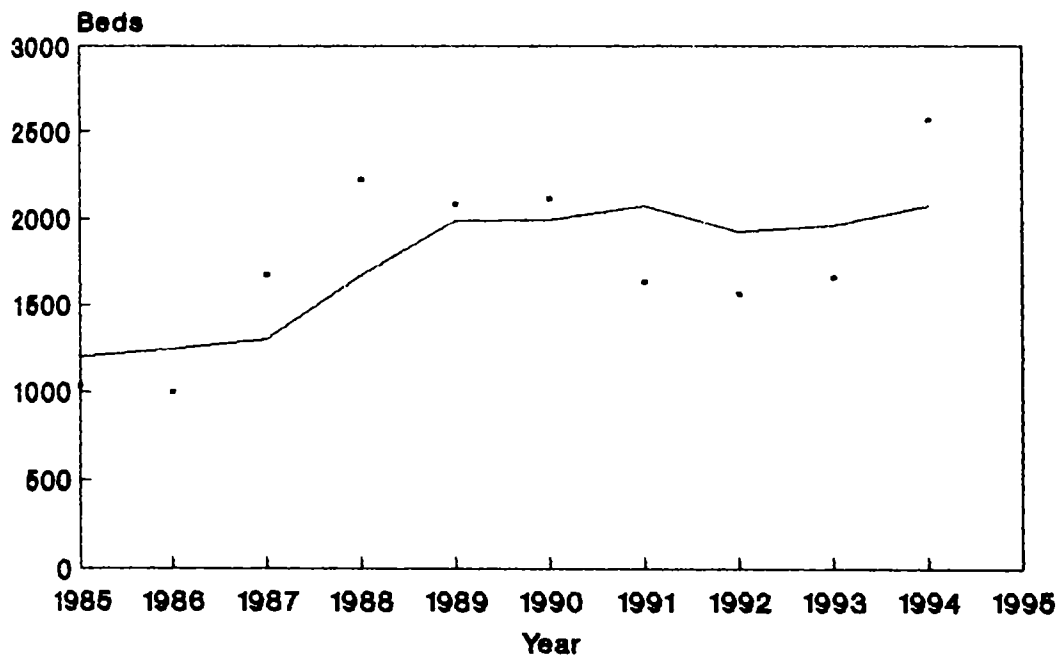


Figure 4.12 Growth of Beds in H₃ type Hotels in Kerala.

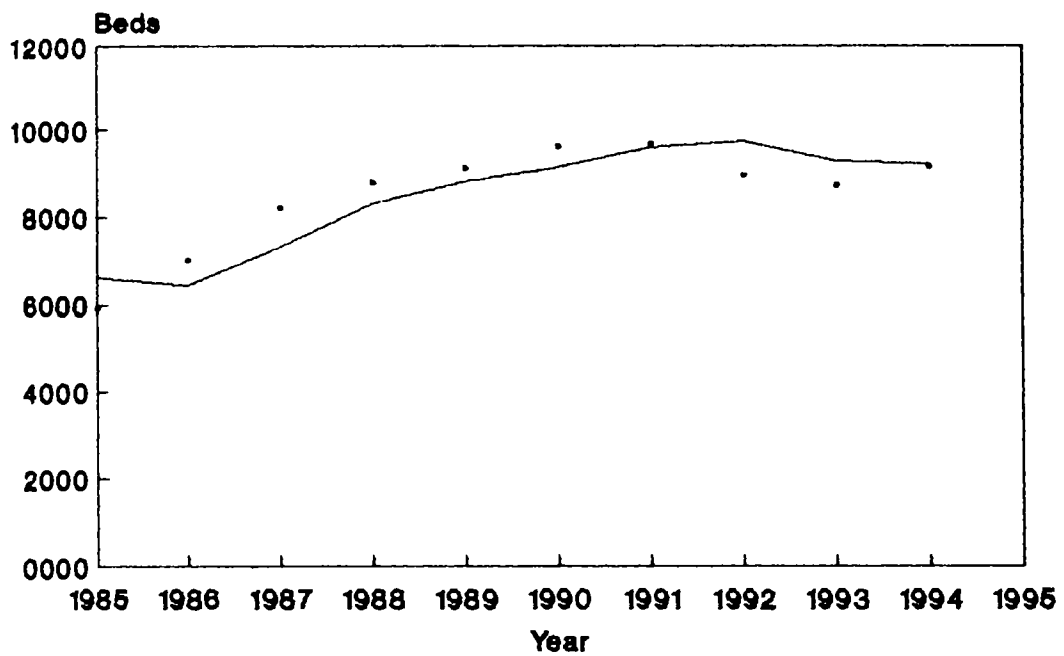


Figure 4.13 Growth of Beds in H₄ type Hotels in Kerala.

TABLE 4.7

GROUPWISE GROWTH OF THE HOTEL INDUSTRY IN KERALA DURING 1985-1994 BASED ON THE BED CAPACITY

S. No.	Y	FIRST GROUP					SECOND GROUP					THIRD GROUP					FOURTH GROUP					TOTAL OF THE STATE					MEAN-FIRM SIZE (based on beds)				
		No. of Beds	% Change	Index	% to state total	No. of Beds	% Change	Index	% to state total	No. of Beds	% Change	Index	% to state total	No. of Beds	% Change	Index	% to state total	No. of Beds	% Change	Index	% to state total	Total (%)	R1	R2	R3	R4	Total				
1	1985	777	-	100	8.80	1111	-	100.00	12.58	1028	-	100	11.85	5916	-	100	68.87	8833	-	100	111.00	100	111.00	79.36	73.50	64.30	69.55				
2	1986	1023	31.66	131.66	9.87	1343	20.88	120.88	12.95	895	-3.30	96.70	9.59	7009	18.48	118.48	87.59	10370	17.40	117.40	100	113.67	79.00	71.07	63.72	69.13					
3	1987	1115	8.99	143.50	9.26	1059	-21.15	96.32	9.79	1871	67.84	182.38	13.88	8188	16.96	138.57	98.07	12043	16.13	136.34	100	123.89	75.64	79.57	62.11	68.43					
4	1988	987	-10.58	128.31	7.55	1218	15.01	109.63	9.22	2220	32.86	215.74	16.81	8772	7.00	148.28	86.42	13207	9.87	149.52	100	124.63	71.65	85.38	60.92	67.73					
5	1989	1411	41.52	181.80	10.08	1414	18.08	127.27	10.10	2080	-8.31	202.14	14.35	9087	3.70	153.77	84.87	14002	6.02	158.52	100	128.27	74.42	88.87	59.85	67.97					
6	1990	1458	3.19	187.38	9.86	1587	12.84	143.74	10.82	2111	1.48	205.15	14.30	9589	6.52	182.25	85.02	14783	5.43	187.15	100	132.38	69.43	91.78	61.93	69.64					
7	1991	1488	0.88	189.08	9.77	2271	42.20	204.41	15.10	1831	-22.74	158.50	10.84	9688	0.72	163.42	84.28	15039	1.87	170.28	100	133.55	75.70	81.55	63.19	70.28					
8	1992	1481	0.82	190.80	10.07	2724	19.85	245.18	18.53	1557	-4.84	151.31	10.59	8940	-7.53	151.11	80.81	14702	-2.24	168.44	100	148.10	77.83	74.14	63.86	71.37					
9	1993	1807	9.51	206.82	10.86	2816	3.38	253.47	19.04	1854	8.23	180.74	11.18	8716	-2.51	147.33	58.82	14783	0.82	187.47	100	148.09	78.22	78.76	63.16	71.81					
10	1994	1773	10.33	228.19	10.87	2837	0.75	265.36	17.39	3588	55.28	248.58	15.74	8137	4.83	154.45	58.00	18315	10.29	184.70	100	161.18	78.88	80.25	63.45	72.83					

Source Compiled from 1. FHRAI Guides

2. Publications of the D.O.T. Govt of Kerala

3. Tourist Desk Publications and

4. Survey Data.

19.04 per cent (1993). The mean firm size ranged between 69.43 (1990) and 79.36 (1985) (Table 4.7).

In the third group the bed capacity increased from 1029 to 2568 during 1985-'94 and the percentage change over the previous year was the highest in 1987 (67.94) and the lowest in 1991 (-22.74). The index grew from 100 in 1985 to 249.56 in 1994 (Table 4.7). The proportion of this type to total bed capacity in the state ranged between 9.59 per cent (1986) and 16.81 per cent (1988). The mean-firm size ranged between 71.07 (1986) and 91.78 (1990).

The increase in the bed capacity of the fourth group was from 5916 to 9137 during 1985 to 1994 (Table 4.7). The percentage change over the previous year was the highest in 1986 (18.48) and the lowest in 1992 (-7.53). The index grew steadily from 100 in 1985 to 163.42 in 1991 and subsequently declined to 147.33 in 1993. But in 1994, it became 154.45. The proportion of the bed capacity in the fourth group to the total bed capacity of the state ranged between 56 (1994) and 68.07 (1987). The mean-firm size ranged between 59.85 (1989) and 64.30 (1985).

The total bed capacity in the state increased from 8833 to 16315 during the decade with the highest percentage change in 1986 (17.40) and the lowest in 1992 (-2.24). The index grew from 100 in 1985 to 184.70 in 1994. The mean-firm size ranged between 67.73 (1988) and 72.83 (1994) (Table 4.7).

4.2.6 Estimation of Linear Growth Trends for Beds

Linear growth trends have been estimated by regressing the bed capacity of the four groups of hotels on time. The equations were fitted by taking the auto correlated residuals

TABLE 4.8
LINEAR GROWTH TRENDS - B₁, B₂, B₃ AND B₄ TYPES OF BEDS

Variables	Linear Equations	Rho	t	r ²
Bed Capacity - Group I	B ₁ = 872.8644+97.649 t	-0.228	9.8	0.932
	(52.626) (9.964)			
Bed Capacity - Group II	B ₂ = 922.152+209.919 t	0.564	4.516	0.744
	(267.442) (46.488)			
Bed Capacity - Group III	B ₃ = 1199.109+124.239 t	0.45	1.860	0.331
	(373.886) (66.795)			
Bed Capacity - Group IV	B ₄ = 6619.671+339.271 t	0.743	2.397	0.451
	(887.589) (141.541)			

Note : Figures in parenthesis indicate the standard Error of α and β .

The growth is the highest in the B₄ type of beds as the slope coefficient and intercept are the highest in this type (Table 4.8). The slope coefficient is the second highest in B₂ type and the third in the B₃ type. The lowest growth is noticed in the B₁ type as the slope coefficient, and the intercept are the lowest and the Rho is negative. The slope coefficients are significant at 0.05 level of significance.

The foregoing analysis shows that the index grew the highest in the third group. The proportion of bed capacity of the respective type to the total bed capacity of the state was the highest in the B₄ type. The mean-firm size (based on bed capacity) was the highest in the first group followed by third group and the lowest in the fourth type. The linear trends estimated by regressing the four groups of beds on time reveal that growth was the highest in the fourth group and the lowest in the first group.

Conclusion

On analysing the aggregate growth of the hotel industry, in terms of the number of hotels, rooms and bed capacity, it is seen that the growth was the highest in the number of hotels till 1989. After that period the growth was the highest in bed capacity. This indicates :

- The preference of hoteliers to provide multi-bedded rooms.
- The tendency to add more rooms to the existing hotels and the entry of entrepreneurs who establish larger units with comparatively more rooms.

This necessitates huge amounts to build modern hotels.

The analysis conducted in respect of the relative growth of the four groups of hotels taking the different categories of hotels i.e. H₁, H₂, H₃ and H₄ showed negative changes also. The negative changes in the number of H₁ hotels were due to the change in the category status and that of H₂, due to the loss of the star status of one hotel and closure of two hotels. Regarding the H₃ hotels the negative changes were due to the award of approval and classification to them. The negative changes in the H₄ hotels were due to the up-gradation of two hotels in 1991, two hotels in 1992 along with the closure of eight hotels in that year and the up-gradation of two hotels in 1993. The linear trends estimated by regressing the number of hotels of the four groups on time indicate that the highest growth was in the H₄ type and the lowest in the H₁ type.

The analysis made in respect of room capacity of the four groups of hotels shows negative changes. The negative changes in R₁ in 1988 were due to the decrease in the number of hotels of that type and in 1990, it was due to conversion of rooms to multi-bedded suites. The number of rooms of the R₂ type was

reduced in 1987 due to the decrease in the number of hotels of this type, as explained earlier. The decrease in the number of R₃ rooms without fall in the number of hotels in 1986 was due to the pattern of conversion of two single rooms into double rooms. The reduction in 1989 and 1991 was due to the decrease in the number of hotels of the R₃ type and that of 1992 even when the number of this type of hotels stood increased was due to :

- provision of suites/double rooms by demolishing existing rooms
- conversion of old type rooms into restructured modern airy and spacious rooms and
- earmarking of rooms for the hotel staff for their accommodation free of cost.

The decrease in the number of hotels had resulted in the reduction of rooms of R₄ type in 1992 and 1993.

The linear trends estimated by regressing the number of rooms of the four groups on time also indicate that the highest growth was in the R₄ type and the lowest in the R₁ type

The analysis made in respect of the bed capacity also shows some negative changes. The decrease in the B₁ and B₂ type of beds was due to the decrease in H₁ and H₂ hotels in the years 1988 and 1989 respectively. The decrease in the number of beds of B₃ type in 1986, '89, '91 and '92 was the result of the decrease in the number of rooms in the respective years. The decrease in the B₄ type of beds in 1993 and 1994 was due to the decrease in the number of rooms in those years. The linear trends estimated by regressing bed capacity of the four groups

on time show that growth was the highest in the B₄ type and the lowest in the B₁ type.

The growth of the hotel industry in Kerala as disclosed by the group-wise analysis in terms of number of the hotels, the number of rooms and the bed capacity indicate that the growth was the highest in the fourth group and the lowest in the first group. The increasing demands of the foreign and domestic tourists warrant growth in the first group. The group in which the highest growth is found, i.e. the fourth group is not demanded by the tourists as they do not offer even the minimum standards. This will force the growing number of tourists to stay at the available rooms in the R₄ type which in turn will lead to dissatisfaction and discontent. Their unhappy experience in the stay and sojourn will reflect adversely on our future tourist arrivals. Hence it is highly important that hotels of the standard expected by the tourists are provided at the right places.

4.3 The Centre-wise Analysis of Growth Trends of the Hotel Industry in Kerala

Kerala is a long strip of enchanting land which lies between the high Western Ghats in the East and the vast Arabian sea in the West. It is a land of rivers and backwaters. It has all the tourist attractions like hill resorts, canals, waterways, historical and archeological institutions and above all a congenial and hospitable weather. The Department of Tourism, Government of Kerala has recognised eleven places as major tourist centres of Kerala. The centre-wise growth of the hotel industry in Kerala is analysed in the following section to know whether the growth of the hotel industry has taken place at the appropriate centres. The following are the eleven centres about which the growth of the hotel industry during 1985 to 1994 is analysed in terms of the number of hotels, rooms and bed capacity (centre-wise) in Tables 4.9 to 4.19.

TABLE 4.9.
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN THIRUVANANTHAPURAM

Year	Hotels					Rooms								Beds				
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total			
1985	2 100	2 100	2 100	13 100	19 100	87 100	71 100	100 100	472 100	730 100	184 100	127 100	215 100	846 100	1372 100			
1986	3 150	2 100	3 150	19 146.15	27 142.11	185 212.64	71 100	127 127	648 137.29	1031 141.23	372 202.17	127 100	264 122.79	1139 134.63	1902 138.63			
1987	3 150	2 100	3 150	22 169.23	30 157.88	189 217.24	71 100	127 127	781 165.47	1168 160.00	380 206.52	127 100	264 122.79	1383 163.48	2154 157.00			
1988	3 150	1 50	5 250	22 163.23	31 163.16	190 218.39	44 61.97	230 230	781 165.47	1245 170.55	329 178.80	92 72.44	458 213.02	1383 163.48	2262 164.87			
1989	3 150	1 50	4 200	22 169.23	30 157.88	191 219.54	45 63.38	230 230	789 167.16	1255 171.92	331 179.89	95 74.80	459 213.49	1393 164.66	2278 166.03			
1990	3 150	1 50	4 200	22 169.23	30 157.88	191 219.54	45 63.38	207 207	802 169.92	1245 170.55	375 203.80	95 74.80	422 196.28	1415 167.26	2307 168.15			
1991	3 150	1 50	6 300	23 176.92	33 173.68	192 220.69	45 63.38	332 332	835 176.91	1404 192.93	378 205.40	95 74.80	622 289.30	1561 184.52	2656 193.59			
1992	3 150	2 100	5 250	23 176.92	33 173.68	194 222.99	133 187.32	250 250	835 176.91	1412 193.42	387 210.33	271 213.39	436 202.79	1561 184.52	2655 193.51			
1993	3 150	2 100	5 250	24 184.62	34 178.95	190 218.39	133 187.32	257 257	739 156.57	1319 180.68	400 217.39	265 208.66	471 219.07	1382 163.36	2518 183.53			
1994	3 150	2 100	6 300	24 184.62	35 184.21	190 218.39	133 187.32	297 297	739 156.57	1359 186.16	400 217.39	233 183.46	600 279.07	1382 163.36	2615 190.60			

Note Figures in italics indicate indices

Source Compiled from 1. FHRAI Guides

2. Publications of the D.O.T. Govt. of Kerala

3. Tourist Desk Publications and

4. Survey Data

4.3.1 *Thiruvananthapuram*

Thiruvananthapuram, the capital city of Kerala, is the conglomeration of the words, Tiru-ananta-puram, the city of the divine Serpent Ananta. The Sree Padmanabhaswamy Temple of Lord Vishnu depicted as reclining on the Serpent Ananta is a landmark of the city. Many important cultural institutions, educational institutions and libraries are located here. The group-wise growth of the number of hotels, rooms and beds in Thiruvananthapuram is given in Table 4.9. The growth of hotel rooms and beds there is graphically represented in figures 4.14 and 4.15 respectively.

It is discernible from Table 4.9 that the indices grew the highest in the third group in all the three variables i.e. from 100 to 300 in the number of hotels, from 100 to 297 in the room capacity and from 100 to 279.07 in the bed capacity. The index grew the lowest in the second group in respect of the number of hotels - it remained unchanged at 100 during 1985 to 1994 except a decline during 1988-1991. The indices of the room and bed capacity grew the lowest in the fourth group.

4.3.2 *Kovalam*

Kovalam is an international beach resort, sixteen kilometres away from Thiruvananthapuram. Facilities at the resort include boating, swimming, yoga and water-sports. Table 4.10 indicates the growth of different types of hotels, and their room and bed capacity during 1985-'94. in Kovalam and Figures 4.16 and 4.17 show the graphical representations of growth in terms of room and bed capacity respectively.

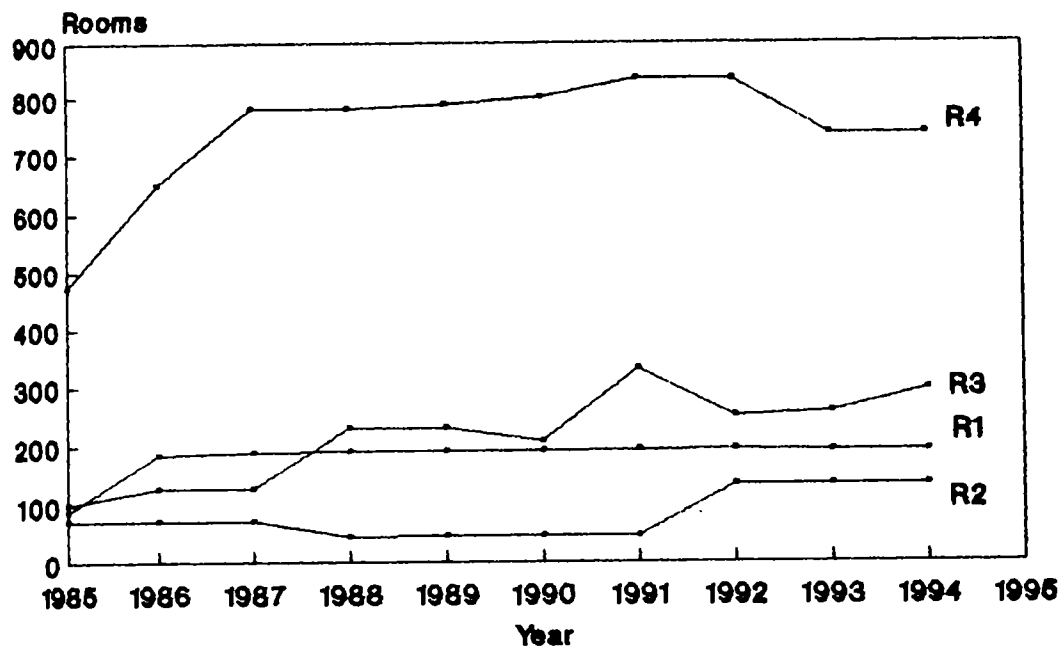


Figure 4.14 Growth of Hotel Rooms in Thiruvananthapuram (Group-wise)

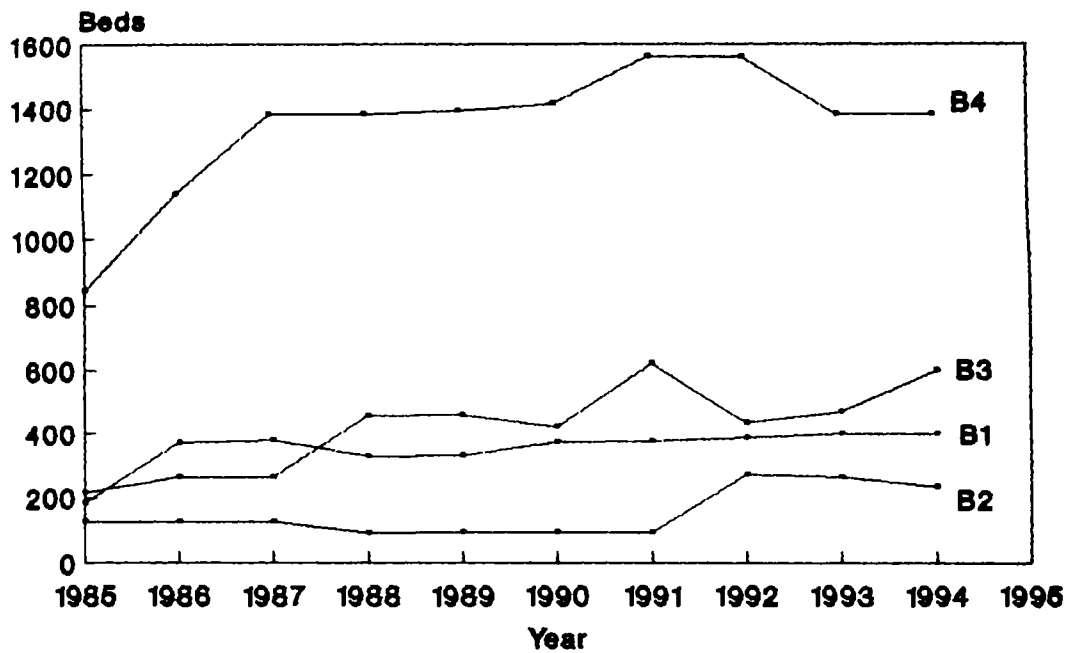


Figure 4.15 Growth of Hotel Beds in Thiruvananthapuram (Group-wise)

TABLE 4.10
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN KOVALAM

Year	Hotels					Rooms					Beds				
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total
1985	1 100	-	1 100	4 100	6 100	128 100	-	40 100	63 100	231 100	320 100	-	80 100	116 100	516 100
1986	1 100	-	1 100	7 175	9 150	128 100	-	40 100	124 196.83	202 87.45	320 100	-	80 100	232 200.00	632 122.48
1987	1 100	-	1 100	11 275	13 216.67	128 100	-	40 100	169 268.25	337 145.89	320 100	-	80 100	303 261.21	703 136.24
1988	1 100	-	1 100	11 275	13 216.67	128 100	-	40 100	169 268.25	337 145.89	320 100	-	80 100	303 261.21	703 136.24
1989	1 100	1	1 100	11 275	14 233.33	125 97.65	40	16 40	169 268.25	350 151.52	364 113.75	80	32 40	303 261.21	779 150.97
1990	1 100	1	2 200	11 275	15 250.00	125 97.65	40	42 105	169 268.25	376 162.77	364 113.75	80	81 101.25	303 261.21	828 160.47
1991	1 100	2	3 300	5 125	11 183.33	125 97.65	75	71 177.5	80 126.98	351 151.95	364 113.75	150	139 173.75	150 129.31	803 155.62
1992	1 100	3	3 300	2 50	9 150.00	125 97.65	90	72 180.00	49 77.78	336 145.45	364 113.75	178	141 176.25	92 79.31	775 150.19
1993	1 100	3	3 300	2 50	9 150.00	125 97.65	90	78 195.00	44 69.84	337 145.89	364 113.75	178	154 192.5	82 70.69	778 150.78
1994	1 100	3	3 300	2 50	9 150.00	189 147.66	90	78 195.00	44 69.84	401 173.59	492 153.75	178	154 192.5	82 70.69	906 175.58

Note Figures in italics indicate indices.

Source Compiled from 1. FHRAI Guides

2. Publications of the D.O.T. Govt. of Kerala

3. Tourist Desk Publications and

4. Survey Data.

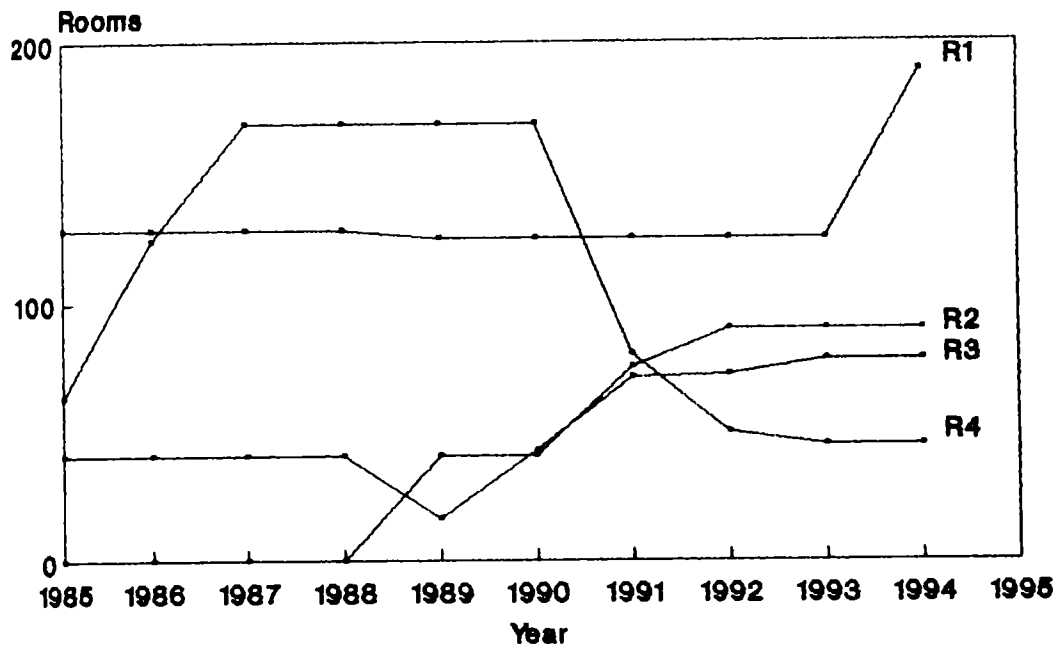


Figure 4.16 Growth of Hotel Rooms in Kovalam (Group-wise).

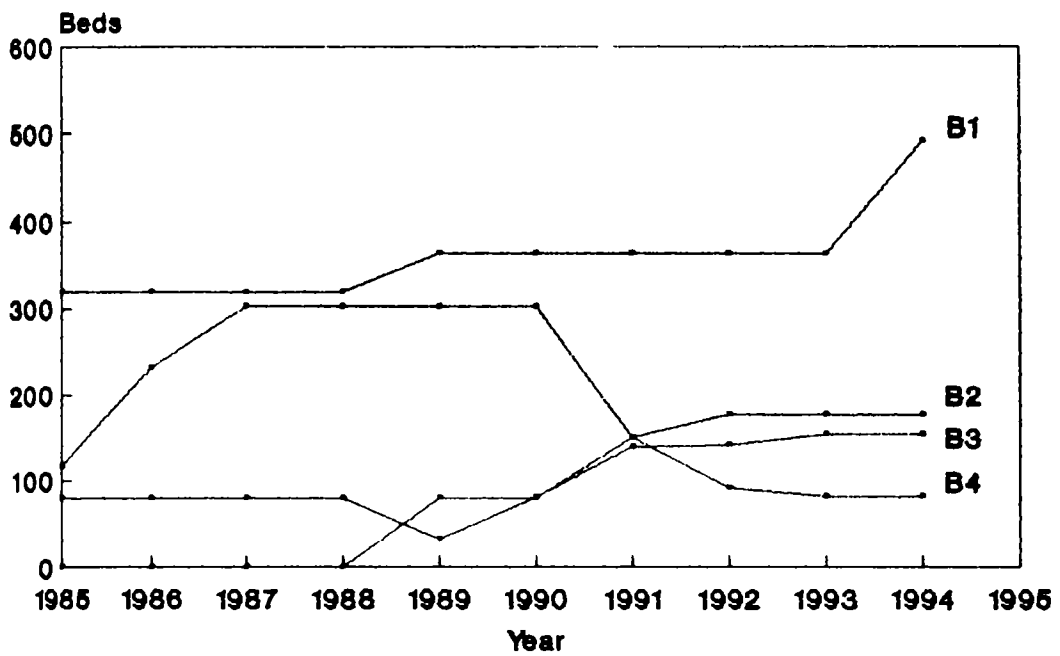


Figure 4.17 Growth of Hotel Beds in Kovalam (Group-wise).

Throughout the decade there was only one hotel in the first group; its room capacity increased from 128 to 189 and the bed capacity from 320 to 492 with increase in the indices from 100 to 147.66 and from 100 to 153.75 respectively (Table 4.10). There were no hotels in the second group until 1988. During 1989 to 1994 it increased from one to three with increase in the room capacity from 40 to 90 and bed capacity from 80 to 178. In the third group, the number of hotels increased from one to three, rooms from 40 to 78 and beds from 80 to 154, with growth of indices from 100 to 300, from 100 to 195 and from 100 to 192.5 respectively, during the decade. There was a decline in all the variables under the fourth group. The decline in indices was from 100 to 50, from 100 to 69.84 and from 100 to 70.69 for hotels, rooms and beds respectively. The indices grew the highest in the bed capacity from 100 to 175.58 and the lowest in the number of hotels (from 100 to 150) when all the four groups were taken together.

4.3.3 Kochi

Kochi is famous for its natural harbour. It is called the Queen of the Arabian Sea. The Dutch Palace at Mattancheri, the St. Francis Church and the Jewish Synagogue are some of the major tourist attractions here. Kochi is the Gateway of Kerala. The group-wise growth of hotels, rooms and beds in Kochi is given in Table 4.11. Figures 4.18 and 4.19 graphically depict the growth of hotel rooms and beds in Kochi.

There was growth in all the three variables, i.e. number of hotels, rooms and beds in all the four groups of hotels in Kochi (Table 4.11). Taking the total of the three variables and comparing the growth in their indices, it can be seen that the growth was the highest in the bed capacity i.e. from 100 to 298.92 and the lowest in the number of hotels, i.e. from 100 to 276, during the decade. The

TABLE 4.11

GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - KOCHI

Year	Hotels						Rooms						Beds					
	H1	H2	H3	H4	Total		R1	R2	R3	R4	Total	B1	B2	B3	B4	Total		
1985	3	4	4	14	25		112	213	225	467	1017	207	402	333	626	1768		
	100	100	100	100	100		100	100	100	100	100	100	100	100	100	100		
1986	3	6	3	17	31		112	366	184	578	1240	207	692	250	1066	2215		
	100	200	75	121.43	124		100	171.83	81.78	123.77	121.93	100	172.14	75.08	129.06	125.28		
1987	3	7	4	19	33		148	319	225	665	1357	291	595	333	1179	2398		
	100	175	100	135.71	132		132.14	149.77	100	142.40	133.43	140.58	148.01	100.00	142.74	135.63		
1988	3	9	6	28	46		148	401	298	840	1687	290	682	513	1592	3077		
	100	225	150	200	184		132.14	186.26	132.44	179.87	165.88	140.10	169.65	154.05	192.74	174.04		
1989	6	8	4	34	52		325	358	219	963	1865	658	663	347	1807	3475		
	200	200	100	242.86	208		290.18	168.08	97.33	206.21	183.38	317.87	164.93	104.20	218.76	196.55		
1990	6	10	4	38	58		323	434	219	1205	2181	659	792	347	2316	4114		
	200	250	100	271.42	232		288.39	203.76	97.33	258.03	214.45	318.36	197.01	104.20	280.39	232.69		
1991	6	10	4	42	62		323	435	208	1284	2250	669	789	319	2401	4176		
	200	250	100	300	248		288.39	204.23	92.44	274.95	221.24	323.19	196.27	95.80	290.68	236.31		
1992	6	10	4	38	58		323	431	212	1166	2132	672	811	331	2180	3994		
	200	250	100	271.42	232		288.39	202.35	94.22	249.68	209.64	324.64	201.74	99.40	263.92	225.91		
1993	6	10	4	38	58		360	428	210	1326	2324	761	897	325	2480	4383		
	200	250	100	271.42	232		321.43	200.94	93.33	283.94	228.52	377.29	223.13	97.60	300.24	247.91		
1994	6	11	10	42	69		395	451	516	1486	2848	819	855	946	2665	5285		
	200	275	250	300	276		352.68	211.74	229.33	318.20	280.04	395.65	212.69	284.08	322.64	298.92		

Note : Figures in italics indicate indices.

Source : Compiled from 1. FHRAI Guides
2. Publications of the D O T. Govt. of Kerala
3. Tourist Desk Publications and
4. Survey Data.

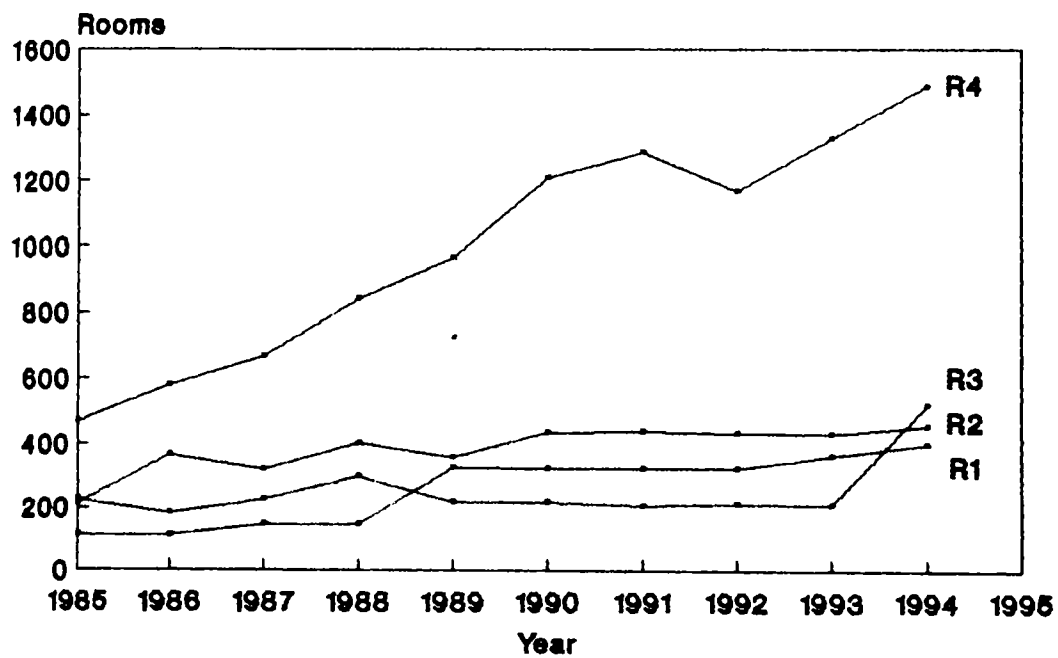


Figure 4.18 Growth of Hotel Rooms in Kochi (Group-wise).

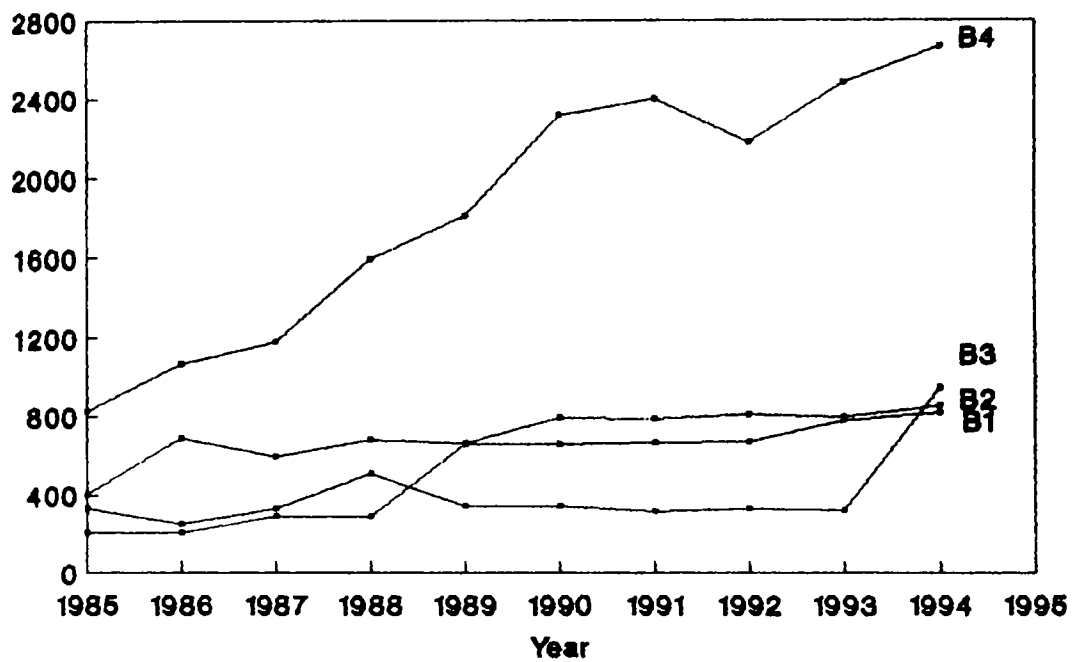


Figure 4.19 Growth of Hotel Beds Kochi (Group-wise).

indices of the number of hotels, in the four groups, grew the highest in the fourth group, i.e. from 100 to 300 and the lowest in the first group, i.e. 100 to 200. Regarding the number of rooms, the highest growth was in the first group, i.e. from 100 to 352.68 and the lowest was in the second group, i.e. from 100 to 211.74. In the case of the third variable also the indices grew the highest in the first group, i.e. from 100 to 395.65 and the lowest in the second group i.e. from 100 to 212.69.

4.3.4 Thekkadi

The Periyar Wild Life Sanctuary is famous here. A cruise in the Periyar Lake is credited with a chance to look at the animals at close quarters. The group-wise growth of hotels, rooms and beds in Thekkadi is shown in Table 4.12. The graphical representations of growth of hotel rooms and beds in Thekkadi are given in Figures 4.20 and 4.21 respectively. There were no hotels of the first group throughout the period under study and no hotels in the second group until 1989. During 1990 to 1994 the number of hotels in the second group increased from 2 to 3 with increase in their rooms from 30 to 115 and beds from 60 to 233. This was done by converting unapproved hotels in the third group. Hence there were no hotels in the third group during 1990-1994. In the fourth group the number of hotels, rooms and beds increased from 1 to 5, from 29 to 97 and from 90 to 184 respectively. The indices of the total of the three variables grew the highest in rooms i.e. from 100 to 359.32 and the lowest in the number of hotels i.e. from 100 to 266.67.

4.3.5 Kollam

Kollam is a historic town which stands on the shore of the Ashtamudi Lake. It is the centre of cashew industry. The light house at Thangasseri, the

TABLE 4.12
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - THEKKADI

Year	Hotels					Rooms							Beds			
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total	
1985	-	-	2	1	3	-	-	30	29	59	-	-	60	90	150	
	-	-	100	100	100	-	-	100	100	100	-	-	100	100	100	
1986	-	-	2	1	3	-	-	30	29	59	-	-	60	90	150	
	-	-	100	100	100	-	-	100	100	100	-	-	100	100	100	
1987	-	-	2	2	4	-	-	30	49	79	-	-	60	137	197	
	-	-	100	200	133.33	-	-	100	168.97	133.90	-	-	100	152.22	131.33	
1988	-	-	2	4	6	-	-	30	108	138	-	-	60	194	254	
	-	-	100	400	200	-	-	100	372.41	233.90	-	-	100	215.56	169.33	
1989	-	-	2	5	7	-	-	30	128	158	-	-	60	234	294	
	-	-	100	500	233.33	-	-	100	441.38	267.80	-	-	100	260.00	196	
1990	-	2	-	6	8	-	30	-	142	172	-	60	-	262	322	
	-	-	-	600	266.67	-	-	-	489.66	291.52	-	-	-	291.11	214.67	
1991	-	2	-	6	8	-	78	-	153	231	-	156	-	286	442	
	-	-	-	600	266.67	-	-	-	527.59	391.53	-	-	-	317.78	294.67	
1992	-	3	-	5	8	-	115	-	97	212	-	230	-	181	411	
	-	-	-	500	266.67	-	-	-	334.48	359.32	-	-	-	201.11	274.00	
1993	-	3	-	5	8	-	115	-	97	212	-	230	-	181	311	
	-	-	-	500	266.67	-	-	-	334.48	359.32	-	-	-	201.11	207.33	
1994	-	3	-	5	8	-	115	-	97	212	-	233	-	184	417	
	-	-	-	500	266.67	-	-	-	334.48	359.32	-	-	-	204.44	278.00	

Note : Figures in italics indicate indices
Source : Compiled from 1. FHRAI Guides
2. Publications of the D.O.T. Govt. of Kerala
3. Tourist Desk Publications and
4. Survey Data.

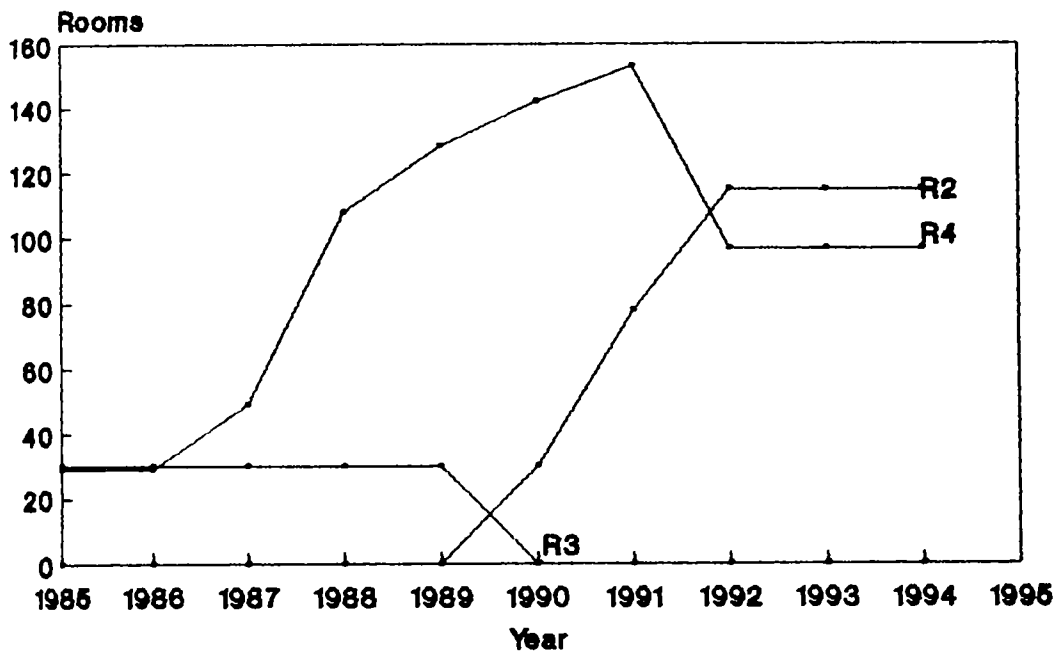


Figure 4.20 Growth of Hotel Rooms in Thekkadi (Group-wise).

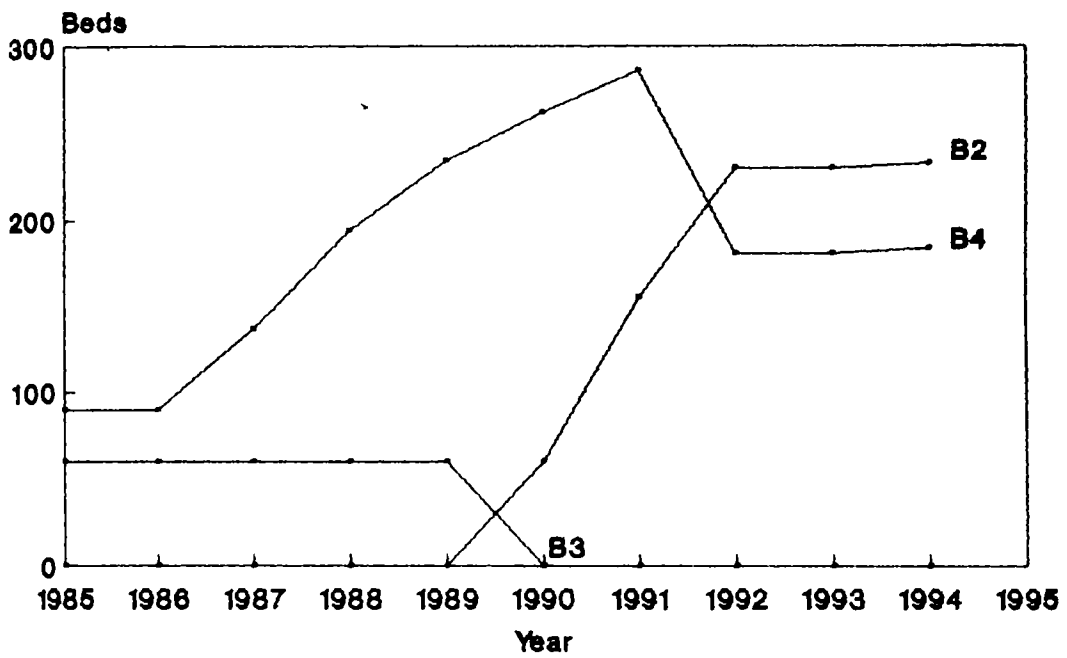


Figure 4.21 Growth of Hotel Beds Thekkadi (Group-wise).

TABLE 4.13
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - KOLLAM

Year	Hotels				Rooms							Beds			
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total
1985	-	2 <i>100</i>	-	8 <i>100</i>	10 <i>100</i>	-	100	-	180	280	-	187	-	328	515
1986	-	2 <i>100</i>	-	8 <i>100</i>	10 <i>100</i>	-	100	-	192	292	-	187	-	352	539
1987	-	-	3	9 <i>112.5</i>	12 <i>120</i>	-	-	160	220	380	-	-	289	421	710
1988	-	1 <i>50</i>	3	9 <i>112.5</i>	13 <i>130</i>	-	76	154	220	450	-	119	315	421	855
1989	-	2 <i>100</i>	3	8 <i>100.00</i>	13 <i>130</i>	-	98	154	213	465	-	163	316	407	886
1990	-	2 <i>100</i>	3	6 <i>75</i>	11 <i>110</i>	-	98	154	150	402	-	163	316	275	754
1991	-	2 <i>100</i>	2	5 <i>62.5</i>	9 <i>90</i>	-	100	84	144	328	-	87.17	177	83.84	146.41
1992	-	2 <i>100</i>	2	4 <i>50</i>	8 <i>80</i>	-	100	84	137	321	-	89.30	171	256	594
1993	-	2 <i>100</i>	2	3 <i>37.5</i>	7 <i>70</i>	-	100	84	37	221	-	89.30	171	69	407
1994	-	2 <i>100</i>	2	3 <i>37.5</i>	7 <i>70</i>	-	100	77	37	214	-	89.30	162	21.04	398
							<i>103</i>		<i>20.56</i>	<i>16.43</i>		<i>89.30</i>		<i>21.04</i>	<i>77.28</i>

Note : Figures in italics indicate indices

Source : Compiled from 1. FHRAI Guides

2. Publications of the D.O.T. Govt. of Kerala

3. Tourist Desk Publications and

4. Survey Data

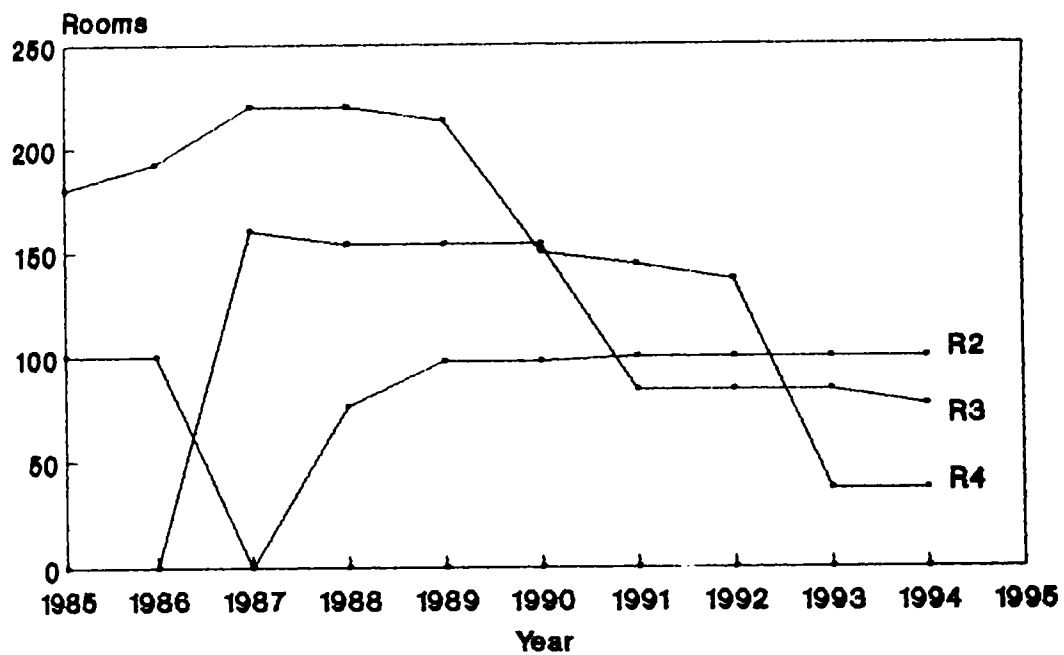


Figure 4.22 Growth of Hotel Rooms in Kollam (Group-wise)

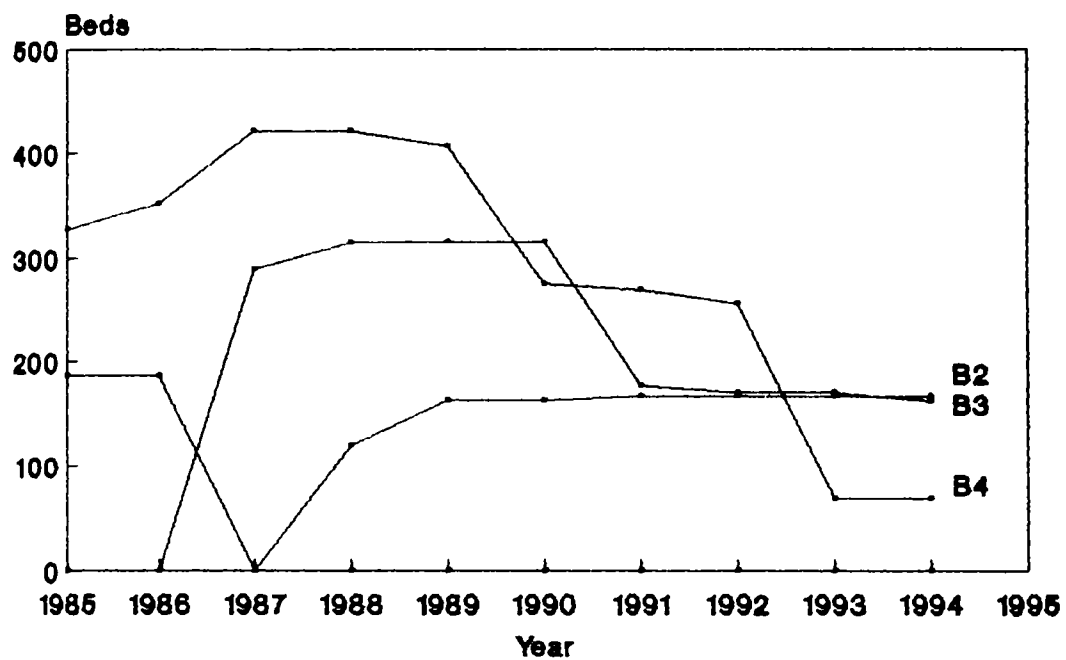


Figure 4.23 Growth of Hotel Beds in Kollam (Group-wise).

Thirumullavaram beach and the model park at Kochupilamoodu beach are the places of interest there. Table 4.13 indicates the growth of the number of hotels, rooms and beds in Kollam under various groups. Figures 4.22 and 4.23 show the graphical representations of the growth of rooms and beds at Kollam. There were no hotels in the first group. In the second group, there was no growth in the number of hotels or rooms but a decline in the bed capacity from 187 in 1985 to 167 in 1994 was found. Hotels in the third group began in 1987 and a decline is found in all the three variables. There were hotels in the fourth group throughout the decade but, there also a decline in all the three variables is found. The decline in the index was the highest in rooms and the lowest in the number of hotels.

4.3.6 *Alappuzha*

Alappuzha is an industrial town. It is the centre for backwater cruises in Kerala. This town has been known as the 'Venice of the East'. A major tourist attraction here is the "Nehru Trophy Boat Race" organised on the Second Saturday of August every year. Pathiramanal, a tiny island in the Vembanad Lake in Alappuzha will soon become a top class resort in the tourist map of Kerala and India. Table 4.14 gives the growth in the three variables under the four groups and the Figures 4.24 and 4.25 give the graphical representations of the growth in rooms and beds respectively in Alappuzha. There was only one hotel in the first group during 1985-87 with 30 rooms and 66 beds. This was included in the second group in 1988 with 36 rooms and 76 beds on re-classification by the Department of Tourism. Since 1993 the rooms and beds in this group have become 30 and 62 respectively. There was no hotel in the third group. During 1985-'94 the number of hotels in the fourth group grew from 3 to 10, rooms from 148 to 389 and beds from 213 to 727. Respective indices grew to 333.33, 262.84 and 341.31 from 100 in the base year 1985.

TABLE 4.14
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - ALAPUZHA

Year	Hotels					Rooms					Beds				
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total
1985	1	-	-	3	4	30	-	-	148	178	86	-	-	213	279
1986	1	-	-	3	4	30	-	-	160	190	66	-	-	235	301
	-	-	-	100	100	-	-	-	108.11	106.74	-	-	-	110.33	107.89
1987	1	-	-	4	5	30	-	-	216	246	66	-	-	313	379
	-	-	-	133.33	125	-	-	-	145.95	138.20	-	-	-	146.95	135.84
1988	-	1	-	4	5	-	36	-	216	252	-	72	-	313	385
	-	-	-	133.33	125	-	-	-	145.95	141.57	-	-	-	146.95	137.99
1989	-	1	-	5	6	-	36	-	252	288	-	72	-	420	492
	-	-	-	166.67	150	-	-	-	170.27	161.80	-	-	-	197.18	176.34
1990	-	1	-	6	7	-	36	-	302	338	-	72	-	565	637
	-	-	-	200	175	-	-	-	204.05	189.89	-	-	-	265.26	228.32
1991	-	1	-	6	7	-	36	-	302	338	-	72	-	565	637
	-	-	-	200	175	-	-	-	204.05	189.89	-	-	-	265.26	228.32
1992	-	1	-	8	9	-	36	-	331	367	-	72	-	619	691
	-	-	-	266.67	225	-	-	-	223.65	206.18	-	-	-	290.61	247.67
1993	-	1	-	10	11	-	30	-	389	419	-	62	-	727	789
	-	-	-	333.33	275	-	-	-	262.84	235.39	-	-	-	341.31	282.80
1994	-	1	-	10	11	-	30	-	389	419	-	62	-	727	789
	-	-	-	333.33	275	-	-	-	262.84	235.39	-	-	-	341.31	282.80

Note : Figures in italics indicate indices

- Source : Compiled from 1. FHRAI Guides
2. Publications of the D.O.T. Govt. of Kerala
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4. Survey Data.

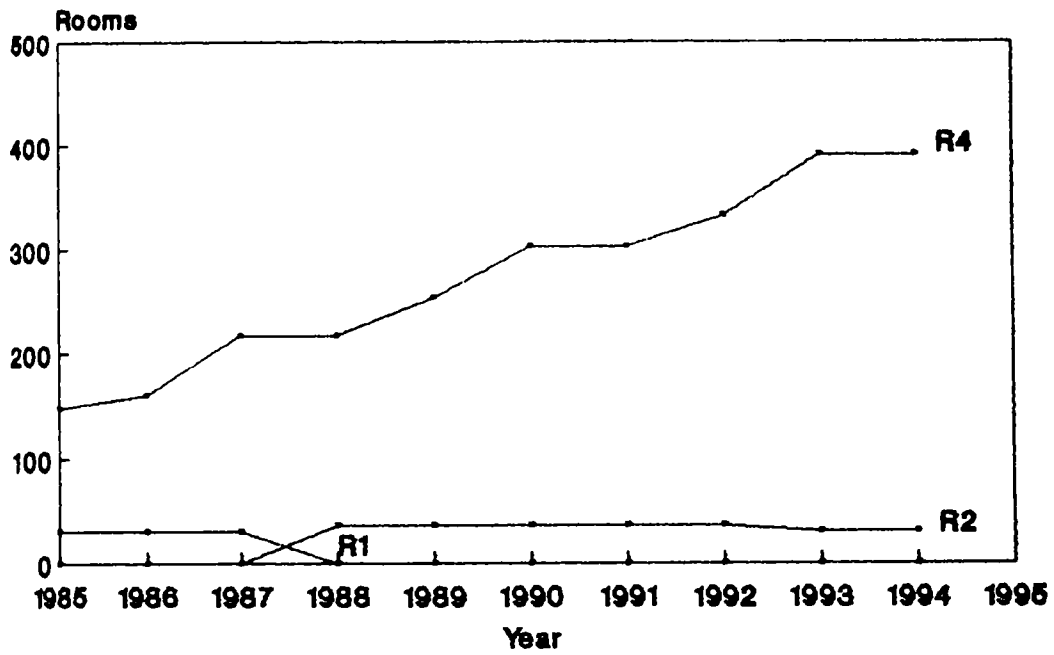


Figure 4.24 Growth of Hotel Rooms in Alapuzha (Group-wise).

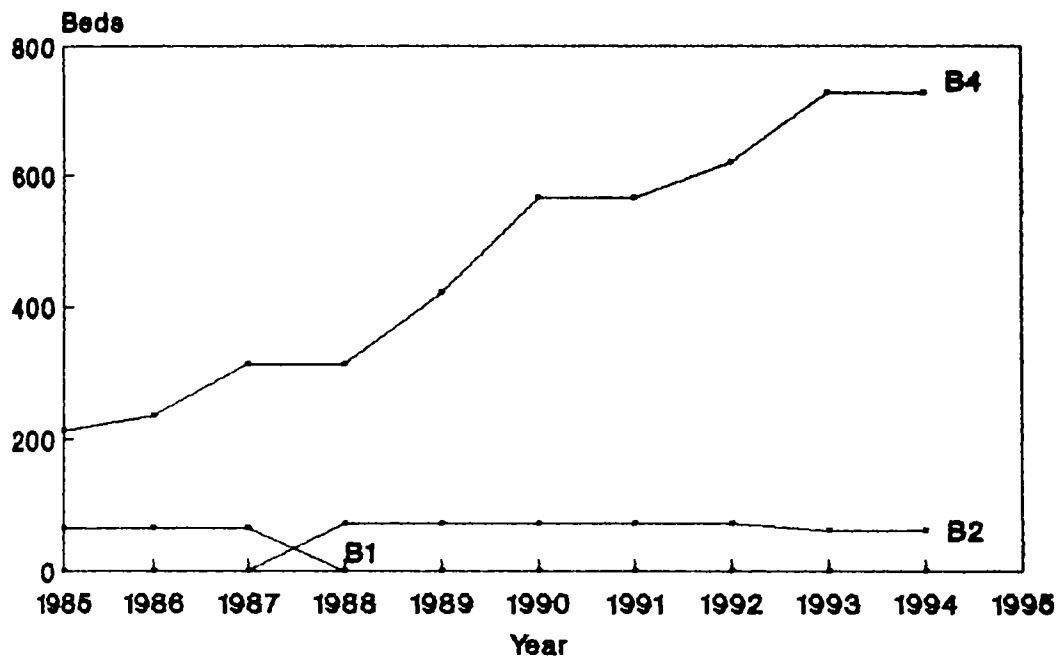


Figure 4.25 Growth of Hotel Beds in Alapuzha (Group-wise).

4.3.7 *Kottayam*

Kottayam is a beautiful town and a commercial centre, especially for rubber, tea, pepper and cardamom. A drive from Periyar Wild life Sanctuary to Kottayam is a thrilling experience. Kumarakam Bird Sanctuary is situated 12 kilometres west of Kottayam on the eastern banks of the Vembanad lake. Table 4.15 indicates the growth in all the three variables i.e., the number of hotels, rooms and beds during the decade under study and Figures 4.26 and 4.27 give the graphical representations of the growth of rooms and beds respectively in Kottayam. It can be learnt from the Table that though hotels were available in all the groups except the first-one, the indices indicate that growth was there only in the second group in all the three variables.

4.3.8 *Thrissur*

The name Thrissur is the shortened form of 'Thrissivaperur', meaning the "town with the name of Lord Siva". The town is built around an elevated ground at the centre of which is the Vadakkunathan (Siva) temple, the site of the famous Thrissur Pooram Festival. Table 4.16 displays the growth in the variables, namely the number of hotels, rooms and beds in Thrissur during the decade 1985-1994. The graphical representations of the growth of rooms and bed capacity are depicted by Figures 4.28 and 4.29. It is discernible from Table 4.16 that the only one hotel in the second group (1985-87) lost its status symbol between 1988 and 1990 and regained it in 1991. From 1991 onwards there were two hotels in the second group with rooms ranging from 115 to 117 and beds ranging from 208 to 237. In the third group the number of hotels remained two during the decade with oscillations in-between. The room capacity declined from 61 to 55 and the bed capacity from 111 to 100. In the fourth group though the number of hotels

TABLE 4.15
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - KOTTAYAM

Year	Hotels					Rooms							Beds			
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total	
1985	-	2	2	.11	15	-	42	76	250	368	-	85	140	459	684	
	-	100	100	100	100	-	100	100	100	100	-	100	100	100	100	
1986	-	2	2	11	15	-	42	76	260	378	-	85	140	480	705	
	-	100	100	100	100	-	100	100	104	102.72	-	100	100	104.58	103.07	
1987	-	2	2	11	15	-	42	76	272	390	-	85	140	508	733	
	-	100	100	100	100	-	100	100	108.8	105.98	-	100	100	110.68	107.16	
1988	-	3	1	10	14	-	85	36	262	383	-	158	70	489	717	
	-	150	50	90.91	93.33	-	202.38	47.37	104.8	104.08	-	185.88	50	106.54	104.82	
1989	-	3	2	10	15	-	85	72	262	419	-	158	132	489	779	
	-	150	100	90.91	100	-	202.38	94.74	104.8	113.86	-	185.88	94.29	106.54	113.89	
1990	-	3	1	9	13	-	85	32	197	314	-	158	62	368	588	
	-	150	50	81.82	86.67	-	202.38	42.11	78.8	85.33	-	185.58	44.29	80.17	85.96	
1991	-	4	-	9	13	-	118	-	197	315	-	226	-	368	594	
	-	200	0	81.82	86.67	-	280.95	0	78.8	85.60	-	265	-	80.17	86.84	
1992	-	4	1	8	13	-	85	38	160	286	-	176	66	299	541	
	-	200	50	72.73	86.67	-	209.52	50	64	77.72	-	207	47.14	65.14	79.09	
1993	-	4	1	6	11	-	88	38	190	316	-	176	66	355	597	
	-	200	50	54.55	73.33	-	209.52	50.00	76	85.87	-	207	47.14	77.34	87.28	
1994	-	4	2	6	12	-	91	75	190	356	-	184	200	355	739	
	-	200	100	54.55	80.00	-	216.67	98.68	76	96.74	-	216.47	142.86	77.34	108.04	

Note : Figures in italics indicate indices

Source : Compiled from 1. FHRAI Guides
2. Publications of the D.O.T Govt. of Kerala
3. Tourist Desk Publications and
4. Survey Data.

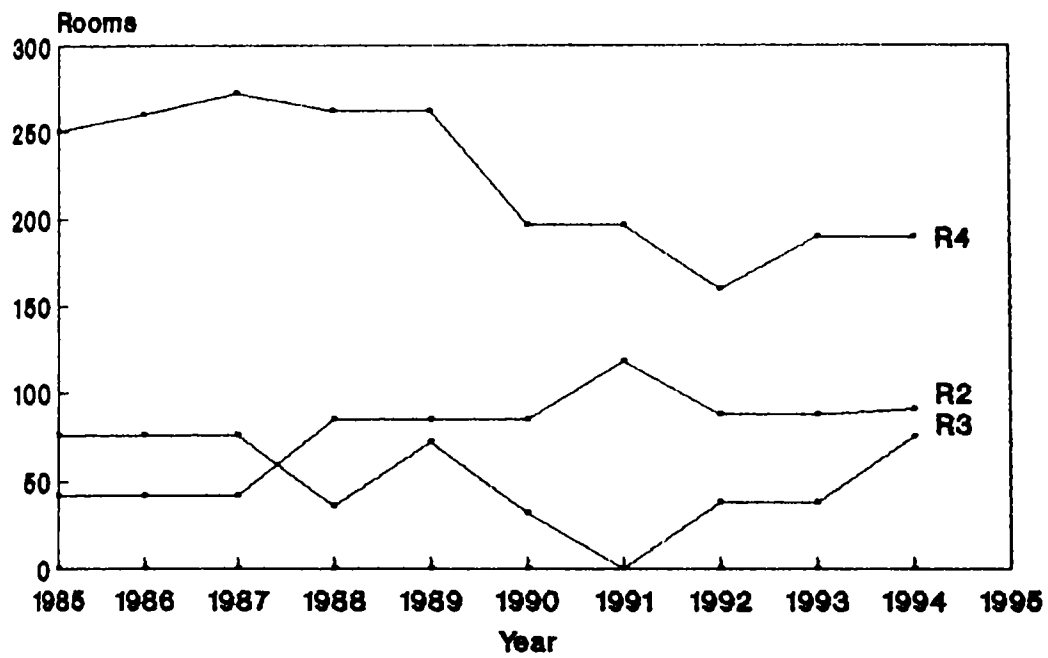


Figure 4.26 Growth of Hotel Rooms in Kottayam (Group-wise).

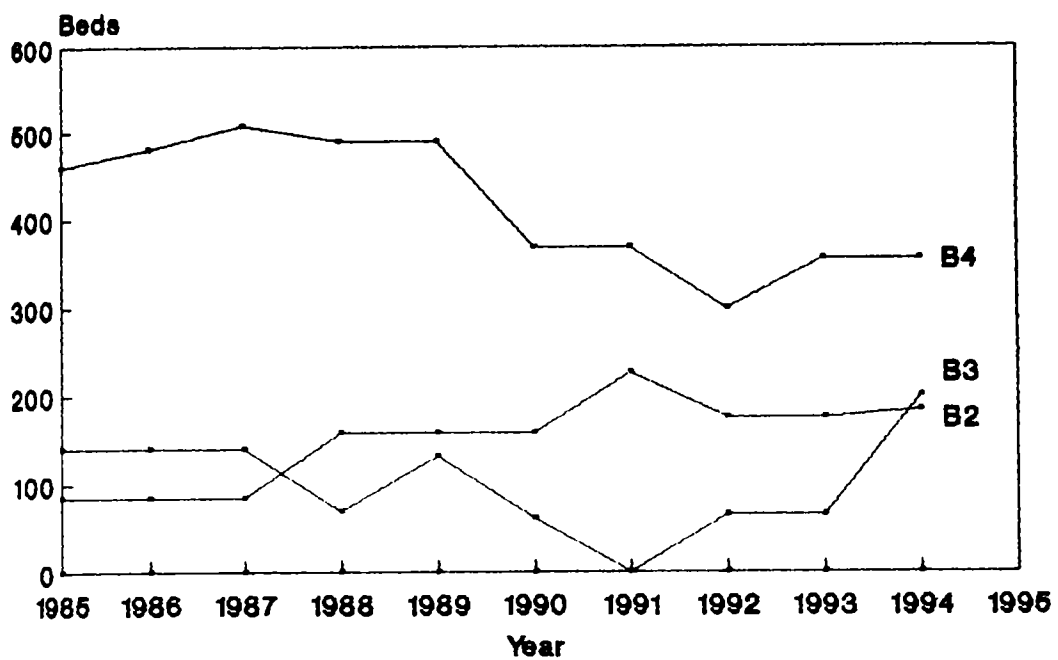


Figure 4.27 Growth of Hotel Beds in Kottayam (Group-wise).

TABLE 4.16
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - THRISSUR

Year	Hotels					Rooms						Beds				
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total	
1985	-	1 <i>100</i>	2 <i>100</i>	9 <i>100</i>	12 <i>100</i>	-	90 <i>100</i>	61 <i>100</i>	234 <i>100</i>	385 <i>100</i>	-	157 <i>100</i>	111 <i>100</i>	368 <i>100</i>	636 <i>100</i>	
1986	-	1 <i>100</i>	2 <i>100</i>	10 <i>111.11</i>	13 <i>108.33</i>	-	90 <i>100</i>	61 <i>100</i>	253 <i>108.12</i>	404 <i>104.94</i>	-	157 <i>100</i>	111 <i>100</i>	405 <i>110.05</i>	673 <i>105.82</i>	
1987	-	1 <i>100</i>	2 <i>100</i>	11 <i>122.22</i>	14 <i>116.67</i>	-	90 <i>100</i>	61 <i>100</i>	270 <i>115.38</i>	421 <i>109.35</i>	-	157 <i>100</i>	111 <i>100</i>	448 <i>121.74</i>	716 <i>112.58</i>	
1988	-	-	4 <i>200</i>	11 <i>122.22</i>	15 <i>125</i>	-	-	160 <i>262.30</i>	270 <i>115.38</i>	430 <i>111.69</i>	-	-	286 <i>257.66</i>	448 <i>121.74</i>	734 <i>115.40</i>	
1989	-	-	4 <i>200</i>	11 <i>122.22</i>	15 <i>125</i>	-	-	160 <i>262.30</i>	275 <i>117.52</i>	435 <i>112.99</i>	-	-	286 <i>257.66</i>	453 <i>123.1</i>	739 <i>116.19</i>	
1990	-	-	4 <i>200</i>	11 <i>122.22</i>	15 <i>125</i>	-	-	160 <i>262.30</i>	275 <i>117.52</i>	435 <i>112.99</i>	-	-	311 <i>280.18</i>	453 <i>123.1</i>	764 <i>120.13</i>	
1991	-	2 <i>200</i>	1 <i>50</i>	12 <i>133.33</i>	15 <i>125</i>	-	115 <i>127.78</i>	10 <i>16.39</i>	242 <i>103.42</i>	367 <i>95.32</i>	-	206 <i>132.48</i>	15 <i>13.51</i>	453 <i>123.1</i>	676 <i>106.29</i>	
1992	-	2 <i>200</i>	1 <i>50</i>	10 <i>111.11</i>	13 <i>108.33</i>	-	115 <i>127.78</i>	10 <i>16.39</i>	177 <i>75.64</i>	302 <i>78.44</i>	-	233 <i>148.41</i>	15 <i>13.51</i>	311 <i>84.51</i>	579 <i>91.04</i>	
1993	-	2 <i>200</i>	1 <i>50</i>	9 <i>100</i>	12 <i>100</i>	-	117 <i>130</i>	15 <i>24.59</i>	104 <i>44.44</i>	236 <i>61.30</i>	-	237 <i>150.96</i>	20 <i>18.02</i>	194 <i>52.72</i>	451 <i>70.91</i>	
1994	-	2 <i>200</i>	2 <i>100</i>	10 <i>111.11</i>	14 <i>116.67</i>	-	117 <i>130</i>	55 <i>90.16</i>	165 <i>70.51</i>	337 <i>87.53</i>	-	212 <i>135.03</i>	100 <i>90.09</i>	362 <i>82.07</i>	614 <i>96.54</i>	

Note Figures in italics indicate indices.

Source : Compiled from 1. FHRAI Guides
2. Publications of the D.O.T. Govt. of Kerala
3. Tourist Desk Publications and
4. Survey Data.

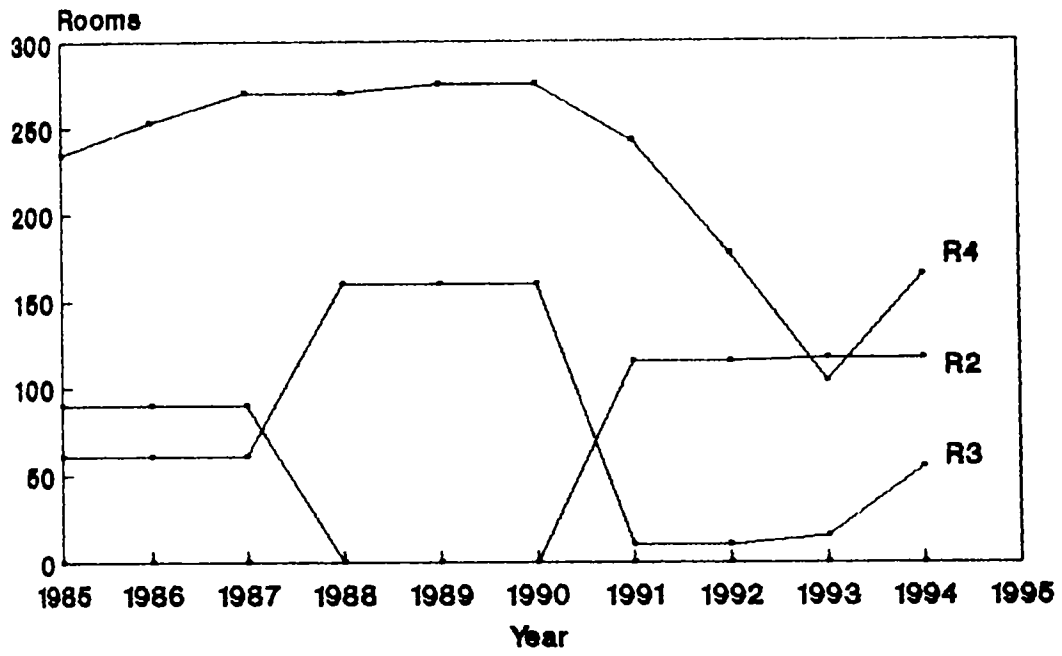


Figure 4.28 Growth of Hotel Rooms in Thrissur (Group-wise).

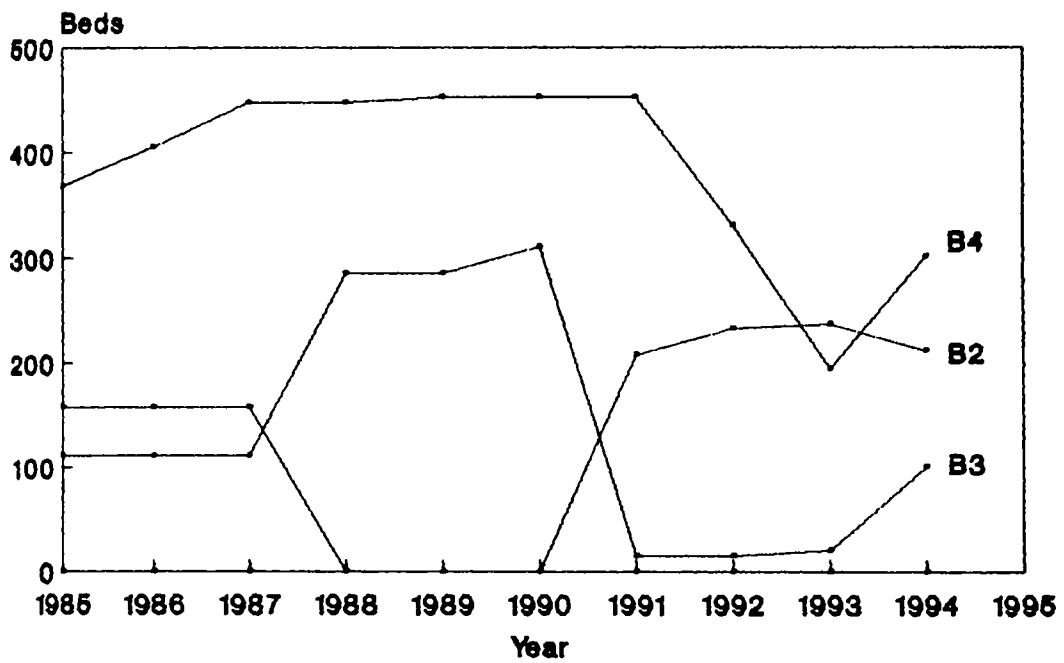


Figure 4.29 Growth of Hotel Beds in Thrissur (Group-wise).

increased from 9 to 10, there was a decline in the room (234 to 165) and the bed capacity (368 to 302).

4.3.9 *Guruvayoor*

Guruvayoor is one of the most popular pilgrim centres of India. The growth in the number of hotels, rooms and beds in Guruvayoor during the decade is given in Table 4.17. The growth in the second and third variable is depicted graphically in Figures 4.30 and 4.31. There were no hotels in group one during 1985-1994. But there were 2 hotels in the H₂ type during 1991-'94. There was only one hotel in the H₃ type from 1985 to 1990 and there were no hotels of this type from 1991 to 1994. The number of H₄ hotels had increased from 11 (1985) to 19 (1994). The room capacity and the bed capacity changed in time with the changes in the number of hotels. While the indices of H₄ hotels grew from 100 (1985) to 175 (1994) in the number of hotels and to 129.15 in room capacity, it grew to 122.93 in the bed capacity indicating the highest growth in the number of hotels and the lowest in the bed capacity.

4.3.10 *Palakkad*

Palakkad is described as the granary of Kerala. The Fort of Tipu Sultan, Malampuzha Lake/garden, and Silent Valley are some of the important places of attraction here. The growth in the three variables during the decade in Palakkad under the four groups is given in Table 4.18. The graphical representations of the rooms and beds are given in Figures 4.32 to 4.33. It can be noticed from the Table, the number of H₁ hotels remained one throughout the decade except in 1985, when the same hotel stood classified in the H₂ type. There were no H₂ hotels in Palakkad during the period under study. One H₃ hotel was there in 1992 and the number increased to 2 in 1994. Though the H₄ hotels increased from 12 (1985) to

TABLE 4.17
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - GURUVAYOOR

Year	Hotels					Rooms					Beds				
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total
1985			1	11	12	-	-	45	662	707	-	-	90	1548	1638
			-	100	100	-	-	-	100	100	-	-	-	100	100
1986			1	11	12	-	-	45	662	707	-	-	90	1548	1638
			-	100	100	-	-	-	100	100	-	-	-	100	100
1987			1	12	13	-	-	45	678	723	-	-	90	1580	1670
			-	102.09	108.33	-	-	-	102.42	101.98	-	-	-	102.06	101.95
1988			1	14	15	-	-	45	738	783	-	-	90	1676	1766
			-	127.27	125	-	-	-	111.48	110.75	-	-	-	108.27	107.81
1989			1	16	17	-	-	45	788	833	-	-	90	1736	1826
			-	145.45	141.67	-	-	-	119.03	117.82	-	-	-	112.14	111.48
1990			1	17	18	-	-	45	810	855	-	-	90	1803	1893
			-	154.54	150	-	-	-	122.36	120.93	-	-	-	116.47	115.57
1991			-	17	19	-	-	71	810	881	-	147	-	1803	1950
			-	154.54	158.33	-	-	-	122.36	124.61	-	-	-	116.47	119.05
1992			-	18	20	-	-	71	825	896	-	147	-	1843	1990
			-	163.64	166.67	-	-	-	124.62	126.73	-	-	-	119.06	121.49
1993			-	18	20	-	-	75	825	900	-	155	-	1843	1988
			-	163.64	166.67	-	-	-	124.62	127.30	-	-	-	119.06	121.98
1994			-	19	21	-	-	75	855	930	-	155	-	1903	2058
			-	172.73	175	-	-	-	129.15	131.54	-	-	-	122.93	125.64

Note : Figures in italics indicate indices

Source : Compiled from 1. FHRAI Guides

2. Publications of the D.O.T. Govt. of Kerala

3. Tourist Desk Publications and

4. Survey Data.

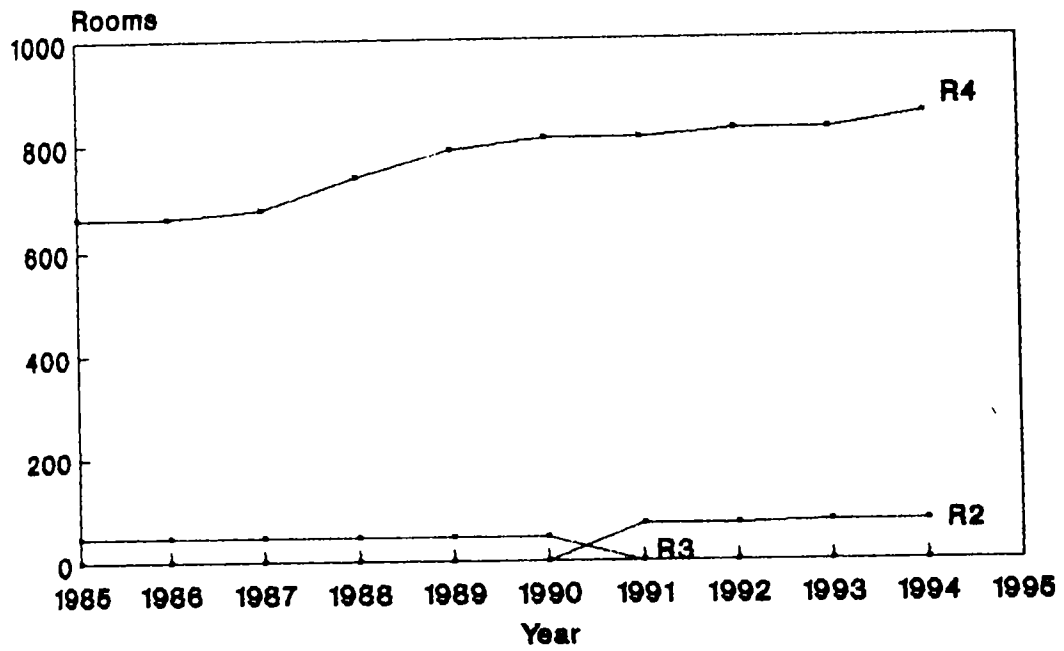


Figure 4.30 Growth of Hotel Rooms in Guruvayoor (Group-wise).

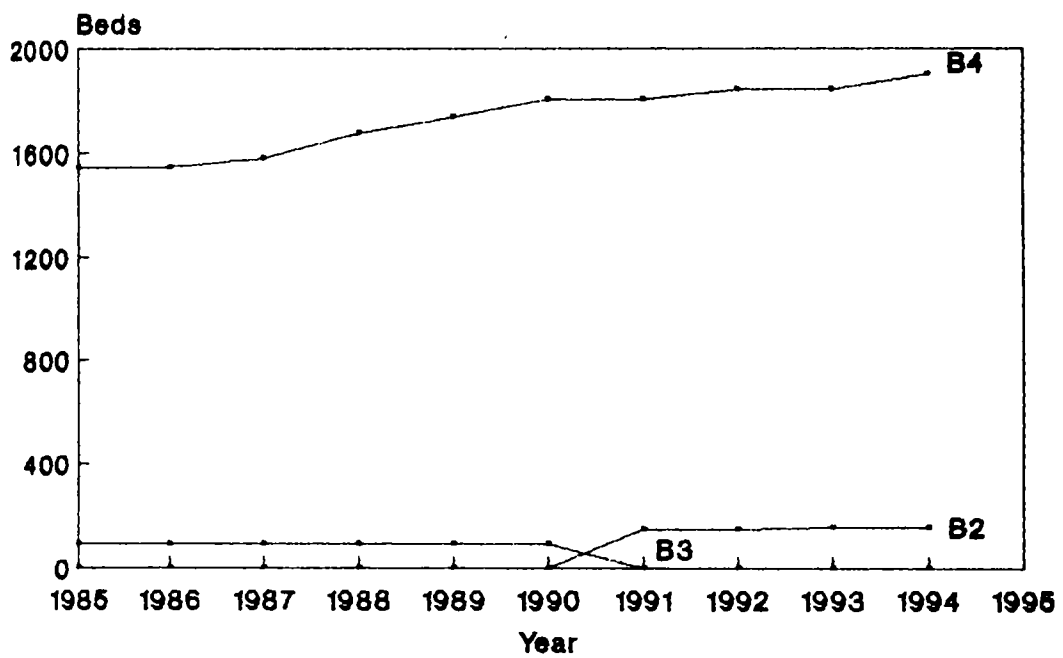


Figure 4.31 Growth of Hotel Beds in Guruvayoor (Group-wise)

TABLE 4.18
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - PALAKKAD

Year	Hotels					Rooms					Beds				
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total
1985	-	-	-	12	13	-	28	-	310	338	-	58	-	609	667
	-	-	-	100	100	-	-	-	100	100	-	-	-	100	100
1986	1	-	-	12	13	28	-	-	310	338	58	-	-	609	667
	-	-	-	100	100	-	-	-	100	100	-	-	-	100	100
1987	1	-	-	13	14	28	-	-	330	358	58	-	-	641	699
	-	-	-	108.33	107.70	-	-	-	106.45	105.92	-	-	-	105.25	104.80
1988	1	-	-	13	14	28	-	-	330	358	58	-	-	641	699
	-	-	-	108.33	107.70	-	-	-	106.45	105.92	-	-	-	105.25	104.80
1989	1	-	-	13	14	28	-	-	330	358	58	-	-	641	699
	-	-	-	108.33	107.70	-	-	-	106.45	105.92	-	-	-	105.25	104.80
1990	1	-	-	13	14	28	-	-	330	358	58	-	-	641	699
	-	-	-	108.33	107.70	-	-	-	106.45	105.92	-	-	-	105.25	104.80
1991	1	-	-	13	14	28	-	-	302	330	58	-	-	565	623
	-	-	-	108.33	107.70	-	-	-	97.42	97.63	-	-	-	92.77	93.40
1992	1	-	1	11	13	28	-	5	287	320	58	-	10	537	605
	-	-	-	91.67	100	-	-	-	92.98	94.67	-	-	-	88.18	90.70
1993	1	-	1	11	13	30	-	9	272	311	62	-	23	509	594
	-	-	-	91.67	100	-	-	-	87.77	92.11	-	-	-	83.58	89.06
1994	1	-	2	11	14	30	-	29	276	335	62	-	58	519	619
	-	-	-	91.67	107.70	-	-	-	89.03	99.11	-	-	-	85.22	77.81

Note Figures in italics indicate indices

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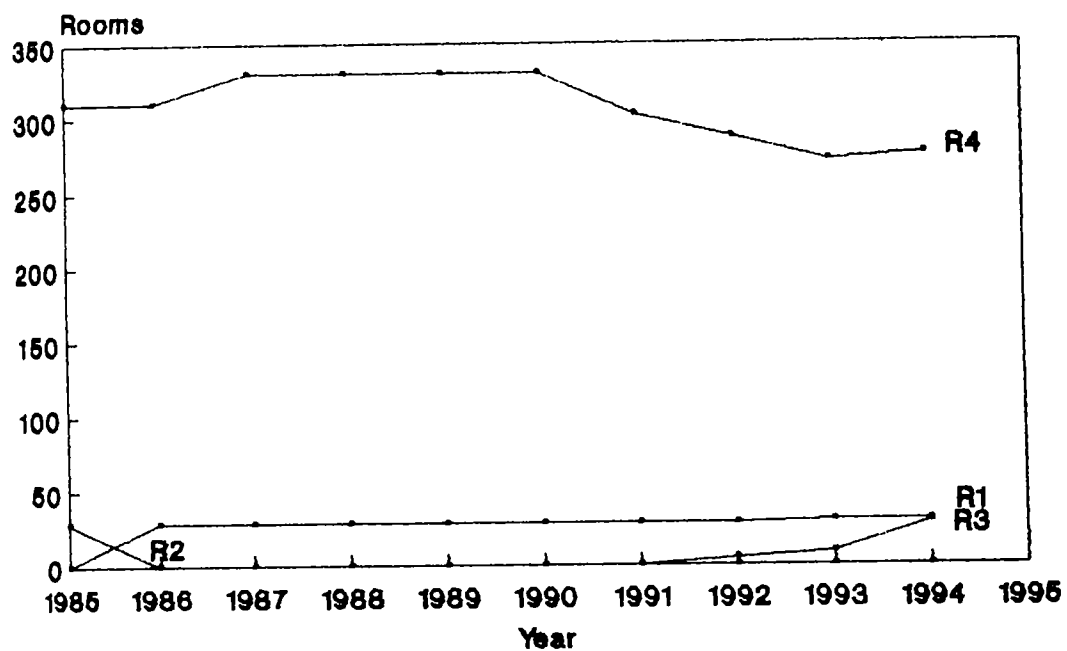


Figure 4.32 Growth of Hotel Rooms in Palakkad (Group-wise)

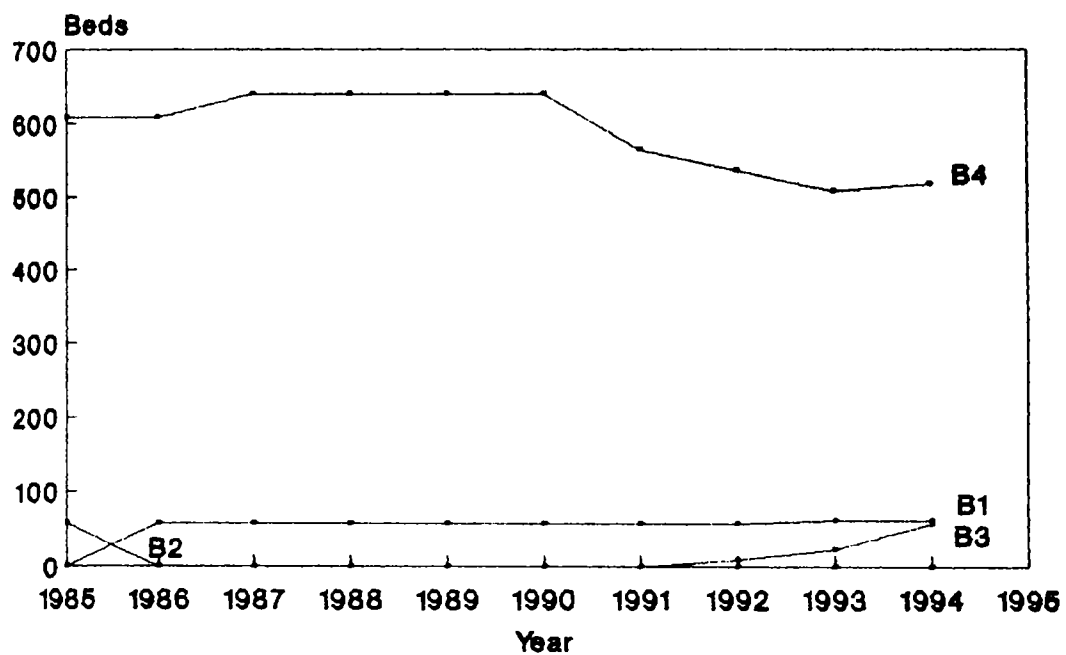


Figure 4.33 Growth of Hotel Beds in Palakkad (Group-wise)

13 (1987) and remained at the same figure till 1991, it declined to 11 in 1992 and remained so till 1994. The room capacity of the R₁ type increased from 18 (1986) to 30 (1993 - '94). The room capacity of R₄ type reduced from 310 (1985) to 276 (1994) as a result of the decline in the number of hotels. The bed capacity follows the change in the rooms. In 1994, the indices in respect of the number of H₄ hotels, its room capacity and bed capacity declined from 100 (1985) to 91.67, 89.03 and 85.22 respectively. The decrease in the indices was the highest in the bed capacity and the lowest in the number of hotels.

4.3.11 *Kozhikode*

Kozhikode was the capital of the powerful Zamorins. It is an age old commercial town. The growth of the hotel industry at Kozhikode in terms of the number of hotels, rooms and bed capacity during the decade is indicated in Table 4.19. Figures 4.34 and 4.35 indicate the growth in rooms and beds graphically too. There were no hotels in the H₁ type, and H₂ hotels had increased from 2 (1985) to 7 (1994). There were 3 hotels in the H₃ type in 1987 and increased to 5 in 1994. Hotels in the H₄ type increased from 6 (1985) to 12 (1994).

The R₂ type rooms followed the same pattern of increase as that of the number of hotels (Table 4.19). There was considerable change in the number of rooms of R₃ type without change in the number of hotels during 1990-'93. Moreover when the number of hotels increased from 4 to 5 in 1994, the number of rooms decreased from 225 to 179 in the R₃ type. In the R₄ type the number of rooms increased from 726 (1987) to 750 (1988) without increase in the number of hotels. The number of rooms increased from 695 (1990) to 726 (1991) when the number of hotels had reduced from 16 to 15 in the respective years. Similarly there was increase in the number of rooms from 558 (1993) to 632 (1994) when

TABLE 4.19
GROWTH OF HOTELS, ROOMS AND BEDS - GROUPWISE - IN - KOZHIKODE

Year	Hotels				Rooms								Beds			
	H1	H2	H3	H4	Total	R1	R2	R3	R4	Total	B1	B2	B3	B4	Total	
1985	-	2	-	6	8	-	55	-	306	361	-	95	-	513	608	
	-	100	-	100	100	-	100	-	100	100	-	100	-	100	100	
1986	-	2	-	11	13	-	55	-	404	459	-	95	-	853	948	
	-	100	-	183.33	162.5	-	100	-	132.03	127.15	-	100	-	166.28	155.92	
1987	-	2	3	18	23	-	55	172	726	953	-	95	304	1285	1684	
	-	100	-	300.00	287.5	-	100	-	237.25	263.99	-	100	-	250.49	276.97	
1988	-	2	3	18	23	-	55	199	750	1004	-	95	348	1312	1755	
	-	100	-	300.00	287.5	-	100	-	245.10	278.12	-	100	-	255.75	288.65	
1989	-	3	3	17	23	-	99	199	706	1004	-	183	358	1214	1755	
	-	150	-	283.33	287.5	-	180	-	230.72	278.12	-	192.63	-	236.65	288.65	
1990	-	3	4	16	23	-	96	279	695	1070	-	177	482	1198	1857	
	-	150	-	266.67	287.5	-	174.55	-	227.12	296.40	-	186.32	-	233.53	305.43	
1991	-	4	4	15	23	-	148	206	726	1080	-	261	359	1247	1867	
	-	200	-	250	287.5	-	269.09	-	237.25	299.17	-	274.74	-	243.08	307.07	
1992	-	6	4	13	23	-	241	199	640	1080	-	439	387	1041	1867	
	-	300	-	216.67	287.5	-	438.18	-	209.15	299.17	-	462.11	-	202.92	307.07	
1993	-	7	4	12	23	-	297	225	558	1080	-	549	424	894	1867	
	-	350	-	200	287.5	-	540.00	-	182.35	299.17	-	577.89	-	174.27	307.07	
1994	-	7	5	12	24	-	299	179	632	1110	-	558	348	949	1855	
	-	350	-	200	300	-	543.64	-	206.54	307.48	-	587.37	-	184.99	305.10	

Note : Figures in italics indicate indices

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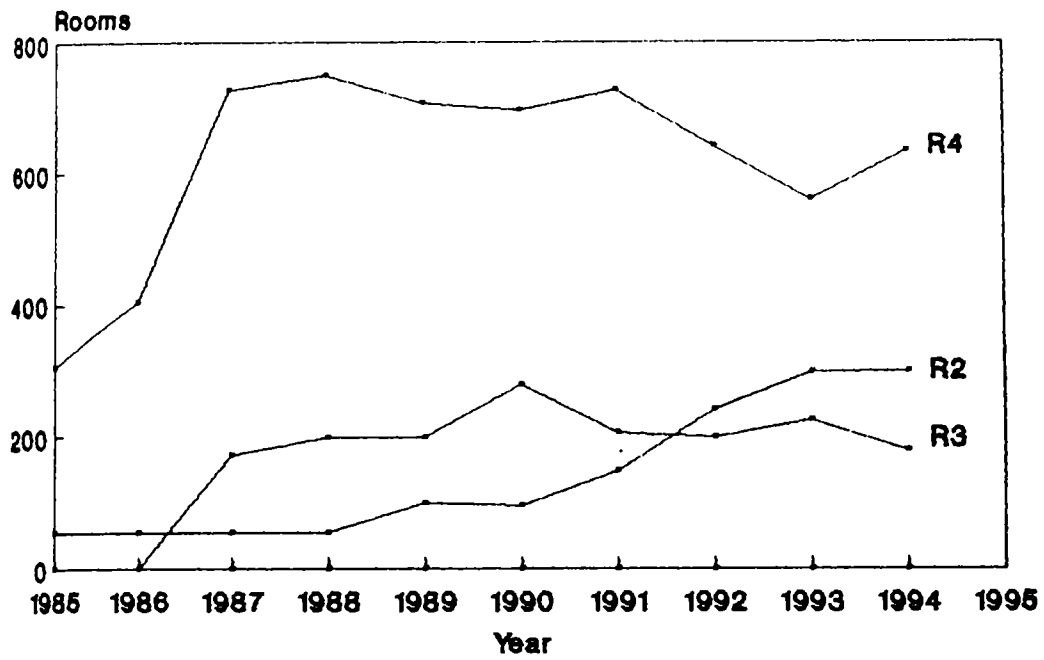


Figure 4.34 Growth of Hotel Rooms in Kozhikode (Group-wise)

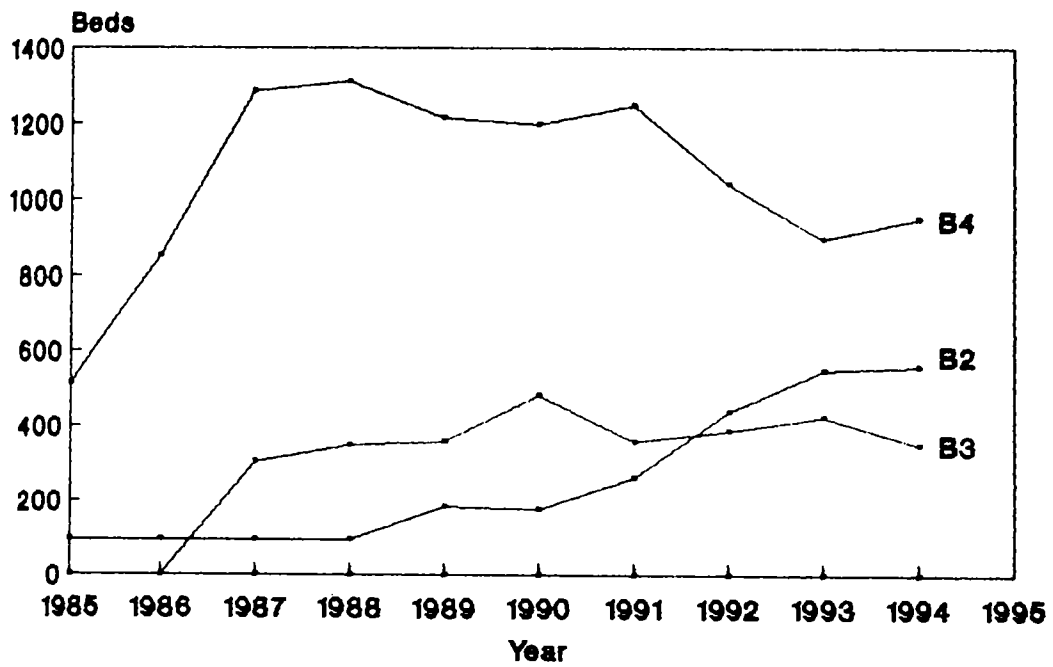


Figure 4.35 Growth of Hotel Beds in Kozhikode (Group-wise)

the number of hotels were 12 for both the years. The changes in the bed capacity of all the types were in accordance with the changes in the room capacity except in the third type where the room capacity decreased from 206 (1991) to 199 (1992) but the bed capacity increased from 359 to 387.

Conclusion

The centre-wise growth of the hotel industry in Kerala shows that Kochi is the only centre where there was growth in all the four groups of hotels in terms of the number of hotels, rooms and beds. There were no H₁ hotels in Thekkadi, Kollam, Alappuzha (after 1988), Kottayam, Thrissur, Guruvayoor and Kozhikode. There was no growth in H₁ hotels in Thiruvananthapuram and Palakkad. There was growth only in the room and bed capacity of H₁ hotels in Kovalam. There was increase in H₄ hotels in all centres except Kollam and Kottayam. From 1991, H₄ type of hotels declined in Kovalam.

The object of promoting tourism in Kerala is to earn maximum foreign exchange. More than fifty percent of the foreign exchange from tourism is earned by hotels. We can maximize our earnings by encouraging the foreign tourists to stay for a longer period at different centres of tourism. We should also provide accommodation for them in high class hotels so that the earnings can be high, for which adequate rooms of those high class hotels are to be made available at different centres. The analysis of the growth of the hotel industry in the eleven centres of tourism in Kerala showed that there was growth in the number of hotels, rooms and bed capacity. An attempt is made below, to examine whether adequate growth in the right type of accommodation, took place at the various centres.

4.4 Estimation of Hotel Rooms Demanded - Centre-wise

The hotel room requirements of various centres differ based on the number of tourist arrivals, their average period of stay and the average number of guests that can be accommodated in one room.

The following formula can be used to calculate the total number of rooms required¹.

$$R = \frac{T \times P \times L}{365 \times N}$$

Where,

R	=	Room demanded per night at 100 percent occupancy.
T	=	Number of tourists
P	=	Percentage staying in hotels
L	=	Average Length of stay
N	=	Average number of persons per room.

The average number of persons per room will vary from hotel to hotel as a room may be single bedded, double-bedded or even multi-bedded. The room to bed ratio² is taken as 1:1.87.

4.4.1 Estimation of Category-wise Room Requirements

The total requirements of hotel rooms by foreign and domestic tourists as estimated above are apportioned based on the proportions of preferences of foreign and domestic tourists (survey data) to each category of hotels. The percentage of foreign and domestic tourists who prefer to stay in a particular category of hotel, is given in Table 4.20.

TABLE 4.20
CATEGORY-WISE PREFERENCES FOR HOTELS BY FOREIGN AND
DOMESTIC TOURISTS
(in percentage)

Category of Hotel	Foreign Tourists	Domestic Tourists
5 Star Deluxe	9	-
5 Star	18	2
4 Star	15	4
3 Star	28	8
2 Star	14	22
1 Star	4	10
Non Star	2	54
Total	100	100

Source : Survey data.

But at the time of the survey, the 5 star deluxe and 4 star hotels were not available in Kerala and one star hotels were not available in all centres. Those who demanded the 5 star deluxe, 5 star, 4 star and 3 star hotels had to satisfy with the supply from the available 5 star and 3 star hotel rooms. In order to compare the demand with the actual supply of hotel rooms and to arrive at the shortage/surplus if any, in a given centre, the preferences indicated by the tourists as above, are further clubbed to form the following three groups and given in Table 4.21.

TABLE 4.21
DEMAND FOR HOTEL ROOMS - GROUP-WISE BY FOREIGN AND
DOMESTIC TOURISTS.
(in percentage)

Group of Hotel	Foreign Tourists	Domestic Tourists
Group I (5 Star deluxe, 5 Star, 4 Star and 3 Star hotels)	70	14
Group II (2 Star and One Star)	18	32
Group III (Non Star)	12	54
Total	100	100

The centre-wise and group-wise, demand and supply of hotel rooms in Kerala for the years 1990 to 1993 are given in Tables : 4.22, 4.23, 4.24 and 4.25 respectively. Table 4.26 gives the consolidated statement of the shortage of hotel rooms in the three groups during 1990-1993, at the eleven centres. The total room requirements of eleven centres in 1990 were 16289 rooms consisting of 5223 rooms in the first group, 4474 in the second group and 6592 rooms in the third group (Table 6.22). But the supply was 7746 rooms consisting of 667 rooms in the first-group, 864 rooms in the second group and 6215 rooms in the third group. The resultant shortage was 4556 rooms, 3610 rooms and 377 rooms in the respective groups totalling 8543 rooms altogether. The maximum shortage was at Kochi (2910 rooms) followed by Thiruvananthapuram (2829 rooms) whereas excess rooms were found at Kollam (82 rooms) and Kozhikode (22 rooms). There was a shortage in R₁ rooms in all the centres in 1990, with the highest at Kochi (1347) followed by Kovalam (1259) and the lowest at Palakkad (50). The shortage in R₂ rooms was the highest at Thiruvananthapuram (1151) followed by Kochi (956). There were excess rooms of this type at Kollam (8). In the third group the shortage was found at four centres only. For the remaining seven centres excess rooms were found. The shortage was maximum at Thiruvananthapuram (867) followed by Kochi (607) and minimum at Thekkadi (31). The excess rooms were maximum at Kozhikode (418) and minimum at Kottayam (33).

During 1991 the total number of rooms demanded in the first group at various centres altogether were 5444 against a supply of 668, making a shortage of 4776; in the second group 4729 rooms against 1221 supplied with a shortage of 3508 rooms; in the third group 6984 against 5986 supplied with a shortage of 998 rooms. The total demand, supply and shortage were 17157 rooms, 7875 rooms

TABLE 4.22

CENTREWISE AND GROUPWISE DEMAND AND SUPPLY OF HOTEL ROOMS IN KERALA IN 1990

C e n t r e	Occ %	Foreign Tourists			Domestic Tourists			Demand by Foreign Tourists			Demand by Domestic Tourists			Total Demand			Supply			Shortage					
		Arrival	Stay	Arrival	Stay	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total				
Thiruvananthapuram	63	25465	13	788842	3	538	138	92	770	483	1057	1784	3304	1002	1196	1876	4074	197	45	1009	1245	811	1151	887	2829
Kowalam	70	40874	23	76863	1	1371	352	235	1958	13	31	52	96	1384	383	287	2054	125	40	211	376	1259	343	78	1878
Kochi	49	51998	11	628152	3	1197	308	205	1710	473	1082	1828	3381	1870	1360	2891	5891	323	434	1424	2181	1347	958	807	2910
Thebady	88	15877	15	117217	2	274	71	47	382	33	75	128	234	307	148	173	828	-	30	142	172	307	116	31	454
Kollam	87	7888	5	86129	2	80	15	11	88	33	75	128	234	83	90	137	320	-	98	304	402	83	-3	-187	-82
Alappuzha	47	11893	7	60714	2	179	48	30	255	32	73	122	227	211	118	152	482	-	36	302	338	211	83	-150	144
Kottayam	53	2180	5	107285	2	21	5	4	30	50	114	182	356	71	118	188	388	-	85	229	314	71	34	-33	72
Thrissur	54	1281	5	228781	2	12	3	2	17	103	236	388	738	115	238	401	755	-	-	435	435	115	238	-34	320
Garuvayoor	78	30	1	812201	1	-	-	-	-	27	288	488	904	127	288	488	904	-	-	855	855	127	288	-367	49
Palakkad	88	488	3	211233	2	2	1	-	3	76	175	295	546	78	176	286	549	28	-	330	358	50	176	-35	191
Calicut	95	2817	5	377860	2	22	8	4	32	143	387	552	1022	165	327	588	1048	-	98	974	1070	185	231	-418	-27
Total						3677	946	630	5253	1548	3534	5882	11042	5223	4474	6882	16288	887	884	8215	7748	4558	3810	377	8543

The following abbreviations stand for :

- a) Occ = Occupancy
- b) Stay = Period of Stay
- c) GR1, GR2, GR3 = Group 1, 2 and 3 respectively

Source

- 1. Occupancy percentage (Centre-wise) - D.O.T., Govt. of Kerala.
- 2. Tourist Arrivals (Foreign and Domestic) - D.O.T., Govt. of Kerala.
- 3. Period of Stay - D.O.T., Govt. of Kerala and Survey Data.
- 4. Rooms Demanded - Estimates by using 'R' factor.
- 5. Rooms Supplied -
 - 1. Various issues of Hotel and Restaurant Guide, India. Published by FHRAI, New Delhi - 19.
 - 2. Various issues of Travel Facts, Published by the Dept. of Tourism, Govt. of Kerala, Thiruvananthapuram
 - 3. Hotels of Kerala - Published by Tourist Desk, Kochi - 11.

TABLE 4.23

CENTREWISE AND GROUPWISE DEMAND AND SUPPLY OF HOTEL ROOMS IN KERALA IN 1991

C e n t r e	Foreign Tourists		Domestic Tourists		Demand by Foreign Tourists			Demand by Domestic tourists			Total Demand			Supply			Shortage							
	Arrival	Stay	Arrival	Stay	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total				
					70%	18%	12%	100%	14%	32%	54%	100%												
Thiruvananthapuram	29120	13	866177	3	616	156	106	880	507	1159	1956	3622	1123	1317	2082	4502	162	45	1167	1404	931	1272	895	3098
Kovalam	40188	23	83814	1	1355	348	232	1935	15	34	58	105	1370	382	268	2048	125	75	151	351	1245	307	137	1889
Kochi	54474	11	614360	3	1254	322	215	1791	463	1058	1785	3306	1717	1380	2000	5097	323	435	1492	2250	1394	945	508	2847
Thiruvady	15904	15	124273	2	278	71	48	397	35	79	134	248	313	150	182	845	-	78	153	231	313	72	29	414
Kollam	9198	5	94826	2	71	18	12	101	35	80	134	248	106	98	146	350	-	100	228	328	106	-2	-82	22
Alappuzha	10054	7	64216	2	153	40	26	219	34	77	129	240	187	117	155	458	-	36	302	338	187	81	-147	121
Kottayam	2808	5	117096	2	27	7	5	39	54	124	210	368	81	131	215	427	-	118	197	315	81	13	18	112
Thiruvir	1895	5	249156	2	18	5	3	28	114	259	438	811	132	264	441	837	-	115	252	367	132	149	189	470
Trivandrum	27	1	1037077	1	-	-	-	-	182	366	623	1154	192	366	623	1154	-	71	810	881	182	298	-187	273
Palakkad	640	3	231449	2	3	1	4	4	84	191	323	588	87	192	323	602	28	-	302	330	59	192	21	272
Chennai	3228	5	372504	2	25	6	5	36	141	323	544	1008	166	329	549	1044	-	148	932	1080	166	181	-363	-36
Total					3800	976	652	5428	1644	3753	6332	11729	5444	4726	6884	17157	668	1221	5966	7875	4776	3508	998	9282

The following abbreviations stand for :

- a) Occ = Occupancy
- b) Stay = Period of Stay
- c) GR1, GR2, GR3 = Group 1, 2 and 3 respectively

Source

- 1. Occupancy percentage (Centre-wise) - D.O.T., Govt. of Kerala.
- 2. Tourist Arrivals (Foreign and Domestic) - D.O.T., Govt. of Kerala.
- 3. Period of Stay - D.O.T., Govt. of Kerala and Survey Data.
- 4. Rooms Demanded - Estimates by using 'R' factor.
- 5. Rooms Supplied -
 - 1. Various issues of Hotel and Restaurant Guide, India. Published by FHRAI, New Delhi - 19.
 - 2. Various issues of Travel Facts, Published by the Dept. of Tourism, Govt. of Kerala, Thiruvananthapuram.
 - 3. Hotels of Kerala - Published by Tourist Desk, Kochi - 11.

TABLE 4.2.4

CENTREWISE AND GROUPWISE DEMAND AND SUPPLY OF HOTEL ROOMS IN KERALA IN 1992

City	Occ. %	Foreign Tourists		Domestic Tourists		Demand by Foreign Tourists				Demand by Domestic Tourists				Total Demand				Supply				Shortage								
		Arrival		Stay		Arrival		Stay		GR1	GR2	GR3	Total	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total					
Thiruvananthapuram	63	44816	13	902048	3	70%	18%	12%	100%	948	244	163	1355	529	14%	32%	54%	100%	1477	1452	2202	5131	194	133	1085	1412	1283	1319	1117	3719
Kovalam	70	45818	23	82082	1	1543	387	265	2205	16	37	63	116	1559	434	328	2321	125	90	121	336	1434	344	207	1985					
Kochi	49	59845	11	634424	3	1373	353	235	1901	478	1082	1844	3414	1851	1445	2079	5375	323	431	1378	2132	1528	1014	701	3243					
Thiruvananthapuram	88	18160	15	125656	2	318	82	54	454	35	80	136	251	353	162	180	705	-	115	97	212	353	47	83	483					
Kollam	67	9962	5	101924	2	76	20	13	109	37	86	144	287	113	106	157	376	-	100	221	321	113	06	-64	55					
Alappuzha	47	11731	7	70521	2	179	46	31	256	37	84	143	284	216	130	174	520	-	36	331	367	216	94	-157	153					
Kottayam	53	3434	5	120103	2	33	8	6	47	56	127	215	388	89	135	221	445	-	68	198	286	89	47	23	159					
Thiruvananthapuram	54	2157	5	255370	2	20	5	4	29	116	266	449	831	136	271	453	860	-	115	187	302	136	156	206	558					
Chennai	79	110	1	1135529	1	-	-	-	-	177	404	683	1264	177	404	683	1264	-	71	625	896	177	333	-142	368					
Palakkad	68	606	3	249493	2	3	1	-	4	90	207	348	645	83	208	348	649	28	-	292	320	65	208	56	329					
Calicut	65	3665	5	390664	2	29	7	5	41	148	338	571	1057	177	345	576	1098	-	241	839	1080	177	104	-263	18					
Total						4522	1163	776	6461	1719	3929	6635	12283	6241	5092	7411	18744	670	1420	5574	7664	5571	3672	1837	1108					

The following abbreviations stand for :

- a) Occ = Occupancy
- b) Stay = Period of Stay
- c) GR1, GR2, GR3 = Group 1, 2 and 3 respectively

Source :

- 1. Occupancy percentage (Centre-wise) - D.O.T., Govt. of Kerala.
- 2. Tourist Arrivals (Foreign and Domestic) - D.O.T., Govt. of Kerala.
- 3. Period of Stay - D.O.T., Govt. of Kerala and Survey Data.
- 4. Rooms Demanded - Estimates by using 'R' factor.
- 5. Rooms Supplied -
 - 1. Various issues of Hotel and Restaurant Guide, India. Published by FHRAI, New Delhi - 19.
 - 2. Various issues of Travel Facts, Published by the Dept. of Tourism, Govt. of Kerala, Thiruvananthapuram.
 - 3. Hotels of Kerala - Published by Tourist Desk, Kochi - 11.

TABLE 4.25

CENTREWISE AND GROUPWISE DEMAND AND SUPPLY OF HOTEL ROOMS IN KERALA IN 1993

C e n t r e	Occ %	Foreign Tourists		Domestic Tourists		Demand by Foreign Tourists			Demand by Domestic Tourists			Total Demand			Supply			Shortage									
		Arrival	Stay	Arrival	Stay	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total	GR1	GR2	GR3	Total						
Thiruvananthapuram	63	50359	13	920448	3	1065	274	183	1522	14%	545	1245	2101	54%	100%	1810	1519	2284	5413	190	133	996	1319	1420	1366	1288	4084
Kovvilam	70	44850	23	97787	1	1525	369	245	2159	17	39	67	123	1542	428	1542	2282	2282	125	90	122	337	1417	338	190	1945	
Kochi	49	80761	11	655280	3	1399	360	239	1998	49%	49%	1129	1904	3527	1893	1489	2143	5525	360	428	1536	2324	1533	1081	807	3201	
Thiruvananthapuram	86	18640	15	133984	2	291	75	50	416	36	86	144	268	329	181	194	684	684	-	115	97	97	212	329	46	97	472
Kollam	67	9641	5	108768	2	78	20	13	109	40	91	154	285	116	111	167	394	394	-	100	121	121	221	116	11	46	173
Alappuzha	47	12470	7	75065	2	190	49	33	272	39	90	152	230	229	139	185	553	553	-	30	369	369	419	229	109	204	134
Kottayam	53	3706	5	128546	2	36	9	6	51	60	136	230	426	96	145	236	477	477	-	88	228	228	316	96	57	8	161
Thiruvananthapuram	54	2437	5	273997	2	23	6	4	33	125	285	482	892	148	291	488	925	925	-	117	119	119	236	148	174	367	689
Thiruvananthapuram	79	73	1	1284049	1	-	-	-	-	200	457	772	1429	200	457	772	1429	1429	-	75	825	825	900	200	382	53	528
Palakkad	66	329	3	263985	2	1	1	1	2	95	219	369	643	96	220	369	643	643	0	30	0	281	311	86	220	86	374
Calicut	65	3649	5	369646	2	30	8	5	43	151	348	584	1081	181	354	589	1124	1124	0	297	783	1080	181	57	194	44	1116
Total						4636	1191	778	6605	1804	4123	6959	12686	8440	5314	7737	19491	19491	705	1473	5497	7675	5735	3841	2240	11116	

The following abbreviations stand for :

- a) Occ = Occupancy
- b) Stay = Period of Stay
- c) GR1, GR2, GR3 = Group 1, 2 and 3 respectively

Source

- 1 Occupancy percentage (Centre-wise) - D.O.T., Govt. of Kerala.
- 2 Tourist Arrivals (Foreign and Domestic) - D.O.T., Govt. of Kerala.
- 3 Period of Stay - D.O.T., Govt. of Kerala and Survey Data.
- 4 Rooms Demanded - Estimates by using 'R' factor
- 5 Rooms Supplied -
 - 1. Various issues of Hotel and Restaurant Guide, India. Published by FHRAI, New Delhi - 19.
 - 2. Various issues of Travel Facts, Published by the Dept. of Tourism, Govt. of Kerala, Thiruvananthapuram.
 - 3. Hotels of Kerala - Published by Tourist Desk, Kochi - 11.

TABLE 4.26

CENTRE-WISE SHORTAGE OF ROOMS IN THE DIFFERENT CATEGORIES OF HOTELS IN KERALA DURING 1990 - 1993

C e n t r e	1990						1991						1992						1993																																																																																																																																																																																																																																																																																																										
	GR1		GR2		GR3		Total		GR1		GR2		GR3		Total		GR1		GR2		GR3		Total																																																																																																																																																																																																																																																																																																						
Thiruvananthapuram	811	1151	867	2829	931	1272	895	3088	1283	1319	1117	3719	1420	1386	1288	4094	1259	343	76	1678	1245	307	137	1689	1434	344	207	1985	1417	338	190	1945	75.03	20.44	4.53	100	73.71	18.18	8.11	100	72.85	17.38	9.77	100	46.29	32.85	20.86	100	48.97	33.19	17.84	100	47.12	31.27	21.61	100	47.89	33.15	18.95	100	307	116	31	454	313	72	29	414	353	47	93	493	329	46	97	472	67.62	25.55	6.83	100	75.61	17.39	7.00	100	71.60	9.53	18.87	100	69.70	9.75	20.55	100	93	8	-167	-82	-	-	491.82	-9.09	-372.73	100	205.45	10.91	-116.36	100	67.05	6.36	28.59	100	211	83	-150	144	187	81	-147	121	216	94	-157	153	229	109	-204	134	146.53	57.64	-104.17	100	154.55	66.94	-121.49	100	141.18	61.44	-102.61	100	170.90	81.34	-152.24	100	71	34	-33	72	81	13	18	112	89	47	23	159	96	57	8	161	98.61	47.22	-45.83	100	72.32	11.61	16.07	100	55.97	29.56	14.47	100	59.63	35.40	4.97	100	115	239	-34	320	132	149	189	470	136	156	266	558	148	174	367	689	35.94	74.69	-10.63	100	28.09	31.70	40.21	100	24.37	27.96	47.67	100	21.48	25.25	53.27	100	127	289	-367	49	162	298	-187	273	177	333	-142	368	200	382	-53	529	259.18	589.80	-748.98	100	59.34	109.16	-68.50	100	48.10	90.49	-38.59	100	37.81	72.21	-10.02	100	50	176	-35	191	59	192	21	272	65	208	56	329	66	220	88	374	26.18	92.15	-18.33	100	21.69	70.59	7.72	100	19.76	63.22	17.02	100	17.65	58.82	23.53	100	165	231	-418	-22	166	181	-383	-36	177	104	-263	18	57	-194	44	4556	3610	377	8543	4776	3508	988	9282	5571	3672	1837	11080	5735	3841	2240	11816	53.33	42.26	4.41	100	51.45	37.79	10.75	100	50.28	33.14	16.58	100	48.54	32.51	18.96	100

- Note : 1. Figure in the first line indicate the shortage of rooms in absolute figures.
2. Figures in the second line represent the percentage to total shortage of that category.
3. GR1, GR2 & GR3 stand for Group 1, 2 & 3 respectively.

and 9282 rooms respectively (Table 4.23). The highest and the lowest demand for the first group of rooms were at Kochi (1717) and at Kottayam (81) respectively; in the second group at Kochi (1380) and at Kollam (98) respectively and in the last group at Thiruvananthapuram (2062) and at Kollam (146) respectively. During 1991 also, there was a shortage of rooms of the first group at all the centres and the highest shortage was at Kochi (1394) and the lowest at Palakkad (59). In the second group, there was a shortage at all centres except Kollam (where the excess was 2) and the highest shortage was at Thiruvananthapuram (1272) and the lowest at Kottayam (13). A shortage of the third group of rooms was found at all centres, except Kollam (excess 82) Alappuzha (excess 147), Guruvayoor (excess 187) and Kozhikode (excess 383). The shortage was the highest at Thiruvananthapuram (895).

The total number of rooms demanded in the first group at various centres altogether in 1992 were 6241 against a supply of 670, making a shortage of 5571 rooms, in the second group 5092 against a supply of 1420 making a shortage of 3672 rooms and in the third group 7411 against a supply of 5574 making a shortage of 1837 rooms (Table 4.24). Total demand, supply and shortage were, 18744 rooms, 7664 rooms and 11080 rooms respectively. The highest demand for the first group of rooms was at Kochi (1851) and for the second and third group, at Thiruvananthapuram (1452 and 2202 respectively). The lowest demand for the first group was at Kottayam (89) and for the second and third group at Kollam (106 and 157 respectively). During 1992, there was a shortage in all the centres in all the groups except in the third group at Kollam (64 excess), Alappuzha (157 excess), Guruvayoor (142 excess) and Kozhikode (263 excess). The shortage in the first group was the highest at Kochi (1528) and the lowest at Palakkad (65), in the second group the highest at Thiruvananthapuram (1319) and the lowest at

Kollam (6) and in the third group the highest at Thiruvananthapuram (1117). The shortage altogether was the highest at Thiruvananthapuram (3719) and the lowest at Kozhikode (18).

It can be learnt from Table 4.25 that the total rooms demanded at various centres together during 1993 were : first group 6440, second group 5314, third group 7737 and total of the three groups 19491 and the shortage was 5735 rooms, 3841 rooms, 2240 rooms and 11816 respectively. The highest demand for the first group was at Kochi (1893) and the lowest at two centres i.e., Palakkad and Kottayam (96 each), for the second group the highest demand was at Thiruvananthapuram (1519) and the lowest at Kollam (111); for the third group the highest demand was at Thiruvananthapuram (2284) and the lowest at Kollam (167). The shortage of rooms in the first, second and third group was the highest at Kochi (1533), Thiruvananthapuram (1386) and Thiruvananthapuram (1288) respectively and the respective centres with the lowest shortage were Palakkad (66), Kollam (11) and Kottayam (8). There was excess supply at Alappuzha (204) Guruvayoor (53) and Kozhikode (194) in the third group.

In 1990 the shortage in the first group of rooms in all the centres together was 4556 rooms which was 53.33 percent of the total shortage of all the three groups of rooms together ie, 8543 rooms (Table 4.26). This changed to 5735 (48.54 percentage of the total shortage of 11816 rooms) in 1993. The shortage in the second group was 3610 (42.26 percentage of the total shortage of 8543 rooms) in 1990. This increased to 3841 in absolute figures but reduced to 32.51 per cent of the total shortage of 11816 rooms in 1993. In the third group, the shortage was 377 rooms ie. 4.41 percent in 1990 which increased to 2240 (18.96 percent of the total shortage of 11816 rooms in 1993).

There was a shortage of rooms in all the three groups at Thiruvananthapuram, Kovalam, Kochi and Thekkadi in all the four years under study. In the second group of hotels, there was a shortage of rooms in all the centres except in Kollam in 1990 (excess 8) and in 1991 (excess 2). There was a shortage in the third group at Kottayam (of 18, 23 and 8 rooms) at Thrissur (of 189, 266 and 367 rooms) and at Palakkad (of 21, 56 and 88 rooms) for the respective three years from 1991 to 1993 in addition to Thiruvananthapuram, Kovalam, Kochi and Thekkadi. Moreover, a shortage of rooms in this group was found at Kollam also in 1993 by 46 rooms (Table 4.26).

4.5 Identifying Significant Centres

It is seen that the capacity of different centres in providing hotel accommodation differs considerably. Identifying Significant Centres will help to get an idea of the position of a centre relative to the total capacity of all the centres together.

4.5.1 *Significant Centres*

The room capacity is used as the variable for identifying significant centres. Dividing the total rooms available in all centres by the total number of centres, the 'mean-centre size' is decided. If the actual availability of rooms in a centre is greater or equal to the 'mean-centre size' it is termed as a significant centre. Changes if any during the decade are found by identifying the significant centres at the beginning and end of the decade. The changes may result in either spatial concentration or spatial dispersion. ' β rating' and ' η rating' scores are used to identify concentration and dispersion³.

The group-wise room capacity in the eleven centres of tourism along with their mean centre size is depicted in Table 4.27 and the data are analysed for the years 1985 and 1994. Comparing the actual number of rooms available with the mean centre-size, the significant centres in respect of R_1 type of rooms are: Thiruvananthapuram, Kovalam and Kochi during 1994. These three were significant centres in 1985 also. The mean centre-size for the R_1 type of rooms was 32.45 in 1985 and increased to 73.09 in 1994. In 1985, Kovalam had the highest room capacity (128) among the then significant centres followed by Kochi (112) and Thiruvananthapuram (87). But in 1994, Kochi became the first (395) followed by Thiruvananthapuram (190) and Kovalam (189). The total room capacity of all the centres together increased from 357 (1985) to 804 (1994). The percentage increases in 1994 over 1985 were for Thiruvananthapuram 118.39, Kovalam 47.66 and Kochi 252.68.

In the R_2 type the mean centre size in 1985 was 54.45 and the significant centres were: Thiruvananthapuram (71), Kochi (213), Kollam (100), Thrissur(90) and Kozhikode (55) (Table 4.27). The mean centre size increased to 136.45 in 1994 and there were only two significant centres of the R_2 type in 1994 ie, Kochi (451) and Kozhikode (299). Kochi was the first among the significant centres in both the years. Kozhikode which had only the fifth position in 1985 became the second in 1994 among the significant centres. Thiruvananthapuram, Kollam and Thrissur ceased to be significant centres in 1994. The room capacity of all the centres together had increased from 599 (1985) to 1501 (1994). The percentage changes in 1994 over 1985 were for Thiruvananthapuram 87.32, Kochi 111.74, Kottayam 116.67, Thrissur 30.00, Palakkad 100 and Kozhikode 443.64.

The mean centre-size in the R_3 type increased from 52.45 (1985) to 118.73 (1994). There were four significant centres in 1985, i.e., Thiruvananthapuram

(100), Kochi (225), Kottayam (76) and Thrissur (61), but in 1994, there were only three significant centres i.e., Thiruvananthapuram (297), Kochi (516) and Kozhikode (179). Kochi and Thiruvananthapuram retained, their respective first and second position and Kozhikode the new entrant became the third, in 1994. Kottayam and Thrissur ceased to be significant centres in 1994. The percentage changes in 1994 over 1985 were Thiruvananthapuram (197), Kovalam (95), Kochi (129.33), Thekkadi (-100), Kottayam (-1.32), Thrissur (-9.84) and Guruvayoor (-100) respectively (Table 4.27).

The mean centre size in the R₄ type in 1985 was 283.73 (Table 4.27). There were five significant centres in 1985, i.e., Thiruvananthapuram (472), Kochi (467), Guruvayoor (662), Palakkad (310) and Kozhikode (306). In 1994, the mean centre size increased to 446.36 and there were only 4 centres with significant capacity, i.e., Thiruvananthapuram (739), Kochi (1486), Guruvayoor (855) and Kozhikode (632). The ranks of the significant centres in 1985 were : Guruvayoor (first), Thiruvananthapuram (Second), Kochi (third), Palakkad (four) and Kozhikode (fifth). But in 1994 the ranks were Kochi (first), Guruvayoor (second), Thiruvananthapuram (third) and Kozhikode (fourth). The total room capacity of the R₄ type increased from 3121 (1985) to 4910 (1994). The percentage changes in 1994 over 1985 were : for Thiruvananthapuram (56.57 per cent), Kovalam (-30.16 per cent), Kochi (218.20 per cent), Thekkadi (234.48 per cent), Kottayam (-79.44 per cent), Alappuzha (162.84 per cent), Kottayam (-24 per cent), Thrissur (-29.49), Guruvayoor (29.15 per cent), Palakkad (-10.97 per cent) and Kozhikode (106.54 per cent).

The category-wise share of the significant centres in the total room capacity of all the centres together gives the relative importance of the significant centres over the remaining centres. An increase in the proportion of the room capacity in

TABLE 4.27

CENTRE-WISE ROOM CAPACITY OF DIFFERENT GROUPS OF HOTELS IN 1985 & 1994, SHOWING MEAN CENTRE-SIZE AND SIGNIFICANT CENTRES.

C e n t r e	R1			R2			R3			R4		
	1985	1994	% Increase	1985	1994	% Increase	1985	1994	% Increase	1985	1994	% Increase
Thiruvananthapuram	87*	190*	118.39	71*	133	87.32	100*	297*	197	472*	739*	56.57
Kovalam	128*	189*	47.66	-	90	-	40	78	95	63	44	-30.16
Kochi	-112*	365*	252.68	213*	451*	111.74	225*	516*	129.33	467*	1486*	218.20
Thekady	-	-	-	-	115	-	30	-	-100	29	97	234.48
Kollam	-	-	-	100*	100	00	-	77	-	180	37	-79.44
Alapuzha	30	-	-100	-	30	-	-	-	-	148	389	162.84
Kottayam	-	-	-	42	91	116.67	76*	75	-1.32	250	190	-24
Thrissur	-	-	-	80*	117	30.00	61*	55	-9.84	234	165	-29.49
Guruvayoor	-	-	-	-	75	-	45	-	-100	662*	855*	29.15
Palakkad	-	30	-	25	-	-100	-	29	-	310*	276	-10.97
Kozhikode	-	-	-	55*	299*	443.64	-	179*	-	306*	632*	106.54
Total	357	804	125.21	596	1501	150.58	577	1306	126.34	3121	4910	57.32
Mean Centre-size	32.45	73.09	-	54.45	136.45	-	52.45	118.73	-	283.73	446.36	-

Note * Indicates Significant Centres.

- Source . 1. Hotel Guides of F.H.R.A.I.
 2. Publications of the Department of Tourism, Government of Kerala.
 3. Publications of the Tourist Desk, Ernakulam
 4. Survey Data.

TABLE 4.28

GROUP-WISE ROOM CAPACITY OF KERALA (TOTAL OF ELEVEN CENTRES) AND ROOM CAPACITY OF SIGNIFICANT CENTRES WITH THEIR SHARE TO THE RESPECTIVE TOTAL

Type of Rooms	Total Room Capacity - 1985			Total Room Capacity - 1994			% Increase in the Room Capacity of Significant Centres in 1994 over 1985
	All Centres	Significant Centres	Proportion of Significant Centres to Total (%)	All Centres	Significant Centres	Proportion of Significant Centres to Total (%)	
R1 Type	357	327	91.60	804	774	96.27	136.70
R2 Type	599	529	88.31	1501	750	49.97	41.78
R3 Type	577	462	80.07	1306	992	75.96	114.72
R4 Type	3121	2217	71.03	4910	3712	75.60	67.43
Total	4654	3535	75.96	8521	6228	73.09	76.18

Source: 1. Hotel Guides of F.H.R.A.I.

2. Publications of the Department of Tourism, Government of Kerala.

3. Publications of the Tourist Desk, Emakulam.

4. Survey Data.

the significant centres in 1994 over 1985 indicates the decrease in the proportion of the room capacity in the non-significant centres, in a particular type and vice-versa. This is depicted in Table 4.28, wherein the category-wise total room capacity of, all the centres together, significant centres and proportion of the significant centres to total room capacity are given for 1985 and 1994. The percentage increase in the room capacity of significant centres in 1994 over 1985 are also shown in Table 4.28.

In 1985, the room capacity of all the centres together in the R₁, R₂, R₃ and R₄ types was 357 rooms, 599 rooms, 577 rooms and 3121 rooms respectively. Of these, the share of the significant centres was 327 rooms, 529 rooms, 462 rooms and 2217 rooms respectively. The proportion of the respective room capacity of the significant centres to total room capacity was 91.60 per cent, 88.31 per cent, 80.07 per cent and 71.03 per cent .

During 1994, the total of the R₁, R₂, R₃ and R₄ types was 804 rooms, 1501 rooms, 1306 rooms and 4910 rooms respectively. In this the share of the significant centres was 774 (96.27 per cent), 750 (49.97 per cent), 992 (75.96 per cent) and 3712 (75.60 per cent) respectively. It is seen that there was an increase in the proportion of the significant centres to total in respect of the R₁ and R₄ types and a decrease in that of the R₂ and R₃ types in 1994 over 1985. The increase in the total room capacity of the significant centres in 1994 over 1985 was, 136.70 per cent, 41.78 per cent, 114.72 per cent and 67.43 per cent for the R₁, R₂, R₃ and R₄ types respectively.

4.6 The Significant Changes in the Spatial Structure of the Hotel Industry in Kerala

It is clear from the previous discussion on significant centres that some centres which were significant in 1985 ceased to be so in 1994 and vice-versa.

This indicates that there have been significant changes in the spatial structure of the industry in respect of the R₁, R₂, R₃ and R₄ types of rooms in the eleven centres of tourism resulting in spatial concentration or dispersion. This is analysed below.

4.6.1 *Spatial Concentration*

Concentration implies that a location enjoying a relatively significant position with respect to some magnitude at the commencement of a given period of time, retains its relative significance at the end of the period and also has a proportionate increase in its share over the period. To assess the extent of concentration β and η scores have been computed. Concentration in one centre implies that :

$\beta_0 > 1$ and $\eta > 1$ where,

$$\beta_0 = \frac{\text{The actual magnitude of the centre at the commencement of the period}}{\text{The average magnitude of the centre for that period}}$$

$$\eta = \frac{\text{The actual change in the magnitude}}{\text{The average change in the magnitude.}}$$

It can be seen from Table 4.29 that there was spatial concentration at Thiruvananthapuram, Kovalam and Kochi in the R₁ type; only at Kochi in the R₂ type, at Thiruvananthapuram and Kochi in the R₃ type and at Thiruvananthapuram, Kochi, Guruvayoor and Kozhikode in the R₄ type. Out of the eleven centres under study Kochi is the only centre in which spatial concentration has taken place in all the four groups of hotels. Concentration is found in all types except the R₂ type, in Thiruvananthapuram. It has taken place in Kovalam only in the R₁ type.

TABLE 4.29
CENTRE-WISE SPATIAL CONCENTRATION AND DISPERSION IN THE FOUR GROUPS OF HOTEL ROOMS DURING 1985-1994

C e n t r e	R1				R2				R3				R4			
	1985		1994		1985		1994		1985		1994		1985		1994	
	Actual Rooms	A.R.P.C	S ₁	S ₂	Actual Rooms	A.R.P.C	S ₁	S ₂	Actual Rooms	A.R.P.C	S ₁	S ₂	Actual Rooms	A.R.P.C	S ₁	S ₂
Thiruvananthapuram	81	32.45	2.88	73.08	71	54.45	1.30	1.88.45	100	52.45	1.81	1.18.73	472	283.73	1.68	738
Kovalam	128	32.45	3.84	73.08	0	54.45	0.00	1.38.45	40	52.45	0.78	1.18.73	83	283.73	0.22	44
Kochi	112	32.45	3.45	73.08	213	54.45	3.81	1.78.45	225	52.45	4.28	1.18.73	487	283.73	1.94	1498
Thekkadi	0	32.45	0.00	73.08	0	54.45	0.00	1.38.45	30	52.45	0.57	1.18.73	28	283.73	0.12	47
Kollam	0	32.45	0.00	73.08	100	54.45	1.84	1.38.45	0	52.45	0.00	1.18.73	180	283.73	0.81	17
Alappuzha	30	32.45	0.97	73.08	0	54.45	0.00	1.38.45	0	52.45	0.00	1.18.73	145	283.73	0.52	198
Kottayam	0	32.45	0.00	73.08	47	54.45	0.77	1.38.45	18	52.45	1.45	1.18.73	250	283.73	0.98	90
Thrissur	0	32.45	0.00	73.08	90	54.45	1.85	1.38.45	81	52.45	1.18	1.18.73	34	283.73	0.82	185
Guruvayoor	0	32.45	0.00	73.08	0	54.45	0.00	1.38.45	45	52.45	0.88	1.18.73	862	283.73	2.31	185
Palakkad	0	32.45	0.00	73.08	55	54.45	0.51	1.38.45	0	52.45	0.00	1.18.73	897	283.73	2.28	178
Kozhikode	0	32.45	0.00	73.08	55	54.45	1.01	1.38.45	0	52.45	0.00	1.18.73	408	283.73	1.28	512

Note A.R.P.C = Average Rooms Per Centre.

Source Computed from the data obtained from :

1. Hotel guides of FHRAI
2. Publications of the Department of Tourism, Govt. of Kerala
3. Publications of the Tourist Desk, Ernakulam
4. Survey Data.

Concentration is found in Guruvayoor and Kozhikode the R_4 type only. This is because Guruvayoor is a pilgrim centre and affluent pleasure tourists are not expected in large numbers there. Whereas in Kozhikode, which has now become a popular business town, the necessity of having different categories of hotels is beyond doubt.

4.6.2 *Spatial Dispersion*

Spatial dispersion is identified in areas where the industry shows a geographical spread. There are four possible situations where spatial dispersion may be evidenced. They are as follows:

1. The location hitherto holding a relatively non-significant position have gained so much magnitude as to attain a relatively significant position in the industry over the given period, ie. $0 < \beta_0 < 1$ and $\beta_1 > 1$.
2. The locations hitherto enjoying a relatively significant position in the industry in the beginning of the period shows a decline or does not gain proportionately in the total increase in the magnitude, ie, $\beta_0 > 1$ $\beta_1 < 1$ and $\eta < 1$.
3. The relative gains in the magnitude of the location holding a relatively non-significant position in the beginning of the period combined with the share of the new locations are more than the gains of locations that enjoyed a relatively significant position in the beginning, i.e., $\beta_0 > 1$, $\beta_1 > 1$ and $\eta < 1$.
4. The location which was not at all on the map of the industry at the commencement of the period occupying a relatively significant position in the industry at the end of the period, ie, $\beta_0 = 0$ and $\beta_1 > 1$.

The dispersion of the hotel industry in the eleven main centres of tourism in Kerala under various conditions is shown in Table 4.29. The first condition i.e., $0 < \beta_0 < 1$ and $\beta_1 > 1$ is not found in any of these locations. The second condition, i.e., $\beta_0 > 1$, $\beta_1 < 1$ and $\eta < 1$ is found in five centres as explained below. There was not any geographical dispersion in the R_1 type rooms in any of the centres. In the R_2 type dispersion is found at Thiruvananthapuram ($\beta_0 = 1.30$, $\beta_1 = 0.97$ and $\eta = 0.76$), Kollam ($\beta_0 = 1.84$, $\beta_1 = 0.73$, and $\eta = 0$) and Thrissur ($\beta_0 = 1.65$, $\beta_1 = 0.86$ and $\eta = 0.33$). In the R_3 type, there is dispersion at Kottayam ($\beta_0 = 1.45$, $\beta_1 = 0.63$ and $\eta = -0.02$) and Thrissur ($\beta_0 = 1.16$, $\beta_1 = 0.46$ and $\eta = -0.09$). Palakkad is the only centre with geographical dispersion ($\beta_0 = 1.09$, $\beta_1 = 0.62$ and $\eta = -2.1$) in the R_4 type.

The third condition $\beta_0 > 1$, $\beta_1 > 1$ and $\eta < 1$ is applicable neither to any centre nor to any category. The fourth condition $\beta_0 = 0$ and $\beta_1 > 1$ is applicable to Kozhikode in the case of R_3 rooms ($\beta_0 = 0.00$ $\beta_1 = 1.51$). Spatial dispersion has taken place in three centres in the R_2 type, two centres in the R_3 type and only in one centre in the R_4 type. It has occurred in both the R_2 and the R_3 types at Thrissur.

4.7 The Degree of Variation of Concentration in Each Group of Hotel Rooms

The next step is to measure the degree of concentration of hotel industry over the years 1985-1994. Herfindal Index (H. Index) is used here to indicate the degree of variation of concentration. This is accredited to the name of O.C. Herfindal⁴.

4.7.1 *Herfindal Index*

The square of the proportion of the room capacity of a centre to the total room capacity of all the centres is the basis of measuring the degree of variation of concentration. This is denoted by Chi ² (χ^2). Had all the rooms in the state been concentrated in one centre, the degree of concentration would have been one ie,

$$\chi^2 = \left[\frac{\text{Total rooms in one centre}}{\text{Total rooms in the state}} \right]^2 = 1$$

For all the remaining centres χ^2 would have been zero. This can happen only when cent per cent concentration takes place in one centre. In other words χ^2 comes close to one as the degree of concentration increases and moves away from one by the decrease in the degree of concentration. The following is the formula⁵ for calculating H-index :

$$H.I = \sum_{i=1}^n \chi_i^2$$

Where,

H.I = Herfindal Index (Degree of concentration)

n = Number of tourist centres with the particular category of hotel in operation

χ_i = Share of each centre in the industry.

TABLE 4.30

HERFINDAL INDEX OF CONCENTRATION

Year	R1		R2		R3		R4	
	$\Sigma(\text{Chi})^2$ for all Centres	H Index	$\Sigma(\text{Chi})^2$ for all Centres	H Index	$\Sigma(\text{Chi})^2$ for all Centres	H Index	$\Sigma(\text{Chi})^2$ for all Centres	H Index
1985	0.2935	100	0.2064	100	0.2242	100	0.1278	100
1986	0.2780	95	0.3090	150	0.2018	90	0.1269	99
1987	0.2768	94	0.3595	174	0.1551	69	0.1264	99
1988	0.3080	105	0.3707	180	0.1663	74	0.1279	100
1989	0.3542	121	0.2758	134	0.1565	70	0.1295	101
1990	0.3534	120	0.2949	143	0.1721	77	0.1404	110
1991	0.3532	120	0.1801	87	0.2507	112	0.1498	117
1992	0.3527	120	0.1588	77	0.2124	95	0.1548	121
1993	0.3666	125	0.1606	78	0.2094	93	0.1705	133
1994	0.3539	121	0.1645	80	0.2393	107	0.1739	136

4.7.2 Method of Calculating Herfindal Index for R_1 , R_2 , R_3 and R_4 Type Rooms

Steps Involved

- 1 Calculate the χ which is the ratio of the room capacity per annum of each centre to the total of all the centres (group-wise)
- 2 Square it
- 3 Find out $\sum_{i=1}^n (\text{Chi})^2$. This is the year-wise sum which shows the degree of concentration of the particular type of room.
- 4 Calculate the index, the base year being the initial year. i.e. 1985.

Herfindal Index for the R_1 type of rooms had increased from 100 (1985) to 121 (1994) (Table 4.30). The H-index was the highest in 1993 (125) and the lowest in 1987 (94). This shows that the degree of variation in concentration of the R_1 type of rooms in a particular centre/a few centres was not steady, but subject to oscillation. However an increasing trend can be noticed after 1988 when compared to the base year, 1985, which indicates an increase in concentration of the R_1 type of rooms. This means that the R_1 type of rooms do not show spread in all the centres but the growth is only in the existing centre/centres. (Table 4.31).

In the R_2 type the Herfindal Index increased from 100(1985) to 143 (1990) which indicates that the degree of concentration of the R_2 type of rooms has increased (Table 4.30). The growth in the number of R_2 rooms was in the existing centres. But from 1991 the Herfindal Index had fallen off 100 which means that concentration has reduced due to coming up of R_2 type rooms in other centres also (Table 4.32).

The Herfindal Index of the R₃ type of rooms was below 100 in all the years except in 1991 (112) and 1994 (107). Concentration was decreasing in this type except in 1991 and 1994. Rooms in the R₃ type were found throughout the decade at Thiruvananthapuram, Kovalam, Kochi, Kollam (except in 1985 and 1986), Kottayam (except in 1991), Thrissur and Kozhikode (except in 1985 and 1986). Alappuzha had no rooms in the R₃ type throughout the period (Table 4.33).

TABLE 4.31

**CENTRE-WISE GROWTH OF THE R₁ TYPE OF ROOMS IN KERALA
DURING 1985 - 1994**

Centres	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Thiruvananthapuram	87	185	189	190	191	191	192	194	190	190
Kovalam	128	128	128	128	125	125	125	125	125	189
Kochi	112	112	148	148	325	323	323	323	360	395
Thekady	-	-	-	-	-	-	-	-	-	-
Kollam	-	-	-	-	-	-	-	-	-	-
Alapuzha	30	30	30	-	-	-	-	-	-	-
Kottayam	-	-	-	-	-	-	-	-	-	-
Thrissur	-	-	-	-	-	-	-	-	-	-
Guruvayoor	-	-	-	-	-	-	-	-	-	-
Palakkad	-	28	28	28	28	28	28	28	30	30
Kozhikode	-	-	-	-	-	-	-	-	-	-
Total	357	483	523	494	669	667	668	670	705	804

Source : 1. F.H.R.A.I. Guides (2) Publications of the Department of Tourism, Government of Kerala (3) Publications of the Tourist Desk, Ernakulam (4) Survey Data.

TABLE 4.32

**GROWTH OF THE R₂ TYPE OF ROOMS (CENTRE-WISE) IN KERALA
DURING 1985 - 1994**

Centres	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Thiruvananthapuram	71	71	71	44	45	45	45	133	133	133
Kovalam	-	-	-	-	40	40	75	90	90	90
Kochi	213	366	319	401	358	434	435	431	428	451
Thekady	-	-	-	-	-	30	78	115	115	115
Kollam	100	100	-	76	98	98	100	100	100	100
Alapuzha	-	-	-	36	36	36	36	36	30	30
Kottayam	42	42	42	85	85	85	118	88	88	91
Thrissur	90	90	90	-	-	-	115	115	117	117
Guruvayoor	-	-	-	-	-	-	71	71	75	75
Palakkad	28	-	-	-	-	-	-	-	-	-
Kozhikode	55	55	55	55	99	96	148	241	297	299
Total	599	724	577	697	761	864	1221	1420	1473	1501

Source : 1. F.H.R.A.I. Guides (2) Publications of the Department of Tourism, Government of Kerala (3) Publications of Tourist Desk, Ernakulam (4) Survey Data.

TABLE 4.33

**GROWTH OF THE R₃ TYPE OF ROOMS IN KERALA (CENTRE-WISE)
DURING 1985 - 1994**

Centres	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Thiruvananthapuram	100	127	127	230	230	207	332	250	257	297
Kovalam	40	40	40	40	16	42	71	72	78	78
Kochi	225	184	225	298	219	219	208	212	210	516
Thekady	30	30	30	30	30	-	-	-	-	-
Kollam	-	-	160	154	154	154	84	84	84	77
Alapuzha	-	-	-	-	-	-	-	-	-	-
Kottayam	76	76	76	36	72	32	-	38	38	75
Thrissur	61	61	61	160	160	160	10	10	15	55
Guruvayoor	45	45	45	45	45	45	-	-	-	-
Palakkad	-	-	-	-	-	-	-	5	9	29
Kozhikode	-	-	172	199	199	279	206	199	225	179
Total	577	563	936	1192	1125	1138	911	870	916	1306

Source : 1. F.H.R.A.I. Guides (2) Publications of the Department of Tourism, Government of Kerala (3) Publications of Tourist Desk, Ernakulam (4) Survey Data.

TABLE 4.34
GROWTH OF R₄ TYPE OF ROOMS IN KERALA (CENTRE-WISE)
DURING 1985 - 1994

Centres	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Thiruvananthapuram	472	648	781	781	789	802	835	835	739	739
Kovalam	63	124	169	169	169	169	80	49	44	44
Kochi	467	578	665	840	963	1205	1284	1166	1326	1486
Thekady	29	29	49	108	128	142	153	97	97	97
Kollam	180	192	220	220	213	150	144	137	37	37
Alapuzha	148	160	216	216	252	302	302	331	389	389
Kottayam	250	260	272	262	262	197	197	160	190	190
Thrissur	234	253	270	270	275	275	242	177	104	165
Guruvayoor	662	662	678	738	788	810	810	825	825	855
Palakkad	310	310	330	330	330	330	302	287	272	276
Kozhikode	306	404	726	750	706	695	726	640	558	632
Total	3121	3620	4376	4684	4875	5077	5075	4704	4581	4910

Source : 1. F.H.R.A.I. Guides

2. Publications of the Department of Tourism, Government of Kerala
3. Publications of the Tourist Desk, Ernakulam (4) Survey Data.

In the R₄ type the Herfindal Index had increased from 100 (1985) to 136 (1994) indicating steady increase in concentration(except in 1986 and 1987) (Table 4.30 and 4.34).

Conclusion

From the foregoing analysis it has emerged that between 1985 and 1987 concentration was decreasing in the R₁ type. But after 1987 the degree of variation of concentration was on the increase though there were oscillations in-between. In the R₂ type concentration was increasing between 1985 and 1988. But from 1989 on words , it was decreasing except in 1990. In the R₃ type concentration was not steady. A decreasing trend was found through-out the decade except in 1991 and 1994. In the R₄ type concentration was increasing

after a decrease in 1986 and 1987. The analysis showed that the degree of concentration was not steady. What is ideal for the uninterrupted growth of tourism is the spread of different types of hotel rooms at different centres and not growth confined to a few centres.

4.8 Measuring of the Degree of Uncertainty of a Centre in Attracting and Retaining the Customers

If the entire room capacity of the state is concentrated in one centre, that is, when the Herfindal Index is one, the degree of uncertainty in attracting and retaining customers in the centre is zero. But the rooms are scattered in different centres. Hence it is necessary to measure the degree of uncertainty of each centre in attracting a customer or retaining a customer. Entropy Index⁶ is used for this purpose. Entropy Index is denoted by the letter 'e'.

4.8.1 Entropy Index

If all tourist centres have equal share of hotel rooms, the degree of competition is maximum among the various centres to attract more and more tourists to each centre. The degree of uncertainty of retaining a customer or attracting a customer i.e. 'e' will be high. As the competition reduces, the uncertainty also gets reduced. Where 'e' is zero, one centre controls the market and there is no competition from other centres. A rise in the coefficient indicates an increase in the competitiveness and a fall in the coefficient indicates a decline in the competitiveness. That is as the concentration decreases, the Entropy Coefficient increases and vice-versa. Thus there is an inverse relationship between the Entropy Coefficient 'e' and the degree of market concentration. It is measured by the following coefficient :

$$e = \sum_{i=1}^n \chi_i \log (1/\chi_i)$$

Steps Involved

1. Calculate 'Chi', where 'Chi' is the share of the centre in terms of room capacity to the total room capacity of the state. This is computed for each centre for a ten year period from 1985 to 1994 for the different types of rooms.
2. Logarithms of the reciprocal of these values are obtained using common logarithms.
3. Multiply log 1/Chi with 'Chi'.
4. Sum up all the values of Chi multiplied by log 1/Chi for the centres.
5. Indices of the Entropy Coefficient are calculated with 1985 as the base year.

In the R₁ type of rooms the Entropy Index increased in 1986 (109) and in 1987 (108) in comparison with 1985 (100) indicating a decrease in concentration and an increase in competition (see Table 4.35). But during the period 1988 to 1994 the Entropy Index shows a declining trend indicating an increase in concentration and a decrease in competition among the various centres. In the R₂ type of rooms during the period 1985 to 1990 the Entropy Index declined from 100 to 92. It ranged between 74 (1987) to 100 (1985). This indicates a decline in the competitiveness or an increase in concentration. During 1991 to 1994 the Entropy Index was more than the base year and ranged between 115 (1991) and 118(1992). This means that the competition had increased during the period and

TABLE 4.35

ENTROPY INDEX OF CONCENTRATION

Year	eR ₁	Index	eR ₂	Index	Er ₃	Index	eR ₄	Index	Index
1985	0.5575	100	0.7613	100	0.7441	100	0.9484	100	100
1986	0.6063	109	0.6367	84	07637	103	0.9511	103	100
1987	0.6038	108	0.5606	74	0.8685	117	09534	117	101
1988	0.5391	97	0.5838	77	0.8395	113	0.9539	113	101
1989	0.5015	90	0.6928	91	0.8516	114	0.9525	114	100
1990	0.5021	90	0.6994	92	0.8114	109	09316	109	98
1991	0.5022	90	0.8750	115	0.6556	88	0.9098	88	96
1992	0.5023	90	0.8985	118	0.7337	99	089.28	99	94
1993	0.4941	89	0.8912	117	0.7438	100	0.8592	100	91
1994	0.5008	90	0.8860	116	0.7354	99	0.8574	99	90

Note : eR₁, eR₂, eR₃ & eR₄ indicate entropy for R₁, R₂, R₃ & R₄ types of rooms respectively.

the degree of uncertainty of attracting customers was more than the previous period (Table 4.35).

There were oscillations in the Entropy Index of R_3 type of rooms with the maximum 117 (1987) and the minimum 88 (1991). The Entropy Index was on the increase till 1990 as compared to 1985 (100) with slight oscillations and since 1991 a decreasing tendency has been found. The membership of unapproved hotels in the FHRAI in a particular year decides the fate of the R_3 rooms which is bound to vary year after year and that is the reason for the oscillations in this type. Upgradation of the unapproved hotels into approved ones also causes a decrease in this category. In the R_4 type the Entropy Index does not change much till 1989. A declining trend is found from 1990 to 1994. The R_4 type of rooms have increased only in some centres, resulting in increase in concentration (Table 4.35).

Conclusion

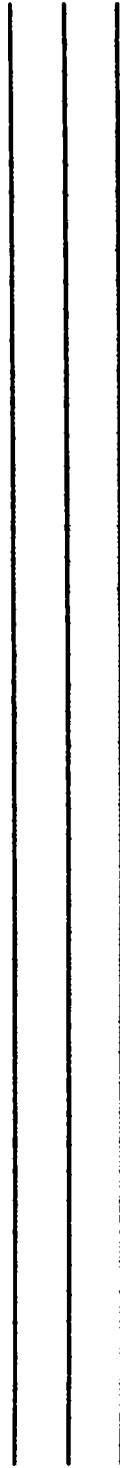
The decline in Entropy Index and an increase in concentration resulting in a decrease in competition are found in the R_1 and the R_4 types of rooms. This situation is not favourable to the customers. They are forced to stay at the places where rooms are available and not given the chance to stay at a centre of their choice. The degree of uncertainty of attracting or retaining a customer is reduced. This will lead to monopolistic tendency. Only in the R_2 type of rooms the Entropy Index has increased indicating an increase in competition. For attracting customers especially high spending foreign customers, competition should increase in the R_1 type of rooms. For this, more hotels belonging to three star and higher

categories have to be started at various centres with adequate rooms. The entrepreneurs should be attracted to invest in hotels in a big way. Their reluctance to invest in hotels can be overcome by showing how hotels have come to occupy an important place among the best few industries. For this purpose the financial performance of the hotel industry is analysed in the following chapter.

Select Reference

1. Negi, J.M., op.cit., p.228.
2. Selvem, M., op.cit., p.218.
3. Pragathy Mohanty, op.cit., p.102.
4. Ibid., p.128.
5. Ibid., p.129
6. Ibid., p.130

Chapter - II



FINANCIAL ANALYSIS OF THE HOTEL INDUSTRY

CHAPTER - V

FINANCIAL ANALYSIS OF THE HOTEL INDUSTRY

Compared to many other industries the hotel industry has fared much better at the all India level in several respects. This is clearly brought out in a study of sixty-one industry groups consisting of nine hundred and seventy-nine companies belonging to the private corporate sector* In order to show the rank of the hotel industry among other industries, Key Industry Growth Indicators (1990-91 to 1993-94) and the Trends in Key Industry Ratios (1989-90 to 1993-94) are used.

5.1 Key Industry Growth Indicators

The parameters used as the Key Industry Growth Indicators here are : (1) Sales (2) Profit After Tax (3) Profit Before Depreciation Interest and Tax (4) Total Assets (5) Capital Employed (6) Net Value Added and (7) Gross Fixed Assets. These indicators are shown in Tables 5.1 to 5.7.

5.1.1 Sales

The percentage change over the previous year in respect of the Sales of sixty-one industries during the period 1990-91 to 1993-94 is shown in Table 5.1.

* C.M.I.E. Corporate Finance : Industry Aggregate 3rd November, 1994

TABLE 5.1
KEY INDUSTRY GROWTH INDICATORS : 1990-91 TO 1993-94

Industry	Sales				(% Change over previous year)			
	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	15.33	38	7.55	58	4.85	54	40.52	3
Sugar	13.55	42	20.15	34	24.96	11	11.37	39
Edible Oil	36.21	3	24.03	17	8.91	46	0.78	58
Other Food Products	17.96	30	26.72	12	11.86	35	9.13	43
Cigarettes	21.51	16	27.34	11	19.05	18	8.28	44
Beer & Alcohol	21.89	15	6.19	59	9.99	42	27.39	6
Cotton Blended Textiles	15.33	38	21.28	28	15.32	28	15.53	31
Jute & Jute Products	24.47	12	-0.50	61	10.68	40	20.19	22
Other Textiles	11.46	47	39.17	2	32.73	4	16.29	29
Man-made Fibres	19.96	23	21.25	29	9.05	45	13.83	33
Leather & Footwear	9.27	52	11.14	55	-1.90	58	14.23	32
Plywood	22.36	14	12.07	52	15.11	29	24.81	12
Paper	17.53	31	18.27	39	11.60	36	13.76	34
Alkalies	14.88	41	21.22	30	23.80	14	6.63	50
Fertilisers	8.00	55	21.85	24	8.39	47	7.57	47
Pesticides	20.26	20	29.25	8	25.52	9	16.21	30
Other Inorganic Chemicals	19.72	24	33.01	4	26.94	8	10.44	42
Organic Chemicals	17.55	32	31.10	7	11.31	38	2.06	55
Drugs & Pharmaceuticals	18.92	27	17.76	42	22.20	17	22.82	15
Cosmetics & Toiletries	20.15	22	24.24	16	12.46	34	17.51	27
Paints	17.15	34	20.15	34	9.69	44	10.48	41
Dyes & Pigments	17.46	33	18.25	40	17.69	21	13.27	36
Miscellaneous Chemicals	2.94	60	13.95	49	14.82	30	16.97	28
Plastics & Plastic Products	20.81	19	25.21	14	16.38	24	19.12	24
Tyres & Tubes	19.16	26	16.35	44	11.52	37	6.95	49
Rubber & Rubber Products	21.18	17	13.41	50	3.37	55	-13.35	61
Cement	28.30	8	25.55	13	7.78	48	25.11	11
Refractories & Ceramic Products	20.93	18	25.15	15	13.11	32	1.76	56
Glass & Glass Products	6.50	58	19.40	36	12.70	33	-1.00	60
Other non-metallic Mineral Product	10.05	51	21.84	25	10.01	41	7.89	46
Diamond & Jewellery	12.15	45	22.64	23	37.45	2	50.48	1
Sponge Iron	188.72	1	98.57	1	-12.50	61	43.37	2
Steel & Steel Products	11.90	46	18.35	38	16.61	23	7.42	48
Metal Products	8.68	53	12.32	51	9.78	43	22.52	16
Casting & Forgings	18.31	29	15.15	46	-5.72	60	6.54	51
Steel Tubes & Pipes	7.79	56	11.33	54	25.45	10	19.59	23
Other non-ferrous Metals	0.51	61	31.41	6	31.16	5	5.41	52
Aluminium & Aluminium Products	8.35	54	21.58	26	16.20	26	0.56	59
Pumps & Compressors	10.91	48	22.84	20	23.04	16	1.05	57
Bearings	26.71	10	33.37	3	10.58	39	8.16	45
Mining & Indl. Machinery	32.24	4	14.53	47	7.13	49	21.88	18
Non-Electrical Machinery	19.65	25	11.67	53	5.82	51	13.47	35
Electrical Machinery	30.92	5	22.87	19	16.27	25	17.88	25
Dry Cells & Storage Batteries	10.18	50	20.68	31	5.21	53	3.53	53
Wires & Cables	13.11	43	5.75	60	47.64	1	11.04	40
Electronics	26.84	9	27.66	10	5.41	52	20.72	21
Computers	49.69	2	21.56	27	23.67	15	25.64	9
Tractors	30.53	6	20.59	32	13.65	31	3.06	54
Commercial Vehicles	30.24	7	15.42	45	-3.23	59	25.24	10
Passenger Cars & Jeeps	16.39	35	18.51	37	15.93	27	24.45	13
Two-wheelers	15.65	37	10.07	57	2.70	56	27.06	7
Automobile Ancillaries	22.53	13	22.80	21	18.41	19	13.14	38
Diversified	18.64	28	22.72	22	17.23	22	17.78	26
Miscellaneous Manufacturing	24.58	11	23.63	18	18.20	20	20.95	20
Trading	20.21	21	17.73	43	6.83	50	13.18	37
Minerals & Mineral Products	14.95	40	28.85	9	27.45	7	28.23	5
Electricity Generation	10.39	49	17.90	41	27.97	5	22.52	16
Shipping Services	15.72	36	20.25	33	1.16	57	21.10	19
Construction & Allied Activities	4.52	59	10.50	56	33.76	3	23.42	14
Hotels	7.44	57	32.78	5	24.83	12	29.01	4
Other Services	12.53	44	14.05	48	24.27	13	26.39	8
All Industries	18.54		20.37		13.29		15.83	

Source : C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xix

TABLE 5.2

KEY INDUSTRY GROWTH INDICATORS (ALL INDIA) : 1990-91 TO 1993-94

Industry	PROFIT AFTER TAX (% Change over previous year)							
	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	26.34	29	-10.48	48	1.93	35	46.70	30
Sugar	-27.11	54	-59.63	59	-30.08	49	1879.62	1
Edible Oil	59.12	18	13.82	32	-38.62	54	30.55	36
Other Food Products	30.13	27	4.80	41	-10.31	41	53.21	27
Cigarettes	76.24	11	28.79	27	26.80	19	30.18	38
Beer & Alcohol	-16.25	49	7.60	38	49.71	12	150.39	9
Cotton Blended Textiles	84.52	9	-6.46	46	-8.73	40	97.63	15
Jute & Jute Products	129.65	6	-36.76	55	170.93	4	47.89	29
Other Textiles					58.00	10	166.58	7
Man-made Fibres	30.43	26	-48.88	57	29.94	48	399.06	5
Leather & Footwear	42.16	21						
Phywood	18.59	34	42.08	17	24.74	20	27.28	41
Paper	16.37	36	-18.42	51	0.83	38	68.16	21
Alkalies	61.17	16	36.32	21	82.98	7	114.79	13
Fertilisers	77.65	10	6.02	40	18.32	23	6.60	54
Pesticides	7.49	39	63.51	10	17.84	24	19.61	47
Other Inorganic Chemicals	84.75	8	-23.48	54				
Organic Chemicals	21.00	31	43.98	16	-17.39	45	1.76	55
Drugs & Pharmaceuticals	-0.76	42	12.20	35	51.88	11	77.42	18
Cosmetics & Toiletries	34.17	25	20.33	29	14.18	26	17.58	49
Paints	-21.18	51	74.18	9	-19.05	46	32.69	69
Dyes & Pigments	70.42	14	-11.73	49	32.64	16	78.90	17
Miscellaneous Chemicals	-82.68	56	240.54	2	366.35	1	28.18	39
Plastics & Plastic Products	263.87	4	53.64	12	22.93	21	27.89	40
Tyres & Tubes	21.34	30	26.35	28	-34.89	51	-40.11	58
Rubber & Rubber Products	36.21	24	44.42	15	13.94	27	-24.41	57
Cement			55.63	11	-49.78	56	135.43	12
Refractories & Ceramic Products	20.97	32	34.58	22	8.55	33	55.19	26
Glass & Glass Products	49.82	20	39.30	20	1.47	36	-77.11	59
Other non-metallic Mineral Product	1.87	41	-16.36	50	36.77	15	27.24	42
Diamond & Jewellery	-15.55	48	99.45	7	20.32	22	25.77	43
Sponge Iron	60.54	17	186.29	4	41.48	14	51.11	28
Steel & Steel Products	-2.78	45	13.01	34	-36.23	52	76.21	19
Metal Products	-15.42	47	51.70	14	27.89	18	21.90	46
Casting & Forgings	12.43	38	-23.06	53	-83.04	58	625.91	2
Steel Tubes & Pipes			193.05	3	-12.70	43	316.20	6
Other non-ferrous Metals	-96.95	57	4997.62	1	-23.77	47	160.78	8
Aluminium & Aluminium Products	-4.31	46	4.37	42	29.81	17	34.58	32
Pumps & Compressors	16.11	37	13.49	33	62.27	9	-14.76	56
Bearings	-25.92	53	30.87	26	-36.86	53	19.60	48
Mining & Indl. Machinery	74.57	12	19.38	30	-12.82	44	25.03	44
Non-Electrical Machinery	331.53	3	-37.42	56	9.09	32	34.31	33
Electrical Machinery	104.01	7	10.59	36	9.72	31	64.93	22
Dry Cells & Storage Batteries	1764.46	1	9.34	37	-51.68	57	81.83	16
Wires & Cables	-28.89	55	41.99	18	146.95	5	11.65	52
Electronics	174.19	5	53.22	13	-39.30	55	149.15	10
Computers			31.86	24	10.51	29	37.04	31
Tractors	54.54	19	31.53	25	-2.77	39	17.05	50
Commercial Vehicles	37.80	23	-23.81	52	-87.19	59	606.10	3
Passenger Cars & Jeeps	-1.91	43	-49.59	58	5.44	34	449.97	4
Two-wheelers	27.91	28	-3.00	44	10.18	30	148.40	11
Automobile Ancillaries	17.30	35	-1.46	43	11.91	28	23.31	45
Diversified	72.92	13	-6.03	45	78.28	8	61.37	23
Miscellaneous Manufacturing	64.70	15	17.85	31	1.18	37	59.13	24
Trading	20.15	33	7.30	39	-33.05	50	75.76	20
Minerals & Mineral Products	432.03	2	122.30	6	15.84	25	14.73	51
Electricity Generation	5.99	40	-7.72	47	100.97	6	30.52	37
Shipping Services	-20.29	50	165.91	5	-12.29	42	56.18	25
Construction & Allied Activities	-2.24	44	34.58	22	210.30	2	8.84	53
Hotels	-22.50	52	91.33	8	45.73	13	110.89	14
Other Services	41.63	22	39.85	19	206.83	3	30.69	35
All Industries	45.03		10.09		7.29		68.02	

Source

C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xix.

TABLE 5.3

KEY INDUSTRY GROWTH INDICATORS (ALL INDIA) : 1990-91 TO 1993-94								
PROFIT BEFORE INT, DEP & TAX (% Change Over Previous Year)								
Industry	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	20.64	35	-1.71	59	3.54	41	25.56	20
Sugar	9.26	50	17.90	45	39.57	8	84.67	3
Edible Oil	34.92	16	20.89	43	-3.92	55	7.53	50
Other Food Products	26.64	26	23.08	36	-1.35	52	16.33	37
Cigarettes	47.81	8	62.56	5	26.23	16	17.16	35
Beer & Alcohol	-3.79	58	14.80	51	23.96	20	59.73	4
Cotton Blended Textiles	35.93	14	19.23	44	7.82	38	28.24	17
Jute & Jute Products	31.22	19	9.95	55	48.36	6	5.64	53
Other Textiles	-2.79	57	70.12	4	25.26	18	46.09	7
Man-made Fibres	27.00	25	-2.65	60	2.77	43	41.73	8
Leather & Footwear	25.25	27	-11.52	61	-57.30	61	294.98	1
Pywood	15.38	40	23.37	33	28.74	15	21.04	29
Paper	18.02	36	22.11	38	1.19	48	15.63	38
Alkalies	14.02	42	23.25	34	34.32	11	31.16	15
Fertilisers	22.44	32	13.81	53	29.86	13	-3.20	57
Pesticides	21.17	33	50.85	9	19.19	27	13.55	39
Other Inorganic Chemicals	28.81	21	8.90	56	40.74	7	23.39	25
Organic Chemicals	23.83	30	27.53	28	0.32	49	-13.05	60
Drugs & Pharmaceuticals	14.43	41	15.38	49	34.96	10	39.41	10
Cosmetics & Toiletries	24.75	28	24.55	31	19.61	26	16.64	36
Paints	13.98	43	48.56	10	-4.32	56	11.60	43
Dyes & Pigments	33.26	18	28.53	27	23.10	22	25.97	19
Miscellaneous Chemicals	-18.06	60	28.71	25	50.28	5	17.61	33
Plastics & Plastic Products	56.78	6	43.71	15	13.38	34	18.36	31
Tyres & Tubes	12.62	45	28.95	24	5.16	40	2.42	54
Rubber & Rubber Products	28.25	24	47.75	11	2.71	45	-7.11	59
Cement	105.84	2	42.56	17	-22.61	60	28.28	16
Refractories & Ceramic Products	24.09	29	22.45	37	16.37	37	17.55	34
Glass & Glass Products	28.58	23	37.96	18	-2.97	54	-33.26	61
Other non-metallic Mineral Product	11.04	46	24.19	32	25.98	17	6.10	52
Diamond & Jewellery	-0.94	55	74.50	3	21.36	23	31.37	14
Sponge Iron	144.07	1	76.80	2	12.03	35	22.56	27
Steel & Steel Products	13.82	44	27.21	29	11.20	36	9.01	46
Metal Products	4.08	53	34.67	19	15.66	32	10.80	44
Casting & Forgings	16.28	39	20.64	42	-11.91	58	33.90	13
Steel Tubes & Pipes	55.49	7	15.59	48	16.84	30	34.08	12
Other non-ferrous Metals	-31.69	61	89.33	1	2.77	43	40.87	9
Aluminium & Aluminium Products	10.88	47	15.01	50	28.97	14	8.91	47
Pumps & Compressors	22.59	31	21.11	40	35.17	9	-3.37	58
Bearings	10.62	49	42.94	16	-0.89	51	7.32	51
Mining & Indl. Machinery	40.08	12	31.95	21	3.39	42	12.49	41
Non-Electrical Machinery	47.30	9	11.02	54	15.08	33	10.34	45
Electrical Machinery	34.60	17	29.84	23	19.80	25	17.80	32
Dry Cells & Storage Batteries	69.44	5	23.25	34	-1.68	53	23.30	26
Wires & Cables	3.23	54	31.67	22	62.92	2	8.33	49
Electronics	39.52	13	57.65	6	-7.44	57	25.47	21
Computers	103.18	3	44.09	14	17.45	28	0.56	56
Tractors	45.29	10	34.56	20	16.87	29	12.49	41
Commercial Vehicles	35.43	15	6.14	58	-16.40	59	26.42	18
Passenger Cars & Jeeps	8.78	51	13.93	52	2.03	46	88.24	2
Two-wheelers	10.65	48	7.56	57	-0.18	50	54.20	5
Automobile Ancillaries	20.72	34	21.56	39	20.57	24	8.75	48
Diversified	28.76	22	17.81	46	31.42	12	18.46	30
Miscellaneous Manufacturing	43.59	11	28.63	26	10.29	37	21.07	28
Trading	17.09	38	21.03	41	1.85	47	23.56	24
Minerals & Mineral Products	82.78	4	56.16	7	24.13	19	13.38	40
Electricity Generation	17.12	37	16.90	47	55.52	3	23.63	23
Shipping Services	-7.60	59	46.34	12	7.52	39	38.36	11
Construction & Allied Activities	6.67	52	26.06	30	55.34	4	2.32	55
Hotels	-1.99	56	51.17	8	23.49	21	51.99	6
Other Services	29.14	20	44.72	13	64.94	1	24.11	22
All Industries	26.08		22.65		13.91		21.09	

Source : C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xx.

The percentage change of Sales of hotels over the previous year was 7.44, 32.78, 24.83 and 29.01 for the respective four years from 1990-91 to 1993-'94. The highest change in Sales was in 1991-'92 (32.78 per cent) and the lowest in 1990-'91 (7.44 per cent). The rank of hotels had changed from fifty-seventh in 1990-'91 to fourth in 1993-'94 among the sixty-one industries. This indicates how well the hotel industry fared during the period under study.

5.1.2 *Profit After Tax*

The percentage change of Profit After Tax, over the previous year for hotels was -22.50, 91.33, 45.73 and 110.89 for the respective four years from 1990-'91 to 1993-'94 (Table 5.2). It was the highest in 1993-'94 (110.89 per cent) and the lowest in 1990-'91 (-22.50 per cent). The rank of hotels changed from fifty second (1990-'91) to fourteenth (1993-'94). This also indicates the better performance of the hotel industry.

5.1.3 *Profit Before Depreciation, Interest and Tax (P.B.D.I.T)*

P.B.D.I.T of the hotel industry had changed favourably during the period under study except in 1990-'91. Table 5.3 indicates that the change in percentage of the P.B.D.I.T. was -1.99, 57.17, 23.49 and 51.99 during 1990-'91, 1991-'92, 1992-'93 and 1993-'94 respectively. The highest change in the P.B.D.I.T was in 1993-'94 (51.99 per cent) and the lowest in 1990-'91(-1.99). The rank of hotels among the sixty-one industries had changed from fifty sixth in 1990-'91 to sixth in

1993-'94. The tremendous success of the hotel industry among other industries can be seen from this.

5.1.4 *Total Assets*

The respective percentage changes over the previous year in Total Assets of the hotel industry during 1990-'91 to 1993-'94 were 14.57, 8.89, 42.63 and 9.11 (Table 5.4). The change was the maximum in 1992-'93 (42.63 per cent) and minimum in 1991-'92 (8.89 per cent). Among the sixteen industries in respect of the percentage changes in Total Assets, hotels ranked forty-sixth, fifty-fourth, fifth and fifty-third in the respective years under study. This substantiates the fact that there was an unprecedented growth in the Total Assets of the hotel industry in 1992-'93. This was in pursuance of the national policy of improving the quality of hotel facilities and services to attract more tourists and thus promote India as one of the best destinations on the tourist map of the world.

5.1.5 *Capital Employed*

The changes in the Capital Employed of hotels as indicated by Table 5.5 were 9.03, 8.07, 14.95 and 19.87 respectively for the four years during 1990-'91 to 1993-'94. The change was the highest in 1993-'94 (19.87 per cent) and the lowest in 1991-'92 (8.07 per cent) during 1990-'91 to 1993-'94. The rank of hotels among the sixty-one industries by way of percentage change over the previous year had changed from fifty-fifth in 1990-'91 to forty-second in 1993-'94.

TABLE 5.4

KEY INDUSTRY GROWTH INDICATORS (ALL INDIA) : 1990-91 TO 1993-94

Industry	TOTAL ASSETS				(% Change Over Previous Year)			
	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	24.09	17	28.63	16	26.71	22	25.66	22
Sugar	43.89	2	25.49	22	28.88	19	9.21	52
Edible Oil	37.24	6	36.09	7	14.14	50	17.31	33
Other Food Products	15.95	42	20.20	31	25.99	23	15.49	45
Cigarettes	27.96	13	35.94	8	22.51	29	21.23	27
Beer & Alcohol	14.10	47	11.89	48	23.67	25	52.91	5
Cotton Blended Textiles	25.12	16	23.42	24	21.27	32	32.61	12
Wool & Jute Products	10.75	52	1.81	61	43.77	4	13.93	46
Other Textiles	9.77	55	10.85	50	16.96	47	52.91	5
Man-made Fibres	15.20	45	15.31	41	13.20	51	15.82	42
Leather & Footwear	16.00	41	4.73	59	2.57	60	19.09	30
Timber	5.20	58	14.67	44	39.34	6	19.15	29
Paper	30.85	10	20.32	30	22.87	28	20.24	28
Alkalis	23.16	22	8.82	55	33.97	10	33.11	11
Fertilisers	15.86	43	28.39	17	7.66	57	11.65	51
Batteries	36.52	8	25.66	20	26.95	21	25.70	20
Other Inorganic Chemicals	23.22	19	38.26	6	20.13	36	25.70	20
Organic Chemicals	12.72	49	19.74	32	12.24	53	7.95	56
Drugs & Pharmaceuticals	23.20	20	14.99	42	18.02	43	26.88	16
Cosmetics & Toiletries	20.05	27	22.39	26	19.34	40	28.44	14
Fuels	11.79	51	14.93	43	5.91	58	16.57	37
Dyes & Pigments	22.71	23	18.52	35	29.85	17	24.91	23
Miscellaneous Chemicals	3.97	60	11.05	49	11.06	56	8.77	54
Plastics & Plastic Products	40.75	4	35.41	9	32.85	12	26.01	19
Tires & Tubes	20.19	26	31.66	14	18.98	41	23.41	25
Rubber & Rubber Products	17.76	36	34.42	10	21.23	33	15.65	44
Cement	10.36	53	17.75	36	20.46	35	18.17	32
Refractories & Ceramic Products	17.95	35	13.97	45	29.73	18	26.03	18
Glass & Glass Products	17.06	39	4.78	58	11.38	55	15.99	40
Other non-metallic Mineral Product	23.19	21	28.09	18	19.63	39	5.06	59
Diamond & Jewellery	6.32	57	8.93	53	33.49	11	21.46	26
Sponge Iron	17.62	37	43.82	3	49.19	3	94.63	1
Steel & Steel Products	22.10	25	25.52	21	32.13	14	16.73	39
Metal Products	19.96	29	40.49	4	24.33	24	29.98	13
Casting & Foundries	37.11	7	12.54	47	32.04	15	16.41	38
Steel Tubes & Pipes	10.26	54	16.59	39	23.62	26	18.81	31
Other non-ferrous Metals	-1.49	61	20.97	28	61.02	2	66.08	2
Aluminium & Aluminium Products	29.80	12	20.42	29	88.81	1	16.12	39
Pumps & Compressors	17.13	38	18.58	34	16.71	48	2.81	61
Scanners	39.91	5	51.63	1	17.53	46	3.53	60
Mining & Indl. Machinery	23.27	18	21.43	27	22.36	30	12.14	49
Non-Electrical Machinery	19.48	30	16.73	38	20.04	37	13.10	48
Electrical Machinery	25.13	15	32.61	12	19.77	38	15.82	42
Dry Cells & Storage Batteries	12.81	48	23.22	25	3.70	49	7.55	55
Wires & Cables	18.09	33	10.47	51	37.79	9	36.57	10
Electronics	42.36	3	23.94	23	21.40	31	26.65	17
Computers	29.92	11	13.64	46	15.26	49	10.80	9
Tractors	78.65	1	2.49	60	23.44	27	28.18	15
Commercial Vehicles	15.82	44	50.87	2	21.22	34	5.21	58
Passenger Cars & Jeeps	19.19	31	6.07	56	17.63	45	38.68	7
Two-wheelers	6.62	56	4.96	57	0.41	61	16.69	35
Automobile Ancillaries	16.18	40	17.60	37	12.94	52	5.94	57
Diversified	12.08	50	40.25	5	17.73	44	24.69	24
Miscellaneous Manufacturing	27.93	14	15.39	40	29.99	16	15.89	41
Trading	22.62	24	27.43	19	18.94	42	16.64	36
Minerals & Mineral Products	34.11	9	19.37	33	38.77	7	38.57	8
Electricity Generation	18.01	34	33.38	11	28.35	20	63.11	3
Shipping Services	4.89	59	9.58	52	38.36	8	38.24	9
Construction & Allied Activities	20.02	28	32.53	13	11.68	54	13.33	47
Hotels	14.57	46	8.89	54	42.63	5	9.11	53
Other Services	18.82	32	30.02	15	32.27	13	57.89	4
All Industries	19.31		25.58		21.80		23.42	

Source : C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xx.

TABLE 5.5

KEY INDUSTRY GROWTH INDICATORS (ALL INDIA) : 1990-91 TO 1993-94

Industry	CAPITAL EMPLOYED (% Change Over Previous Year)							
	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	12.09	51	15.33	47	22.28	40	31.94	28
Sugar	40.52	8	29.14	19	29.10	25	31.43	31
Petroleum	39.52	9	45.54	5	18.14	45	20.10	41
Other Food Products	16.83	37	18.96	38	32.42	21	23.30	39
Cigarettes	30.38	15	43.21	8	26.18	28	64.50	6
Beer & Alcohol	5.13	58	7.90	59	14.04	53	62.03	8
Cotton Blended Textiles	20.81	28	28.87	21	31.20	22	43.44	12
Wool & Jute Products	29.66	18	20.78	35	51.79	4	100.69	1
Other Textiles	8.82	56	11.44	54	14.52	50	81.99	2
Man-made Fibres	15.81	42	18.75	39	16.32	47	20.44	40
Leather & Footwear	22.15	24	10.72	55	-6.91	61	36.06	24
Timber	3.37	59	16.87	44	56.82	3	17.13	50
Paper	36.07	10	24.12	29	23.72	35	37.64	19
Alkalis	28.81	19	10.10	56	36.05	16	36.33	22
Fertilisers	17.84	34	26.70	25	11.24	54	17.77	45
Pesticides	65.76	1	19.24	37	31.08	23	33.66	27
Other Inorganic Chemicals	21.20	25	31.55	16	14.13	52	43.18	13
Organic Chemicals	14.87	45	14.28	51	14.52	50	13.19	54
Drugs & Pharmaceuticals	25.60	20	18.68	40	21.18	41	45.37	11
Cosmetics & Toiletries	21.12	26	24.07	30	15.99	48	40.09	17
Fuels	20.88	27	30.57	18	17.96	41	17.46	48
Dyes & Pigments	29.95	16	27.40	23	39.05	12	41.11	15
Miscellaneous Chemicals	-1.15	60	18.40	42	8.42	58	13.53	53
Plastics & Plastic Products	55.41	2	42.30	9	40.82	9	29.06	32
Tires & Tubes	22.71	22	36.83	13	24.28	32	26.01	36
Rubber & Rubber Products	20.36	30	73.15	1	35.69	17	26.79	34
Cement	14.72	46	18.44	41	24.75	31	26.36	35
Laboratories & Ceramic Products	15.44	43	14.72	49	22.39	39	40.59	16
Glass & Glass Products	17.15	36	2.38	61	5.48	59	10.51	59
Other non-metallic Mineral Product	20.44	29	13.57	53	35.22	19	10.63	58
Diamond & Jewellery	45.58	5	25.15	27	43.56	6	28.39	33
Sponge Iron	14.36	48	51.61	4	71.20	2	76.07	3
Steel & Steel Products	14.69	47	29.07	20	36.40	15	24.24	38
Non-ferrous Metals	31.68	12	25.96	26	35.44	18	37.41	20
Casting & Foundries	34.20	11	23.30	31	29.28	24	17.49	47
Steel Tubes & Pipes	16.00	39	27.68	22	23.40	37	24.83	37
Other non-ferrous Metals	-3.99	61	14.90	48	89.20	1	69.93	4
Aluminium & Aluminium Products	30.83	14	27.02	24	39.36	11	34.46	25
Pumps & Compressors	16.18	38	16.40	45	20.05	42	12.76	55
Bearings	40.56	7	45.19	7	18.84	43	3.00	61
Mining & Indl. Machinery	18.45	33	24.76	28	28.18	26	19.04	43
Non-Electrical Machinery	19.76	31	19.63	36	24.20	33	18.65	44
Electrical Machinery	31.10	13	37.64	12	18.24	44	36.73	21
Dry Cells & Storage Batteries	15.96	40	15.50	46	8.93	57	16.07	51
Wires & Cables	15.42	44	23.26	32	41.94	7	68.88	5
Electronics	46.92	4	33.28	15	41.29	8	33.90	26
Computers	29.79	17	13.89	52	26.45	27	14.14	52
Tractors	44.18	6	71.39	2	25.84	29	36.09	23
Commercial Vehicles	11.35	53	57.81	3	23.79	34	9.61	60
Passenger Cars & Jeeps	10.42	54	6.75	60	23.60	36	31.79	29
Two-wheelers	8.47	57	14.41	50	5.00	60	17.39	49
Automobile Ancillaries	15.85	41	21.91	34	9.03	56	12.41	57
Diversified	12.16	50	45.49	6	25.28	30	31.76	30
Miscellaneous Manufacturing	19.22	32	18.23	43	40.47	10	12.63	56
Printing	22.47	23	22.49	33	23.33	38	39.20	18
Minerals & Mineral Products	50.88	3	37.97	11	36.58	14	57.66	9
Electricity Generation	17.39	35	36.53	14	32.61	20	42.36	14
Shipping Services	12.87	49	9.27	57	48.11	5	56.03	10
Construction & Allied Activities	11.71	52	31.49	17	9.97	55	17.57	46
Hotels	9.03	55	8.07	58	14.95	49	19.87	42
Other Services	24.26	21	40.14	10	37.91	13	62.75	7
All Industries	19.06		28.45		25.99		30.95	

Source: C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxi.

5.1.6 *Net Value Added*

It can be seen from that the percentage change over the previous year in the case of Net Value Added in respect of hotels was 4.66, 33.40, 23.46 and 43.41 for the respective four years from 1990-'91 to 1993-'94 (Table 5.6). The highest percentage change in Net Value added was in 1993-'94 (43.41) and the lowest in 1990-'91 (4.66). The rank of hotels in respect of percentage change in the Net Value Added had changed from fifty fourth (1990-'91) to sixth (1993-'94).

5.1.7 *Gross Fixed Assets*

The percentage changes of Gross Fixed Assets over the previous year, in respect of hotels were 12.41, 10.03, 12.42 and 9.57 respectively for the four years from 1990-'91 to 1993-'94 (Table 5.7). The maximum was in 1992-'93 (12.42 per cent) and the minimum (9.57 per cent) in 1993-'94. There was a burst of investment activity in 1992-'93 in hotel properties to woo more tourists. The ranks of hotels in comparison to the other industries were fiftieth, fifty-second, fifty-first and fifty-seventh by way of percentage change over the previous year. This is because the major part of the investments in Fixed Assets of hotels is to be made at the time of their establishment itself and subsequent increases over the years in the established hotels will be small by way of repairs, renewals etc.

5.2 **Trends in Key Industry Ratios**

An analysis of the trends in some of the Key Industry Ratios : 1989-'90 to 1993-'94 also helps to bring out the position of hotels among the sixty-one

TABLE 5.6

KEY INDUSTRY GROWTH INDICATORS (ALL INDIA) : 1990-91 TO 1993-94

Industry	NET VALUE ADDED (% Change Over Previous Year)							
	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	21.42	28	3.26	58	4.77	45	27.57	19
Sugar	9.47	48	14.77	50	35.12	5	75.96	1
Table Oil	35.28	9	23.73	29	1.02	53	17.74	32
Other Food Products	22.36	26	21.35	33	4.28	47	17.60	34
Cigarettes	33.68	10	51.83	4	22.31	19	16.97	35
Spirits & Alcohol	2.48	56	8.79	55	22.66	18	39.74	9
Cotton Blended Textiles	26.77	19	16.08	45	9.01	39	24.70	22
Woolen & Jute Products	20.12	33	1.82	60	24.93	15	10.71	52
Other Textiles	1.42	57	51.71	5	28.82	9	42.18	7
Man-made Fibres	23.64	24	-2.08	61	2.80	49	44.37	5
Leather & Footwear	9.05	51	3.15	59	-14.05	60	45.46	4
Pyroood	20.27	32	22.03	31	24.96	14	15.51	40
Paper	18.12	36	17.20	44	5.64	42	23.27	24
Alkalies	16.40	40	27.18	20	33.94	6	40.28	8
Fertilisers	29.04	15	17.39	41	29.00	8	4.46	59
Pesticides	20.75	30	39.15	10	21.79	21	16.48	36
Other Inorganic Chemicals	27.78	17	11.39	52	27.58	11	30.42	17
Organic Chemicals	18.87	35	30.21	16	-0.41	57	4.93	57
Drugs & Pharmaceuticals	12.15	44	15.22	49	26.45	12	31.11	16
Cosmetics & Toiletries	24.57	22	17.88	39	17.43	28	18.14	31
Dyes	9.31	49	35.21	12	0.82	54	10.30	53
Dyes & Pigments	25.17	20	21.76	32	21.31	22	19.60	29
Miscellaneous Chemicals	-6.15	60	20.04	34	29.36	7	15.41	42
Plastics & Plastic Products	45.74	5	39.04	11	13.02	35	19.19	30
Pipes & Tubes	20.49	31	24.17	28	7.67	41	4.97	58
Rubber & Rubber Products	23.14	25	28.48	17	3.21	48	5.84	56
Cement	89.35	2	41.86	9	-17.97	61	36.66	11
Refractories & Ceramic Products	21.62	27	25.12	24	14.87	31	26.04	21
Glass & Glass Products	21.19	29	24.24	27	1.57	51	-21.42	61
Other non-metallic Mineral Product	11.91	45	23.57	30	19.98	24	6.97	55
Diamond & Jewellery	0.77	58	70.91	3	21.93	20	34.30	13
Sponge Iron	96.99	1	103.00	1	5.26	43	35.98	12
Iron & Steel Products	11.39	46	24.74	26	10.96	38	12.53	47
Metal Products	7.69	52	26.50	21	13.65	33	12.10	48
Casting & Forgings	17.10	37	17.37	42	-6.56	59	27.19	20
Iron Tubes & Pipes	44.15	6	15.61	47	18.46	25	31.15	15
Other non-ferrous Metals	-16.48	61	72.55	2	1.94	50	39.44	10
Aluminium & Aluminium Products	9.26	50	12.61	51	20.75	23	12.65	46
Pumps & Compressors	19.75	34	17.54	40	25.89	13	-0.31	60
Bearings	12.96	43	33.90	13	0.36	56	13.52	43
Mining & Indl. Machinery	30.33	13	24.85	25	8.47	40	11.09	50
Non-Electrical Machinery	31.39	11	11.11	53	13.60	34	8.10	54
Electrical Machinery	29.14	14	26.02	22	17.86	27	15.70	39
Dry Cells & Storage Batteries	28.08	16	19.39	37	1.19	52	16.36	37
Wires & Cables	4.63	55	19.65	36	52.45	2	11.18	49
Electronics	31.01	12	46.22	6	0.56	55	28.68	18
Computers	54.89	4	33.91	14	28.45	10	17.68	33
Tractors	38.26	7	27.68	18	17.21	29	13.26	44
Commercial Vehicles	25.16	21	7.81	56	-6.27	58	19.92	27
Passenger Cars & Jeeps	10.60	47	8.99	54	12.61	36	50.12	3
Two-wheelers	13.39	42	6.00	57	5.21	44	52.93	2
Automobile Ancillaries	17.03	38	19.27	38	16.88	30	12.72	45
Diversified	27.21	18	15.60	48	24.23	16	23.37	25
Miscellaneous Manufacturing	37.71	8	25.27	23	14.20	32	19.76	28
Trading	16.37	41	15.69	46	11.51	37	16.19	38
Minerals & Mineral Products	59.14	3	45.20	7	18.46	25	15.45	41
Electricity Generation	16.69	39	17.31	43	39.06	4	22.31	26
Shipping Services	-3.54	59	44.88	8	4.50	46	32.39	14
Construction & Allied Activities	4.95	53	19.92	35	40.11	3	10.80	51
Hotels	4.66	54	33.40	15	23.46	17	43.41	6
Other Services	24.55	23	27.49	19	56.75	1	23.42	23
All Industries	22.73		19.92		13.37		22.49	

Source: C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxi.

TABLE 5.7

KEY INDUSTRY GROWTH INDICATORS (ALL INDIA) : 1990-91 TO 1993-94

Industry	GROSS FIXED ASSETS (% Change Over Previous Year)							
	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	5.47	60	13.95	47	20.02	43	30.46	11
Sugar	37.84	3	28.13	16	21.14	30	10.30	55
Edible Oil	30.94	8	47.97	2	53.39	2	28.78	13
Other Food Products	12.90	49	8.65	53	24.49	22	17.76	33
Cigarettes	20.09	24	29.38	14	23.37	24	26.27	16
Beer & Alcohol	14.23	44	10.63	51	4.26	60	29.68	12
Cotton Blended Textiles	25.81	13	20.61	27	21.50	29	20.44	26
Jute & Jute Products	16.05	37	13.99	46	25.06	21	31.44	10
Other Textiles	17.80	31	4.78	59	13.33	48	41.62	4
Man-made Fibres	16.56	36	19.97	30	13.50	46	16.53	37
Leather & Footwear	12.24	52	7.85	54	4.88	59	21.58	24
Plywood	11.09	55	5.97	58	40.11	9	12.86	48
Paper	25.38	14	18.48	35	17.52	38	14.66	43
Alkalies	18.35	28	23.48	21	35.85	10	39.57	5
Fertilisers	22.27	19	20.72	26	8.05	57	6.44	58
Pesticides	28.53	9	36.78	6	29.50	16	18.24	29
Other Inorganic Chemicals	52.81	1	27.05	17	15.32	42	14.66	43
Organic Chemicals	15.19	42	15.25	42	14.35	45	10.58	54
Drugs & Pharmaceuticals	24.19	15	20.05	29	17.18	39	24.46	22
Cosmetics & Toiletries	20.69	23	12.38	49	13.06	50	16.11	39
Paints	13.88	46	5.98	57	13.42	47	14.91	41
Dyes & Pigments	19.97	25	18.53	34	33.09	13	26.10	17
Miscellaneous Chemicals	5.13	61	6.35	55	10.61	55	14.91	41
Plastics & Plastic Products	34.60	6	34.44	8	50.64	4	27.27	14
Tyres & Tubes	17.86	30	30.72	11	21.73	28	11.90	52
Rubber & Rubber Products	10.82	56	14.91	43	23.08	25	9.87	56
Cement	11.45	54	14.87	44	21.13	31	16.63	36
Refractories & Ceramic Products	12.99	47	13.86	48	19.51	34	25.48	21
Glass & Glass Products	6.56	59	4.09	60	13.15	49	17.88	31
Other non-metallic Mineral Product	21.97	20	21.69	25	11.76	53	14.62	45
Diamond & Jewellery	36.03	4	35.93	7	45.99	7	32.56	8
Sponge Iron	22.58	17	54.74	1	44.33	8	82.87	1
Steel & Steel Products	27.73	10	40.85	4	33.50	12	17.78	32
Metal Products	19.64	26	33.00	9	48.27	5	47.09	3
Casting & Forgings	33.44	7	19.72	31	11.67	54	12.92	47
Steel Tubes & Pipes	16.57	35	25.14	19	22.17	27	25.56	20
Other non-ferrous Metals	12.29	51	16.28	39	46.46	6	57.37	2
Aluminium & Aluminium Products	15.24	41	20.25	28	68.37	1	26.42	15
Pumps & Compressors	16.50	37	16.11	40	15.09	43	17.41	35
Bearings	40.57	2	38.42	5	17.01	40	5.93	59
Mining & Indl. Machinery	18.85	27	21.78	24	19.13	36	20.14	28
Non-Electrical Machinery	14.08	45	19.16	32	22.32	26	10.86	53
Electrical Machinery	21.97	20	23.43	22	19.12	37	20.20	27
Dry Cells & Storage Batteries	16.79	33	18.58	33	8.75	56	12.16	50
Wires & Cables	21.55	22	14.08	45	34.60	11	38.51	6
Electronics	26.37	11	32.89	10	26.03	20	15.73	40
Computers	22.81	16	25.16	18	19.17	35	16.16	38
Tractors	34.62	5	30.60	13	52.67	3	11.91	51
Commercial Vehicles	12.96	48	23.00	23	23.61	23	21.04	25
Passenger Cars & Jeeps	26.29	12	17.97	32	21.06	32	25.71	19
Two-wheelers	10.41	57	11.89	50	7.83	58	5.11	61
Automobile Ancillaries	18.17	29	16.05	41	16.31	41	12.83	49
Diversified	15.55	40	43.46	3	12.19	52	13.76	46
Miscellaneous Manufacturing	16.43	38	17.02	38	27.77	18	17.64	34
Trading	22.35	18	28.33	15	31.43	15	26.07	18
Minerals & Mineral Products	16.60	34	18.28	36	14.71	44	21.83	23
Electricity Generation	17.20	32	30.69	12	29.14	17	33.47	7
Shipping Services	8.70	58	1.50	61	27.55	19	17.98	30
Construction & Allied Activities	14.95	43	24.17	20	-3.10	61	5.77	60
Hotels	12.41	50	10.03	52	12.42	51	9.57	57
Other Services	11.67	53	6.17	56	31.90	14	31.52	9
All Industries	19.13		25.18		21.19		19.85	

Source C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxii.

industries. The main ratios analysed here are (1) Asset Turnover Ratio (2) Current Ratio (3) PBDIT / Sales (4) PBDIT as percentage of Total Assets (5) Return on Net Worth and (6) Profit After Tax / Sales. These ratios are shown in Tables 5.8 to 5.13.

5.2.1 *Assets Turnover Ratio*

The Assets Turnover ratio of hotels was 0.469, 0.437, 0.532, 0.575 and 0.663 for the respective five years from 1989-'90 to 1993-'94 (Table 5.8). The highest among these was 0.663 (1993-'94) and the lowest 0.437 (1990-'91). The rank of hotels in this respect was sixtieth, sixtieth, fifty-ninth, fifty-seventh and fifty-second in the respective years. This shows that hotels had very low proportion of Asset Turnover. The investment in Fixed Assets such as land and building is huge in respect of hotels. The locational importance of hotels makes the land cost heavy. Then the construction of modern buildings which can outshine the existing ones requires substantial outlay. Costly machinery and equipments even imported, are required to furnish the hotel competitively with modern luxuries and comforts. Construction of a modern five star hotel is estimated to cost more than Rs.250/- crores. Hence the total cost of the assets of the hotel industry is enormous resulting in low Assets Turnover ratio. However, this ratio shows an upward trend except in 1990-'91. Heavy initial investment in Fixed Assets and long gestation period are the two characteristics of the hotel industry responsible for this.

TABLE 5.8

TRENDS IN KEY RATIOS (ALL INDIA) : 1989-90 TO 1993-94

ASSETS TURNOVER RATIO

Industry	1989-90	Rank	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	1.191	39	1.294	26	1.228	30	1.080	36	1.122	28
Sugar	1.163	40	0.905	50	0.850	51	0.812	50	0.821	46
Petroleum Crude Oil	1.552	15	1.529	15	1.388	19	1.330	22	1.142	26
Other Food Products	1.944	7	1.981	6	2.080	4	1.861	9	1.768	7
Spices	3.385	1	3.091	1	2.799	1	2.745	1	2.406	1
Beer & Alcohol	1.962	6	2.071	4	1.953	8	1.955	6	1.735	8
Cotton Blended Textiles	1.292	30	1.229	36	1.182	37	1.120	32	0.961	40
Wool & Jute Products	1.812	10	1.988	5	1.924	10	1.423	16	1.460	15
Other Textiles	1.040	44	1.034	46	1.275	24	1.421	17	1.041	35
Man-made Fibres	0.979	48	1.002	48	1.043	46	1.012	43	0.992	39
Leather & Footwear	2.124	5	1.955	7	2.069	5	1.975	5	1.886	5
Hywood	1.196	38	1.402	20	1.377	21	1.113	33	1.226	23
Paper	1.468	19	1.257	31	1.201	33	1.080	36	1.028	36
Skates	0.596	58	0.553	57	0.616	57	0.567	58	0.453	59
Containers	0.772	55	0.729	55	0.682	55	0.682	54	0.652	55
Paints	1.555	14	1.352	23	1.381	20	1.359	20	1.253	21
Other Inorganic Chemicals	0.721	56	0.697	56	0.705	53	0.743	51	0.641	56
Organic Chemicals	0.840	53	0.869	52	0.973	47	0.958	44	0.900	42
Drugs & Pharmaceuticals	1.518	17	1.544	14	1.556	12	1.600	10	1.533	12
Cosmetics & Toiletries	2.150	4	2.152	3	2.184	3	2.134	2	1.934	4
Plastics	1.829	9	1.903	8	1.976	7	2.039	4	1.961	3
Dyes & Pigments	1.305	29	1.232	35	1.219	31	1.104	34	0.997	38
Miscellaneous Chemicals	1.455	20	1.438	17	1.470	16	1.550	12	1.658	10
Plastics & Plastic Products	1.268	32	1.054	42	0.971	48	0.855	49	0.795	48
Tires & Tubes	1.735	11	1.715	11	1.593	11	1.447	15	1.255	20
Rubber & Rubber Products	1.600	13	1.561	12	1.228	28	1.014	42	0.746	49
Cement	0.987	47	1.132	39	1.227	30	1.078	38	1.137	27
Refractories & Ceramic Products	1.024	45	1.047	43	1.147	42	1.044	40	0.843	45
Glass & Glass Products	1.142	41	1.036	45	1.179	40	1.190	27	1.065	34
Other non-metallic Mineral Product	1.441	21	1.264	29	1.181	39	1.076	39	1.101	30
Diamond & Jewellery	1.046	43	1.103	41	1.242	26	1.279	23	1.584	11
Spunne Iron	0.133	61	0.324	61	0.445	61	0.260	61	0.193	61
Steel & Steel Products	0.942	50	0.876	51	0.820	52	0.721	53	0.661	53
Metals Products	1.329	28	1.199	37	1.114	43	0.939	46	0.851	44
Casting & Forgings	1.076	42	0.929	49	0.950	49	0.736	52	0.658	54
Steel Tubes & Pipes	1.273	31	1.238	34	1.168	41	1.167	28	1.172	24
Other non-ferrous Metals	1.268	32	1.293	27	1.405	17	1.144	30	0.726	50
Aluminium & Aluminium Products	1.539	16	1.243	33	1.234	27	1.078	38	0.857	43
Pumps & Compressors	1.228	37	1.162	38	1.203	32	1.267	24	1.245	22
Bearings	0.850	52	0.777	53	0.686	54	0.643	56	0.670	51
Mining & Indl. Machinery	1.017	46	1.104	40	1.046	45	0.935	47	1.002	37
Non-Electrical Machinery	1.264	34	1.250	32	1.183	36	1.041	41	1.097	31
Electrical Machinery	1.262	35	1.297	25	1.191	35	1.152	29	1.168	25
On Cells & Storage Batteries	1.918	8	1.847	9	1.937	9	1.943	7	1.841	6
Wires & Cables	1.390	24	1.362	22	1.273	25	1.332	21	1.073	32
Electronics	1.432	22	1.261	30	1.294	24	1.127	31	1.072	33
Computers	0.907	51	1.041	44	1.113	44	1.192	25	1.351	16
Indotors	2.173	3	1.726	10	2.029	6	1.881	8	1.500	13
Commercial Vehicles	1.382	25	1.551	13	1.181	39	0.941	45	1.113	29
Passenger Cars & Jeeps	1.418	23	1.376	21	1.533	14	1.504	13	1.342	17
Two-wheelers	1.369	26	1.483	16	1.555	13	1.590	11	1.728	9
Automobile Ancillaries	1.239	36	1.292	28	1.339	23	1.400	18	1.490	14
Diversified	0.959	49	1.006	47	0.882	50	0.870	48	0.814	47
Miscellaneous Manufacturing	1.346	27	1.318	24	1.402	19	1.262	25	1.338	18
Trading	2.560	2	2.491	2	2.310	2	2.071	3	1.991	2
Minerals & Mineral Products	1.666	12	1.414	18	1.518	15	1.394	18	1.277	19
Electricity Generation	0.799	54	0.747	54	0.661	56	0.659	55	0.592	57
Shipping Services	0.500	59	0.552	58	0.606	58	0.443	60	0.388	60
Construction & Allied Activities	0.603	57	0.544	59	0.447	60	0.537	59	0.586	58
Hotels	0.469	60	0.437	60	0.532	59	0.575	57	0.663	52
Other Services	1.509	18	1.411	19	1.201	34	1.107	35	0.932	41
All Industries	1.171		1.165		1.117		1.044		0.981	

Source C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxiii.

5.2.2 *Current Ratio*

The Current Ratio of hotels during 1989-'90 to 1993-'94 was 1.05, 1.15, 1.18, 1.20 and 1.50 for the respective five years (Table 5.9). There was steady increase in this ratio for the period under study. The rank of hotels among the sixty-one industries in respect of Current Ratio was sixty-one in 1989-'90. But it came to occupy the forty-fifth position in 1993-'94. Normally a Current Ratio of 2:1 is considered ideal. The highest is 1.5:1 in the case of hotels. This is because the proportion of Current Assets to Total Assets is very low in hotels. The nature of hotel industry is such that it requires much less investment in Current Assets and hence the Current Ratio will always remain lower when compared to other industries.

5.2.3 *PBDIT / Sales*

The percentage of Profit Before Depreciation Interest and Tax on Sales for hotels was 30.46, 27.78, 31.63, 31.29 and 36.87 for the years 1989-'90 to 1993-'94 respectively. The decline in this ratio in 1990-'91 was due to a fall in the tourist arrivals into the country. Hotels had maintained third rank among the sixty one industries in respect of PBDIT as a percentage of Sales throughout the period under study except in 1993-'94 when the rank of hotels was fourth.

5.2.4 *PBDIT as Percentage of Total Assets*

The PBDIT / Total Assets percentage of hotels had an increasing trend from 14.28 (1989-'90) to 24.44 (1993-'94) except in 1990-'91, when there was a

TABLE 5.9

TRENDS IN KEY RATIOS (ALL INDIA) : 1989-90 TO 1993-94
CURRENT RATIO

Industry	1989-90	Rank	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	1.76	19	1.91	9	1.93	6	1.98	6	1.92	14
Sugar	1.55	34	1.31	53	1.22	57	1.30	57	1.65	36
Edible Oil	2.24	5	2.25	3	2.42	2	2.07	4	1.77	22
Other Food Products	1.58	30	1.51	29	1.55	30	1.65	25	1.78	19
Cigarettes	1.41	47	1.38	47	1.30	54	1.37	49	1.66	35
Beer & Alcohol	1.53	36	1.39	43	1.37	49	1.49	39	1.67	34
Cotton/Blended Textiles	1.68	26	1.55	26	1.62	23	1.82	16	2.07	9
Wool & Jute Products	1.07	60	1.14	59	1.11	61	1.11	60	1.40	53
Other Textiles	1.34	54	1.25	56	1.33	52	1.32	55	1.47	48
Man-made Fibres	1.76	19	1.62	18	1.59	26	1.69	23	1.73	27
Leather & Footwear	2.34	3	1.60	21	1.67	18	1.54	34	1.69	30
Pyrowood	1.95	10	1.75	13	1.64	21	1.74	19	1.84	17
Paper	1.48	39	1.49	31	1.49	37	1.41	46	1.75	24
Alkalies	2.36	2	2.64	1	2.25	3	2.12	3	1.65	36
Fertilisers	2.07	8	1.97	8	1.70	17	1.90	11	2.17	7
Explosives	2.10	7	2.08	4	1.73	15	1.90	11	1.93	13
Other Inorganic Chemicals	2.24	5	1.42	38	1.39	44	1.47	42	2.03	11
Organic Chemicals	1.85	13	1.99	7	1.88	7	1.87	15	1.79	18
Drugs & Pharmaceuticals	1.55	34	1.50	30	1.54	32	1.52	37	1.76	23
Cosmetics & Toiletries	1.72	24	1.66	17	1.51	34	1.53	35	1.78	19
Paints	1.39	49	1.43	37	1.60	25	1.72	21	1.69	30
Dyes & Pigments	1.57	31	1.53	27	1.63	22	1.58	32	1.78	19
Miscellaneous Chemicals	1.67	27	1.60	21	1.66	20	1.59	29	1.61	40
Plastics & Plastic Products	1.71	25	1.81	10	1.78	12	1.65	25	1.64	38
Tires & Tubes	1.53	36	1.44	35	1.46	39	1.49	39	1.59	41
Rubber & Rubber Products	1.61	28	1.21	57	1.43	41	1.38	48	1.44	50
Cement	1.24	58	1.39	43	1.50	36	1.46	43	1.35	59
Refractories & Ceramic Products	1.35	51	1.39	43	1.40	43	1.43	45	1.64	38
Glass & Glass Products	1.47	40	1.71	14	1.74	14	1.53	35	1.53	44
Other non-metallic Mineral Product	1.94	9	1.76	12	1.51	34	1.78	18	1.69	30
Diamond & Jewellery	1.46	42	1.52	28	1.67	18	1.90	11	2.06	10
Sponge Iron	1.79	17	1.40	41	1.17	59	1.93	9	1.39	55
Steel & Steel Products	1.95	10	0.47	61	1.39	44	1.37	49	1.48	47
Metal Products	1.61	28	1.62	18	1.59	26	1.46	43	1.34	60
Casting & Forgings	1.85	13	1.70	16	1.78	12	2.18	2	2.03	11
Steel Tubes & Pipes	1.35	51	1.38	47	1.36	50	1.33	53	1.40	53
Other non-ferrous Metals	1.75	22	1.49	31	1.39	44	1.52	37	1.44	50
Aluminium & Aluminium Products	2.51	1	2.39	2	2.47	1	2.46	1	2.96	1
Pumps & Compressors	1.77	18	1.56	25	1.56	29	1.59	29	1.68	33
Bearings	1.57	31	1.40	41	1.34	51	1.35	51	1.36	57
Mining & Indl. Machinery	1.29	55	1.29	54	1.32	53	1.34	52	1.34	60
Non-Electrical Machinery	1.41	47	1.34	50	1.28	56	1.31	56	1.39	55
Electrical Machinery	1.56	33	1.48	33	1.45	40	0.94	61	1.59	41
Dry Cells & Storage Batteries	1.87	12	1.71	14	1.62	23	1.69	23	1.71	28
Wires & Cables	1.76	19	1.62	18	1.79	10	1.92	10	2.83	3
Electronics	1.35	51	1.41	40	1.48	38	1.70	22	1.87	15
Computers	1.39	49	1.35	49	1.30	54	1.39	47	1.49	46
Tractors	1.45	44	1.28	55	1.96	5	1.98	6	2.22	5
Commercial Vehicles	1.47	40	1.44	35	1.59	26	1.57	33	1.56	43
Passenger Cars & Jeeps	1.74	23	1.57	23	1.53	33	1.49	39	1.36	57
Two-wheelers	1.28	56	1.33	51	1.39	44	1.59	29	1.70	29
Automobile Ancillaries	1.81	16	1.77	11	1.79	10	1.64	27	1.74	25
Diversified	1.50	38	1.47	34	1.41	42	1.62	28	1.86	16
Miscellaneous Manufacturing	1.85	13	1.57	23	1.55	30	1.79	17	1.74	25
Trading	1.46	42	1.39	43	1.39	44	1.33	53	1.47	48
Minerals & Mineral Products	1.42	46	2.07	5	2.25	3	1.96	8	2.37	4
Electricity Generation	1.12	59	1.10	60	1.17	59	1.22	58	1.44	50
Shipping Services	1.45	44	1.32	52	1.72	16	1.74	19	2.95	2
Construction & Allied Activities	2.31	4	2.04	6	1.88	7	2.02	5	2.14	8
Hotels	1.05	61	1.15	58	1.18	58	1.20	59	1.50	45
Other Services	1.28	56	1.42	38	1.81	9	1.88	14	2.19	6
All Industries	1.62		1.36		1.52		1.56		1.71	

Source : C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxiii.

TABLE 5.10

TRENDS IN KEY RATIOS (ALL INDIA) : 1989-90 TO 1993-94

PBDIT /SALES

Industry	1989-90	Rank	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	22.86	6	23.91	5	21.85	7	21.58	7	19.28	11
Sugar	14.61	20	14.05	26	13.79	35	15.40	25	25.54	5
Petroleum Refining	7.84	55	7.76	57	7.57	59	6.68	59	7.12	60
Other Food Products	10.77	40	11.56	38	11.23	46	9.90	54	10.56	52
Tobacco	6.10	58	7.42	58	9.47	54	10.05	52	10.87	51
Beer & Alcohol	10.04	48	7.93	56	8.57	56	9.66	55	12.11	43
Cotton/Blended Textiles	13.52	26	15.93	17	15.66	21	14.64	32	16.25	22
Woolen & Jute Products	6.58	57	6.94	59	7.67	58	10.28	50	9.03	58
Other Textiles	11.59	35	10.10	48	12.35	42	11.65	44	14.64	30
Man-made Fibres	16.51	12	17.48	14	14.03	30	13.23	36	16.47	19
Leather & Footwear	6.04	59	6.92	60	5.51	60	2.40	61	8.29	59
Hywood	12.05	33	11.36	39	12.51	39	13.99	34	13.56	35
Paper	15.08	17	15.15	24	15.64	22	14.18	33	14.41	32
Skates	27.83	4	27.62	4	28.09	4	30.48	4	37.49	2
Fertilisers	19.13	8	21.69	7	20.26	12	24.27	5	21.84	6
Pesticides	14.96	19	15.07	25	17.59	14	16.70	15	16.32	20
Other Inorganic Chemicals	17.06	11	18.36	11	15.03	26	16.67	16	18.62	14
Organic Chemicals	21.48	7	22.63	6	22.01	6	19.84	11	16.90	17
Drugs & Pharmaceuticals	10.58	44	10.18	47	9.98	52	11.02	47	12.51	41
Cosmetics & Toiletries	10.74	41	11.15	43	11.18	48	11.89	42	11.80	47
Paints	8.72	53	8.48	54	10.48	51	9.15	56	9.24	57
Dyes & Pigments	11.37	37	12.90	31	14.02	31	14.67	30	16.31	21
Miscellaneous Chemicals	11.03	38	8.78	52	9.91	53	12.97	38	13.05	37
Plastics & Plastic Products	10.81	39	14.03	27	16.11	17	15.69	21	15.59	27
Tires & Tubes	10.15	47	9.59	49	10.63	50	10.03	53	9.60	56
Rubber & Rubber Products	8.12	54	8.59	53	11.19	47	11.12	46	11.92	44
Cement	11.98	34	19.22	9	21.83	8	15.67	22	16.07	23
Fabrics & Ceramic Products	15.69	14	16.10	16	15.75	19	16.21	19	18.72	13
Glass & Glass Products	15.67	16	18.18	13	21.00	9	18.08	14	12.19	42
Other non-metallic Mineral Product	12.55	28	12.67	33	12.91	38	14.79	29	14.54	31
Diamond & Jewellery	12.07	32	10.66	45	15.17	24	13.39	35	11.69	49
Sponge Iron	44.81	1	37.88	1	33.73	2	43.19	1	36.92	3
Cast & Steel Products	15.01	18	15.27	22	16.41	15	15.65	23	15.88	25
Metal Products	12.12	31	11.61	37	13.92	33	14.67	30	13.26	36
Casting & Forgings	15.67	15	15.40	19	16.13	16	15.07	27	18.94	12
Steel Tubes & Pipes	7.57	56	10.93	44	11.34	45	10.57	49	11.85	46
Other non-ferrous Metals	13.95	24	9.48	50	13.66	36	10.71	48	14.31	33
Aluminium & Aluminium Products	18.45	9	18.88	10	17.86	13	19.83	12	21.47	7
Pumps & Compressors	13.87	25	15.33	21	15.11	25	16.60	17	15.88	25
Bearings	24.75	5	21.61	8	23.16	5	20.75	8	20.59	8
Mining & Indl. Machinery	13.02	27	13.79	29	15.89	18	15.34	26	14.16	34
Non-Electrical Machinery	9.12	51	11.23	41	11.16	49	12.14	41	11.80	47
Electrical Machinery	11.52	36	11.84	35	12.51	39	12.89	39	12.88	39
Dry Cells & Storage Batteries	5.87	60	9.02	51	9.21	55	8.61	57	10.25	55
Wires & Cables	12.30	30	11.23	41	13.98	32	15.43	24	15.05	29
Electronics	10.25	46	11.27	40	13.92	33	12.22	40	12.70	40
Computers	9.71	49	13.18	30	15.62	23	14.84	28	11.87	45
Tractors	9.28	50	10.33	46	11.53	44	11.86	43	12.94	38
Commercial Vehicles	12.40	29	12.90	31	11.86	43	10.25	51	10.34	54
Passenger Cars & Jeeps	8.81	52	8.24	55	7.92	57	6.97	58	10.54	53
Two-wheelers	14.52	21	13.89	28	13.58	37	13.20	37	16.02	24
Automobile Ancillaries	16.12	13	15.88	18	15.72	20	16.01	20	15.38	28
Diversified	14.18	23	15.39	20	14.77	29	16.56	18	16.66	18
Miscellaneous Manufacturing	10.40	43	11.98	34	12.47	41	11.63	45	11.65	50
Trading	5.13	61	5.00	61	5.14	61	4.90	60	5.34	61
Minerals & Mineral Products	10.74	41	17.08	15	20.69	11	20.16	9	17.82	16
Electricity Generation	14.28	22	15.16	23	15.03	26	18.26	13	18.43	15
Shipping Services	41.07	2	32.79	2	39.90	1	42.41	2	48.45	1
Construction & Allied Activities	17.83	10	18.20	12	20.76	10	24.11	6	19.99	9
Hotels	30.46	3	27.78	3	31.63	3	31.39	3	36.87	4
Other Services	10.27	45	11.79	36	14.96	28	19.85	10	19.49	10
All Industries	13.30		14.14		14.41		14.49		15.15	

Source : C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxiv.

TABLE 5.11
TRENDS IN KEY RATIOS (ALL INDIA) : 1989-90 TO 1993-94
PBDIT / TOTAL ASSET

Industry	1989-90	Rank	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	27.22	2	30.94	1	26.84	2	23.31	4	21.63	7
Sugar	16.99	24	12.72	50	11.72	56	12.51	48	20.98	10
Edible Oil	12.16	51	11.87	56	10.50	59	8.88	60	8.13	60
Other Food Products	20.94	7	22.90	6	23.35	10	18.42	19	18.66	17
Cigarettes	20.65	8	22.94	5	26.52	4	27.57	2	26.15	2
Beer & Alcohol	19.71	12	16.42	25	16.74	34	18.89	16	21.02	9
Cotton/Blended Textiles	17.47	20	19.57	13	18.51	19	16.41	30	15.62	32
Jute & Jute Products	11.93	53	13.79	43	14.75	44	14.63	37	13.19	45
Other Textiles	12.06	52	10.45	60	15.75	36	16.56	28	15.24	34
Man-made Fibres	16.17	27	17.52	19	14.63	45	13.38	44	16.34	25
Leather & Footwear	12.82	47	13.53	45	11.40	57	4.74	61	15.64	31
plywood	14.41	38	15.92	28	17.22	29	15.57	33	16.63	24
Paper	22.15	5	19.04	14	18.79	18	15.32	34	14.81	37
Alkalies	16.60	26	15.27	36	17.30	28	17.28	23	16.97	23
Fertilisers	14.77	35	15.81	30	13.81	48	16.55	29	14.25	38
Pesticides	23.27	3	20.38	10	24.30	7	22.71	5	20.46	11
Other Inorganic Chemicals	12.30	50	12.79	49	10.60	58	12.38	49	11.94	51
Organic Chemicals	18.03	15	19.65	12	21.42	12	19.00	15	15.22	35
Drugs & Pharmaceuticals	16.06	29	15.72	32	15.52	38	17.63	22	19.17	14
Cosmetics & Toiletries	23.10	4	23.99	3	24.41	6	25.37	3	22.82	5
Paints	15.94	32	16.14	26	20.72	15	18.64	18	18.12	22
Dyes & Pigments	14.84	34	15.90	29	17.10	30	16.19	31	16.26	26
Miscellaneous Chemicals	16.04	31	12.62	51	14.57	46	20.11	14	21.63	7
Plastics & Plastic Products	13.71	42	14.79	38	15.64	37	13.41	43	12.40	49
Tyres & Tubes	17.62	19	16.45	24	16.94	31	14.51	38	12.05	50
Rubber & Rubber Products	12.98	46	13.40	47	13.75	49	11.28	53	8.89	59
Cement	11.82	54	21.76	7	26.78	3	16.90	26	18.28	20
Refractories & Ceramic Products	16.06	29	16.85	20	18.07	21	16.91	25	15.78	30
Glass & Glass Products	17.89	17	18.83	15	24.75	5	21.52	9	12.99	46
Other non-metallic Mineral Product	18.09	14	16.00	27	15.25	41	15.91	32	16.01	29
Diamond & Jewellery	12.62	48	11.76	57	18.83	17	17.12	24	18.52	18
Sponge Iron	5.94	61	12.28	53	15.02	42	11.24	55	7.13	61
Steel & Steel Products	14.13	40	13.37	48	13.45	50	11.28	53	10.50	57
Metal Products	16.11	28	13.92	42	15.51	39	13.77	41	11.28	54
Casting & Forgings	16.86	25	14.30	39	15.33	40	11.09	56	12.46	48
Steel Tubes & Pipes	9.64	59	13.53	45	13.24	51	12.33	50	13.88	41
Other non-ferrous Metals	17.69	18	12.27	54	19.20	16	12.25	51	10.39	58
Aluminium & Aluminium Products	28.39	1	23.48	4	22.04	11	21.38	10	18.41	19
Pumps & Compressors	17.03	23	17.81	18	18.18	20	21.04	11	19.77	12
Bearings	21.04	7	16.78	21	15.88	35	13.33	45	13.80	42
Mining & Indl. Machinery	13.25	44	15.23	37	16.63	34	14.34	40	14.18	39
Non-Electrical Machinery	11.52	55	14.04	41	13.20	52	12.64	47	12.94	47
Electrical Machinery	14.53	37	15.36	34	14.91	43	14.85	35	15.05	36
Dry Cells & Storage Batteries	11.25	57	16.66	22	17.84	24	16.73	27	18.88	15
Wires & Cables	17.11	22	15.29	35	17.80	25	20.56	13	16.15	27
Electronics	14.67	36	14.21	40	18.01	22	13.77	41	13.62	43
Computers	8.81	60	13.73	44	17.38	27	17.69	21	16.04	28
Tractors	22.03	6	17.83	17	23.40	9	22.30	7	19.41	13
Commercial Vehicles	17.14	21	20.00	11	14.01	47	9.64	59	11.51	53
Passenger Cars & Jeeps	12.49	49	11.34	58	12.13	54	10.48	57	14.15	40
Two-wheelers	19.87	12	20.61	8	21.11	13	20.98	12	27.68	1
Automobile Ancillaries	19.98	11	20.52	9	21.04	14	22.41	6	22.93	4
Diversified	13.60	43	15.49	33	13.03	53	14.40	39	13.56	44
Miscellaneous Manufacturing	13.99	41	15.79	31	17.48	26	14.69	36	15.58	33
Trading	13.13	45	12.44	52	11.86	55	10.14	58	10.64	56
Minerals & Mineral Products	17.90	16	24.14	2	31.41	1	28.09	1	22.76	6
Electricity Generation	11.42	56	11.33	59	9.93	60	12.03	52	10.92	55
Shipping Services	20.55	10	18.10	16	24.17	8	18.79	17	18.80	16
Construction & Allied Activities	10.75	58	9.90	61	9.28	61	12.95	46	11.71	52
Hotels	14.28	39	12.15	55	16.82	32	18.00	20	24.44	3
Other Services	15.50	33	16.64	23	17.97	23	21.97	8	18.18	21
All Industries	15.58		16.47		16.09		15.13		14.86	

Source : C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxiv.

TABLE 5.12

TRENDS IN KEY RATIOS (ALL INDIA) : 1989-90 TO 1993-94
RETURN ON NET WORTH

<i>Industry</i>	<i>1989-90</i>	<i>Rank</i>	<i>1990-91</i>	<i>Rank</i>	<i>1991-92</i>	<i>Rank</i>	<i>1992-93</i>	<i>Rank</i>	<i>1993-94</i>	<i>Rank</i>
Tea & Coffee	27.58	8	30.21	6	23.84	14	20.14	17	21.88	13
Sugar	26.96	10	15.72	38	6.01	58	3.04	57	33.01	2
Edible Oil	16.15	36	13.72	47	9.67	54	3.85	56	4.54	60
Other Food Products	23.63	15	26.09	11	22.94	17	13.99	38	17.08	28
Cigarettes	36.17	3	45.47	1	41.85	3	41.38	1	29.84	4
Beer & Alcohol	22.82	16	17.32	34	17.18	34	22.29	12	39.12	1
Cotton/Blended Textiles	17.09	32	23.75	17	18.21	31	13.03	43	14.47	39
Jute & Jute Products	22.21	17	36.24	2	18.60	28	34.72	3	17.70	23
Other Textiles	6.20	56	-9.24	61	20.21	26	21.29	16	23.07	10
Man-made Fibres	17.42	31	18.06	29	8.28	56	4.40	55	17.11	27
Leather & Footwear	16.35	33	11.56	54	-2.14	61	-30.10	61	11.60	50
plywood	18.09	29	14.59	45	16.21	40	14.46	36	15.63	32
Paper	34.92	4	30.53	5	21.24	21	15.26	30	13.18	47
Alkalies	9.31	53	13.36	49	16.36	30	21.47	14	27.51	6
Fertilisers	9.35	52	14.48	46	13.12	46	13.42	39	10.19	54
Pesticides	29.46	6	25.75	14	27.31	7	26.07	7	22.03	12
Other Inorganic Chemicals	13.74	45	15.47	39	10.63	52	-1.93	60	8.92	56
Organic Chemicals	18.30	27	18.35	28	21.48	20	15.33	29	12.41	48
Drugs & Pharmaceuticals	19.01	24	15.09	42	14.55	44	17.75	21	19.25	17
Cosmetics & Toiletries	26.25	11	29.66	7	30.30	5	29.19	4	22.11	11
Paints	25.42	13	17.66	30	23.32	16	16.09	25	17.86	22
Dyes & Pigments	16.13	35	21.58	21	16.40	38	16.08	26	17.39	24
Miscellaneous Chemicals	11.52	48	2.02	59	5.70	59	21.85	13	21.84	14
Plastics & Plastic Products	7.86	54	22.32	19	26.15	10	14.58	35	14.27	41
Tyres & Tubes	20.97	19	20.68	23	21.49	19	11.48	46	5.79	59
Rubber & Rubber Products	25.99	12	25.76	13	26.56	9	25.84	6	11.34	52
Cement	-17.58	61	32.15	4	34.73	4	14.93	33	24.44	7
Refractories & Ceramic Products	15.95	38	16.31	36	18.47	29	16.51	24	17.39	24
Glass & Glass Products	14.51	43	17.47	32	20.50	23	18.02	20	4.04	61
Other non-metallic Mineral Product	16.27	34	14.93	43	11.45	50	13.36	40	13.68	46
Diamond & Jewellery	29.12	7	17.48	31	27.03	8	22.75	11	23.08	9
Sponge Iron	23.18	14	11.07	56	25.40	13	15.34	28	16.69	29
Steel & Steel Products	12.77	47	11.39	55	11.85	48	5.86	52	7.85	57
Metal Products	21.17	18	15.39	40	17.92	33	14.23	37	14.53	37
Casting & Forgings	18.20	28	16.67	35	11.42	51	1.33	59	7.46	58
Steel Tubes & Pipes	-7.67	59	4.04	58	8.57	55	5.75	53	17.33	26
Other non-ferrous Metals	19.50	22	0.66	60	25.52	12	16.63	23	18.33	20
Aluminium & Aluminium Products	37.19	2	23.82	16	21.07	22	19.12	18	15.45	33
Pumps & Compressors	19.06	23	18.70	26	18.44	30	24.38	9	18.20	21
Bearings	30.59	5	18.76	25	20.34	24	10.74	48	11.18	53
Mining & Indl. Machinery	18.88	25	25.80	12	23.56	15	15.26	30	15.16	36
Non-Electrical Machinery	6.63	55	22.00	20	12.96	47	12.67	44	11.89	49
Electrical Machinery	14.18	44	24.27	15	21.74	18	16.00	27	15.72	31
Dry Cells & Storage Batteries	1.11	58	18.36	27	18.10	32	8.30	51	14.14	42
Wires & Cables	18.56	26	11.70	53	14.76	42	22.77	10	18.50	19
Electronics	15.65	41	28.68	8	28.91	6	10.99	47	15.40	35
Computers	-10.97	60	15.27	41	17.07	35	13.14	41	14.01	43
Tractors	27.39	9	27.21	10	25.68	11	18.97	19	18.74	18
Commercial Vehicles	19.90	21	22.86	18	14.62	43	1.54	58	9.37	55
Passenger Cars & Jeeps	15.89	39	13.02	51	5.39	60	4.73	54	15.89	30
Two-wheelers	15.69	40	17.44	33	14.86	41	14.73	34	27.63	5
Automobile Ancillaries	15.99	37	16.22	37	14.15	45	13.09	42	14.29	40
Diversified	9.92	50	14.71	44	9.87	53	12.55	45	13.96	44
Miscellaneous Manufacturing	13.74	45	19.25	24	19.56	27	10.29	49	14.50	38
Trading	20.80	20	20.69	22	17.04	36	9.40	50	11.60	50
Minerals & Mineral Products	9.44	51	34.50	3	44.42	2	34.94	2	23.51	8
Electricity Generation	15.21	42	13.70	48	11.56	49	15.21	32	13.74	45
Shipping Services	45.77	1	27.22	9	46.16	1	24.48	8	19.95	16
Construction & Allied Activities	6.17	57	5.84	57	7.10	57	17.41	22	15.41	34
Hotels	17.75	30	12.56	52	20.26	25	21.40	15	32.03	3
Other Services	11.23	49	13.20	50	16.88	37	28.70	5	20.88	15
All Industries	15.56		18.48		16.64		13.34		15.58	

Source : C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxv.

TABLE 5.13. TRENDS IN KEY RATIOS (ALL INDIA) : 1989-90 TO 1993-94
PAT / SALES

Industry	1989-90	Rank	1990-91	Rank	1991-92	Rank	1992-93	Rank	1993-94	Rank
Tea & Coffee	9.70	5	10.63	1	8.85	6	8.60	6	8.98	7
Sugar	6.26	10	4.02	34	1.35	58	0.76	56	13.42	5
Edible Oil	2.76	44	3.22	44	2.96	49	1.67	50	2.16	57
Other Food Products	4.80	17	5.29	18	4.38	24	3.51	33	4.93	36
Cigarettes	2.36	45	3.42	40	3.46	38	3.68	30	4.43	42
Beer & Alcohol	3.27	36	2.25	53	2.28	52	3.10	40	6.09	22
Cotton/Blended Textiles	3.44	34	5.50	15	4.24	25	3.36	36	5.74	26
Jute & Jute Products	1.17	56	2.16	54	1.37	56	3.36	36	4.14	43
Other Textiles	1.18	55	-1.36	61	2.48	51	2.95	43	6.76	15
Man-made Fibres	4.41	23	4.79	25	2.02	53	1.30	53	5.69	27
Leather & Footwear	1.31	53	1.70	57	-0.27	61	-3.02	61	2.25	56
Plywood	3.38	35	3.28	43	4.15	27	4.50	25	4.59	40
Paper	5.81	9	5.75	12	3.97	30	3.58	31	5.30	30
Alkalies	4.62	21	6.48	9	7.29	8	10.77	4	21.70	3
Fertilisers	4.13	28	6.79	6	5.91	12	6.45	13	6.39	21
Pesticides	6.34	9	5.67	13	7.17	9	6.73	12	6.93	13
Other Inorganic Chemicals	4.40	24	6.79	6	3.91	31	-0.60	60	4.78	37
Organic Chemicals	6.49	8	6.68	8	7.34	7	5.45	17	5.43	29
Drugs & Pharmaceuticals	3.57	32	2.98	46	2.84	50	3.53	32	5.10	34
Cosmetics & Toiletries	4.71	18	5.26	19	5.10	19	5.18	20	5.18	32
Paints	3.87	31	2.60	51	3.77	32	2.78	45	3.34	50
Dyes & Pigments	3.07	39	4.45	31	3.32	41	3.74	29	5.91	23
Miscellaneous Chemicals	2.29	47	0.39	59	1.15	59	4.68	23	5.13	33
Plastics & Plastic Products	1.59	52	4.80	24	5.89	13	6.23	16	6.68	17
Tyres & Tubes	3.10	38	3.16	45	3.43	40	2.00	49	1.12	61
Rubber & Rubber Products	2.93	41	3.29	42	4.19	26	4.62	24	4.03	44
Cement	-2.66	61	5.36	17	6.64	11	3.09	41	5.82	25
Refractories & Ceramic Products	4.71	18	4.71	26	5.07	20	4.86	22	7.42	10
Glass & Glass Products	3.54	33	4.98	22	5.81	14	5.23	18	1.21	60
Other non-metallic Mineral Product	5.06	13	4.69	28	3.22	44	4.00	28	4.72	39
Diamond & Jewellery	7.40	7	5.57	15	9.06	5	7.93	8	6.63	18
Sponge Iron	17.65	1	9.81	2	14.15	2	22.88	1	24.11	1
Steel & Steel Products	4.93	16	4.29	32	4.09	29	2.24	48	3.67	48
Metal Products	4.27	26	3.32	41	4.49	23	5.23	18	5.20	31
Casting & Forgings	5.16	12	4.90	23	3.27	42	0.59	58	4.01	45
Steel Tubes & Pipes	-0.92	59	0.52	58	1.36	57	0.95	55	3.30	51
Other non-ferrous Metals	4.22	27	0.13	60	4.97	21	2.89	44	7.14	11
Aluminium & Aluminium Products	9.28	6	8.20	4	7.04	10	7.86	9	10.52	6
Pumps & Compressors	5.41	11	5.67	13	5.24	17	6.91	11	5.83	24
Bearings	10.13	4	5.92	11	5.81	14	3.32	38	3.67	48
Mining & Indl. Machinery	3.98	29	5.25	20	5.48	16	4.46	26	4.57	41
Non-Electrical Machinery	0.74	57	2.67	50	1.50	55	1.55	52	1.83	58
Electrical Machinery	2.57	45	4.01	35	3.61	34	3.40	35	4.76	38
Dry Cells & Storage Batteries	0.23	58	3.83	37	3.47	37	1.60	51	2.80	54
Wires & Cables	4.43	22	2.78	49	3.74	33	6.25	15	6.28	20
Electronics	1.80	50	3.90	36	4.68	22	2.69	47	5.56	28
Computers	-2.14	60	2.83	47	3.07	46	2.74	46	2.99	53
Tractors	3.98	29	4.71	26	5.14	18	4.39	27	4.99	35
Commercial Vehicles	4.39	25	4.65	29	3.07	46	0.41	59	2.29	55
Passenger Cars & Jeeps	2.21	48	1.87	55	0.79	60	0.72	57	3.19	52
Two-wheelers	3.18	37	3.52	39	3.10	45	3.32	38	6.50	19
Automobile Ancillaries	4.70	20	4.50	30	3.61	34	3.41	34	3.72	47
Diversified	2.90	42	4.22	33	3.23	43	4.92	21	6.74	16
Miscellaneous Manufacturing	2.77	43	3.66	38	3.49	36	2.99	42	3.93	46
Trading	1.73	51	1.73	56	1.57	54	0.99	54	1.53	59
Minerals & Mineral Products	1.30	54	6.03	10	10.40	4	9.45	5	8.45	8
Electricity Generation	5.46	10	5.25	20	4.11	28	6.45	13	6.87	14
Shipping Services	13.37	2	9.21	3	20.36	1	17.65	2	22.77	2
Construction & Allied Activities	3.02	40	2.82	48	3.44	39	7.98	7	7.04	12
Hotels	10.66	3	7.69	5	11.08	3	12.93	3	21.14	4
Other Services	1.95	49	2.45	52	3.01	48	7.42	10	7.68	9
All Industries	3.64		4.45		4.07		3.86		5.59	

Source : C.M.I.E. - Corporate Finance : Industry Aggregates November 1994, p.xxv.

decline in this ratio (12.15) (Table 5.11). A tremendous improvement in the rank of hotels from thirty-ninth in 1989-'90 to third in 1993-'94 can be noticed in comparison with other industries under study.

5.2.5 Return on Net Worth

The ratio of Return on Net Worth steadily increased from 17.75 per cent (1989-'90) to 32.03 per cent (1993-'94) for hotels except in 1990-'91 when it fell down to 12.56 per cent (Table 5.12). The rank of hotels among the sixty-one industries improved from thirtieth (1989-'90) to third (1993-'94). This is a green signal for the investors in hotels as it assures a safe return on their investment.

5.2.6 Profit After Tax (PAT) / Sales

The Profit After Tax as percentage of sales for hotels was 10.66, 7.69, 11.08, 12.93 and 21.14 for the respective five years from 1989-'90 to 1993-'94 (Table 5.13). There was a steady increase in the ratio for all the years under study except in 1990-'91, when there was a decline (7.69 per cent). The rank of hotels among the sixty-one industries was third, fifth, third, third and fourth during the respective years under study. This shows that hotels remained one of the best four industries under the survey in respect of PAT / Sales.

5.3 Key - Industry Ratios of Hotels : 1989-'90 to 1993-'94

The growth of the hotel industry in India is depicted by the Trends in Key Industry Ratios of hotels as shown in Table 5.14. The ratios are broadly classified into :

1. **Asset Utilisation Ratios**
2. **Liquidity Ratios**
3. **Structure of Assets and Liabilities**
4. **Profitability Ratios**
5. **Structure of Value Added**
6. **Growth**

Among the Key Industry Ratios of hotels the most important ones are discussed below :

5.3.1 ***Asset Utilisation Ratios***

The following ratios fall under this head:

- (a) **Asset Turnover Ratio**
- (b) **Total Assets/Sales**
- (c) **N.F.A/Sales**
- (d) **Current Assets/Sales**

- (a) **Asset Turnover Ratio** : This ratio has already been discussed in relation to sixty one industries to bring out the rank of the hotel industry among other industries.
- (b) **Total Assets / Sales** : The Total Assets / Sales ratio of hotels was 2.133, 2.286, 1.881, 1.739 and 1.508 for the respective five years from 1989-'90 to 1993-'94 (Table 5.14). The decreasing trend shown here is due to the increase in sales over the years which is a very good indicator of the prospects of the hotel industry in terms of improved Asset Utilisation year after year.
- (c) **NFA / Sales** : Net Fixed Assets / Sales increased from 1.608 in 1989-'90 to 1.662 in 1990-91 for hotels. But continuously decreased to 1.322 in 1991-'92, 1.169 in 1992-'93, and 0.970 in 1993-'94 (Table 5.14). The decrease in the ratio again indicates better Asset Utilisation.
- (d) **Current Assets / Sales** : The current Assets / Sales ratio in respect of hotels was 0.524, 0.624, 0.559 and 0.539 during the years 1989-'90 to 1993-'94 respectively (Table 5.14). It is also discernible from Table that among the Assets Utilisation Ratios based on sales, the proportion of the Current Assets/Sales was the lowest and ranged between 0.524 to 0.624 during the above period. The proportion of Total Assets/Sales ranged between 1.508 to 2.286 and that of the N.F.A/Sales between 0.970 to 1.662

TABLE 5.14

KEY RATIOS - HOTELS (ALL INDIA)					
	1989-90	1990-91	1991-92	1992-93	1993-94
Assets Utilization Ratios					
Sales/Total Assets	0.469	0.437	0.532	0.575	0.663
Total Assets/Sales	2.133	2.286	1.881	1.739	1.508
NFA/Sales	1.608	1.662	1.322	1.169	0.970
Current Assets/Sales	0.524	0.624	0.559	0.569	0.539
Liquidity Ratios					
Debt Equity	1.72	1.85	1.57	1.09	0.74
Current Ratio	1.05	1.15	1.18	1.20	1.50
Working Capital/Sales (%)	2.42	8.24	8.42	9.58	17.89
Avg. Days of FG Stocks	15.00	17.00	14.00	14.00	11.00
Avg. Days of Debtors	46.00	46.00	47.00	43.00	42.00
Structure of Assets & Liabilities					
NFA/Total Assets (%)	75.42	72.70	70.28	67.25	64.28
Current Assets/Total Assets (%)	24.58	27.30	29.72	32.75	35.72
Net Worth/Total Liabilities (%)	28.16	26.77	29.08	34.76	43.76
Borrowings/Total Liabilities (%)	48.39	49.53	45.68	38.00	32.37
Current Liab./Total Liabilities	23.45	23.70	25.24	27.24	23.86
Profitability Ratios					
PBDIT as % Sales	30.46	27.78	31.63	31.29	36.87
PBDIT as %Total Assets	14.28	12.15	16.82	18.00	24.44
PBDIT as %Capital Employed	18.66	15.93	22.50	24.73	32.10
PBT as % Sales	11.74	8.36	12.71	15.24	23.97
PAT as % Sales	10.66	7.69	11.08	12.93	21.14
Return on NetWorth	17.75	12.56	20.26	21.40	32.03
Structure of Value Added					
Wages/Value Added (%)	37.31	40.97	36.62	35.81	29.74
Interest /Value Added (%)	26.93	29.33	26.99	22.28	15.05
PBT /Value Added (%)	24.84	18.15	27.48	33.32	47.12

Source : Centre for Monitoring Indian Economy, Corporate Finance, Industry Aggregates, November 1994, p.120.

during the same period. This indicates the comparatively low investment in Current Assets and higher investment in Fixed Assets, i.e. the capital intensive nature of the hotel industry.

5.3.2 *Liquidity Ratios*

The main ratios which fall under this head are : (a) Debt - Equity Ratio (b) Current Ratio (c) Working Capital to Sales (d) Average days of Finished Goods Stock and (e) Average days of Debtors. The trends of these ratios in the hotel industry are given in Table 5.14.

(a) **Debt - Equity Ratio**

The Debt-Equity Ratio of hotels for the period 1989-'90 to 1993-'94 was 1.72, 1.85, 1.57, 1.09 and 0.74 respectively (Table 5.14). A declining trend is noticed in the above ratio for the period under study except in 1990-'91 when there was an increase. By the decrease in debt or increase in equity the ratio declines. In either way it is beneficial to the entrepreneurs.

(b) **Current Ratio**

This ratio has already been discussed while examining the rank of hotels among the sixty-one industries.

(c) **Working Capital to Sales**

The Working Capital to Sales ratio (in percentage) for hotels was 2.42, 8.24, 8.42, 9.58 and 17.89 for the respective five years from 1989-'90 to 1993-

'94. The ratio shows a steady increase due to increase in the Working Capital over the years. The increase in the Working Capital is followed by the increase in Current Assets over the years as is evident from the Current Ratio. Moreover the trends in Current Assets to Total Assets ratio show an increasing trend indicating yearly increase in the Current Assets over the same period. The trends in Net Fixed Assets / Total Assets also substantiate this.

(d) Average Days of Finished Goods Stock

This indicates how long the Finished Goods generally remain in Stock. The longer the period the higher will be the amount of working capital blocked up on this item and conversely the shorter the period the lower will be the investment blocked up in Stock. The working capital requirement of hotels is comparatively less than that of other industries. The products of hotels are highly perishable in nature and hence cannot be stored for long. The trends in this ratio show a declining trend from 15 days in 1989-'90 to 11 days in 1993-'94 except in 1990-'91 when it was 17 days (Table 5.14).

(e) Average Days of Debtors

Average Days of Debtors indicate the time taken to recover the amount due from debtors. Based on the policy of each management a higher or lower period is allowed. The trends in Average Days of Debtors indicate 46 days, (1989-'90) 46

days (1990-'91), 47 days (1991-'92), 43 days (1992-'93) and 42 days (1993-'94). A declining trend is noticed in this ratio during 1989-'90 to 1993-'94 (Table 5.14).

5.3.3 *Structure of Assets and Liabilities*

The Main ratios discussed under this head are (i) Net Fixed Assets / Total Assets (ii) Current Assets / Total Assets (iii) Net Worth / Total Liabilities (iv) Borrowings / Total Liabilities and (v) Current Liabilities / Total Liabilities.

i) **Net Fixed Assets / Total Assets (Percentage)**

The predominance of the Fixed Assets over the Total Assets of the hotel industry, a point already discussed, clearly explains why this ratio is higher for the hotel industry than for the other industries. The ratio shows a declining trend from 75.42 per cent in 1989-'90, to 72.70 per cent in 1990-'91, 70.28 per cent in 1991-'92, 67.25 per cent in 1992-'93 and 64.28 per cent in 1993-'94 (Table 5.14). This is because of the depreciation of the Fixed Assets.

ii) **Current Assets / Total Assets**

The Current Assets / Total Assets ratio of hotels for the respective five years from 1989-'90 to 1993-'94 was 24.58, 27.30, 29.72, 32.75 and 35.72. This ratio indicates the improvement in the share of Current Assets to Total Assets of hotels. The current ratio was found improving in support of the conclusion that Current Assets were increasing over the years as pointed out while discussing the Working Capital / Sales Ratio.

iii) Net Worth / Total Liabilities (Percentage)

The Net Worth to Total Liabilities Ratio of hotels shows an increasing trend from 28.16 per cent in 1989-'90 to 43.76 per cent in 1993-'94 (Table 5.14), which points out the increase in the entrepreneur's stake in the industry.

iv) Borrowings / Total Liabilities (Percentage)

The ratio of Borrowings to Total Liabilities decreased from 48.39 per cent (1989-'90) to 32.37 per cent (1993-'94) indicating a declining tendency in the outside liabilities. which again encourages the investors to invest more in hotels.

v) Current Liabilities / Total Liabilities (Percentage)

This ratio of hotels increased from 23.45 per cent (1989-'90) to 27.24 per cent (1992-'93) marking an increase in the share of Current Liabilities to Total Liabilities. Corresponding to the decrease in the proportion of the Long-Term Borrowings to total Borrowings, there will be increase in the Short-Term (current) Liabilities.

5.3.4 Profitability Ratios

The following ratios in respect of hotels are discussed under this head: (i) P.B.D.I.T. as percentage of Sales (ii) P.B.D.I.T. as percentage of Total Assets (iii) P.B.D.I.T. as percentage of Capital Employed (iv) Profit Before Tax as

percentage of Sales (v) P.A.T. as percentage of Sales and (vi) Return on Net Worth. All these ratios are depicted in Table 5.14.

i) P.B.D.I.T. as Percentage of Sales

This ratio has already been discussed under Trends in Key Industry Ratios (Table 5.10).

ii) P.B.D.I.T as Percentage of Total Assets

This ratio in respect of hotels has also been discussed under the head Trends in the Key Industry Ratios (Table 5.11).

iii) P.B.D.I.T as Percentage of Capital Employed

The ratio of P.B.D.I.T as percentage of the Capital Employed for the respective five years from 1989-90 to 1993-94 at 18.66, 15.93, 22.50, 24.73 and 32.10 is given in Table 5.14. An increasing trend in this ratio indicates the bright prospects for investments in hotels.

iv) Profit Before Tax as Percentage of Sales

This ratio of the hotel industry shows an increasing trend. It increased steadily from 11.74 (1989-'90) to 23.97 (1993-'94) except in 1990-'91, when there was a decrease in the ratio to 8.36 (Table 5.14). This is a healthy trend that gives confidence to the entrepreneurs.

v) **P.A.T. as Percentage of Sales**

This ratio of hotels has already been discussed under the Key Industry ratios (Table 5.13).

vi) **Return on Net Worth**

This ratio was also discussed under the Key Industry Ratios (Table 5.12).

5.3.5. **Structure of Value Added**

The following are the ratios discussed under this head, relating to the hotel industry in India :

i) Wages/Value Added (%)

ii) Interest/Value Added (%)

iii) Profit Before Tax/Value Added (%)

i. **Wages/Value Added (Percentage)**

The Wages/Value Added shows a decreasing trend in the hotel industry during 1989-'90 to 1993-'94 from 37.31 per cent to 29.74 per cent except in 1990-'91 when it increased to 40.97 per cent (Table 5.14). The decreasing proportion of Wages to Value Added is a favourable trend of the industry.

ii. **Interest/Value Added (Percentage)**

The proportion of Interest to Value added in the hotel industry shows a decreasing trend from 26.93 per cent in 1989-'90 to 15.05 per cent in 1993-'94

except in 1990-'91 when it increased to 29.33 per cent (Table 5.14). This also indicates a favourable trend of the hotel industry.

iii. **PBT/Value Added (Percentage)**

The proportion of Profit Before Tax to Value Added in the hotel industry increased from 24.84 per cent (1989-'90) to 47.12 per cent (1993-'94) except in 1990-'91. When the ratio decreased to 18.15 per cent (Table 5.14). This trend too encourages the investment in hotels.

Conclusion

The financial performance of the hotel industry in comparison with the sixty other industries in India reveals how well the former fared at the all India level. Among the Key Industry Growth Indicators, Sales and P.A.T grew tremendously making the hotel industry one of the best four industries. The growth in the P.B.D.I.T and G.F.A made the industry one of the best six industries. More over there was considerable improvement in the hotel industry in respect of Total Assets, Net Value Added and Capital Employed in comparison with the other industries.

The Trends in the Key Industry Ratios of the hotels in comparison with the other industries reveal that the industry was one of the best three in respect of P.B.D.I.T / Sales, P.B.D.I.T / Total Assets, Return on Net Worth and P.A.T /

Sales. More over hotels have improved in their Assets Turnover Ratio and Current Ratio.

Further all the Key Ratios of hotels under the heads : Assets Utilisation Ratios, Liquidity Ratios, Structure of Assets and Liabilities, Profitability Ratios and Structure of Value Added show the favourable growth of the industry during 1989 - '90 to 1993 -'94, except in 1990 - '91. In fact, 1990 - '91 was declared the "Visit India Year" with the hope of drawing a large crowd of tourists and the country had been touted as the destination of the decade. But "Visit India 1991" turned out to be "Keep of India year". This had its direct impact on the hotel industry. The hotels and tour operators had reported 50 - 75 per cent group cancellations. Reasons for the set-back in the performance of the hotel industry in 1990- 91 are:

A global recession was experienced during 1990 -91. The slump in the economies of the U.K and the U.S.A contributed to the sharp decline in long haul of international travel out of their countries. The Russians stopped coming to India due to their own domestic problems. Besides the gulf-crisis, the fear of terrorism had gripped the international atmosphere leading to a decline in hotel business world-wide. Caste conflicts and unabated violences all over the country resulted in adverse publicity of India abroad. All these situations led to the deterioration in the occupancy rates of hotels in 1990 - '91, this indicates that hotel industry is highly sensitive to external economic and political factors.

The performance of the hotels in Kerala needs to be analysed in order to bring out the strength and weakness of the hotel industry in Kerala.

5.4 Analysis of the Financial Performance of Hotel Industry in Kerala

An attempt has been made here to study the financial performance of the hotel industry in Kerala. The Annual Reports of six hotels in the corporate private sector and KTDC hotels (Consolidated Annual Accounts of all the units) in the public sector are used for this. The following terms used in this study indicate :

1. Sales	=	Total Income
2. Return on Investments	=	PBID* ----- Capital Employed
3. Cost of Sales	=	All expenses excluding Depreciation, Interest and Miscellaneous Expenses.
4. Operating Expenses	=	The sum of expenses on food and beverages, power and water and difference in stock.
5. Gross Profit	=	The difference between Total Income and Operating Expenses.
6. Net Worth (Equity)	=	Paid up Capital plus Reserves and Surplus including Profit & Loss Account Balance and Miscellaneous Expenses.
7. Total Borrowings	=	Secured Loans plus Unsecured Loans.
8. Total Liabilities	=	Networth plus Total Borrowings plus Current Liabilities and Provisions
9. Total Gross Fixed Assets	=	Fixed Assets Gross Block plus Capital Work-in-Progress

*. P.D.I.T = Profit Before Interest, Bank Charges, Commission etc. and Depreciation.

10. Net Fixed Assets = Total Gross Fixed Assets less of Depreciation
11. Total Current Assets Loans and Advances = Stock plus Sundry Debtors plus Cash and Bank balance plus Others plus Loans and Advances.
12. Total Gross Assets = Total Gross Fixed Assets plus Total Current Assets, Loans and Advances plus Investments.
13. Total Net Assets = Net Fixed Assets plus Total Current Assets Loans and Advances plus Investments.
14. Working Capital = Total Current Assets, Loans and Advances minus Total Current Liabilities and Provisions.
15. Capital Employed = Net Fixed Assets plus Working Capital
16. Net Assets = Net Fixed Assets plus Investments
17. Debt = Receivables
18. Debt / Equity =
$$\frac{\text{Long Term Debt}}{\text{Equity}}$$

TABLE S.15

HOTEL INDUSTRY IN KERALA, AGGREGATED FINANCIAL STATEMENT - INCOME AND EXPENDITURE IN ABSOLUTE FIGURES
(Rs. in lakh)

Sl.No	Particulars	Private Hotels				K.T.D.C. Hotels			
		1987-88	1988-89	1989-90	1990-91	1987-88	1988-89	1989-90	1990-91
1.	Sales	212.82	198.65	205.56	272.84	175.84	211.75	244.58	386.02
2.	Room Rent	71.62	74.59	116.62	59.14	46.10	55.42	69.23	77.90
3.	Sundry Receipts	18.47	27.53	27.62	32.27	10.06	11.41	8.58	23.07
A	Total Income (1+2+3)	302.91	300.77	349.80	364.25	232.00	278.58	322.39	486.99
4.	Food and Beverages	128.35	109.94	123.69	124.82	68.99	71.06	79.66	149.81
5.	Other Operating Expenses	18.50	11.52	19.14	20.10	16.08	22.60	18.76	23.81
B	Total Operating Expenses (4+5)	146.85	121.46	142.83	144.92	85.07	93.66	98.42	173.62
C	Gross Profit (A) - (B)	156.06	179.31	206.97	219.33	146.93	184.92	223.97	313.37
6.	Salary, Allowances, Bonus	27.97	27.26	37.50	38.25	88.63	111.57	135.92	176.03
7.	Repairs, Maintenance and Replacement	14.07	20.23	15.99	15.58	20.05	18.75	29.29	30.77
8.	Upkeep and Service Cost	12.44	11.72	13.05	13.99	23.57	18.56	20.63	27.91
9.	Advertisement & Sales Promotion	5.72	5.67	5.22	7.63	3.54	5.42	4.92	10.04
10.	Sundries	66.68	78.52	81.85	82.96	29.85	27.49	32.97	47.71
D	Other Expenses Total (6+7+8+9+10)	126.88	143.40	153.60	158.41	165.64	181.79	223.73	292.46
E	Cost of Sales (B) + (D)	273.73	264.86	296.43	303.33	250.71	275.45	322.15	466.08
11.	Interest, Bank charges, Commission etc.	38.01	39.33	39.61	42.72	51.22	56.24	79.20	33.20
12.	Depreciation	34.59	25.12	42.11	43.65	31.07	36.38	37.70	55.81
F	Interest, Bank charges, etc. and Depreciation (11+12)	72.60	64.45	81.72	86.37	82.29	92.62	116.90	89.01
G	Total Expenses (E) + (F)	346.33	329.31	378.15	389.70	333.00	368.07	439.05	555.09
H	Profit before Interest, Bank Charges, Commission etc. and Depreciation (A) - (E)	29.18	35.91	53.37	60.92	-18.71	3.13	0.24	20.91
I	Profit After Interest, Bank Charges, Commission etc. and Depreciation (H) - (F)	-43.42	-28.54	-28.35	-25.45	-101.00	-89.49	-116.66	-68.10

Source Annual Reports of the K.T.D.C. and six private hotels.

TABLE 5.16
HOTEL INDUSTRY IN KERALA AGGREGATED FINANCIAL STATEMENT - BALANCE SHEET IN ABSOLUTE FIGURES
(Rs. in lakh)

Sl.No	Particulars	Private Hotels				K.T.D.C. Hotels			
		1987-88	1988-89	1989-90	1990-91	1987-88	1988-89	1989-90	1990-91
1.	Paid up Capital	218.47	230.66	254.96	256.18	536.96	585.96	646.47	696.47
2.	Reserves and Surplus including P&L and Miscellaneous Expenses	-103.79	-132.30	-160.62	-188.51	-528.65	-637.83	-722.89	-755.09
A	Net worth (1+2)	114.68	98.36	94.34	67.67	8.31	-51.87	-76.42	-58.62
3.	Secured Loans	268.66	287.84	294.68	332.10	200.30	215.38	244.99	224.17
4.	Unsecured Loans	95.52	74.51	53.78	48.62	316.66	372.17	436.14	471.78
B	Total Borrowings (3+4)	364.18	362.35	348.46	380.72	516.96	587.55	681.13	695.95
5	Sundry Creditors	63.58	86.65	98.91	91.24	45.58	40.21	35.87	81.97
6	Advances	74.67	64.02	42.53	35.73	44.19	29.15	27.30	24.59
7	Provisions	1.67	1.01	1.54	2.37	15.12	18.31	20.12	7.11
8	Tax Payable	6.80	6.43	5.48	6.70	0.90	0.33	0.77	0.41
C	Total Current Liabilities & Provisions (5+6+7+8)	146.72	158.11	148.46	136.04	105.79	88.00	84.06	114.08
D	Total Liabilities A+B+C	625.58	618.82	591.26	584.43	631.06	623.68	688.77	751.41
9	Fixed Assets Gross Block	711.95	727.38	744.82	769.29	663.64	688.88	733.56	768.48
10	Work in Progress	-	-	-	4.45	58.16	58.70	57.30	57.19
E I	Total Gross Fixed Assets (9+10)	711.95	727.38	744.82	773.74	721.80	747.58	790.86	825.67
11	Depreciation	165.09	197.40	245.15	293.22	196.12	232.54	272.29	303.44
E II	Net Fixed Assets (E I) - (11)	546.86	529.98	499.67	480.52	525.68	515.04	518.57	522.23
12	Stock	7.95	5.90	11.82	7.26	8.74	7.24	8.48	14.95
13	Sundry Debtors	14.16	20.09	16.06	17.95	20.60	18.82	20.45	23.76
14	Cash and Bank Balance	7.95	6.21	7.20	15.17	14.00	13.71	27.86	42.28
15	Others	14.25	16.28	15.09	1068	3.04	2.14	1.61	5.07
16	Loans and Advances	34.38	40.23	41.12	52.53	59.00	66.73	76.80	58.12
F	Total Current Assets Loans and Advances	-78.69	88.71	91.29	103.59	105.38	108.64	135.20	144.18
G	Investments (12+13+14+15+16)	0.03	0.13	0.30	0.32	-	-	35.00	85.00
H	Total Gross Assets (E I+F+G)	790.67	816.22	836.31	877.65	827.18	856.22	961.06	1054.85
I	Net Assets (E II+ G)	546.89	530.11	499.97	480.84	525.68	515.04	553.57	607.23
J	Total Net Assets (E II+F+G)	625.58	618.82	591.26	584.43	631.06	623.68	688.77	751.41
K	Working Capital (F-C)	-68.03	-69.4	-58.19	-32.45	-0.41	20.64	51.14	30.10
L	Capital Employed (E II + J)	478.83	460.58	441.48	448.07	525.27	535.68	569.71	552.33

TABLE 5.17

KEY INDUSTRY GROWTH INDICATORS (HOTELS IN KERALA)
(Percentage Change Over the Previous Year)

Sl.No	Particulars	Private Hotels				K.T.D.C. Hotels			
		1987-88	1988-89	1989-90	1990-91	1987-88	1988-89	1989-90	1990-91
1.	Sales %	-	-0.71	16.30	4.13	-	20.08	15.73	51.06
2.	P.B.I.D %	-	23.06	48.62	14.15	-	-116.73	-92.33	8612.50
3.	P.A.I.D %	-	-34.27	-0.67	-10.23	-	-11.40	30.36	-41.63
4.	Total Gross Assets %	-	3.23	2.46	4.94	-	3.51	12.24	9.76
5.	Capital Employed %	-	-3.81	-4.15	1.49	-	1.98	6.35	-3.05
6.	Gross Fixed Assets %	-	2.17	2.40	3.88	-	3.57	5.79	4.40
7.	Net Fixed Assets %	-	-3.09	-5.72	-3.83	-	-2.02	0.69	0.71

Source : Annual Reports of the K.T.D.C. and six Private Hotels.

P.B.I.D. = Profit Before Interest, Bank Charges, Commission etc. and Depreciation.

P.A.I.D. = Profit After Interest, Bank Charges, Commission etc. and Depreciation.

5.4.1. Key Growth Indicators

The Aggregated Financial Statements of the hotel industry in Kerala for the years 1987-'88 to 1990-'91 are given in Tables 5.15 and 5.16 respectively for the Income and Expenditure statements and the Balance Sheet, in absolute figures. The Key Industry Growth Indicators (Table 5.17) and the Trends in Key Ratios (Table 5.18) are analysed using the absolute figures. Sales (Total Income), P.B.I.D., P.A.I.D., Total Gross Assets, Capital Employed, Gross Fixed Assets and Net Fixed Assets are discussed under Key Growth Indicators in terms of percentage change over the previous year.

5.4.1.1 *Sales (Total Income)*

The sales reduced by 0.71 percent in 1988-'89 over 1987-'88 in the private hotels and thereafter a positive change was noticed. The change was the maximum in 1989-'90 (16.30 per cent). In K.T.D.C. hotels the Sales increased steadily and was the highest in 1990-'91 showing an increase of 51.06 per cent over 1989-'90 (Table 5.17). This must be due to the following reasons :

- There were only fifteen units of K.T.D.C. hotels during 1987-'88 and the number of units stood increased to twenty-one by 1990-'91. This increase in the number of units was one of the reasons for increase in Sales.
- K.T.D.C. hotels are allowed to sell liquor more freely than the private hotels.

5.4.1.2 **Profit Before Interest, Bank Charges, Commission and Depreciation (P.B.I.D)**

The percentage change of the PBID over the previous year was positive in all the three years from 1988-'89 to 1990-'91 in the private hotels (Table 5.17). The highest change was in 1989-'90 (48.62 per cent) and the lowest in 1990-'91 (14.15 per cent). In K.T.D.C. hotels the P.B.I.D in absolute figures was Rs. 18.71 lakh (i.e. loss) in 1987-'88 (Table 5.15) . But it became Rs.3.13 lakh (i.e. profit) in 1988-'89. Hence the percentage change in 1988 - '89 over 1987 - '88 was -116.73. During 1989-'90 the profit in absolute figures reduced from 3.13 lakh to 0.24 lakh. So the percentage change of the P.B.I.D in 1989-'90 was -92.33 per cent over 1988-'89. In 1990-'91 the profit in absolute figures increased and the percentage change in the P.B.I.D. was 8612.50 over 1989-'90. This was due to

tremendous increase in sales. The P.B.I.D shows a favourable trend both in the private and K.T.D.C. hotels during 1988-'89 to 1990-'91.

5.4.1.3 Profit After Bank Charges, Commission etc. and Depreciation (P.A.I.D)

P.A.I.D. was negative (i.e. loss) for both the private and K.T.D.C. hotels for all the years since 1987-'88 to 1990-'91 (Table 5.15). However, the loss decreased steadily both in the private and K.T.D.C. hotels for all the years under study except an increase in K.T.D.C. hotels during 1989-'90. The percentage change over the previous year was the highest in 1988-'89 (-34.27 per cent) and the lowest in 1989-'90 (-0.67 per cent) in the private hotels (Table 5.17). In K.T.D.C. hotels it was the highest in 1990-'91 (-41.63 per cent).

5.4.1.4 Total Gross Assets

The total Gross Assets changed positively throughout the period under study both in the private hotels and K.T.D.C. hotels ((Table 5.17). The percentage change was the highest (4.94 per cent) in 1990-'91 in the private hotels, whereas in K.T.D.C. hotels it was the highest in 1989-'90(12.24 per cent).

In effecting improvements to the hotel properties the initiative is taken by the Government owned K.T.D.C. hotels. Private hotels follow the lead. This is evident from the fact that the Total Assets, the Gross Fixed Assets and the Capital Employed had increased in K.T.D.C. hotels during 1989-'90, whereas the same had increased in the private hotels during 1990-'91. .

5.4.1.5. *Capital Employed*

It can be seen from the Table 5.17 that the percentage change over the previous year in respect of Capital Employed in the private hotels was negative during 1988-'89 (-3.81 per cent) and 1989-'90 (-4.15 per cent). But in 1990-'91 this showed a positive change of 1.49 per cent. The reverse was true in K.T.D.C. hotels, i.e. during 1988-'89 and 1989-'90 the changes were positive (1.98 per cent and 6.35 per cent respectively) and in 1990-'91 it was negative (-3.05 per cent). The decline in the Capital Employed in the private hotels was the result of low borrowings and vice versa for K.T.D.C. hotels.

5.4.1.6. *Gross Fixed Assets*

Both in the private and K.T.D.C. hotels the percentage changes of the Gross Fixed Assets were positive throughout the period under study. The increase was more in K.T.D.C. hotels than in the private hotels (Table 5.17). During 1990-'91, the percentage change was the highest in the private hotels (3.88 per cent) over 1989-'90. But the maximum change was in 1989-'90 over 1988-'89 in K.T.D.C. hotels (5.79 per cent).

5.4.1.7. *Net Fixed Assets*

The percentage changes of the Net Fixed Assets were negative in the private hotels throughout the period under study (Table 5.17). Higher depreciation charged by the private hotels than K.T.D.C. hotels was the main reason for the above phenomenon. In K.T.D.C. hotels Net Fixed Assets changed negatively in

1988-'89 over 1987-'88 (-2.02 per cent). But during 1989-'90 and 1990-'91 it changed positively at 0.69 per cent and 0.71 per cent respectively.

5.4.2 Trends in the Key Industry Ratios of the Hotel Industry in Kerala .

The Trends in the Key Industry Ratios of the hotels in Kerala over 1987-'88 to 1990-'91 are analysed under various heads (Table 5.18) such as :

1. Asset Utilisation Ratios
2. Liquidity Ratios
3. Structure of Assets and Liabilities
4. Profitability Ratios.

The Asset Utilisation Ratios enable one to measure the effectiveness with which a concern uses its funds. Liquidity Ratios and Structure of Assets and Liabilities help to judge the financial position of the concern from long term as well as short term solvency point of view. The role of Profitability Ratios is to indicate the end results of business activities which is the sole criterion of overall efficiency of a business.

5.4.2.1 *Asset Utilisation Ratios*

a) Sales / Total Net Assets

This ratio had increased from 0.484 to 0.623 during 1987-'88 to 1990-'91 in the private hotels (Table 5.18). In K.T.D.C. hotels also there was a growth in the ratio from 0.368 to 0.648 during the corresponding period. Increase in the sales (Table 5.15) and decrease in the Total Assets (Table 5.16), both in the private and

TABLE 5.18

HOTEL INDUSTRY IN KERALA - TRENDS IN KEY RATIOS

Sl.No	Particulars	Private Hotels				K.T.D.C. Hotels			
		1987-88	1988-89	1989-90	1990-91	1987-88	1988-89	1989-90	1990-91
I	ASSET UTILISATION RATIOS								
a.	Sales/Total Net Assets (Asset turnover ratio)	0.484	0.486	0.592	0.623	0.368	0.447	0.468	0.648
b.	Total Net Assets/Sales	2.07	2.08	1.69	1.60	2.72	2.24	2.14	1.54
c.	N.F.A./Sales	1.805	1.762	1.428	1.319	2.266	1.849	1.610	1.072
d.	Current Assets/Sales	0.260	0.295	0.261	0.284	0.454	0.390	0.419	0.296
II	LIQUIDITY RATIOS								
a.	Debt Equity Ratio	3.175	3.684	3.694	5.626	62.210	0	0	0
b.	Current Ratio	0.536	0.561	0.611	0.761	0.996	1.235	1.608	1.264
c.	Working Capital / Sales %	0	0	0	0	0	7.41	15.86	6.18
III	STRUCTURE OF ASSETS & LIABILITIES								
a.	N.F.A to Total Net Assets (%)	87.42	85.64	84.51	82.22	83.30	82.58	75.29	69.50
b.	Current Assets/Total Net Assets (%)	12.58	14.34	15.44	17.72	16.70	17.42	19.63	19.19
c.	Net Worth/Total Liabilities (%)	18.33	15.89	15.93	11.58	1.32	0	0	0
d.	Borrowings/Total Liabilities (%)	58.21	58.55	58.83	65.14	81.92	94.21	98.89	92.62
e.	Current Liabilities/Total Liabilities	23.45	25.55	25.24	23.27	16.76	14.11	12.20	15.18
IV	PROFITABILITY RATIOS								
a.	P.B.I.D. as Percentage of Sales	9.63	11.94	15.28	16.72	0	1.12	0.07	4.29
b.	P.B.I.D. as Percentage of Total Net Assets	3.69	4.40	6.38	6.94	0	0.36	0.02	1.98
c.	P.B.I.D. as Percentage of Capital Employed	6.09	7.80	12.09	13.60	0	0.58	0.04	4.00
d.	P.A.I.D as Percentage of Sales	-14.33	-9.49	-8.10	-6.99	-43.53	-32.12	-36.19	-13.98
e.	P.A.I.D. on Net Worth (%)	0	0	0	0	0	0	0	0
f.	Salary. Allowance and Bonus/Sales (%)	9.23	9.06	10.72	10.50	38.20	40.05	42.16	36.15

Source Annual reports of the K.T.D.C. and six Private Hotels.

Abbreviations Expanded :

(1) N.F.A. = Net Fixed Assets (2) P.B.I.D. = Profit Before Interest, Bank Charges, Commission etc. and Depreciation

(3) P.A.I.D. = Profit After Interest, Bank Charges, Commission etc. and Depreciation.

K.T.D.C. hotels are the reasons for this. The increase in this ratio indicates improvement in the efficiency of asset utilisation.

b) Total Net Assets / Sales

In the private hotels this ratio was 2.07 in 1987-'88 and decreased to 1.60 in 1990-'91. In K.T.D.C. hotels the ratio steeply fell off from 2.72 (1987-'88) to 1.54 (1990-'91). The decrease in this ratio indicates improvement in the efficiency of the concerns in utilising the funds (Table 5.18)

c) Net Fixed Assets (N.F.A) / Sales

The N.F.A. / Sales ratio had declined consistently in the private hotels because of high depreciation charges. In the case of K.T.D.C. hotels the declining trend continued just as the Total Net Assets/Sales Ratio. The ratio for the private hotels was 1.805 (1987-'88) and 1.319 (1990-'91) and for K.T.D.C. it was 2.266 and 1.072 in the respective years (Table 5.18). Declining trend in the ratio indicates increase in sales and hence improvement.

d) Current Assets / Sales

This ratio showed an overall increase in the case of the private hotels from 0.260 (1987-'88) to 0.284 (1990-'91). But a decrease was found in K.T.D.C. hotels from 0.454 (1987-'88) to 0.296 (1990-'91). Both were subject to oscillations in the intervening period (Table 5.18). It can be seen from Tables 5.14 and 5.18 that the hotel industry in Kerala follows the all India pattern in respect of the Asset Utilisation Ratios and indicates bright prospects for the future

5.4.2.2 *Liquidity Ratios*

a) Debt-equity Ratio

This ratio is determined to ascertain the soundness of the long term financial policy of a company. In case the ratio is unity it is considered to be quite satisfactory. If the business needs heavy investments in Fixed Assets a lower ratio is also considered satisfactory. The Debt-Equity Ratio showed an increasing trend from 3.175 (1987-'88) to 5.626 (1990-'91) (Table 5.18). In the case of K.T.D.C. hotels Equity was negative in all the years except 1987-'88 (Table 5.16). The ratio was 62.210 in 1987-'88 and was suppressed to zero during 1988 to 1991 since the Net Worth has been wiped out. The hotel industry is highly capital intensive and the capital is blocked up in the Fixed Assets which explains why the borrowings are high. There is no corresponding increase in the Equity. Instead even the equity is diluted every year when the debit balance of Profit and Loss account is adjusted.

b) Current Ratio

This ratio indicates the firm's commitment to meet its short term liabilities. The Current Ratio of the private hotels in Kerala was 0.536 (1987-'88) which increased to 0.761 (1990-'91). It was 0.996 (1987-'88) and 1.264 (1990-'91) in K.T.D.C. hotels. Both the private and K.T.D.C. hotels have their Current Ratio far less than the ideal lower limit of 2:1 and hence it is concluded that the Current Ratio in both the hotels is poor. A poor Current Ratio is a danger signal to the management that the business is trading beyond the resources (Table 5.18).

c) Working capital / Sales Percentage

In the private hotels the Working Capital was negative throughout the period (Table 5.16) and hence the ratio is suppressed to zero (Table 5.18). In the case of K.T.D.C. hotels the Working Capital was negative only in 1987-'88. From 1988-'89 to 1990-'91 the ratio was 7.41 (1988-'89) 15.86 (1989-'90) and 6.18 (1990-'91). The lower the ratio the higher is the favourable trend.

5.4.2.3 Structure of Assets and Liabilities

Net Fixed Assets/Total Net Assets, Current Assets/Total Net Assets, Net Worth/Total Liabilities, Borrowings/Total Liabilities and Current Liabilities/Total Liabilities are the ratios dealt with under this head.

a) Net Fixed Assets/Total Net Assets (Percentage)

The Net Fixed Assets/Total Net Assets percentage decreased from 87.42 (1987-'88) to 82.22 (1990-'91) in the private hotels and from 83.30 per cent to 69.50 per cent in K.T.D.C. hotels during the corresponding period (Table 5.18). The decrease was more in K.T.D.C. hotels and it was because the increase in the Current Assets, Loans and Advances and Investments were more in K.T.D.C. hotels than in the private hotels.

b) Current Assets/Total Net Assets (Percentage)

This ratio increased from 12.58 per cent (1987-'88) to 17.72 per cent (1990-'91) in the private hotels and from 16.70 per cent to 19.19 per cent for the

respective years in K.T.D.C. hotels during the period under study (Table 5.18). The increasing trend in the ratio evidenced here indicates the improvement in the proportion of Current Assets to Total Net Assets. The increase in this ratio was more in the private hotels.

c) Net Worth to Total Liabilities

The percentage of Net worth to Total Liabilities decreased from 18.33 (1987-'88) to 11.58 ((1990-'91) for the private hotels during the period 1987-'88 to 1990-'91. The decrease in the ratio was the result of the decrease in the Net Worth due to the debit balance in the Profit and Loss Account. In K.T.D.C. hotels this proportion was very low (1.32 per cent) in 1987-'88. During 1988-'89 to 1990-'91 the Net Worth was negative and hence the ratio was suppressed to zero (Table 5.18).

d) Borrowings to Total Liabilities (Percentage)

It can be seen from Table 5.18 that the above ratio increased consistently both in the private hotels and K.T.D.C. hotels. In the private hotels it rose from 58.21 percent (1987-'88) to 65.14 per cent (1990-'91). But in K.T.D.C. hotels the ratio increased from 81.92 per cent in 1987-'88 to 98.89 per cent in 1989-'90 and then dropped to 92.62 per cent in 1990-'91. The ratio was higher in K.T.D.C. hotels than in the private hotels. This ratio measures the relative share of all outside Liabilities to Total Liabilities. The higher the ratio the worse will it be for the organisation. A high share of outside liability means high interest burden which in turn reduces the profits and ultimately dividend to the share holders.

e) Current Liabilities / Total Liabilities (Percentages)

This ratio increased from 23.45 per cent(1987-'88) to 25.55 per cent(1988-'89) and then decreased to 25.24 per cent (1989-'90) and 23.27 per cent(1990-'91) in the private hotels (Table 5.18). In K.T.D.C. hotels it decreased from 16.76 per cent (1987-'88) to 12.20 per cent (1989-'90) and then increased to 15.18 per cent (1990-'91). The changes in the ratio of private and the K.T.D.C. hotels were due to the changes in the Current Liabilities. A low ratio of Current Liabilities to Total Liabilities indicates the relatively low share of Current Liabilities in hotels. Long-term borrowings are higher because the investments are mainly in Fixed Assets, especially in land building.

5.4.2.4 *Profitability Ratios*

The ratios analysed under this head are :

- a) P.B.I.D. as percentage of Sales
 - b) P B I D as percentage of Total Net Assets
 - c) P B I D as percentage of Capital Employed
 - d) P.A.I.D. as percentage of sales
 - e) P.A.I.D. on Net Worth
 - f) Salary, Allowances and Bonus/Sales (Percentage)
- a) P.B.I.D. as percentage of Sales

This ratio which stood at 9.63 per cent (1987-'88) steadily increased to 16.72 per cent (1990-'91) in the private hotels (Table. 5.18). In K.T.D.C. hotels the

ratio was suppressed to zero in 1987-'88 due to negative P.B.I.D (Table 5.15). Subsequently the ratio increased from 1.12 per cent (1988-'89) to 4.29 per cent (1990-'91). The ratio indicates the balance left in every one hundred rupees worth of sales after all operating costs and expenses are met. The increasing tendency of the ratio both in the private and K.T.D.C. hotels, indicates the good prospects of the hotel industry.

b) P.B.I.D. As Percentage of Total Net Assets

This ratio increased from 3.69 per cent (1987-'88) to 6.94 per cent (1990-'91) in the private hotels. In K.T.D.C. hotels it was suppressed to zero in 1987-'88 since the P.B.I.D. was negative and the ratio became 0.36 per cent in 1988-'89 and rose to 1.98 per cent in 1990-'91 (Table 5.18). An increasing tendency in the ratio is an indication of a favourable future of the industry.

c) P.B.I.D. as percentage of Capital Employed

An increasing tendency of this ratio can be noticed in the case of the private hotels. It was 6.09 per cent (1987-'88) and increased to 13.60 per cent(1990-'91). Similarly an increase from zero per cent (1987-'88) to four per cent (1990-'91) can be seen in the ratio of K.T.D.C. hotels (Table 5.18). The increasing tendency of the ratio indicates the increasing earning capacity of the hotels over the years.

d) P.A.I.D. as Percentage of Sales

The P.A.I.D. was negative in the private and K.T.D.C. hotels throughout the period (Table 5.15). However a negative ratio was worked out to ascertain the

loss percentage. Table 5.18 shows that the loss was 14.33 per cent of sales in 1987-'88 in the private hotels and stood reduced to 6.99 in 1990-'91. In the case of K.T.D.C. hotels the loss stood at 43.53 per cent of the sales in 1987-'88 and dropped to 13.98 per cent in 1990-'91. The ratio shows a favourable trend of improving the efficiency in both the cases.

e) P.A.I.D. on Net Worth (Percentage)

The P.A.I.D. being negative both in the private and K.T.D.C. hotels (Table 5.15) and the Net Worth also being negative in the K.T.D.C. hotels except in 1987-88 (Table 5.16) the ratio was suppressed to zero in both the cases during the period under study (Table 5.18).

f) Salary, Allowances and Bonus to Sales (Percentage)

In the private hotels this ratio increased from 9.23 per cent (1987-'88) to 10.50 per cent (1990-'91). Whereas in K.T.D.C. hotels it increased from 38.20 per cent (1987-'88) 42.16 per cent (1989-'90) and then dropped to 36.15 per cent (1990-'91). The proportion of Salary, Allowances and Bonus to Sales was comparatively more in K.T.D.C. hotels than in the private hotels (Table 5.18).

Conclusion

From the foregoing analysis it can be concluded that the Growth Indicators viz. Sales and P.B.I.D. changed positively in the private and K.T.D.C. hotels. The increase in Sales was comparatively more in K.T.D.C. hotels. For meeting the heavy initial investment required for the hotel industry borrowings are made at

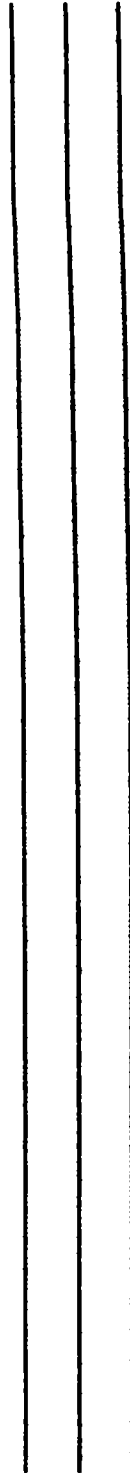
huge rates of interest. Severe competition among hoteliers makes the existing units outmoded and hence heavy depreciation charges. Heavy interest and depreciation cause the P.A.I.D. negative.

The Total Gross Assets increased heavily in K.T.D.C hotels during 1989-'90, whereas in the private hotels in 1990-'91. The same pattern of changes can be noticed in Capital Employed and the Gross Fixed Assets. Coming-up of private hotels after government hotels at Kovalam, Thekkadi, Kumarakam and Pathiramanal substantiates this. It can be inferred from this that in effecting improvements in hotel properties lead is from the government hotels and private hotels follow the suit. From the percentage change of the Net Fixed Assets it can be understood that the private hotels charge higher rate of depreciation than K.T.D.C hotels. Huge investment in Fixed Assets necessitates long term borrowings. But the Equity is diluted every year due to the debit balance in the Profit and Loss account. Hence the Debt-Equity ratio is either high or suppressed to zero due to wiped out Equity. Both the private and K.T.D.C. hotels show a poor Current Ratio indicating that the business is trading beyond the resources. Net Fixed Assets to Total Net Assets ratio dropped more in the private hotels due to heavy depreciation charges. The proportion of Current Assets to Total Assets is very low in the hotel industry compared to other industries. However there was an increase in the ratio in both the private and K.T.D.C. hotels and the increase was more in the private hotels. Borrowings to Total Liabilities ratio is more in K.T.D.C. hotels due to easy availability of loans to government owned hotels. Current Liabilities to Total Liabilities ratio is comparatively low in the hotel industry. This is because long term capital requirements predominate in the hotel industry.

P.B.I.D. as percentage on Sales, P.B.I.D. as percentage of Total Net Assets, P.B.I.D. as percentage of Capital Employed and P.A.I.D. as percentage of Sales show a favourable trend both in the private and K.T.D.C. hotels. Salary, Allowances and Bonus to Sales ratio is more in K.T.D.C. hotels.

The financial performance of the hotel industry as analysed above gives the entrepreneurs an indication of favourable trends in the hotel industry in Kerala. With the government creating a favourable climate for safe investment in hotels through added incentives and concessions, it can be hoped that more investment in the hotel industry will be made by the entrepreneurs to establish the required type of hotels at the various tourism centres in Kerala. This will, to a great extent, promote tourism in the state which was otherwise hindered by the lack of suitable accommodation facilities here. Such a situation will bring out ample employment opportunity to the people, both in the tourism and hotel industry. The employment potential of the hotel industry in Kerala is analysed in the ensuing chapter.

Chapter - III



HUMAN RESOURCE DEVELOPMENT IN THE HOTEL INDUSTRY

CHAPTER - VI

HUMAN RESOURCE DEVELOPMENT IN THE HOTEL INDUSTRY

The hotel industry is a dynamic business; a small mistake may result in a recurring loss. It is people oriented rather than machine oriented. Hence the human resource in the hotel industry is of vital importance. An attempt is made in this chapter to analyse the need for human resource development in the hotel industry in general and its position in Kerala in particular.

Both the hotel and tourism industries are highly labour-intensive. World-wide travel and tourism employs 101 million people. One out of every sixteen workers is said to be employed in tourism¹. In Britain alone there are approximately 37,500 hotels and over a million men and women are engaged in the industry. In America there are a larger number of hotels, at least 25,000 of which have at least 50 rooms each and in a small island like Majoria there are about 2000 hotels catering, almost entirely for the tourist trade².

One of the objectives of the Eighth Five Year Plan is to increase employment, so that the country may reach near full employment by 2002. A.D. The Eighth Five Year Plan proposes to achieve an employment growth rate of 2.6 percent per annum and 2.8 percent per annum there-after to reach full employment by 2002 A.D. It is expected that 8 to 9 million jobs per annum will be generated so as to provide 43 million employment opportunities during the Eighth Five Year Plan

period. It is also proposed to create nine to ten million jobs³ during 1997 to 2002 A.D

6.1 Unemployment in India

The backlog of unemployment in India is on the increase every year. At the beginning of the Eighth Five Year Plan, i.e. in April 1992 the backlog of unemployment was estimated at seventeen million. Out of these, seven million people were educated unemployed. In addition to these, six million people were estimated to be under employed, giving a total of twenty three million people, both the unemployed and underemployed taken together. Further the number of unemployed during the Eighth Five Year Plan, that is, 1992-97, is estimated at 35 million⁴. Therefore, the total number of persons who require employment during the Eighth Five Year plan will be 58 million⁵. More over during 1997-2002, there will be 36 million unemployed, making the total number of persons requiring employment between the period 1992 and 2000 as 94 million⁶.

6.1.1 Unemployment in Kerala

The number of job seekers on the live register of employment exchanges in Kerala⁷ in April 1994 was 4.04 million which was 11.25 percent of the all India figure. This proportion of Kerala was the second highest, the first being West Bengal (13.49 percent). But the proportion of West Bengal⁸ which was 15.75 per cent in 1980-81 improved in 1994 by reducing the proportion to 13.49 percent when that of Kerala worsened by increasing from 10.36 percent in 1980-'81 to 11.25 in 1994.

The Indian economy has shown in recent years, a distinct shift towards the service sector as a major source of employment generation. The service sector, it

has been estimated, may actually generate nearly 65 per cent of the increase in the total jobs, in the coming years. Tourism and allied sectors alone can generate 3.3 lakh jobs per year, that is more than the entire manufacturing sector, according to a study⁹. The National Council of Applied Economics Research had estimated that tourism generated employment for nine lakh thirty four thousand people in 1972-'73 and sixty four lakh country men in 1978. "During the financial year 1994-'95, tourism sector in India has provided employment for 10 lakh people. If one takes into consideration the indirect employment that tourism provides, then the total employment would work out to be 18.40 million. The employment multiplier¹⁰ in the case of tourism is about 2.36".

6.2 Employment Multiplier

Tourism creates primary or direct employment in such areas as lodging, restaurants and sight-seeing operations. Indirect employment can also be created in construction, agriculture and manufacturing industries. Those directly employed in tourism industry demand goods and services. To sustain their additional demand, more and more people are employed in the production of those goods and services. The extra earnings of those who are employed to satisfy this demand create further demand and in return employment and so on. This cycle of increased income and employment continues at a declining rate until it is exhausted. This phenomenon is due to employment multiplier effects. The Tata Economic Consultancy Services reported that for every job created in tourism sector, 2.57 jobs are created else-where.

6.3 Employment in the Hotel Industry

The hotel industry is the most important component of the tourism industry and the major share of employment opportunities in tourism sector comes from the

hotel industry. It is estimated that on an average a single hotel room generated employment to 8 people directly or indirectly¹¹. The employment potential for skilled and semi-skilled labour in hotel is quite large. The labour/output ratios of different industries are shown in Table 6.1 according to which hotels and restaurants industry had the fourth rank. Similarly the labour contents of ₹1000 worth of value added or net output in various industries (1971) as shown in Table 6.2 also gives the first rank for hotels and catering segment.

TABLE. 6.1

LABOUR/OUTPUT RATIO OF DIFFERENT INDUSTRIES
(per Rs.1 Lakh)

Sl. No	Segment	Employment/output Ratio	Rank
1.	Food & Beverages	0.5971	10
2.	Textiles	1.4768	8
3.	Jute Textiles	1.9538	7
4.	Textile Products	0.5808	11
5.	Wood Products	2.8000	6
6.	Leather Products	0.3042	12
7.	Railway Service	3.5564	5
8.	Other Transport Services	1.1448	9
9.	Trade	8.3800	1
10.	Hotels and Restaurants	4.1260	4
11.	Medical	7.5730	2
12.	Others	7.5730	2

Source: D.O.T Economic Benefits of Tourism, Government of India, 1987.

TABLE 6.2

ESTIMATED NUMBER OF WORKERS PER ₹ 1000
WORTH OF VALUE ADDED

Sl. No	Industry	No of Workers	Rank
1.	Agriculture, Forestry and Fishing	0.29	5
2.	Manufacturing	0.74	3
3.	Construction	0.60	4
4.	Services	0.77	2
5.	Hotels and Catering	0.79	1

Source: Howard L Hughes-Economics for Catering Students-E.L.B.S. 1986, p. 203.

The room/staff ratio varies from area to area. Horwath and Horwath had estimated that the number of employees per room of a hotel varied from a low of about 0.50 in USA, medium of 0.85 in Europe and 1.50 in Asia and a high of 1.93 in the Far East¹². The world average comes to approximately 1.02 employees per room¹³. In India on an average one hotel room should expect to provide employment for 2.5 persons while the connected industries and services supplying fresh and canned goods, other food item, various items of machinery, air conditioning equipment, lift, kitchen equipment, washing machine, laundry equipment, linen, furniture, furnishing, cutlery, crockery etc. would offer employment to nine times the number of persons who are employed directly by the hotels¹⁴.

6.4 The Attitude of the People towards Hotel Jobs

In the initial stage there were not enough young men and women willing to be trained as hoteliers. A misconception prevailed that a hotel job was associated with cutting and cooking of vegetables, cleaning of floors, serving as waiters etc. These jobs were therefore considered infra dig. Young people were willing to work as managers of hotels for fat salaries, but were not prepared for the long and arduous march to that goal. The parents of girls did not of course consider it respectable for their daughters to work in hotels as this would stand in the way of their marriage prospects.

6.5 Characteristics of the Hotel Profession

A healthy attitude and ability to work hard apart from an outgoing personality, organising and administrative ability are the pre-requisites for this job. Along with this, communication skills, ability to motivate other staff, interest in people, some practical skills, ability to work under pressure, common sense, tact

and a sense of humour are also essential. Employees are expected, regardless of the pressure of work or client's rudeness, to remain calm and pleasant while listening to complaints or sorting out problems.

The different operational departments determine the duties and responsibilities of a hotel employee. The various departments of a hotel company are given in Figure. 6.1. They are:

- 1 **Front Office Department** : The various sections under this department are, Reception, Reservation, Information, Telephone, Bills and Cash.
2. **House Keeping Department** : This consists of the Public Area, Floor and Linen
3. **Food and Beverage Department** : This is the largest department which has divisions such as Control, Purchasing, Preparation and Services. Preparation has sub-departments viz. Main kitchen, Indian kitchen, Tandoor, Bakery and Confectionery, Pantry, Washing, Coffee and Restaurants. The services division has sub departments such as Pastry shop, Banquet service, Bar service, Room service and Restaurant service.
- 4 **Account Department** : It has such departments such as Credit, Account, Cash and Audit.
5. **Engineering and Maintenance Department** : The various sub departments that come under this department are Heat /Light and Power and Repair and Maintenance.
- 6 **Store Departments** : This has, Purchases, Store and Issue branches under it.
- 7 **Administration Department** Consists of Personnel Department, Welfare Department and Security Department.

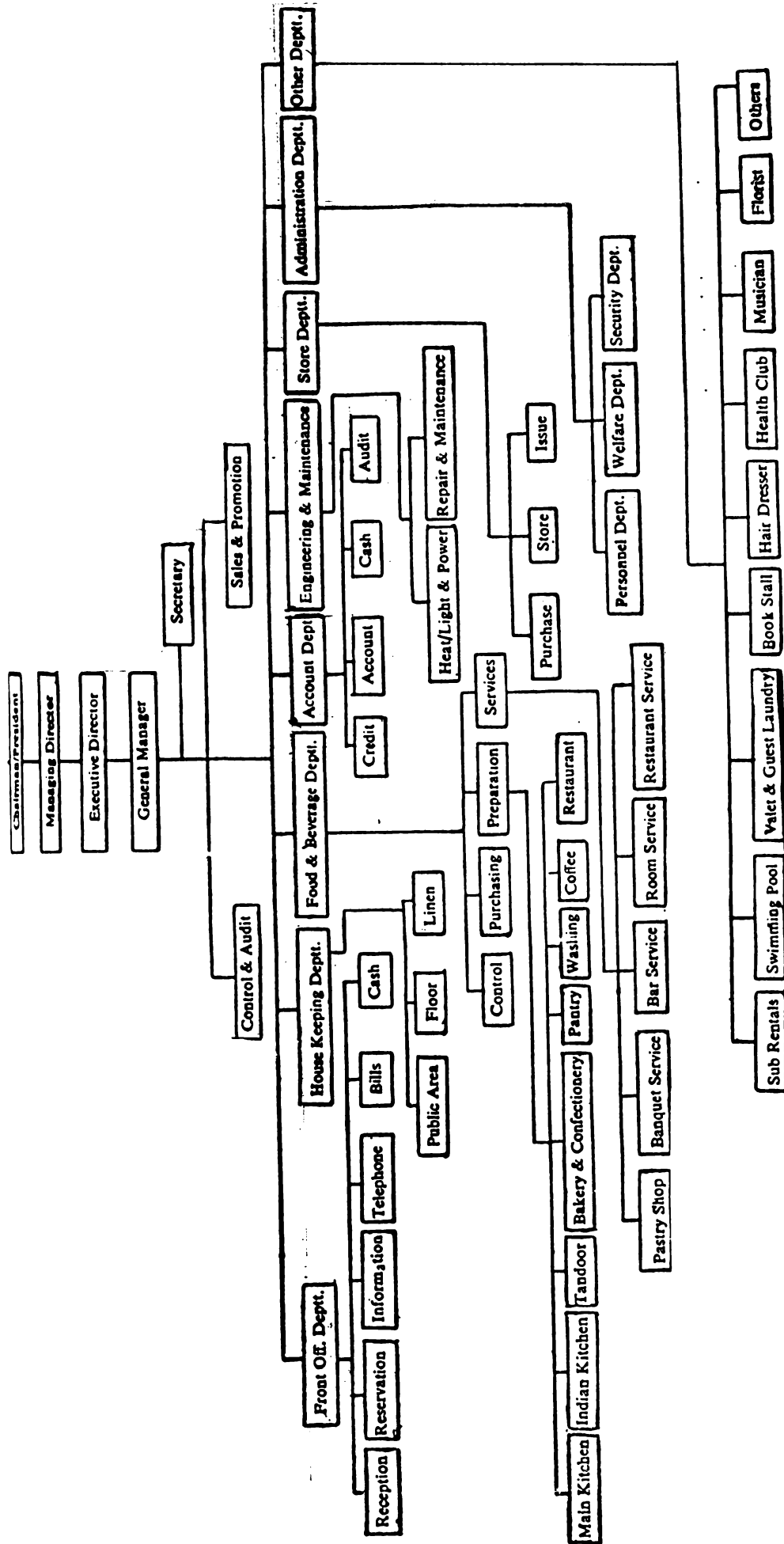


FIGURE 6.1

Organisation Chart of a Hotel Company

8. Other Department : Sub Rentals, Swimming Pool, Valet and Guest Laundry, Book-Stall, Hair Dresser, Health Club, Musician, Florist and others come under this department.

9. Sales and Promotion Department and

10. Control and Audit Department

6.6 Need for Professionalism and Training in Hotel Industry

Education and training aim at developing behaviour and attitude towards service. Hotel is a service industry and sells service to human beings who have both physiological and psychological needs to be catered to. The service factor of this human resource development therefore acquires considerable importance and necessitates particular attention. Indifference, inhospitality and incivility are anathema to good guest-host relationship¹⁵.

The hotel industry is capital intensive and requires large amounts for its infrastructure. This large investment will not yield expected returns if the industry fails to solve its manpower problems. This will have repercussions on the industry's future expansion and profitability. If one takes into account that the "tourist-product" is represented above all by "service", it becomes clear that qualified personnel are indispensable for the development of the industry as are the capital, the buildings and the other material resources. It is gratifying that a lot of professionalism has come in to the hotel industry in recent years though a great deal still remains to be done. Hoteliers have however, realised that professional training is vital for their survival and growth.

While the role of professional management in industry had been recognised in the early fifties itself in India, it came much later in the areas of the hotel

management. The hotel and restaurant industry suffers from the lack of sufficient expertise in various fields and also trained staff.

6.7 Training Institutions in Hotel Management

A large number of organisations at the international, national, regional and local levels exist which are concerned with tourism education and there is an all round trend towards expansion of these facilities. Many educational institutions like universities, colleges and schools have introduced degree and diploma courses and also conduct seminars, short and long term courses on special topics, workshop programmes, study weeks and training visits. As a result of the initiative taken by educational institutions, governments, private and public international organisations, tourist education has gone a long way in almost all countries.

The U.N. organisation and its specialised agencies like the I.L.O, the W.T.O, the UNCTAD, the U.N. Technical Assistance Fund and the U.N. Development Programme have helped in augmentation and creation of training facilities in various disciplines in many parts of the developing world. The U.N. has entrusted the W.T.O. with the responsibility in the sphere of vocational training and assigned to it a central and decisive role in all fields of tourism.

6.8 University Education for the Hotel and Restaurant Business

Until the 1920's education for the hotel management was largely through experience. The American Hotel Association was responsible for initiating a programme of instruction for hotel management at the college level. The first courses began by the establishment of the School of Hotel Management at Cornell University, New York in 1922 with the financial support of the American Hotel

and Motel Association (AHMA). Gradually the other universities also followed the pattern and offered hotel education.

6.9 The Hotel Training Programme in India

Training programmes are of two types. One is the statutory apprenticeship programme and the other is the formal structured programme. The National Council of Hotel Management and Catering Technology (N.C.H.M.C.T) is an autonomous organisation instituted by the Department of Tourism to coordinate all related academic activities in order to ensure uniformity in the training standards at the institutes of hotel management.

All programmes mix general education and knowledge of the Hospitality Industry, managerial and business administration inputs, with specific skills orientation in all aspects of hotel work from production to computer applications. An essential part of the curriculum is the handsome practical training provided by all institutes. Duration of the training varies between six months to three years depending on the type of the course. The first four Institutes of Hotel Management Catering Technology and Applied Nutrition were set up in New Delhi, Bombay, Madras and Calcutta between 1962 and 1964. In order to meet the training requirements at the crafts level in specific disciplines, twelve food crafts institutes were also set up at different places in the country. At present, there are sixteen Institutes of Hotel Management Catering Technology and Applied Nutrition which offer a three year diploma course at the following centres under the National Council for Hotel Management and Catering Technology. (1) New Delhi (2) Bombay (3) Madras (4) Calcutta (5) Bangalore (6) Bhopal (7) Bhubaneswar (8) Goa (9) Gwalior (10) Hyderabad (11) Jaipur (12) Lucknow (13) Ahmedabad (14) Sri Nagar (15) Thiruvananthapuram and (16) Chandigarh. The Food Craft Institutes

under the National Council which offer specialised courses in Hotel Management, Food Management etc. are at the following places (1) Aluva (2) Pune (3) Chandigarh (4) Patna (5) Trichy (6) New Delhi (7) Simla (8) Guwahati (9) Aligarh (10) Visakhapatnam (11) Gwalior (12) Udaipur (13) Faridabad (14) Darjiling and (15) Bangkok

6.10 The Hotel Training Programme in the Private Sector

Oberois were one of the first to enter the field of hotel management training in India, in the private sector. With uncanny farsight Raj Bahadur Oberoi established a manpower development division in 1966 to take care of the manpower needs of the Oberoi chain of hotels. This had emerged as a major need at that time, as with the development of infrastructure of tourism in South East Asia and expansion of Oberoi hotels in Singapore, Egypt, Nepal, Ceylon and Africa more and more trained man-power was required. The school was more practical oriented having built-in training features of the world's most famous hotel training institutes. The stress was in acquiring productive and administrative skills at an internationally acceptable standard. The Training Institute set up by the Oberoi hotel has been recognised by the International Hotel Association.

Welcomgroup, the hotels division of ITC Ltd., had signed up with Dr. T.M.A. Pai Foundation of Manipal, Karnataka, to run the country's first graduate programme in hotel administration. It is named "Welcomgroup Graduate School of Hotel Administration" and affiliated to Mangalore University. It is run on the lines of the Cornell School of Hotel Administration in the U.S. While diploma courses only were available in hotel management in India the three year degree programme was introduced in the country for the first time in this school.

The Taj group of hotels and the Maulana Azad Educational Trust had set up the Indian Institute of Hotel Management (IIHM) at Aurangabad to provide professional education that reflects modern trends in hoteliering.

Several institutes in the private sector in Karnataka, Tamil Nadu and recently in Kerala have started three year diploma courses in hotel management and catering technology. These courses are approved by the All India Council For Technical Education, New Delhi. While some institutes have affiliation with National Council For Hotel Management Catering Technology and Applied Nutrition, some institutes are affiliated to the Swiss School of Tourism and Hotel Management, Switzerland, and prepare students for international diploma and degree examinations.

6.11 U.G.C. Recommends the Hotel Management and Catering Technology Courses at the Degree Level.

The investment in technical human resource development is now paying handsome dividends by way of fulfilling the industry's need for trained manpower, both qualitatively and quantitatively. But the trained staff coming out of the various hotel management institutes and food crafts institutes are not sufficient to meet the requirements of existing as well as new hotels and restaurants. In view of this situation the University Grants Commission has recommended universities in India to introduce degree level programmes in hotel management and catering technology also along with other job oriented courses. Various universities in Karnataka and Tamilnadu have meticulously followed the recommendation of the U.G.C. and several colleges under Mangalore University, Banglore University, Bharathiyar University, Bharathi Dasan University, Madurai Kamaraj and Madras University now offer degree level courses in hotel management. It is learnt that a good many students seeking admission in these colleges are from Kerala.

6.11.1. *The Indian Institute of Tourism and Travel Management (IITTM)*

It was established in 1983 under the Ministry of Tourism to develop and promote education, training and research in travel and tourism and to provide trained man-power to that sector. In August 1992, it was shifted to Gwalior. The IITTM intends to start two long term courses, viz. Diploma in Tourism Management (14 months full time) and Diploma in Destination Management Course (8 months full time) as core programmes in its campus at Gwalior.

6.12 **Problems of Hotel Workers**

The factors such as under staffing, prolonged working hours, job insecurity and poor wages hit the hotel workers hard. The Minimum Wages Committee observed that the problem of fixing of rates of wages in this industry is difficult because all the workers are given wages in addition to food.

The Delhi Administration constituted a Conciliation Board for hotels and restaurants. It failed to bring about any settlement on the main issues concerning wages, D.A. etc. Evaluation of wages of hotel employees has been difficult as "tips" represent a significant part of their earnings. It is learnt that 75 percent of the worker's income comes from tips. The Wage Board recommended a levy of service charge in lieu of abolition of the acceptance of tips in hotels.

6.13 **Service Charges-cum Tipping**

With a view to stopping the evil practice of tipping¹⁶ which is humiliating for the receiver and taxing the donor, the alternative of imposing a service charge was introduced in India a few year ago. Soon after its introduction, it was combined with tipping and the result was the payment of service charges along with the tips. Despite huge sign-boards in hotels, the practice has continued to this

day. In Japan there is neither service charge nor tipping. In the U.S.A, there are no service charges but only tips. The service charges-cum tipping is disliked by most of the visitors. Whatever is talked against tipping/service charges the attitude of the hoteliers still remains in favour of tipping, so that they can manage to get ample workers at less wages. This is evidenced from the fact that hotels are prepared (already a hotel in New Delhi approached the administration) to permit night shifts to certain categories of women workers, pleading that they could raise their income from tips given by the guests while checking out at night¹⁷.

6.14 Poor Performance of Trade Unions in Hotel Industry

The unorganised nature of the work force and the governmental apathy are the twin curses that encourage the hotel/restaurant owners to ride rough shod over the rights and dignity of the worker. Trade unions do not find this work force attractive enough to take up a plunge into their affairs. It is well accepted that trade unions aim to represent and advance the interests of their members. Though hotel and catering industry is a large one employing a good proportion of the country's workforce, the membership of the trade union is one of the lowest. The reasons why unionisation¹⁸ of the workers in their industry has been difficult are:

- A large proportion of the hotel and catering workers are casual or seasonal. Casual employees are less likely to value the advantages of union membership than a full-time employee in respect of job protection, wages increase etc.
- The industry employs a large number of women, the majority of whom are married mothers. Traditionally women in general have been less inclined to take part in union activities.

- Labour turnover is very high. Labour turnover is at least 1/4th of the employees in hotels
- The majority of the establishments in the industry are small.
- Small family units predominate in the industry and these are very unlikely to show any interest in the trade unions.
- Departmentalisation and shifts make organisation of labour unions difficult.
- There are many employers who are suspicious of unions and who have reservations about encouraging staff to join unions.

However, indications are that membership is gradually growing. Some employers are now encouraging staff to join unions and are beginning to recognise unions.

Till recently hotel profession was not considered a dignified one and was meant for school dropouts or for people who run away from home for one reason or the other. But today the profession has attained a new dimension and it is being tried by people just as or next to engineering / medicine. The extent of professionalism achieved among the hotel employees in Kerala and the socio-economic profile of the hotel employees are analysed below with the help of the survey data.

6.15 Analysis of the Survey Data - Hotel Establishments-H.R.D. Section

Employees in the respondent hotels were classified into ten categories, viz. Managerial and Supervisory Personnel, Receptionists, Cooks, Waiters, Room Boys, Office Staff, House-keeping Staff, Security Staff, Trainees and Others. The total number of employees increased from 2644 in 1989-90 to 3382 in 1993-94.

TABLE 6.3

CATEGORY-WISE DISTRIBUTION OF EMPLOYEES IN THE RESPONDENT HOTELS

Category of Employees	1989-90			1990-91			1991-92			1992-93			1993-94			1994-95				
	Total	P.Q.	% to total	Total	P.Q.	% to total	Total	P.Q.	% to total	Total	P.Q.	% to total	Total	P.Q.	% to total	Total	P.Q.	% to total		
	I	N	D	E	X	I	N	D	E	X	I	N	D	E	X	I	N	D	E	X
Managers & Supervisors	255	197	77.3	267	209	78.3	287	227	79.1	300	239	79.7	312	251	80.5	100	100	100	100	100
	9.65			9.60			9.31			9.23										
Receptionist	150	85	56.7	153	96	62.8	166	112	66.7	180	123	68.3	196	129	66.4	100	100	100	100	100
	5.67			5.62			5.59			5.50										
Cooks	289	172	59.5	303	181	59.7	327	199	60.9	351	213	60.7	369	229	62.1	100	100	100	100	100
	10.93			10.95			10.94			10.89			10.91							
Waiters	486	347	71.4	502	359	71.5	529	384	72.6	558	408	73.1	571	418	73.3	100	100	100	100	100
	18.38			18.15			17.69			17.31			16.88							
Room Boys	168	32	19.1	177	29	16.4	184	31	16.9	208	33	15.9	224	35	15.6	100	100	100	100	100
	6.35			6.40			6.16			6.46			6.62							
Office Staff	239	114	47.7	248	118	47.6	259	128	49.4	278	133	47.8	279	134	48.0	100	100	100	100	100
	9.04			8.97			8.66			8.63			8.25							
House keeping	170	93	54.7	174	97	55.8	196	117	59.7	198	119	60.1	199	120	60.3	100	100	100	100	100
	6.43			6.29			6.55			6.15			5.88							
Security Staff	144	24	16.7	149	24	16.1	160	28	17.5	173	31	17.9	179	31	17.3	100	100	100	100	100
	5.45			5.39			5.35			5.37			5.29							
Trainees	398	336	84.4	422	358	84.8	474	405	85.4	528	451	85.4	610	521	85.4	100	100	100	100	100
	15.05			15.26			15.85			16.39			18.04							
Others	345	45	13.0	371	56	15.1	406	65	16.0	448	68	15.2	453	67	14.8	100	100	100	100	100
	13.05			13.41			13.59			13.90			13.39							
Total	2644	1445	54.65	2766	1527	55.21	2990	1696	56.72	3222	1818	56.42	3392	1935	57.2	100	100	100	100	100
	100			100			100			100			100							

Note : Figures in italics indicate percentage to grand total.

P.Q. = Professionally Qualified.

Source : Survey data.

The indices grew from 100 to 127.9 during the corresponding period. The growth in the number of professionally qualified employees was from 1445 to 1935 with growth in their indices from 100 to 133.9 during the above period. The proportion of the professionally qualified employees to total employees increased from 54.65 per cent to 57.20 per cent during the period under study. The proportion of each category to total employees was the highest for waiters for the years 1989-90 to 1992-93. But there was a decrease in this proportion from 18.38 to 17.31 per cent. During 1993-94 the trainees constituted the highest proportion (18.04 per cent). The lowest proportion was in the security staff throughout the period (Table 6.3). The indices indicate the maximum growth in the category of trainees, i.e. from 100 to 153.3 during 1989-90 to 1993-94 and the minimum in the category of office staff, i.e. from 100 to 116.7. Among the professionally qualified personnel growth was the maximum in the case of the trainees, i.e. from 100 to 155.1 and the minimum in the room-boys i.e., from 100 to 109.4 during the period 1989-90 to 1993-94. The proportion of the professionally qualified personnel to total employees was the highest in trainees throughout the period and the same increased from 84.4 per cent to 85.4 per cent from 1989-90 to 1993-94 (Table 6.3).

The above analysis indicates that there was a growth in the total number of employees and in the professionally qualified personnel in all the categories, throughout the period. The proportion of the professionally qualified to total staff is found increasing in all the categories except in room-boys, throughout the period.

TABLE 6.3A

CATEGORY-WISE DISTRIBUTION OF FEMALE EMPLOYEES IN THE RESPONDENT HOTELS

Category of Employees	1989-90				1990-91				1991-92				1992-93				1993-94				
	Total		Fem-ale		Total		Fem-ale		Total		Fem-ale		Total		Fem-ale		Total		Fem-ale		
	% to total	Fem-ale	% to total	Fem-ale	% to total	Fem-ale	% to total	Fem-ale	% to total	Fem-ale	% to total	Fem-ale	% to total	Fem-ale	% to total	Fem-ale	% to total	Fem-ale	% to total	Fem-ale	
Managers & Supervisors	255	17	0.67	267	20	7.49	287	23	8.01	300	25	8.33	312	28	8.97	312	28	8.97	312	28	8.97
Receptionist	150	31	20.67	153	34	22.22	168	39	23.21	180	43	23.89	186	46	24.73	186	46	24.73	186	46	24.73
Cooks	289	19	6.57	303	17	5.61	327	17	5.20	351	16	4.56	369	15	4.07	369	15	4.07	369	15	4.07
Waiters	486	10	2.06	502	12	2.39	529	15	2.84	558	16	2.87	571	17	2.98	571	17	2.98	571	17	2.98
Room Boys	168	0	0	177	0	0	184	0	0	208	0	0	224	0	0	224	0	0	224	0	0
Office Staff	239	41	17.15	248	43	17.34	259	45	17.37	278	50	17.98	279	51	18.28	279	51	18.28	279	51	18.28
House keepers	170	67	39.41	174	69	39.66	186	81	41.33	198	83	41.92	199	84	42.21	199	84	42.21	199	84	42.21
Security Staff	144	0	0	149	0	0	160	0	0	173	0	0	179	0	0	179	0	0	179	0	0
Trainees	368	56	14.07	422	67	15.88	474	81	17.09	528	104	19.70	610	134	21.97	610	134	21.97	610	134	21.97
Others	345	23	6.67	371	25	6.74	408	29	7.14	448	33	7.37	453	34	7.51	453	34	7.51	453	34	7.51
Total	2844	264	9.96	2766	287	10.36	2960	330	11.04	3122	370	11.85	3382	409	12.09	3382	409	12.09	3382	409	12.09

Note : Figures in italics indicate percentage to grand total.

P. Q. = Professionally Qualified.

Source : Survey data.

It is seen that the female employees who constituted 9.98 per cent (264) of the total employees in 1989 - '90 increased to 12.09 per cent (409) in 1993 - '94 (Table 6.3.A). Category -wise analysis of the employees shows that the proportion of the female employees was the highest in the category of house keepers (39.41 per cent and 42.21 per cent) and the lowest in the category of waiters (2.06 per cent and 2.98 per cent) both in 1989 - '90 and 1993 - '94 respectively. The indices of the total female employees grew from 100 in 1989 - '90 to 154.92 in 1993 - '94. The growth of the indices of the female employees was the maximum in the trainees (from 100 in 1989 - '90 to 239 in 1993 - '94) and the minimum in the cooks (from 100 in 1989 - '90 to 78.95 in 1993 - '94). Room boys and security staff had no representation of females and hence no growth in the indices.

6.15.2 *Growth of employees, Category-wise, in Different Types of Hotels*

The growth of employees category-wise in different types of hotels and the share of the professionally qualified personnel to total in different hotels are also analysed to highlight the differences between the different categories of hotels.

6.15.2.1 *Managerial and Supervisory Staff*

The total number of managerial and supervisory staff in the respondent hotels steadily increased from 255 in 1989-90 to 312 in 1993-94. The indices for the same grew from 100 to 122.35 during the above period (Table 6.4). The growth in the proportion of the professionally qualified personnel to total also increased from 77.25 per cent to 80.45 per cent during the period under study. When the growth of the managerial staff in different categories of hotel is compared, it shows that cent per cent of the managerial and supervisory staff were professionally qualified in 5 star hotels throughout the period under study and the

TABLE 6.4

MANAGERIAL AND SUPERVISORY STAFF IN RESPONDENT HOTELS

		I N D E X									
		1989-90		1990-91		1991-92		1992-93		1993-94	
Category of Hotels	No. of Hotels	Total Staff	P.O.	Total Staff	P.O.	Total Staff	P.O.	Total Staff	P.O.	Total Staff	P.O.
		% of P.O. to total	% of P.O. to total	% of P.O. to total	% of P.O. to total	% of P.O. to total	% of P.O. to total				
Five Star	2	79	79	100	81	81	87	100	92	96	100
Three Star	9	51	42	82.35	52	44	84.62	59	61	64	80.62
Two Star	15	62	46	74.19	70	53	75.71	72	75	77	77.92
One Star	2	12	3	25.00	13	4	30.77	13	4	30.77	4
Others	22	51	27	52.94	51	27	52.94	56	59	62	53.23
Total	50	255	197	77.25	267	209	78.28	287	300	312	80.45

		1989-90		1990-91		1991-92		1992-93		1993-94	
Category of Hotels	No. of Hotels	Total Staff	P.O.	Total Staff	P.O.	Total Staff	P.O.	Total Staff	P.O.	Total Staff	P.O.
		% of P.O. to total	% of P.O. to total	% of P.O. to total	% of P.O. to total	% of P.O. to total	% of P.O. to total				
Five Star	2	100	100	102.53	102.53	110.13	110.13	116.46	116.46	121.52	121.52
Three Star	9	100	100	101.96	104.76	115.69	121.43	119.80	128.57	125.49	138.10
Two Star	15	100	100	112.90	115.22	118.13	119.57	120.97	126.09	124.19	130.43
One Star	2	100	100	106.33	133.33	106.33	133.33	108.33	133.33	108.33	133.33
Others	22	100	100	100.00	100.00	109.80	111.11	115.69	114.61	121.57	122.22
Total	50	100	100	104.71	108.09	112.55	115.23	117.65	121.32	122.35	127.41

Note : P.Q. = Professionally Qualified.

Source : Survey data.

TABLE 6.5
RECEPTIONISTS IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS

Category of Hotels	I												N			D			E			X		
	1989-90						1990-91						1991-92			1992-93			1993-94					
	No. of Hotels	Total Staff	P.O.	% of P.O.s to total	Total Staff	% of P.O.s to total	Total Staff	P.O.	% of P.O.s to total	Total Staff	P.O.	% of P.O.s to total	Total Staff	P.O.	% of P.O.s to total	Total Staff	P.O.	% of P.O.s to total	Total Staff	P.O.	% of P.O.s to total			
Five Star	2	13	13	100	13	100	14	14	100	14	14	100	15	15	100	15	15	100	107.00	107.00	107.00	115.38	115.38	
Three Star	9	38	27	71.05	40	72.50	50	37	74	54	40	74.07	55	41	74.55	55	41	74.55	131.56	137	142.11	144.15	151.85	
Two Star	15	47	30	63.83	48	77.06	49	39	79.59	51	40	78.43	55	44	80.00	55	44	80.00	104.26	130	108.51	133.33	148.67	
One Star	2	12	5	41.67	12	58.33	12	7	58.33	11	7	63.64	11	7	63.64	11	7	63.64	100	140	91.87	140	91.87	
Other's	22	40	10	25	40	25	43	15	34.88	50	22	44	50	22	44	50	22	44	107.50	150	125	220	220	
Total	50	150	85	56.67	153	62.75	168	112	66.67	180	123	68.33	186	129	69.35	186	129	69.35	112	131.76	120	144.71	124	151.76

Source : Survey data.
Note : P.Q. = Professionally Qualified.

TABLE 6.6
COOKS IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS

Category of Hotels	I										N										D										E										X									
	1989-90					1990-91					1991-92					1992-93					1993-94					1989-90					1990-91					1991-92					1992-93					1993-94				
	No of Hotels	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total	Total Staff	P.Q. Staff	% of P.Q. to total																
Five Star	2	56	36	64.29	58	38	65.52	60	39	65	61	40	65.57	65	43	66.15	65	40	61.54	61	39	63.93	61	40	65.57	65	43	66.15	65	43	66.15	65	43	66.15																
Three Star	9	99	64	64.65	103	67	65.05	121	79	65.29	127	84	66.14	124	84	67.74	124	84	67.74	127	84	66.14	124	84	67.74	124	84	67.74	124	84	67.74	124	84	67.74																
Two Star	15	63	44	69.84	91	48	52.76	70	50	71.43	67	49	73.13	79	60	75.95	79	49	62.03	67	49	73.13	79	60	75.95	79	60	75.95	79	60	75.95	79	60	75.95																
One Star	2	14	8	57.14	14	8	57.14	15	8	53.33	14	7	50	15	8	53.33	15	7	46.67	14	7	50	15	8	53.33	15	8	53.33	15	8	53.33	15	8	53.33																
Others	22	57	20	35.09	57	20	35.09	61	23	37.7	82	33	40.24	86	34	39.53	86	34	39.53	82	33	40.24	86	34	39.53	86	34	39.53	86	34	39.53	86	34	39.53																
Total	50	289	172	59.52	303	181	59.74	327	199	60.86	351	213	60.68	369	229	62.06	369	213	57.72	351	213	60.68	369	229	62.06	369	229	62.06	369	229	62.06	369	229	62.06																

Source : Survey data.

Note : P.Q. = Professionally Qualified.

indices grew from 100 in 1989 to 121.52 in 1993-'94. In the remaining categories of hotels also there was a steady increase in the proportion of the professionally qualified hands. The highest growth in indices was in three star hotels where the indices grew from 100 in 1989 to 138.10 in 1993-94.

6.15.2.2 *Receptionists*

It can be seen that the total number of receptionists increased from 150 in 1989-90 to 186 in 1993-94 with growth in the index from 100 to 124 (Table 6.5). The proportion of the professionally qualified receptionists to total increased from 56.67 per cent to 69.35 per cent during the same period. The index grew from 100 to 151.76 in professionally qualified receptionists. Hundred per cent of the receptionists were professionally qualified only in the 5 star hotels. This also showed that the growth in respect of the total receptionists was the maximum in three star hotels (144.74) and the minimum in one star hotels (91.67) and in respect of the professionally qualified receptionists the growth was the maximum in "others" (220) and the minimum in the five star category (115.38).

6.15.2.3 *Cooks*

The total number of cooks in all the respondent hotels together increased from 289 in 1989-90 to 369 in 1993-94 and the index stood increased from 100 to 127.68 for the above period (Table 6.6). The proportion of the professionally qualified cooks was the highest in the two star hotels throughout the period and this was because the number of two star hotels surveyed was the highest (15) among the classified hotels included in the survey. The indices grew the highest in hotels belonging to the non-star category called "others" for both the total number of cooks and the professionally qualified cooks (150.88 and 170.00 respectively). This is because some of the hotels, included in that type were new and they had

TABLE 6.7
WAITERS IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS

Category of Hotels	No. of visits	1989-90					1990-91					1991-92					1992-93					1993-94						
		Total Staff	P.O.	% of P.O. to total	Total Staff	% of P.O. to total	Total Staff	P.O.	% of P.O. to total	Total Staff	% of P.O. to total	Total Staff	P.O.	% of P.O. to total	Total Staff	% of P.O. to total	Total Staff	P.O.	% of P.O. to total	Total Staff	% of P.O. to total	Total Staff	P.O.	% of P.O. to total				
Five Star	2	89	64	92.75	72	67	93.06	76	71	93.42	78	73	93.59	81	76	93.83	83	83	100	100	104.35	104.89	110.14	110.94	113.04	114.06	117.39	118.75
Three Star	9	130	98	75.38	131	99	75.57	147	113	76.87	154	120	79.92	152	117	76.97	161	161	100	100	100.77	101.02	113.08	115.31	118.46	122.45	116.92	119.39
Two Star	15	178	148	83.15	187	155	82.89	190	158	83.16	184	152	82.61	193	161	83.42	200	200	100	100	106.06	104.73	106.74	106.76	103.37	102.70	108.43	108.78
One Star	2	18	9	50	18	9	50	19	9	47.37	18	8	44.44	18	8	44.44	20	20	100	100	100	100	105.56	100	100	88.89	100	88.89
Others	22	91	28	30.77	94	29	30.85	97	33	34.02	124	55	44.35	127	56	44.09	140	140	100	100	103.30	103.57	106.59	117.86	136.26	186.43	139.56	200
Total	50	486	347	71.4	502	359	71.51	529	384	72.59	558	408	73.12	571	418	73.20	603	603	100	100	103.29	103.46	106.85	110.87	114.81	117.58	117.49	120.46

Source : Survey data.
Note : P.Q. = Professionally Qualified.

TABLE 6.8

ROOM BOYS IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS

Category of Hotels	I										N										D										E										X									
	1989-90					1990-91					1991-92					1992-93					1993-94					1989-90					1990-91					1991-92					1992-93					1993-94				
	No of Hotels	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total	Total Staff	P.Q.	% of P.Q. to total										
Five Star	2	18	5	27.78	20	5	25	22	7	31.82	22	7	31.82	22	7	31.82	22	7	31.82	22	7	31.82	22	7	31.82	22	7	31.82	22	7	31.82	22	7	31.82	22	7	31.82	22	7	31.82										
Three Star	9	32	3	9.37	32	3	9.37	35	3	9.37	39	3	7.69	39	3	7.69	39	3	7.69	39	3	7.69	39	3	7.69	39	3	7.69	39	3	7.69	39	3	7.69	39	3	7.69	39	3	7.69										
Two Star	15	52	12	23.08	64	13	20.31	64	13	20.31	78	17	21.79	87	15	21.79	87	15	21.79	87	15	21.79	87	15	21.79	87	15	21.79	87	15	21.79	87	15	21.79	87	15	21.79	87	15	21.79										
One Star	2	7			7			7			7			7			7			7			7			7			7			7			7			7												
Others	22	59	12	20.34	54	8	14.81	56	8	14.29	78	8	10.26	78	8	10.26	78	8	10.26	78	8	10.26	78	8	10.26	78	8	10.26	78	8	10.26	78	8	10.26	78	8	10.26	78	8	10.26										
Total	50	168	32	19.05	177	29	16.36	184	31	16.85	208	33	15.63	224	35	15.63	224	35	15.63	224	35	15.63	224	35	15.63	224	35	15.63	224	35	15.63	224	35	15.63	224	35	15.63	224	35	15.63										

Source : Survey data.

Note : P.Q. = Professionally Qualified.

only few staff in the initial years and so could recruit more professionally qualified cooks when they picked up more business.

6.15.2.4 *Waiters*

It is discernible that the total number of waiters in the sample units increased from 486 in 1989-90 to 571 in 1993-94 and the professionally qualified among them from 347 to 418, the respective growth in their indices being 100 to 117.47 and 100 to 120.46 (Table 6.7). The proportions of the professionally qualified waiters to total waiters were the highest in 5 star hotels throughout the period under study and increased from 92.75 percent to 93.83 percent during the same period. The indices grew the highest both for the total number of waiters as well as the professionally qualified among them, in the hotel category of "others". The reason is the same as the one explained for cooks.

6.15.2.5 *Room boys*

The total number of room boys increased from 168 to 224 and their indices from 100 to 133.33 during the period 1989-90 to 1993-94 (Table 6.8). The number of the professionally qualified room boys increased from 32 to 35 during the period with increase in the index from 100 to 109.38. The proportion of the professionally qualified room boys to total decreased from 19.05 percent in 1989-'90 to 15.63 in 1993-'94. This proportion was the highest in the 5 star-hotels in all the years under study. The increases in the number of professionally qualified room-boys were not in proportion to the increases in the number of room boys.

Hence a decline is found in the proportion of the professionally qualified room-boys to the total number.

6.15.2.6 *Office Staff*

The total number of the office-staff increased from 239 to 279 during 1989-90 to 1993-94 and the number of the professionally qualified among them from 114 to 134 as discernible from Table 6.9. The proportion of the professionally qualified to the total office staff increased from 47.7 percent to 48.03 percent. This proportion was the highest in the five star hotels throughout the period and increased from 67.53 to 67.95 percent during the period under study. The indices grew the highest in 2 star hotels for both, the total number of office staff and the professionally qualified among them. The reason is the same as the one explained in the case of cooks. The indices do not indicate much difference in the case of 5 star hotels for the total office staff and the professionally qualified among them. This is because the five star hotels are mechanised from the beginning and for operating the devices professionally qualified persons are required. Hence fresh recruitments are not required much.

6.15.2.7. *House-Keepers*

It is discernible that the total number of the house-keeping personnel increased from 170 to 199 and the professionally qualified among them from 93 to 120 with an increase in the proportion of professionally qualified to the total from 54.71 percent to 60.3 percent during 1989-90 to 1993-94 in the respondent hotels (Table 6.10). The percentage of the professionally qualified to the total number of house-keepers in each category of hotels was the highest in the three star hotels and lowest in the five star hotels. There were fluctuations in this proportion in the

TABLE 6.9
OFFICE STAFF IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS

Category of Hotels	I										N										D										E										X									
	1989-90					1990-91					1991-92					1992-93					1993-94					1989-90					1990-91					1991-92					1992-93					1993-94				
	No. of Hotels %	Total Staff	P.Q.	% of P.Q. to total	Total Staff	Total Staff	P.Q.	% of P.Q. to total	Total Staff	Total Staff	P.Q.	% of P.Q. to total	Total Staff	Total Staff	P.Q.	% of P.Q. to total	Total Staff	Total Staff	P.Q.	% of P.Q. to total	Total Staff	Total Staff	P.Q.	% of P.Q. to total	Total Staff	Total Staff	P.Q.	% of P.Q. to total	Total Staff	Total Staff	P.Q.	% of P.Q. to total	Total Staff	Total Staff	P.Q.	% of P.Q. to total														
Five Star	2	77	52	67.53	77	52	67.53	78	55	67.95	78	53	67.95	78	53	67.95	78	53	67.95	78	53	67.95	78	53	67.95	78	53	67.95	78	53	67.95	78	53	67.95	78	53	67.95													
Three Star	9	45	26	57.78	47	26	55.32	55	32	58.18	58	33	56.93	54	31	57.41	54	31	57.41	54	31	57.41	54	31	57.41	54	31	57.41	54	31	57.41	54	31	57.41	54	31	57.41													
Two Star	15	54	20	37.04	59	23	38.98	66	27	40.91	70	30	42.86	73	33	45.21	73	33	45.21	73	33	45.21	73	33	45.21	73	33	45.21	73	33	45.21	73	33	45.21	73	33	45.21													
One Star	2	4			4			4			4			4			4			4			4			4			4			4			4															
Others	22	59	16	27.12	61	17	27.87	56	16	28.57	70	17	24.29	70	17	24.29	70	17	24.29	70	17	24.29	70	17	24.29	70	17	24.29	70	17	24.29	70	17	24.29	70	17	24.29													
Total	50	239	114	47.7	248	118	47.58	258	128	49.42	278	133	47.84	279	134	48.03	279	134	48.03	279	134	48.03	279	134	48.03	279	134	48.03	279	134	48.03	279	134	48.03	279	134	48.03													

Source : Survey data.

Note : P.Q. = Professionally Qualified.

TABLE 6.10

HOUSE KEEPERS IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS

Category of Hotels	I N D E X												
	1989-90		1990-91		1991-92		1992-93		1993-94		1999-94		
	No of Hotel s	Total Staff	No of Hotel s	Total Staff	No of Hotel s	Total Staff	No of Hotel s	Total Staff	No of Hotel s	Total Staff	Total P.Q.	Total P.Q.	
Five Star	12	39	12	39	5	12	39	12	40	6	15	100	100
Four Star	18	18	18	18	18	18	18	18	18	18	18	100	100
Three Star	9	46	37	60	49	91	51	90	51	49	80	100	100
Two Star	3	371	3	687	7	7	7	678	75	76	75	100	100
One Star	3	52	42	74	54	70	48	75	80	50	75	100	100
Unstarred	4	42	4	47	4	47	4	44	4	4	4	100	100
Total	40	547	46	846	117	909	119	843	196	320	603	100	100

Note : Figures in italics show average per hotel.

Source : Survey data.

three star hotels whereas it remained constant in the five star hotels. The indices of the total number of house keepers grew the highest in the 3 star hotels (135.36) and the lowest in the one star hotels (100). But the highest growth in the indices of the professionally qualified hands was in the one star hotels (200) and the lowest in the 2 star hotels (113.64).

6.15.2.8 *The Security Staff*

The total number of the security staff increased from 144 (1989-90) to 179 (1993-94) (Table 6.11). The increase in the total number of the professionally qualified among them was from 24 to 31. The proportion of the professionally qualified to the total increased from 16.67 percent to 17.22 percent. The indices of the total number of the security staff increased from 100 to 125 and that of the professionally qualified from 100 to 129.17 during the above period.

The security staff are taken either on contract basis or on direct appointment. Those in the latter category are the professionally qualified such as the Ex-servicemen and Ghurkhas. Details of the qualification of the former are not given. There are no professionally qualified security staff in the 5 star and one star hotels and hence they are kept on contract basis. In the remaining categories of hotels security staff are kept both on contract basis and on direct appointment basis

6.15.2.9 *The Trainees*

During the period 1989-90 to 1993-94 the total number of trainees increased from 398 to 610 and the professionally qualified among them from 336 to 521 with percentage increase in the professionally qualified to the total from 84.42 to 85.41. (Table 6.12). As regards the five star hotels the entire trainees

TABLE 6.11
SECURITY STAFF IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS

Category of Hotels	No of Hotel s	1988-90		1990-91		1991-92		1992-93		1993-94		1989-90		1990-91		1991-92		1992-93		1993-94		
		Total Staff	P.Q	% of P.Q to total	Total Staff	P.Q	% of P.Q to total	Total Staff	P.Q	% of P.Q to total	Total Staff	P.Q	% of P.Q to total	Total	P.Q	Total	P.Q	Total	P.Q	Total	P.Q	
Five Star	2	40	40	41	49	41	41	41	41	41	41	41	100.00	100.00	100.00	100.00	100.00	102.50	102.50	102.50	102.50	
Three Star	9	35	36	48	45	15	48	6	16.33	50	8	16	102.00	128.57	100	140.00	114.29	142.00	114.29	142.00	114.29	
Two Star	15	37	41	42	42	10	43	18	41.86	45	18	40	100	113.51	100	118.22	112.50	121.82	112.50	121.82	112.50	
One Star	2	6	6	6	5	6	6	6	6	6	6	6	100.00	100.00	100.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
Others	22	27	27	28	28	17	34	5	14.71	37	5	13.51	100	103.70	100	125.93	82.50	137.04	82.50	137.04	82.50	
Total	50	144	149	173	180	29	173	31	17.92	178	31	17.22	100	111.11	100	120.14	116.67	129.17	125.00	129.17	125.00	

Note : P.Q. = Professionally Qualified.
Source : Survey data.

**TABLE 6.12
TRAINEES IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS**

Category of Hotels	No. of trainees	I N D E X															
		1989-90				1991-92				1992-93				1993-94			
		Total Staff	P.O.	% of P.O. to total	Total Staff	P.O.	% of P.O. to total	Total Staff	P.O.	% of P.O. to total	Total Staff	P.O.	% of P.O. to total	Total Staff	P.O.	% of P.O. to total	
Five Star	2	30	100	100.00	30	30	100.00	32	32	100.00	33	33	100.00	100	100	100.00	
Three Star	9	129	117	90.17	130	118	90.77	158	143	90.51	168	148	88.16	100	100	100.00	
Two Star	15	190	153	80.53	205	169	82.44	217	179	82.49	208	247	83.45	100	100	100.00	
One Star	2	17	15	88.24	20	16	80.00	22	20	90.91	27	25	92.59	100	100	100.00	
Others	22	32	21	65.63	37	23	62.16	47	33	70.21	88	68	77.27	100	100	100.00	
Total	50	398	336	84.42	472	358	84.83	474	405	85.44	610	521	85.41	100	100	100.00	

Source : Survey data.

Note : P.Q. = Professionally Qualified.

TABLE 6.13
OTHER STAFF IN DIFFERENT CATEGORIES OF RESPONDENT HOTELS

Category of Employees	I N D E X																								
	1989-90		1990-91		1991-92		1992-93		1993-94		1993-94														
	Total	P.Q.	Total	P.Q.	Total	P.Q.	Total	P.Q.	Total	P.Q.	Total	P.Q.													
		% to total		% to total		% to total		% to total		% to total		% to total													
Five Star	2	61	16	26.23	63	18	28.57	63	18	28.57	63	18	28.57	100	100	100.00	103.28	112.50	112.50	103.28	112.50	103.28	112.50		
Three Star	9	68	9	13.24	70	11	18.18	83	15	18.07	88	17	19.32	83	17	20.48	102.94	122.22	122.06	129.41	188.89	122.06	188.89		
Two Star	15	145	11	7.59	167	18	10.78	183	20	10.83	183	20	10.83	186	20	10.75	115.17	163.64	126.21	126.21	181.82	126.21	181.82		
One Star	2	17	1	5.88	18	1	5.56	20	2	10	22	2	9.09	22	2	9.09	105.86	100.00	117.65	200.00	200.00	129.41	200.00	200.00	
Others	22	54	8	14.81	55	10	18.52	57	10	17.54	92	11	11.96	99	10	10.10	101.85	125.00	105.58	170.37	137.50	170.37	137.50	183.33	
Total	50	345	45	13.04	371	56	15.09	406	65	16.01	448	68	15.16	453	67	14.79	107.54	124.44	117.66	144.44	144.44	129.86	151.11	131.30	148.89

Source : Survey data.
Note : P.Q. = Professionally Qualified.

were professionally qualified throughout the period. The indices of the total number of trainees and the professionally qualified grew the highest in the category called others i.e. from 100 to 275 and from 100 to 323.81 respectively. The lowest was in the five star hotels. This was because the intake of the trainees in the five star hotels was on a uniform pattern throughout the period, whereas in the other categories of hotels it was increasing steadily up to 1992-'93 and had a slight decline in 1993-'94.

6.15.2.10. *The Other Staff*

Those who are not included in the above mentioned nine specific categories of staff are termed as others. Members in this group increased from 345 to 453 during 1989-90 to 1993-94 and among them the professionally qualified increased from 45 to 67 and the percentage of such staff to the total increased from 13.04 to 14.79. (Table 6.13). This proportion was the highest in the five star hotels throughout the period and the lowest in the one star hotels. The indices of the total members of this category, grew the highest in the category of hotels called "others" i.e. from 100 to 183.33 and that of the professionally qualified in the three star hotels i.e. from 100 to 188.89. The indices grew the least in the total number of the other staff as well as in the professionally qualified hands in the five star category (103.28 and 112.5 respectively).

Conclusion

The foregoing analysis shows that both the total number of employees and professionally qualified employees increased during the period 1989-90 to 1993-94. But the indices grew more in respect of the professionally qualified hands. This indicates the acceptance of professionalisation in the various categories of the hotel job. The growth in the category called the trainees indicates the growing

acceptance of the hotel job by the people. When unemployment in the other fields is a problem, ample job opportunities in the hotel field are real blessings. In the five star hotels, employees in the managerial and supervisory cadre, receptionists and trainees are all professionally qualified. The three star and two star hotels are also in a constant effort to offer better quality services and facilities as indicated by the growth in the indices. The unclassified hotels (i.e. the category called "others") show tremendous growth and they out-shine the star hotels in many respects. They are hotels of recent origin and are of good standard, but remain unclassified because of the delay in classifying them by the authorities.

The attractiveness of a hotel to a great extent depends on the taste and variety of food served by it. This in turn depends on the cooks. Hence cooks are paid attractive salaries. In big hotels, a few expert cooks who are professionally qualified and experienced take charge of the section and a number of cooks to assist them are also appointed. The room boys, security staff and office staff are the categories for whom professional qualification is not essential. Among the office-staff, the growth in the professionally qualified personnel is the result of mechanisation in the hotel industry and the resultant recruitment of trained hands to operate the machines.

6.16 Socio Economic Profile of the Hotel Employees - An Analysis of The Survey Data from the Hotel Employees

In view of the growing importance of the hotel profession, an attempt is made here to expose the speciality of this profession and the various problems and prospects related to it by analysing the data collected from the employees.

TABLE 6.14

DISTRIBUTION OF RESPONDENT HOTEL EMPLOYEES SHOWING DESIGNATION, NATURE OF APPOINTMENT AND CATEGORY OF HOTEL THEY WORK.

Category of Staff	Nature of Appointment														% to total			
	Permanent							Temporary								Total		
	Category of Hotels							Category of Hotels								Category of Hotels		
Nature of appointment	5 Star	3 Star	2 Star	1 Star	Ot- hers	Total	5 Star	3 Star	2 Star	1 Star	Ot- hers	Total	5 Star	3 Star	2 Star	1 Star	Ot- hers	Total
Managers & Supervisory Staff	7	3	6	2	6	24	5	4	1	1	3	14	12	7	7	3	9	38
Receptionists	1	2	3	1	1	8	-	-	2	-	1	36.84	1	2	5	1	2	11
Waiters	7	1	3	1	6	18	-	-	1	-	-	27.27	7	1	4	2	6	20
Cooks	2	-	1	-	2	5	-	1	-	-	-	10	2	1	1	-	2	6
House-Keepers	1	1	3	-	-	5	-	1	-	-	2	16.67	1	2	3	-	2	8
Office Staff	1	2	7	2	3	15	-	-	1	-	1	37.5	1	2	8	2	4	17
Total Employees	19	9	23	6	18	75	5	6	5	2	7	25	24	15	28	8	25	100
						75						25						100

Note : Figures in italics show percentage share to grand total of the concerned category.

Source : Survey data.

TABLE 6.15
AGE OF GROUP OF RESPONDENT HOTEL EMPLOYEES

<i>Respondents</i>	<i>20-25</i>	<i>25-30</i>	<i>30-35</i>	<i>35-40</i>	<i>Above 40</i>	<i>Total</i>	
Managers & Supervisors	7	12	4	8	7	38	100
	<i>18.42</i>	<i>31.58</i>	<i>10.53</i>	<i>21.05</i>	<i>18.42</i>		
Receptionists	4	2	3	2	-	11	100
	<i>36.6</i>	<i>18.18</i>	<i>27.27</i>	<i>18.18</i>	-		
Waiters	2	4	9	3	2	20	100
	<i>10</i>	<i>20</i>	<i>45</i>	<i>15</i>	<i>10</i>		
Cooks	3	1	1	1	-	6	100
	<i>50</i>	<i>16.67</i>	<i>16.67</i>	<i>16.67</i>	-		
House Keepers	4	2	2	-	-	8	100
	<i>50</i>	<i>25</i>	<i>25</i>	-	-		
Office Staff	2	7	5	1	2	17	100
	<i>11.76</i>	<i>41.18</i>	<i>29.41</i>	<i>5.88</i>	<i>11.76</i>		
Total	22	28	24	15	11	100	100
	22	28	24	15	11		

Note : Figures in italics show percentage share to total of the concerned category.

Source : Survey data.

6.16.1 *Designation and Nature of Appointment*

The category-wise distribution of the respondent hotel employees shows that the highest proportion (38 per cent) of them were managerial and supervisory personnel and the lowest (6 per cent) were cooks (Table 6.14). The nature of appointment shows that 75 per cent of the total employees were permanent. The highest proportion of the permanent staff was in the category of waiters (90 per cent) and the lowest in house keepers (62.5 per cent).

6.16.2 *Age Group*

The maximum number of the respondent employees were in the age-group of 25 to 30 years (28 per cent) followed by the group of 30-35 years (24 per cent) (Table 6.15). The lowest was in the group of above 40 years (11 per cent). Out of the respondents 74 per cent were below 35 year old. This points out the acceptance of the hotel profession by many only in recent years.

There are employees belonging to all the five age groups in the managerial and supervisory staff, waiters, and office staff. But the highest proportion of the managerial and supervisory staff and office staff belong to the age group of 25-30 years. i.e., 31.58 per cent and 41.18 per cent respectively and that of waiters (45 per cent), to the age group of 30-35 years. All the house-keeping personnel were below 35 years old. Majority of the receptionists (36.36 per cent), cooks (50 per cent) and house keepers (50 per cent) were in the age group of 20-25 years. Acquiring an attractive job at the age of 20-25 years is something very significant, especially in the era of growing unemployment. Similarly the managerial and supervisory posts can be held by those who are in the young age group of 25-30 in the hotel profession unlike in other fields.

6.16.3 *Length of Service*

Analysing the length of service of the respondent employees it was found that the maximum number belonged to the group of less than 5 years of service (40 per cent) and only the minimum number (6 per cent) belonged to the group of more than twenty years of service (Table 6.16). It can further be seen that the highest proportion of all the categories of the staff other than the waiters, and office staff belonged to the group of less than 5 years of length of service. The highest proportion of waiters was in the group of 10-15 years (30 per cent) and

that of office staff in 5-10 years (58.82 per cent). Analysing the category of staff in each span of service it can be seen that the highest proportion of staff having less than 5 years of service belonged to the managerial and supervisory personnel (62.5 per cent) and the lowest to the office staff (2.5 per cent). In the last group of staff having more than 20 years of service there were only 3 groups viz. the managerial and supervisory staff, waiters and office staff who had equal representation (33.33 per cent each).

6.16.4 *The General Educational and Technical Qualifications of the Employees*

The general educational qualification of the majority of the hotel employees is pre-degree/plus two (51 per cent) followed by 27 per cent with S.S.L.C (Table 6.17). The lowest number of employees (3 per cent) is the post-graduates. This shows that the hotel industry absorbs mostly people with S.S.L.C. to pre-degree. Over and above this, technical qualification is also required. Table 6.18 shows that 68 per cent of the respondent employees are technically qualified and majority of them (35) have passed the certificate course from food crafts institutes followed by 27 employees with the 3 year diploma in hotel management. Majority of the managerial and supervisory staff are the three year diploma holders in hotel management (50 per cent) followed by the degree holders in hotel management (15.79 per cent). Fifty percent of the cooks have passed the 3 year diploma in hotel management and 33.33 per cent the certificate course from food crafts institutes. Similarly 54.55 per cent of the receptionists and 75 per cent of the waiters have passed the certificate course. Of the office staff 52.94 per cent do not possess any technical qualification.

TABLE 6.16
DISTRIBUTION OF RESPONDENT HOTEL EMPLOYEES BASED ON LENGTH OF SERVICE

Category	< 5 Years			5-10 Years			10-15 Years			15-20 Years			> 20 Years			Total							
	P	T	% share to total of the group	P	T	% share to total of the group	P	T	% share to total of the group	P	T	% share to total of the group	P	T	% share to total of the group	P	T						
Managerial & Supervisory	13	12	62.50	5	1	6	21.43	3	1	4	23.53	1	1	1	11.11	2	2	33.33	24	14	38		
	<i>65.79</i>			<i>15.79</i>			<i>10.53</i>			<i>2.63</i>			<i>5.26</i>										
Receptionists	2	3	12.50	3	-	3	10.71	2	-	2	11.76	1	-	1	11.11	-	-	-	8	3	11		
	<i>45.46</i>			<i>27.27</i>			<i>18.18</i>			<i>9.09</i>													
Waiters	1	1	5.00	4	1	5	17.86	6	-	6	35.29	5	-	5	55.56	2	-	2	33.33	18	2	20	
	<i>10.00</i>			<i>25</i>			<i>30</i>			<i>25</i>			<i>10</i>										
Cooks	1	1	5.00	2	-	2	7.14	1	-	1	5.88	1	-	1	11.11	-	-	-	5	1	6		
	<i>33.33</i>			<i>33.33</i>			<i>16.67</i>			<i>16.67</i>													
House Keepers	2	3	12.50	2	-	2	7.14	1	-	1	5.88	-	-	-	-	-	-	-	5	3	8		
	<i>62.50</i>			<i>25</i>			<i>12.50</i>																
Office Staff	-	1	2.50	9	1	10	35.72	3	-	3	17.65	1	-	1	11.11	2	-	2	33.33	15	2	17	
	<i>5.88</i>			<i>58.82</i>			<i>17.65</i>			<i>5.88</i>			<i>11.77</i>										
Total	19	21	100	25	3	28	100.00	16	1	17	100.00	9	-	9	100.00	6	-	6	100.00	75	25	100	
	<i>40</i>			<i>28</i>			<i>17</i>			<i>9</i>			<i>6</i>										

Note : Figures in italics give percentage to grand total of the concerned category.
Source : Survey data.

TABLE 6.17

GENERAL EDUCATIONAL QUALIFICATION OF THE RESPONDENT HOTEL EMPLOYEES

Posts Held	General Educational Qualification									
	S.S.L.C		Pre-Degree / Plus Two		Graduation		Post Graduation		Total	
	No	%	No	%	No	%	No	%	No	%
Managerial & Supervisory Staff	4	10.53	20	52.63	12	31.58	2	5.26	38	100
Receptionists	3	27.27	6	54.55	1	9.09	1	9.09	11	100
Waiters	9	45.00	11	55.00	-	-	-	-	20	100
Cooks	2	33.33	4	66.67	-	-	-	-	6	100
House Keepers	3	37.50	5	62.50	-	-	-	-	8	100
Office Staff	6	35.29	5	29.41	6	35.29	-	-	17	100
Total	27	27%	51	51%	19	19%	3	3%	100	100%

Source : Survey data

6.16.5 *Essentiality of Technical Qualification*

A survey conducted among the hotel employees as to the essentiality or otherwise of the technical qualifications in hotel management for the effective performance of their job reveals (Table 6.19) that 72 per cent of the employees considered technical qualification essential for the efficient performance of their respective jobs. More than 70 per cent of the staff from each group, excluding office staff, felt that technical qualifications are essential. Among the office staff, only 47.06 per cent considered it essential.

TABLE 6.18
TECHNICAL QUALIFICATION OF THE RESPONDENT HOTEL EMPLOYEES

Posts Held	Technical Qualification											
	Degree in Hotel Management		3 Year Diploma in Hotel Management		Certificate Course from Food Craft Institute		Ex-Service Men		Nil		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
Managers & Supervisors	6	15.79	19	50.00	1	2.63	4	10.53	8	21.05	38	100
Receptionists	-	-	2	18.18	6	54.55	-	-	3	27.27	11	100
Waiters	-	-	-	-	15	75.00	-	-	5	25.00	20	100
Cooks	-	-	3	50.00	2	33.33	-	-	1	16.67	6	100
House Keepers	-	-	3	37.50	3	37.50	-	-	2	25.00	8	100
Office Staff	-	-	-	-	8	47.06	-	-	9	52.94	17	100
Total	6	-	27	-	35	-	4	-	28	-	100	-

Source : Survey data

TABLE 6.19

RESPONSE REGARDING WORTHINESS OF TECHNICAL QUALIFICATION IN EFFECTIVE PERFORMANCE OF HOTEL JOBS

Respondents	Technical Qualification							
	Essential		Not Essential		N.A		Total	
	No	%	No	%	No	%	No	%
Managers & Supervisors	30	78.95	-	-	8	21.05	38	100
Receptionists	8	72.73	-	-	3	27.27	11	100
Waiters	15	75.00	-	-	5	25.00	20	100
Cooks	5	83.33	-	-	1	16.67	6	100
House Keepers	6	75.00	-	-	2	25.00	8	100
Office Staff	8	47.06	-	-	9	52.94	17	100
Total	72	72.00	-	-	28	28.00	100	100

Note NA = Not Applicable.

Source : Survey data.

TABLE 6.20

WORKING HOURS OF THE RESPONDENT HOTEL EMPLOYEES

Respondents	Below 8 hrs	8 hrs	8-10 hrs	Above 10 hrs	Total
Managers & Supervisors	-	15(39.47)	16(42.11)	7(18.42)	38(100)
Receptionists	-	10(90.91)	1(9.09)	-	11 (100)
Waiters	-	19(95.00)	1(5.00)	-	20 (100)
Cooks	-	4(66.67)	2(33.33)	-	6 (100)
House Keepers	-	5(62.50)	3(37.50)	-	8 (100)
Office Staff	5(29.41)	4(23.53)	6(35.29)	2(11.77)	17 (100)
Total	5(5)	57(57)	29(29)	9(9)	100 (100)

Note : Figures in brackets show percentage to total of the category of the employees

Source : Survey data.

TABLE 6.21
SHIFT DUTIES OF RESPONDENT HOTEL EMPLOYEES

Respondents	No Shift	2 Shifts	3 Shifts	Total
Managers & Supervisors	11(28.95)	23(60.53)	4(10.52)	38 (100)
Receptionists	4(36.36)	6(54.55)	1(9.09)	11 (100)
Waiters	-	16(80)	4(20)	20 (100)
Cooks	2(33.33)	3(50)	1(16.67)	06 (100)
House Keepers	3(37.50)	3(37.5)	2(25)	08 (100)
Office Staff	14(82.35)	3(17.65)	-	17 (100)
Total	34(34)	54(54)	12(12)	100 (100)

Note : Figures in parenthesis show the percentage to total of the category of the employees.
Source : Survey data.

6.16.6 *Working Hours and Shift Duty of the Hotel Employees*

The working hours of the hotel employees are not similar to that of the employees in other industries. They have some peak-hours of work during different sessions on a day. The highest number of the managerial and supervisory staff and office-staff (42.11 per cent and 35.29 per cent respectively) have to work for 8-10 hours and the receptionists, waiters, cooks and house-keepers (90.91 per cent, 95 per cent, 66.67 per cent and 62.5 per cent respectively) for 8 hours (Table 6.20). The majority of the total staff (57 per cent) work for 8 hours. Only some of the office staff work for less than 8 hours (29.41 per cent). Similarly a few of the managerial and supervisory staff (18.42 per cent) and the office staff (11.77 per cent) work for more than 10 hours a day. This means that they have to work on shifts.

Only 34 per cent of the employees has no shift duty. On category-wise analysis it is seen that 82.35 per cent of the office staff is the highest fraction included in this non-shift group (Table 6.21). The majority of the employees (54 per cent) have to work in two shifts. The highest proportion of the waiters (80 per cent) and the lowest proportion of the office staff (17.65 per cent) have to work in two shifts.

6.16.7 *Monthly Income*

The monthly income of the hotel employees is considerably large. Over and above the monthly salary, most of them are in receipt of free food and accommodation and tips. Table 6.22 shows the distribution of the respondent employees on the basis of their monthly pay. The largest proportion of employees (32 per cent) received salary in the range of Rs.2000-3000 and the smallest proportion in the range of less than Rs.1000 (3 per cent). Among the managerial and supervisory staff the highest proportion (39.47 percent) is in receipt of a salary in the range of Rs.3000- 4000 followed by 18.42 per cent drawing above Rs.5000. Totally 73.68 per cent of this category of staff do receive salary above Rs.3000. The cooks are the other category of staff who receive salaries above Rs 5000. Free food to the staff members is a great attraction of the hotel job. Here 86 per cent of the total employees get free food (Table 6.23..) from the establishments. All the employees (100 per cent) in the managerial and supervisory cadre, receptionists and cooks said that they were in receipt of this facility followed by 82.35 per cent of the office staff, 62.5 per cent of the house keepers and 60 per cent of the waiters.

An attempt was made to assess the approximate cost of free food provided to various categories of employees. Table 6.24 shows that out of the 86

TABLE 6.22

CATEGORY AND PAY RANGE OF RESPONDENT HOTEL EMPLOYEES

Category	Less than Rs 1000			Rs 1000 - 2000			Rs 2000 - 3000			Rs 3000 - 4000			Rs. 4000 - 5000			Above Rs. 5000			Total				
	T	P	To- tal	T	P	To- tal	%	T	P	To- tal	%	T	P	To- tal	%	T	P	To- tal	%	T	P	To- tal	%
Managers & Supervisors	1	1	9.09	1	3	4	36.36	2	3	5	45.45	1	1	9.09	-	-	-	-	-	3	8	11	100
Receptionists	2	2	10	1	6	7	35	5	5	5	25	1	5	6	30	-	-	-	-	2	18	20	100
Waiters	-	-	-	-	-	-	-	1	1	2	33.33	2	2	33.33	1	1	16.67	-	-	1	5	6	100
Cooks	-	-	-	1	1	2	25	2	4	6	75	-	-	-	-	-	-	-	-	3	5	8	100
House Keepers	-	-	-	1	6	7	41.18	1	8	9	52.94	1	1	5.88	-	-	-	-	-	2	15	17	100
Office Staff	3	3	3	7	18	25	25	7	25	32	32	6	17	25	25	3	4	7	7	8	8	17	100
Total	3	3	3	7	18	25	25	7	25	32	32	6	17	25	25	3	4	7	7	8	8	17	100

Note Abbreviations 'T' stands for temporary and 'P' for permanent

Source Survey data

TABLE 6.23

RESPONSE REGARDING SUPPLY OF FREE FOOD TO RESPONDENT HOTEL EMPLOYEES

Respondents	Free food supplied	Free food not supplied	Total
Managers & Supervisors	38 (100)	-	38 (100)
Receptionists	11 (100)	-	11 (100)
Waiters	12 (60)	8(40)	20 (100)
Cooks	6 (100)	-	6 (100)
House Keepers	5 (62.5)	3(37.5)	8 (100)
Office Staff	14 (82.35)	3(17.65)	17 (100)
Total	86 (86)	14 (14)	100 (100)

Note : Figures in brackets show the percentage to total of the concerned category of the employees.

Source : Survey data

TABLE 6.24

APPROXIMATE COST OF FREE FOOD SUPPLIED TO RESPONDENT HOTEL EMPLOYEES (MONTHLY)

Respondents	Below Rs 800	Rs 800-1200	Rs.1200-1600	Rs. 1600-2000	Above Rs. 2000	Total
Managers & Supervisors	4 <i>10.53</i>	15 <i>39.47</i>	5 <i>13.16</i>	7 <i>18.42</i>	7 <i>18.42</i>	38 <i>100</i>
Receptionists	10 <i>90.91</i>	1 <i>9.09</i>	-	-	-	11 <i>100</i>
Waiters	7 <i>58.33</i>	5 <i>41.67</i>	-	-	-	12 <i>100</i>
Cooks	2 <i>33.33</i>	2 <i>33.33</i>	1 <i>16.67</i>	1 <i>16.67</i>	-	6 <i>100</i>
House Keepers	2 <i>40.00</i>	2 <i>40.00</i>	1 <i>20.00</i>	-	-	5 <i>100</i>
Office Staff	13 <i>92.86</i>	1 <i>7.14</i>	-	-	-	14 <i>100</i>
Total	38 <i>44.19</i>	26 <i>30.23</i>	7 <i>8.14</i>	8 <i>9.30</i>	7 <i>8.14</i>	86 <i>100</i>

Note . Figures in italics show the percentage to total of the concerned category of the employees.

Source Survey data

TABLE 6.25.A

RESPONSE REGARDING TIPS RECEIVED BY THE RESPONDENT HOTEL EMPLOYEES

Respondents	Tips Received	Tips not Received	Total
Managers & Supervisors	15(39.47)	23(60.53)	38(100)
Receptionists	5(45.45)	6(54.55)	11(100)
Waiters	20(100)	-	20(100)
Cooks	-	6(100)	6(100)
House Keepers	1(12.5)	7(87.5)	8(100)
Office Staff	2(11.76)	15(88.24)	17(100)
Total	43(43)	57(57)	100 (100)

Note : Figures in brackets the show percentage to total of the concerned category of the employees

Source : Survey data

TABLE 6.25 B

TIPS RECEIVED BY THE RESPONDENT HOTEL EMPLOYEES
(AVERAGE MONTHLY RECEIPTS)

Respondents	Below Rs. 500	Rs. 500-1000	Rs. 1000-1500	Total
Managers & Supervisors	-	4(26.67)	11(73.33)	15(100)
Receptionists	4(80)	1(20)	-	5(100)
Waiters	6(30)	7(35)	7(35)	20(100)
Cooks	-	-	-	-
House Keepers	1(100)	-	-	1(100)
Office Staff	2(100)	-	-	2(100)
Total	13(30.23)	12(27.91)	18(41.86)	43(100)

Note : Figures in brackets show the percentage to total of the concerned category of the employees

Source : Survey data

employees 38 (44.19 per cent) assess the average monthly cost of food they get would be below Rs.800/- while 26 (30.23 per cent) employees get food costing between Rs.800-1200. It is also seen that the managerial and supervisory staff followed by cooks enjoy expensive food facilities i.e. 18.42 per cent of the managerial staff and 16.67 per cent of the cooks are in receipt food costing Rs.1600 - 2000 and another 18.42 per cent of the managerial staff get food costing above Rs.2000.

6.16.8 *Tips From Guests*

It can be seen that 43 percent of the employees used to get tips from hotel guests (Table 6.25.A). It is discernible from the Table that 100 percent of the waiters, 45.45 per cent of the receptionists and 39.47 per cent of the managerial and supervisory staff were the beneficiaries of tips. The cooks were the only category devoid of tips. Among the recipients of tips the highest proportion (41.86 per cent) was in receipt of tips in the top range of Rs.1000-1500. Among the managerial and supervisory staff who used to receive tips, 73.33 per cent was in receipt of tips in the range of Rs.1000-1500. As regards the waiters 35 per cent of the beneficiaries used to get tips in the range of Rs.1000-1500 (Table 6.25.B).

6.16.9 *Free Accommodation*

Free accommodation for the family/self is another attraction of the hotel profession. Forty seven per cent of the respondents enjoyed the benefit of free accommodation, consisting of 39 per cent for self and eight percent for the family (Table 6.26) Office staff was the only category which did not enjoy free accommodation facility. On category-wise analysis it is seen that the maximum

TABLE 6.26

RESPONSE REGARDING FREE ACCOMMODATION TO RESPONDENT HOTEL EMPLOYEES

Respondents	Free Accommodation						No Free Accommodation for employees		Grand Total	
	For Family		For Self		Total		Number	Percentage	Number	Percentage
	Number	Percentage	Number	Percentage	Number	Percentage				
Managers & Supervisors	7	18.42	24	63.16	31	81.58	7	18.42	38	100
Receptionists	1	9.09	1	9.09	2	18.18	9	81.82	11	100
Waiters	-	-	9	45	9	45	11	55.00	20	100
Cooks	-	-	3	50	3	50	3	50.00	6	100
House Keepers	-	-	2	25	2	25	6	75.00	8	100
Office Staff	-	-	-	-	-	-	17	100.00	17	100
Total	8	8	39	39	47	47	53	53.00	100	100

Source : Survey data.

TABLE 6.27

RESPONSES REGARDING PAY RECEIVED, WORKING CONDITION AND JOB SATISFACTION OF THE RESPONDENT HOTEL EMPLOYEES

Respondents	Part A - Pay Received			Part B - Working Condition			Part C - Job satisfaction		
	Satisfied	Not Satisfied	Total	Satisfied	Not Satisfied	Total	Satisfied	Not Satisfied	Total
Managers & Supervisors	32 <i>84.21</i>	6 <i>15.79</i>	38 <i>100</i>	36 <i>94.74</i>	2 <i>5.26</i>	38 <i>100</i>	36 <i>94.74</i>	2 <i>5.26</i>	38 <i>100</i>
Receptionists	6 <i>54.55</i>	5 <i>45.45</i>	11 <i>100</i>	11 <i>100</i>	-	11 <i>100</i>	11 <i>100</i>	-	11 <i>100</i>
Waiters	18 <i>90</i>	2 <i>10</i>	20 <i>100</i>	18 <i>90</i>	2 <i>10</i>	20 <i>100</i>	1 <i>5</i>	19 <i>95</i>	20 <i>100</i>
Cooks	4 <i>66.67</i>	2 <i>33.33</i>	6 <i>100</i>	6 <i>100</i>	-	6 <i>100</i>	5 <i>83.33</i>	1 <i>16.67</i>	6 <i>100</i>
House Keepers	4 <i>50</i>	4 <i>50</i>	8 <i>100</i>	7 <i>87.5</i>	1 <i>12.5</i>	8 <i>100</i>	7 <i>87.5</i>	1 <i>12.5</i>	8 <i>100</i>
Office Staff	14 <i>82.35</i>	3 <i>17.65</i>	17 <i>100</i>	12 <i>70.59</i>	5 <i>29.41</i>	17 <i>100</i>	13 <i>76.47</i>	4 <i>23.53</i>	17 <i>100</i>
Total	78	22	100	90	10	100	73	27	100
	78	22	100	90	10	100	73	27	100

Note : Figures in italics show the percentage to total of the concerned category of the employees.

Source : Survey data.

beneficiaries of free accommodation facilities were the managers and supervisors (81.58 per cent) followed by the cooks (50 per cent) and waiters (45 per cent).

6.16.10 *Response Regarding Pay, Working Condition and Job Satisfaction in Hotels.*

Majority of the respondents were satisfied with the pay and working conditions in the hotels and they had job satisfaction too. It is seen that 78 per cent of the total employees are satisfied with the pay they receive (Table 6.27.Part A). On category-wise analysis it is seen that the highest proportion of the waiters (90 per cent) are satisfied with the emoluments. The lowest per cent was that of the house keepers (50 per cent). About the working conditions in the establishment, 90 per cent of the employees answered favourably (Table 6.27 Part B). From the category-wise details it is emerged that cent-percent of the receptionists and cooks, 94.74 per cent of the managerial and supervisory staff and 90 per cent of the waiters answered favourably. The least representation was from the office staff (70.59 per cent). It can also be seen that 73 per cent of the total employees are satisfied with the job (Table 6.27.Part C). Among the total employees all the categories except the waiters have the minimum proportion of 76.47 per cent having job satisfaction. As regards the waiters, 95 per cent of them have no job satisfaction.

6.16.11 *Promotional Avenue and Personal Development*

Seventy two per cent of the employees responded that they have enough avenues for promotion and personal development (Table 6.28). Category-wise analysis shows that the highest proportion of the managerial and supervisory staff (81.58 per cent) followed by the waiters (70 per cent) and the cooks (66.67 per cent) answered in the affirmative to this question. The lowest favourable response was from the house keepers (62.5 per cent).

TABLE 6.28

RESPONSE REGARDING PROMOTIONAL AVENUES AND PERSONAL DEVELOPMENT

Respondents	Enough avenues for promotion	No avenues for promotion	Total
Managers & Supervisors	31(81.58)	7(18.42)	38(100)
Receptionists	7(63.64)	4(36.36)	11(100)
Waiters	14(70)	6(30)	20(100)
Cooks	4(66.67)	2(33.33)	6(100)
House Keepers	5(62.50)	3(37.5)	8(100)
Office Staff	11(64.71)	6(35.29)	17(100)
Total	72(72)	28(28)	100(100)

Note : Figures in brackets show the percentage to total of the concerned category of the employees.

Source : Survey data

6.16.12 *Employee - Employer Relationship*

It is learnt that 63 per cent of the employees had very good relationship with the employers (Table 6.29). When 20 per cent employees marked good relationship, 17 per cent indicated their relationship as satisfactory. When the employees were analysed category-wise it is seen that the maximum number of waiters (70 per cent) maintained very good relationship with the employers followed by the managerial and supervisory staff (68.42 per cent). The cooks and the house keepers had the minimum representation in this ranking (50 per cent). Among the employees who marked their relationship as good the highest proportion (37.5 per cent) was in the house keepers and the lowest in the office staff (11.77 per cent). Among those who marked their relationship as satisfactory the highest proportion was from the office staff. (29.41 per cent).

TABLE 6.29
RESPONSE REGARDING EMPLOYEE-EMPLOYER RELATIONSHIP

Category of Employees	Very Good	Good	Satisfactory	Not Satisfactory	Total
Managers & Supervisors	26 <i>68.42</i>	6 <i>15.79</i>	6 <i>15.79</i>	-	38 <i>100</i>
Receptionists	6 <i>54.55</i>	2 <i>18.18</i>	3 <i>27.27</i>	-	11 <i>100</i>
Waiters	14 <i>70</i>	5 <i>25</i>	1 <i>5</i>	-	20 <i>100</i>
Cooks	3 <i>50</i>	2 <i>33.33</i>	1 <i>16.67</i>	-	6 <i>100</i>
House Keepers	4 <i>50</i>	3 <i>37.5</i>	1 <i>12.5</i>	-	8 <i>100</i>
Office Staff	10 <i>58.82</i>	2 <i>11.77</i>	5 <i>29.41</i>	-	17 <i>100</i>
Total	63 <i>63</i>	20 <i>20</i>	17 <i>17</i>	-	100 <i>100</i>

Note : Figures in italics show the percentage to total of the concerned category of the employees.

Source : Survey data.

TABLE 6.30
RELATIONSHIP OF THE RESPONDENT HOTEL EMPLOYEES WITH OTHERS IN THE ESTABLISHMENT

Category of Employees	Very Good	Good	Satisfactory	Not Satisfactory	Total
Managers & Supervisors	24 <i>63.16</i>	11 <i>28.95</i>	3 <i>7.89</i>	-	38 <i>100</i>
Receptionists	6 <i>54.55</i>	4 <i>36.36</i>	1 <i>9.09</i>	-	11 <i>100</i>
Waiters	12 <i>60</i>	5 <i>25</i>	3 <i>15.00</i>	-	20 <i>100</i>
Cooks	4 <i>66.67</i>	1 <i>16.67</i>	1 <i>16.67</i>	-	6 <i>100</i>
House Keepers	5 <i>62.50</i>	3 <i>37.50</i>	-	-	8 <i>100</i>
Office Staff	8 <i>47.06</i>	5 <i>29.41</i>	4 <i>23.53</i>	-	17 <i>100</i>
Total	59 <i>59</i>	29 <i>29</i>	12 <i>12</i>	-	100 <i>100</i>

Note : Figures in italics show the percentage to total of the concerned category of the employees.

Source : Survey data.

TABLE 6.31

RESPONSE OF THE HOTEL EMPLOYEES REGARDING MEMBERSHIP IN UNIONS

Respondents	Yes	No	Total
Managers & Supervisors	15(39.47)	23(60.53)	38(100)
Receptionists	7(63.64)	4(36.36)	11(100)
Waiters	17(85.00)	3(15.00)	20(100)
Cooks	4(66.67)	2(33.33)	6(100)
House Keepers	5(62.50)	3(37.50)	8(100)
Office Staff	11(64.71)	6(35.29)	17(100)
Total	59(59.00)	41(41.00)	100(100)

Note : Figures in brackets indicate the percentage to total of the concerned category of the employees.

Source : Survey data.

TABLE 6.32

RESPONSE OF THE HOTEL EMPLOYEES REGARDING WORTHINESS OF LABOUR UNIONS

Respondents	Active for the welfare of members	Not Active	No Response	Total
Managers & supervisors	14(36.84)	8(21.05)	16(42.11)	38(100)
Receptionists	5(45.46)	3(27.27)	3(27.27)	11(100)
Waiters	15(75.00)	1(5.00)	4(20.00)	20(100)
Cooks	4(66.67)	1(16.67)	1(16.67)	6(100)
House Keepers	4(50.00)	2(25.00)	2(25.00)	8(100)
Office Staff	8(47.06)	6(35.29)	3(17.65)	17(100)
Total	50(50.00)	21(21.00)	29(29.00)	100(100)

Note : Figures in brackets indicate the percentage to total of the concerned category of the employees.

Source : Survey data.

6.16.13 *Relationship with Other Employees*

Fifty nine per cent of the total employees had very good relationship with the other employees in the establishments, while 29 per cent maintained good relationship and 12 per cent satisfactory (Table 6.30). The highest percentage of the cooks (66.67 per cent) and the lowest percentage of the office staff (47.06 per cent) had very good relationship with the other employees in their establishments. None of the employees responded negatively.

6.16.14 *Trade Union Membership*

It is very often said that labour unions are not very strong amongst the hotel employees. For the same reason the employees are not co-ordinated and hence have very weak bargaining power with the employers. The enquiry made in this matter revealed that 59 per cent of the hotel employees had membership in the labour unions. The highest proportion of waiters (85 per cent) and the lowest of managers and supervisors (39.47 per cent) had membership in the labour unions (Table 6.31).

6.16.15. *Worthiness of Labour Unions in Hotel Industry*

The employees will automatically take membership in the labour unions provided they are convinced of the benefits. In other words, the labour unions should work actively for the welfare of its members. The employees were asked as to whether the labour unions were active for the welfare of the members. Fifty per cent of the employees responded positively, twenty one per cent negatively and the rest had no response. The highest proportion of all the categories of employees except managers and supervisors responded in the affirmative (Table 6.32).

6.16.16 *Multi-lingual Staff*

The employees identified six languages in which they can speak, read or write viz. English, Malayalam, Hindi, Tamil, French and German. The guests from different countries and different parts of India are to be entertained in a hotel. Multi-lingual staff are necessary in a hotel for this purpose. Ninety nine percent of the employees can speak, read, and write English; 93 per cent can speak Malayalam, 88 per cent can read it and 86 per cent can write; 70 per cent of them can speak Hindi, 71 per cent can read it and 61 per cent can write it; 42 per cent can speak Tamil, 22 per cent can read and 19 per cent can write it; 10 per cent of them can speak French and eight per cent can read and write it and four per cent of them can speak German and one per cent can read and write it (Table 6.33).

All categories of employees except five per cent waiters can speak, read, and write English. This indicates that knowledge of English (to speak, read, and write) is an essential requirement for the hotel job. The percentage of employees who can speak, read and write Malayalam varies between 80 and 95. This is because majority of the employees are from Kerala. The percentage of employees who can speak, read and write Hindi ranges between 50 and 90. More than 60 per cent of the managers and supervisors, receptionists, waiters and house-keepers belong to this group. The receptionists are the only group with knowledge of all the six languages mentioned and the highest range of employees who can speak read and write English, Malayalam and Hindi belong to that group. This is because they are the categories of employees with whom the guests come into contact with first and continue to have contacts frequently.

Conclusion

The foregoing analyses show that seventy-five per cent of the hotel employees were permanent . The house keepers, managerial and supervisory staff and receptionists were the major categories of temporary employees. The managerial and supervisory posts can be held at the young age of 25 to 30 in the hotel profession unlike in other industries. Eighty nine per cent of the hotel employees was below the age of forty years, which points out the acceptance of hotel profession by many only in recent years. Sixty-eight per cent of the employees was below ten years of experience. Eighty-eight per cent of the respondent employees had S.S.L.C./ pre degree as their general educational qualification and sixty-eight per cent was technically qualified, i.e. certificate holders from Food Crafts Institutes or three year diploma/degree holders in hotel management and catering technology. The working hours of the majority of the employees ranged between eight to ten hours. The managerial and supervisory staff and waiters had to work for more than ten hours in two or more shifts. Besides their pay the hotel employee gets free food, tips and free accommodation. The majority of the employees were satisfied with the pay and working conditions. The managerial and supervisory staff, cooks and waiters felt that they had good avenues for promotion. Employee-employer relationship and the relationship of the employees with the others in the establishment were found very good. Fifty nine per cent of the employees had membership in the labour unions.

All employees except five per cent waiters can speak, read, and write English. Eighty to ninety-five per cent of them can speak, read and write Malayalam. More than sixty per cent of managers, receptionists, waiters, and house-keepers can speak, read and write Hindi. The receptionists are the only

group with knowledge of all the six languages, viz. English, Malayalam, Hindi, Tamil, French and German. This is because the guests come into contact with the receptionists more frequently than with others.

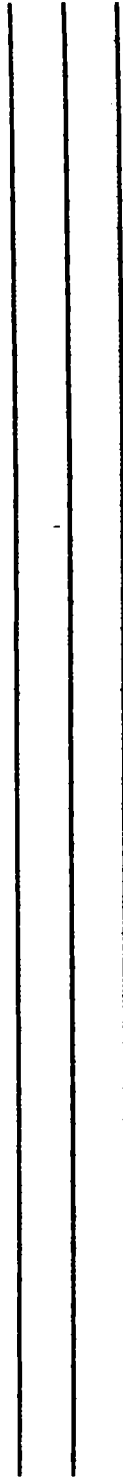
Thus the human resource of hotel industry in Kerala are being refined gradually through professionalisation and training. The analyses on their socio-economic profile will enthuse the youth to enter into hotel profession confidently. The interaction between the two sets of people, the hosts and the guests, is of paramount importance in the hotel industry. Guest satisfaction is the pivot of the hotel industry. An attempt is made to get the opinion of the tourists to Kerala in this regard. Similarly, the hotel establishments wherein, those guests stay and are being served by the employees are surveyed. The results of these attempts are presented in the following chapter.

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- 10 Express Hotelier and Caterer, Vol I, No.38, August, 1995, p.8
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Chapter - III



POTENTIALITY OF THE HOTEL INDUSTRY IN
THE PROMOTION OF TOURISM IN KERALA

CHAPTER - VII

POTENTIALITY OF THE HOTEL INDUSTRY IN THE PROMOTION OF TOURISM IN KERALA

The dependence of tourism on the hotel industry has already been made clear and hence it is true that the hotel industry is responsible to a great extent, for the strength and weakness of the tourism industry. An attempt is made in this chapter to bring out the position of Kerala in this regard by using primary as well as secondary data. The role of the hotel industry in providing employment opportunities is a relatively major issue and hence has been discussed in the previous chapter, viz. “ Human Resource Development in the Hotel Industry”. An analysis of the primary data collected from the foreign and domestic tourists and the hotel establishments reveal certain interesting conclusions.

7.1. Tourists - A Profile of the Sample

The primary data was collected from 100 foreign tourists and 150 domestic tourists using systematic sampling. The data collected from 100 foreign tourists are divided into seven groups, based on the nationality of the tourists as follows:

U K. Germany, France and the rest of Europe (Italy, Switzerland, Spain and Sweden), America (USA and Canada), Japan and others (Australia, Brazil, Egypt, Iran, New Zealand, Nigeria, Saudi Arabia, Sri Lanka and Thailand). A profile of these tourists is given in Table 7.1A, which shows that 62 per cent of the respondent foreign tourists are males. A nationality-wise analysis indicates that

the highest rate of 75 per cent male tourists were from Japan. The highest percentage of the females (45.45 per cent) were received from America.

The respondent domestic tourists (150) from different parts of India are categorised into six groups such as:

1. North Zone (Arunachal Pradesh, Assam, Chandigarh, Delhi, Hariyana, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim and Tripura).
2. Central Zone (Madhya Pradesh and U.P).
3. East Zone (Bihar, Orissa and West Bengal).
4. West Zone (Gujarat, Maharashtra and Goa).
5. South Zone(Andhra Pradesh, Karnataka, Kerala and Tamil Nadu).
6. Others (Andaman, Lakshadweep and Pondichery).

The profile of the domestic tourists is given in Table 7.1B, according to which 57.33 per cent of them are males . It is also discernible from the Table that the proportion of the male tourists to total tourists is the highest from the East Zone (70.59 per cent) and the lowest from the South Zone (52 per cent) when a zone-wise analysis is done.

7.2 Occupational Background

The occupational back ground of the respondent foreign tourists and domestic tourists are given in Tables 7.2.A and 7.2.B respectively. The majority (38 per cent) of the foreign tourists belong to the category of professionals/executives and administrative personnel and the minority (6 per cent)

TABLE 7.1 A.

DISTRIBUTION OF THE RESPONDENT FOREIGN TOURISTS BY NATIONALITY AND SEX.

Sl.No.	Nationality	Male	Female	Total
1.	U.K	10 <i>58.82</i>	7 <i>41.18</i>	17 <i>100</i>
2.	Germany	7 <i>63.64</i>	4 <i>36.36</i>	11 <i>100</i>
3.	France	6 <i>66.67</i>	3 <i>33.33</i>	9 <i>100</i>
4.	R.O.E	4 <i>57.14</i>	3 <i>42.86</i>	7 <i>100</i>
5.	America	6 <i>54.55</i>	5 <i>45.45</i>	11 <i>100</i>
6.	Japan	6 <i>75</i>	2 <i>25</i>	8 <i>100</i>
7.	Others	23 <i>62.16</i>	14 <i>37.84</i>	37 <i>100</i>
	Total	62 <i>62</i>	38 <i>38</i>	100 <i>100</i>

Note : Figures in italics show the percentage to total of the concerned nationality
Source : Survey Data

TABLE 7.1B.

DISTRIBUTION OF THE RESPONDENT DOMESTIC TOURISTS BY REGION OF DOMICILE AND SEX.

Sl.No.	Zone	Male	Female	Total
1.	North	17 <i>56.67</i>	13 <i>43.33</i>	30 <i>100</i>
2.	Central	12 <i>60</i>	8 <i>40</i>	20 <i>100</i>
3.	East	12 <i>70.59</i>	5 <i>29.41</i>	17 <i>100</i>
4.	West	9 <i>60</i>	6 <i>40</i>	15 <i>100</i>
5.	South	26 <i>52</i>	24 <i>48</i>	50 <i>100</i>
6.	Others	10 <i>55.56</i>	8 <i>44.44</i>	18 <i>100</i>
	Total	86 <i>57.33</i>	64 <i>42.67</i>	150 <i>100</i>

Note : Figures in italics show the percentage to total of the concerned zone.
Source : Survey Data.

TABLE 7.2.A
NATIONALITY-WISE AND OCCUPATION-WISE DISTRIBUTION OF
THE FOREIGN TOURISTS.

Countries	Professionals, Executives Admn. personnel	Services (Employees)	Students	Business / Enterprises	Others	Total
U.K	6 <i>35.30</i>	2 <i>11.76</i>	2 <i>11.77</i>	1 <i>5.88</i>	6 <i>35.29</i>	17 <i>100</i>
Germany	3 <i>27.27</i>	1 <i>9.09</i>	1 <i>9.09</i>	1 <i>9.09</i>	5 <i>45.46</i>	11 <i>100</i>
France	4 <i>44.44</i>	1 <i>11.11</i>	- <i>-</i>	1 <i>11.11</i>	3 <i>33.33</i>	9 <i>100</i>
R.O.E	2 <i>28.57</i>	1 <i>14.29</i>	1 <i>14.29</i>	1 <i>14.28</i>	2 <i>28.57</i>	7 <i>100</i>
America	6 <i>54.55</i>	1 <i>9.09</i>	1 <i>9.09</i>	- <i>-</i>	3 <i>27.27</i>	11 <i>100</i>
Japan	2 <i>25</i>	2 <i>25</i>	1 <i>12.5</i>	1 <i>12.5</i>	2 <i>25</i>	8 <i>100</i>
Others	15 <i>40.54</i>	4 <i>10.81</i>	3 <i>8.11</i>	1 <i>2.70</i>	14 <i>37.84</i>	37 <i>100</i>
Total	38 <i>38</i>	12 <i>12</i>	9 <i>9</i>	6 <i>6</i>	35 <i>35</i>	100 <i>100</i>

Note : Figures in italics show the percentage to total of the concerned country.

Source : Survey data

to business/entrepreneurs. On country-wise analysis the proportion of the former category to total tourists of the respective country is the highest in all countries excepting Germany and the latter category remains the lowest in all countries. America has supplied the highest proportion (54.55 per cent) to the former category and nil to the latter.

The majority (30.67 per cent) of the respondent domestic tourists belong to the category of services/employees and the minority (6.67 per cent) to the category of students (Table 7.2B). On a region-wise analysis the proportion of the

REGIONWISE AND OCCUPATION-WISE DISTRIBUTION OF THE DOMESTIC TOURISTS

Region	Professionals, Executives Admn. Personnel	Services (Employees)	Students	Business / Enterprises	Others	Total
Northern	7 <i>23.33</i>	9 <i>30</i>	2 <i>6.67</i>	8 <i>26.67</i>	4 <i>13.33</i>	30 <i>100</i>
Central	5 <i>25</i>	4 <i>20</i>	2 <i>10</i>	6 <i>30</i>	3 <i>15</i>	20 <i>100</i>
Eastern	2 <i>11.77</i>	6 <i>35.29</i>	1 <i>5.88</i>	5 <i>29.41</i>	3 <i>17.65</i>	17 <i>100</i>
Western	3 <i>20</i>	5 <i>33.33</i>	1 <i>6.67</i>	4 <i>26.67</i>	2 <i>13.33</i>	15 <i>100</i>
Southern	7 <i>14</i>	17 <i>34</i>	2 <i>4</i>	18 <i>36</i>	6 <i>12</i>	50 <i>100</i>
Others	3 <i>16.67</i>	5 <i>27.78</i>	2 <i>11.11</i>	4 <i>22.22</i>	4 <i>22.22</i>	18 <i>100</i>
Total	27 <i>18</i>	46 <i>30.67</i>	10 <i>6.67</i>	45 <i>30</i>	22 <i>14.67</i>	150 <i>100</i>

Note : Figures in italics show the percentage to total of the concerned region.

Source : Survey Data

TABLE : 7.3 A
MONTHLY FAMILY INCOME-WISE DISTRIBUTION OF THE FOREIGN TOURISTS
(Rs. in thousands)

Country	Below 50	50-100	100-150	Above 150	Total
U.K	4 <i>23.53</i>	3 <i>17.65</i>	4 <i>23.53</i>	6 <i>35.29</i>	17 <i>100</i>
Germany	3 <i>27.27</i>	2 <i>18.18</i>	2 <i>18.18</i>	4 <i>36.36</i>	11 <i>100</i>
France	1 <i>11.11</i>	2 <i>22.22</i>	3 <i>33.33</i>	3 <i>33.33</i>	9 <i>100</i>
R.O.E	- -	3 <i>42.86</i>	2 <i>28.57</i>	2 <i>28.57</i>	7 <i>100</i>
America	2 <i>18.18</i>	2 <i>18.18</i>	2 <i>18.18</i>	5 <i>45.46</i>	11 <i>100</i>
Japan	1 <i>12.5</i>	2 <i>25</i>	3 <i>37.5</i>	2 <i>25</i>	8 <i>100</i>
Others	9 <i>24.32</i>	5 <i>13.51</i>	8 <i>21.62</i>	15 <i>40.54</i>	37 <i>100</i>
Total	20 <i>20</i>	19 <i>19</i>	24 <i>24</i>	37 <i>37</i>	100 <i>100</i>

Note : Figures in italics show the percentage to total of the concerned country.

Source : Survey data.

TABLE 7.3 B

MONTHLY FAMILY INCOME-WISE DISTRIBUTION OF THE DOMESTIC TOURISTS

Region	Below 10,000	10000-20000	Above 20000	Total
Northern	18 <i>60</i>	9 <i>30</i>	3 <i>10</i>	30 <i>100</i>
Central	11 <i>55</i>	6 <i>30</i>	3 <i>15</i>	20 <i>100</i>
Eastern	10 <i>58.82</i>	4 <i>23.53</i>	3 <i>17.65</i>	17 <i>100</i>
Western	10 <i>66.67</i>	1 <i>6.67</i>	4 <i>26.67</i>	15 <i>100</i>
Southern	30 <i>60</i>	13 <i>26</i>	7 <i>14</i>	50 <i>100</i>
Others	9 <i>50</i>	6 <i>33.33</i>	3 <i>16.67</i>	18 <i>100</i>
Total	88 <i>58.67</i>	39 <i>26</i>	23 <i>15.33</i>	150 <i>100</i>

Note: Figures in italics show the percentage to total of the concerned region.

Source: Survey data.

TABLE 7.4

DISTRIBUTION OF THE FOREIGN TOURISTS BASED ON THEIR PURPOSES OF VISIT

Sl. No.	Purpose of Visit	Frequency	
		Observed	Expected
1.	Business	11(11)	12.5
2.	Official	4(4)	12.5
3.	Pleasure	50(50)	12.5
4.	Sight-Seeing	17(17)	12.5
5.	Wild life	2(2)	12.5
6.	Beach Visit	13(13)	12.5
7.	Pilgrimage	1(1)	12.5
8.	Any other	2(2)	12.5
	Total	100(100)	100

Note: $\chi^2 = 148.32 > \chi^2_{7,0.05} = 14.067$

Figures in brackets indicate percentages.

former category to total tourists of the respective region was the maximum in regions such as Northern (30 per cent), Eastern (35.29 per cent), Western (33.33 per cent) and others (27.78 per cent). A Similar proportion of the latter category was the lowest in all regions.

7.3 Monthly Family Income

Distribution of foreign and domestic tourists based on their monthly family income is shown in Tables 7.3A and 7.3B respectively. It is discernible from Table 7.3A that the maximum (37 per cent) of the foreign tourists belong to the family income group of above Rs.150,000 per month and this group seems to predominate in all countries excepting the rest of Europe and Japan. The minimum number of tourists (19 per cent) belong to the income group of Rs.50,000 - 100,000 and on country-wise analysis this group predominates in the rest of Europe(42.86 per cent) only.

It is indicated in Table 7.3B that the maximum domestic tourists(58.67 per cent) belong to the monthly family income group of below Rs.10,000 and the majority of the tourists from all the regions fall under this group on region wise analysis. The tourists from the Western region were the toppers(66.67 per cent) in this group. The minimum tourists (15.33 per cent) belong to the monthly family income group of above Rs.20,000 per month and all regions excepting the Western region have the minimum representation in this group. As regards the Western region the second highest proportion (26.67 per cent) of the tourists from there belong to this group. The least representation from the Western region is from the income group of Rs.10,000 - 20,000 per month.

TABLE 7.5

DISTRIBUTION OF THE DOMESTIC TOURISTS BASED ON THEIR PURPOSES OF VISIT

Sl. No.	Purpose of Visit	Frequency	
		Observed	Expected
1.	Business	15(10.00)	18.75
2.	Official	24(16.00)	18.75
3.	Pleasure	32(21.33)	18.75
4.	Sight-Seeing	31(20.67)	18.75
5.	Wild life	8(5.33)	18.75
6.	Beach Visit	14(9.33)	18.75
7.	Pilgrimage	16(10.67)	18.75
8.	Any other	10(6.67)	18.75
	Total	150(100)	150

Note : $\chi^2 = 31.423 > \chi^2_{7, 0.05} = 14.067$

Figures in brackets indicate the percentages.

Source : Survey data

TABLE 7.6 A

DISTRIBUTION OF THE FOREIGN TOURISTS BY NUMBER OF VISITS TO KERALA

Country	First visit	Second visit	> 2 times	Total
U.K	10 <i>58.82</i>	3 <i>17.65</i>	4 <i>23.53</i>	17 <i>100</i>
Germany	6 <i>54.55</i>	2 <i>18.18</i>	3 <i>27.27</i>	11 <i>100</i>
France	5 <i>55.56</i>	1 <i>11.11</i>	3 <i>33.33</i>	9 <i>100</i>
R.O.E	4 <i>57.14</i>	3 <i>42.86</i>	- <i>-</i>	7 <i>100</i>
America	8 <i>72.73</i>	1 <i>9.09</i>	2 <i>18.18</i>	11 <i>100</i>
Japan	3 <i>37.50</i>	3 <i>37.50</i>	2 <i>25</i>	8 <i>100</i>
Others	24 <i>64.87</i>	5 <i>13.51</i>	8 <i>21.62</i>	37 <i>100</i>
Total	60 <i>60</i>	18 <i>18</i>	22 <i>22</i>	100 <i>100</i>

Figures in italics show the percentages to total tourists from each nation.

Source : Survey data.

TABLE 7.6 B

DISTRIBUTION OF THE DOMESTIC TOURISTS BASED ON THEIR NUMBER OF VISITS TO KERALA

Region	First visit	Second visit	> 2 times	Total
North	16 <i>53.34</i>	10 <i>33.33</i>	4 <i>13.33</i>	30 <i>100</i>
Central	12 <i>60</i>	6 <i>30</i>	2 <i>10</i>	20 <i>100</i>
East	11 <i>64.71</i>	4 <i>23.53</i>	2 <i>11.76</i>	17 <i>100</i>
West	5 <i>33.33</i>	6 <i>40</i>	4 <i>26.67</i>	15 <i>100</i>
South	31 <i>62</i>	10 <i>20</i>	9 <i>18</i>	50 <i>100</i>
Others	12 <i>66.67</i>	3 <i>16.67</i>	3 <i>16.66</i>	18 <i>100</i>
Total	87 <i>58.00</i>	39 <i>26.00</i>	24 <i>16</i>	150 <i>100</i>

Note : Figures in italics show the percentages to total tourists from each zone.

Source : Survey data.

7.4. Purpose of Visit

It can be seen from Table 7.4 that 50 per cent of the foreign tourists come to Kerala for pleasure followed by sight seeing (17 per cent) and beach visit (13 per cent). Similarly the highest proportion of the domestic tourists (21.33 per cent) visit Kerala for pleasure (Table 7.5), followed by sightseeing (20.67 per cent) and official purpose(16 per cent). Chi-square test is used to decide whether the purposes of visit of the foreign tourists are significant or not.(Table 7.4). The calculated value of chi-square (148.32) is more than the table value (value of χ^2 with 7df at 0.05 level of significance is (14.067) and hence the hypothesis that proportions under different purposes of visit are equal gets rejected. The proportions are different under different purposes. This means that the purposes of visit of the foreign tourists are definite and significant. Regarding the domestic tourists the calculated value of χ^2 is 31.423 which is more than the table value (14.067 with 7df at 0.05 level of significance) as shown in table 7.5. Hence the purposes of visit are significant for the domestic tourists too.

7.5. Frequency of Visit

Till recently Kerala was not known to be a tourist destination among the foreigners due to defective marketing. Many of them felt that by India it was meant the golden triangle of the North. It was only after disturbances in the North, the idea of “Destination South” was popularised. Hence the majority of the foreign tourists are visiting Kerala for the first time. Table 7.6.A shows the distribution of foreign tourists based on their number of visits to Kerala. Sixty per cent of them are visiting Kerala for the first time, eighteen per cent for the second time and the remaining twenty two per cent for more than twice. It is also seen that more than 50 per cent of the tourists from all countries except Japan visit Kerala for the first time and America ranks first by sending 72.73 per cent of the tourists from their country for the first time. It is discernible from Table 7.6.B that 58 per cent of the domestic tourists are visiting Kerala for the first time, 26 per cent for the second time and 16 per cent for more than twice. More than 60 per cent of the respondent domestic tourists from central, east, south and other regions are visiting Kerala for the first time.

7.6 Source of Influence

The highest proportion of foreign tourists (28 per cent) are influenced by their own curiosity to visit Kerala, followed by 18 per cent by hotel chains and the lowest eleven per cent - by other people who have visited Kerala (Table 7.7.A). It can also be seen that it is from the other countries the major proportion (35.14 per cent of their total) of foreign tourists visit Kerala on their own curiosity.

Regarding the domestic tourists, Table 7.7.B indicates that the highest proportion (68 per cent) is visiting Kerala influenced by their own curiosity just like foreign tourists and the lowest (9.33 per cent) on the influence of the

TABLE 7.7 A

DISTRIBUTION OF THE FOREIGN TOURISTS BASED ON THEIR SOURCE OF INFLUENCE TO VISIT KERALA.

Country	Travel agents and tour operators	Tourist offices	Hotel chains	Air carriers	Other people who visited Kerala	Own curiosity	Total
UK	3 <i>17.65</i>	3 <i>17.65</i>	3 <i>17.65</i>	1 <i>5.88</i>	2 <i>11.76</i>	5 <i>29.41</i>	17 <i>100</i>
Germany	2 <i>18.18</i>	1 <i>9.09</i>	2 <i>18.18</i>	2 <i>18.18</i>	1 <i>9.09</i>	3 <i>27.27</i>	11 <i>100</i>
France	1 <i>11.11</i>	2 <i>22.22</i>	1 <i>11.11</i>	2 <i>22.22</i>	1 <i>11.11</i>	2 <i>22.22</i>	9 <i>100</i>
R.O.E	1 <i>14.29</i>	1 <i>14.29</i>	2 <i>28.57</i>	1 <i>14.28</i>	1 <i>14.28</i>	1 <i>14.29</i>	7 <i>100</i>
America	2 <i>18.18</i>	1 <i>9.09</i>	2 <i>18.18</i>	2 <i>18.18</i>	2 <i>18.18</i>	2 <i>18.18</i>	11 <i>100</i>
Japan	2 <i>25</i>	1 <i>12.5</i>	- <i>-</i>	1 <i>12.5</i>	2 <i>25</i>	2 <i>25</i>	8 <i>100</i>
Others	5 <i>13.51</i>	6 <i>16.22</i>	8 <i>21.62</i>	3 <i>8.11</i>	2 <i>5.41</i>	13 <i>35.14</i>	37 <i>100</i>
Total	16 <i>16</i>	15 <i>15</i>	18 <i>18</i>	12 <i>12</i>	11 <i>11</i>	28 <i>28</i>	100 <i>100</i>

Note : Figures in italics show the percentages to total tourists from the concerned country.

Source : Survey data

TABLE 7.7. B

DISTRIBUTION OF THE DOMESTIC TOURISTS BASED ON THEIR SOURCE OF INFLUENCE TO VISIT KERALA.

Zone	Other people who visited Kerala	Government agencies	Own curiosity	Total
North	6 <i>20</i>	2 <i>6.67</i>	22 <i>73.33</i>	30 <i>100</i>
Central	3 <i>15</i>	2 <i>10</i>	15 <i>75</i>	20 <i>100</i>
East	7 <i>41.18</i>	2 <i>11.76</i>	8 <i>47.06</i>	17 <i>100</i>
West	2 <i>13.33</i>	1 <i>6.67</i>	12 <i>80</i>	15 <i>100</i>
South	13 <i>26</i>	3 <i>6</i>	34 <i>68</i>	50 <i>100</i>
Others	3 <i>16.67</i>	4 <i>22.22</i>	11 <i>61.11</i>	18 <i>100</i>
Total	34 <i>22.67</i>	14 <i>9.33</i>	102 <i>68</i>	150 <i>100</i>

Note : Figures in italics give the percentages to total tourists from the concerned zone.

Source : Survey data

TABLE 7.8 A

DISTRIBUTION OF THE FOREIGN TOURISTS BASED ON PATTERN OF TRAVEL.

Country	Alone	With family	With friends / family & friends	Total
U.K	7 <i>41.18</i>	4 <i>23.53</i>	6 <i>35.29</i>	17 <i>100</i>
Germany	5 <i>45.46</i>	3 <i>27.27</i>	3 <i>27.27</i>	11 <i>100</i>
France	4 <i>44.44</i>	2 <i>22.22</i>	3 <i>33.33</i>	9 <i>100</i>
Rest of Europe	3 <i>42.86</i>	2 <i>28.57</i>	2 <i>28.57</i>	7 <i>100</i>
America	4 <i>36.36</i>	3 <i>27.27</i>	4 <i>36.36</i>	11 <i>100</i>
Japan	5 <i>62.5</i>	3 <i>37.5</i>	- <i>-</i>	8 <i>100</i>
Others	18 <i>48.65</i>	8 <i>21.62</i>	11 <i>29.73</i>	37 <i>100</i>
Total	46 <i>46</i>	25 <i>25</i>	29 <i>29</i>	100 <i>100</i>

Note : Figures in italics give the percentages to total tourists from the concerned countries.

Source : Survey data.

TABLE 7.8 B

DISTRIBUTION OF THE DOMESTIC TOURISTS BASED ON PATTERN OF TRAVEL.

Zone	Alone	With family	With friends / family & friends	Total
North	5 <i>16.67</i>	19 <i>63.33</i>	6 <i>20</i>	30 <i>100</i>
Central	3 <i>15</i>	13 <i>65</i>	4 <i>20</i>	20 <i>100</i>
East	2 <i>11.76</i>	11 <i>64.71</i>	4 <i>23.53</i>	17 <i>100</i>
West	3 <i>20</i>	10 <i>66.67</i>	2 <i>13.33</i>	15 <i>100</i>
South	9 <i>18</i>	30 <i>60</i>	11 <i>22</i>	50 <i>100</i>
Others	3 <i>16.67</i>	12 <i>66.67</i>	3 <i>16.66</i>	18 <i>100</i>
Total	25 <i>16.67</i>	95 <i>63.33</i>	30 <i>20</i>	150 <i>100</i>

Note : Figures in italics give the percentages to total tourists from each zone.

Source : Survey data.

government agencies Tourists from the western region topped (80 per cent) in this group.

7.7 Pattern of Travel

The pattern of travel of the respondent tourists is depicted in Tables 7.8.A and 7.8.B respectively for the foreign and domestic tourists. It can be seen that the maximum foreign tourists (46 per cent) come to Kerala alone and the minimum (25 per cent) visit with family (Table 7.8.A). On country-wise analysis, it is seen that it is from Japan that the largest proportion of tourists (62.5 per cent) come to Kerala alone. It can be read from Table 7.8.B that 63.33 per cent, the largest proportion of the domestic tourists, visits Kerala with family and the minimum tourists (16.67 per cent) come alone. It can also be seen that the domestic tourists coming to Kerala from all the regions with family are in the range of 60 - 70 per cent. The Western region and others rank first by supplying 66.67 per cent of the tourists from each region to this category.

7.8 Type of Tour

The type of tour undertaken by the tourists is given Tables 7.9.A and 7.9.B (domestic tourists). As per Table 7.9.A the maximum foreign tourists (76 per cent) are on independent tour. On country-wise analysis it can be seen that the proportion of independent tourists to total tourists from Germany is the highest (81.82 per cent). The maximum domestic tourists (93.33 per cent) are on independent travel. It is seen from Table 7.9.B that the minimum tourist travelling independently were 88.89 per cent (others). Package tour to Kerala has not yet

TABLE 7.9 A

DISTRIBUTION OF THE FOREIGN TOURISTS BASED ON THE TYPE OF TOUR.

Country	Independent	Package	Total
U K	13 <i>76.47</i>	4 <i>23.53</i>	17 <i>100</i>
Germany	9 <i>81.82</i>	2 <i>18.18</i>	11 <i>100</i>
France	7 <i>77.78</i>	2 <i>22.22</i>	9 <i>100</i>
Rest of Europe	5 <i>71.43</i>	2 <i>28.57</i>	7 <i>100</i>
America	8 <i>72.73</i>	3 <i>27.27</i>	11 <i>100</i>
Japan	6 <i>75</i>	2 <i>25</i>	8 <i>100</i>
Others	28 <i>75.68</i>	9 <i>24.32</i>	37 <i>100</i>
Total	76 <i>76</i>	24 <i>24</i>	100 <i>100</i>

Note : Figures in italics give the percentages to total tourists from the concerned countries.
Source : Survey data.

TABLE 7.9 B

DISTRIBUTION OF THE DOMESTIC TOURISTS BASED ON THE TYPE OF TOUR

Zone	Independent	Package	Total
North	29 <i>96.67</i>	1 <i>3.33</i>	30 <i>100</i>
Central	18 <i>90</i>	2 <i>10</i>	20 <i>100</i>
East	16 <i>94.12</i>	1 <i>5.88</i>	17 <i>100</i>
West	14 <i>93.33</i>	1 <i>6.67</i>	15 <i>100</i>
South	47 <i>94</i>	3 <i>6</i>	50 <i>100</i>
Others	16 <i>88.89</i>	2 <i>11.11</i>	18 <i>100</i>
Total	140 <i>93.33</i>	10 <i>6.67</i>	150 <i>100</i>

Note : Figures in italics give the percentages to total tourists from each zone.
Source : Survey data.

become popular. Travel agents and tour operators are reluctant to bring the tourists on package tour to Kerala for want of adequate and suitable hotel accommodation in the tourist centres of Kerala.

7.9 Factors of Tourist Attraction

There are many factors that attract tourists to a destination. The potentiality of Kerala as a tourist destination depends on the availability of those factors highly preferred by the tourists. An attempt is made to find out the factors of tourist attraction in Kerala in the forthcoming analysis. Kerala is a gift of nature. It is enriched with many factors of tourist attraction. Some important ones among them are selected and grouped into eight as given in Table 7.10.A and also in 7.10.B. Tourists were asked to mark their first, second, third and fourth preferences against the eight factors. The foreign tourists are regrouped into three based on their nationality, as Europe, America and others for statistical requirements. Similarly the domestic tourists were also regrouped into three, viz. North, South and other zones. The number of tourists to each such division under the respective preferences were ascertained and shown in Tables 7.10.A (foreign tourists) and 7.10.B(domestic tourists).

The factor, scenic and natural beauty has got the highest representation of tourists under the first preference from all the three groups (Table 7.10.A) of nationality (Europe 0.55, America 0.36 and other countries 0.33). Sunbathing on beaches has also got the highest preference (0.36)from the tourists from America. The highest proportions of people under the second preference from Europe and America (0.23 and 0.36 respectively) are again for scenic and natural beauty. Under the third preference also scenic and natural beauty is highly preferred by the maximum tourists from other countries(0.29). Under the fourth preference natural

TABLE 7.10. A.

DISTRIBUTION OF THE FOREIGN TOURISTS BASED ON THEIR FIRST FOUR PREFERENCES FOR VARIOUS FACTORS OF TOURIST ATTRACTION.

Sl. No.	Factors of Tourist Attraction	Europe												America												Other Countries											
		First.		Second		Third		Fourth		First		Second		Third		Fourth		First		Second		Third		Fourth													
		No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total														
1.	Historical Monuments, Museums, Zoos, Parks etc.	3	0.07	7	0.16	5	0.11	3	0.07	2	0.18	0	0.00	0	0.00	1	0.09	2	0.04	3	0.07	4	0.09	5	0.11												
2.	Scenic & natural beauty	24	0.55	10	0.23	5	0.11	4	0.09	4	0.36	4	0.36	1	0.09	1	0.09	15	0.33	6	0.13	13	0.29	9	0.20												
3.	Sunbathing on beaches	2	0.05	5	0.11	3	0.07	2	0.05	4	0.36	1	0.09	3	0.27	1	0.09	4	0.09	5	0.11	1	0.02	6	0.13												
4.	Journey through backwaters	6	0.14	7	0.16	7	0.16	20	0.45	0	0.00	2	0.18	1	0.09	1	0.09	8	0.18	9	0.20	9	0.20	1	0.02												
5.	Wild life sanctuary, waterfalls, hill stations etc.	2	0.05	5	0.11	5	0.11	3	0.07	1	0.09	1	0.09	0	0.00	1	0.09	2	0.04	7	0.16	8	0.18	2	0.04												
6.	Religious places	1	0.02	6	0.14	1	0.02	2	0.05	0	0.00	1	0.09	1	0.09	0	0.00	2	0.04	0	0.00	4	0.09	0	0.00												
7.	Beach resorts	2	0.05	1	0.02	12	0.27	3	0.07	0	0.00	2	0.18	4	0.36	1	0.09	3	0.07	8	0.18	5	0.11	4	0.09												
8.	Natural vegetation & night scenes, shopping etc.	4	0.09	3	0.07	6	0.14	7	0.16	0	0.00	0	0.00	1	0.09	5	0.45	9	0.20	7	0.16	1	0.02	18	0.40												
	Total	44		44		44		44		11		11		11		11		45		45		45		45													

Source : Survey data.

TABLE 7.10. B
DISTRIBUTION OF THE DOMESTIC TOURISTS BASED ON THEIR FIRST FOUR PREFERENCES FOR
VARIOUS FACTORS OF TOURIST ATTRACTION

Sl. No.	Factors of Tourist Attraction	North Zone												South Zone												Other Areas					
		First.		Second		Third		Fourth		First		Second		Third		Fourth		First		Second		Third		Fourth							
		No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total	No. of Persons	Proportion to total						
1	Historical Monuments, Museums, Zoos, Parks, etc	11	0.13	12	0.15	11	0.13	12	0.15	3	0.06	6	0.12	6	0.12	13	0.26	5	0.28	2	0.11	4	0.22	1	0.06						
2	Scenic & natural beauty	30	0.37	13	0.16	11	0.13	11	0.13	24	0.48	7	0.14	3	0.06	4	0.08	3	0.17	1	0.06	4	0.22	1	0.06						
3	Sunbathing on beaches	9	0.11	9	0.11	5	0.06	18	0.22	3	0.06	4	0.08	5	0.10	5	0.10	2	0.11	1	0.06	1	0.06	3	0.17						
4	Journey through backwaters	6	0.10	16	0.20	13	0.16	6	0.10	1	0.02	8	0.16	3	0.06	6	0.12	2	0.11	2	0.11	1	0.06	5	0.28						
5	Wild life sanctuary, waterfalls, hill station etc	6	0.07	11	0.13	9	0.11	11	0.13	3	0.06	7	0.14	12	0.24	4	0.08	2	0.11	2	0.11	2	0.11	2	0.11						
6	Religious places	9	0.11	8	0.10	6	0.10	7	0.09	11	0.22	8	0.16	6	0.12	4	0.08	2	0.11	6	0.33	2	0.11	2	0.11						
7	Beach resorts	4	0.05	6	0.07	9	0.11	6	0.07	2	0.04	5	0.10	7	0.14	8	0.16	1	0.06	2	0.11	2	0.11	2	0.11						
8	Natural vegetation & sight seeing, shopping etc	5	0.06	7	0.09	16	0.20	9	0.11	3	0.06	5	0.10	8	0.16	6	0.12	1	0.06	2	0.11	2	0.11	2	0.11						
	Total	82		82		82		82		50		50		50		50		18		18		18		18							

Source Survey data.

vegetation and sight seeing are preferred by the highest proportion of tourists from America(0.45)and other countries(0.40).

It is discernible from Table 7.10.B, that under the first preference scenic and natural beauty is preferred by the highest proportion of people from North (0.37) and South(0.48) Zones and Historical monuments, museums, zoos, parks etc. by the tourists from other Zones(0.28). The highest proportion of tourists from the North Zone(0.20), under the second preference is for journey through back waters. The same factor along with religious places comes under the second preference for the highest proportion of tourists from the South (both 0.16). Even from the other zones the highest proportion of tourists under the second preference is for religious places(0.33). Under the third preference the highest proportion of tourists from North (0.20) and South (0.24) stand for factors eight and five respectively. From the other areas the highest proportion (0.22) gives equal preference to factors one and two simultaneously. The major proportion of tourists from North, South and other Zones gives fourth preference to factors three(0.22), one(0.26), and four (0.28) respectively.

The results of the χ^2 test applied to see whether the eight factors of tourist attraction have any significance on the preferences marked by the tourists are given in Tables 7.11.A (foreign tourists) and 7.11.B (domestic tourists). The χ^2 values computed separately for all the preferences of all the nationalities show that the computed values for the first preference of tourists from Europe, America and other countries, third preference of tourists from other countries and fourth preference of tourists from Europe and other countries (i.e., 74.2, 15.9, 27.4, 21.3, 46.9 and 41.6 respectively) are greater than the table value (table value of χ^2 with 7df at 0.05 level of significance is 14.067) in each case and hence the factors of tourist attraction are significant for the above preferences of the foreign tourists

TABLE 7.11. A

RESULTS OF THE χ^2 TEST USED TO TEST THE SIGNIFICANCE OF THE FACTORS OF TOURIST ATTRACTION ON THE PREFERENCES OF THE FOREIGN TOURISTS

Preferences	χ^2 (0.05) 7df	Calculated value of χ^2		
		Europe	America	Other countries
First	14.067	74.2	15.9	27.4
Second	14.067	9.4	8.6	10.6
Third	14.067	13.1	10.1	23.3
Fourth	14.067	46.9	11.5	41.6

Note : χ^2 values have been computed with reference to the frequencies in Table 7.10 A.
Source : Survey Data.

TABLE 7.11.B

RESULTS OF THE χ^2 TEST FOR TESTING THE SIGNIFICANCE OF THE FACTORS OF TOURIST ATTRACTION ON THE PREFERENCES OF THE TOURISTS FROM DIFFERENT ZONES OF INDIA.

Preferences	Table Value	Calculated Value of χ^2		
	χ^2 7df (0.05)	North	South	Other Areas
First Preference	14.067	47.2	68.1	5.1
Second Preference	14.067	7.8	2.5	7.8
Third Preference	14.067	7.7	9.5	4.2
Fourth Preference	14.067	9.7	10.5	5.1

Note : χ^2 values have been computed with reference to the frequencies in Table 7.10 B.
Source : Survey data.

(Table 7.11.A). Similarly computed values of χ^2 for the first preference of domestic tourists from North (47.2) and South (68.1) are greater than the table value (table value of χ^2 with 7df at 0.05 level of significance is 14.067) and hence the factors of tourist attraction are significant to the above tourists as far as their first preference is concerned (Table 7.11.B).

7.10 Preferences to Stay at Various Tourist Centres of Kerala .

The preferences of tourists to stay at various tourist centres differ from person to person. A knowledge of those centres most preferred by the majority of the tourists, help in ensuring that such centres are equipped with facilities necessary for their comfortable stay. Secondly it will help in the development of other centres also in line with the most preferred ones by incorporating the attributes of such centres to and eliminating the defects in them. The tourists were asked to indicate the first four centres out of the major eleven centres of tourism in Kerala, in order of their preferences.

It is discernible from Table 7.12.A that the highest proportion of tourists from Europe (0.23) marked their first and second preferences for Kochi and third preference for Kovalam. The fourth preference was also for Kochi along with Thekkadi (0.16 each). The highest proportions of tourists from America in the order of their first, second, third and fourth preferences were 0.36 (Kochi), 0.27 (Kovalam), 0.18 (each for Kochi and Palakkad) and 0.18 (each for Kochi, Thekkadi, Alapuzha and Kozhikode). From other countries the highest proportion of tourists with first preference stood for Kochi (0.27), second preference for Kochi as well as Thekkadi (0.18 each) third preference for Kovalam and Alapuzha (0.13 each) and the fourth preference for Kochi (0.16).

TABLE 7.12 A

GROUP-WISE DISTRIBUTION OF THE FOREIGN TOURISTS SHOWING THEIR PROPORTION IN EACH PREFERENCE TO STAY AT DIFFERENT CENTRES OF TOURISM

Preferences→ Centres	Europe												America												Other Countries											
	I			II			III			IV			I			II			III			IV			I			II			III			IV		
	No	Pro		No	Pro		No	Pro		No	Pro		No	Pro		No	Pro		No	Pro		No	Pro		No	Pro		No	Pro		No	Pro		No	Pro	
Thiruvananthapuram	7	.16		8	.18		5	.11		3	.07		2	.18		2	.18		1	.09		0	.00		8	.18		5	.11		3	.07		5	.11	
Kovalam	6	.14		7	.16		10	.23		4	.09		1	.09		3	.27		1	.09		1	.09		9	.20		6	.13		6	.13		5	.11	
Kochi	10	.23		10	.23		5	.11		7	.16		4	.36		2	.18		2	.18		2	.18		12	.27		9	.18		4	.09		7	.16	
Thekkadi	6	.14		6	.14		6	.14		7	.16		0	.00		1	.09		0	.00		2	.18		6	.13		8	.18		4	.09		3	.07	
Kollam	1	.02		1	.02		1	.02		2	.05		0	.00		0	.00		1	.09		1	.09		2	.04		3	.07		3	.07		3	.07	
Alappuzha	3	.07		3	.07		5	.11		6	.14		1	.09		1	.09		1	.09		2	.18		3	.07		4	.09		6	.13		4	.09	
Kottayam	3	.07		1	.02		4	.09		1	.02		1	.09		1	.09		1	.09		0	.00		0	.00		3	.07		4	.09		3	.07	
Thrissur	3	.07		3	.07		2	.05		5	.11		1	.09		0	.00		1	.09		1	.09		1	.02		2	.04		5	.11		5	.11	
Guruvayoor	1	.02		1	.02		2	.05		3	.07		0	.00		1	.09		1	.09		0	.00		0	.00		2	.04		3	.07		3	.07	
Palakkad	1	.02		2	.05		2	.05		3	.09		0	.00		0	.00		2	.18		0	.00		3	.07		2	.04		4	.09		2	.04	
Kozhikode	3	.07		2	.05		2	.05		3	.07		1	.09		0	.00		0	.00		2	.18		1	.02		2	.04		3	.07		5	.11	
Total	44			44			44			44			11			11			11			11			45			45			45			45		

Note : No. = Number

Pro = Proportion

Source : Survey data.

TABLE 7.12 B

GROUP-WISE DISTRIBUTION OF THE DOMESTIC TOURISTS AND THEIR PROPORTION IN EACH PREFERENCE TO STAY AT DIFFERENT CENTRES OF TOURISM.

Preferences→ Centres	North Zone												South Zone												Other Zones											
	I			II			III			IV			I			II			III			VI			I			II			III			IV		
	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro	No	Pro				
Thiruvananthapuram	24	.29	17	.21	14	.17	15	.18						15	.30	11	.22	12	.24	12	.24				6	.33	3	.17	3	.17	3	.17				
Kovalam	6	.07	2	.02	8	.10	6	.07						2	.04	2	.04	3	.06	2	.04				1	.06	1	.06	2	.11	2	.11				
Kochi	17	.21	18	.22	12	.15	15	.18						10	.20	13	.26	10	.20	11	.22				4	.22	4	.22	4	.22	4	.22				
Thekkadi	4	.05	4	.05	4	.05	5	.06						2	.04	2	.04	2	.04	2	.04				1	.06	1	.06	1	.06	1	.06				
Kollam	4	.05	3	.04	5	.06	5	.06						1	.02	2	.04	2	.04	2	.04				0	.00	1	.06	1	.06	0	.00				
Alapuzha	2	.02	5	.06	5	.06	5	.06						1	.02	1	.02	1	.02	2	.04				0	.00	1	.06	0	.00	1	.06				
Kottayam	2	.02	5	.06	4	.05	3	.04						2	.04	1	.02	1	.02	5	.10				1	.06	0	.00	1	.06	1	.06				
Thrissur	9	.11	6	.07	8	.10	7	.09						5	.10	5	.10	6	.12	44	.08				2	.11	1	.06	2	.11	1	.06				
Guruvayoor	1	.01	10	.12	6	.07	9	.11						1	.02	3	.06	3	.06	2	.04				0	.00	4	.22	2	.11	2	.11				
Palakkad	4	.05	4	.05	6	.07	5	.06						4	.08	3	.06	3	.06	2	.04				1	.06	1	.06	1	.06	2	.11				
Kozhikode	9	.11	8	.10	10	.12	7	.09						7	.14	7	.14	7	.14	6	.12				2	.11	1	.06	1	.06	1	.06				
Total	82		82		82		82							50		50		50		50					18		18		18		18					

Note : No = Number
 Pro = Proportion
 Source : Survey data.

TABLE 7.13. A

RESULTS OF THE χ^2 TEST FOR TESTING THE SIGNIFICANCE OF THE CENTRES FOR PREFERENCE TO STAY BY THE FOREIGN TOURISTS

Preferences	χ^2 10df (0.05)	Europe	America	Others
		Calculated value of χ^2	Calculated value of χ^2	Calculated value of χ^2
First	18.307	21.0	14.0	40.3
Second	18.307	25.5	10.0	13.4
Third	18.307	17.0	4.0	3.2
Fourth	18.307	10.0	8.0	5.1

Note χ^2 values have been computed with reference to the frequencies in Table 7.12 A.

TABLE 7.13. B

RESULTS OF THE χ^2 TEST FOR TESTING THE SIGNIFICANCE OF THE CENTRES FOR PREFERENCE TO STAY BY THE DOMESTIC TOURISTS

Preferences	χ^2 10df (0.05)	North Zone	South Zone	Other Zones
		Calculated value of χ^2	Calculated value of χ^2	Calculated value of χ^2
First	18.307	68.2	44.6	21.1
Second	18.307	39.8	37.1	11.3
Third	18.307	14.9	30.5	7.7
Fourth	18.307	21.8	30.5	7.7

Note χ^2 values have been computed with reference to the frequencies in Table 7.12 B.

It can be seen from Table 7.12.B that the majority of tourists from North(0.29), South(0.30) and other zones(0.33) gave their first preference to stay at Thiruvananthapuram. Under the second preference, Kochi was preferred by the highest proportion of tourists from North(0.22), South(0.26) and other zones (0.22). Besides Kochi, Guruvayoor also fell under the second preference of tourists from other zones. Thiruvananthapuram got the third preference from the highest proportions of people from North (0.17) and South(0.24). When the majority of the tourists from other zones (0.22) gave third preference to Kochi, under the fourth preference, the maximum tourists from North (0.18) and South (0.24) gave preference to Thiruvananthapuram. Kochi was preferred by the largest proportion of people from other zones (0.22) under the fourth preference.

The results of the χ^2 test (Table 7.13.A) show that centres are significant for the first preference of tourists from Europe and other countries and the second preference of tourists from Europe since the computed values of χ^2 (21.0, 40.3 and 25.5) are greater than the table value (table values of χ^2 with 10df at 0.05 level of significance is 18.307). Similarly centres are significant for the first preference of domestic tourists from North, South and other Zones, second preference of tourists from North and South, third preference of tourists from South and fourth preference of tourists from North and South. since the respective computed values of χ^2 (68.2, 44.6, 21.1, 39.8, 37.1, 30.5, 21.8 and 30.5) are greater than the table value (table value of χ^2 with 10 df at 0.05 level of significance is 18.307) (Table 7.13.B).

7.11 Number of Days of Stay

The number of days of stay in Kerala preferred by the foreign and domestic tourists is indicated by Table 7.14.A and 7.14.B respectively. Table 7.14.A

TABLE 7.14. A
DISTRIBUTION OF THE FOREIGN TOURISTS BASED ON THE NUMBER OF DAYS OF
STAY PREFERRED IN KERALA

Country	Number of days of stay				Total
	< 10	10-20	20-30	> 30	
U.K	2 <i>11.76</i>	4 <i>23.53</i>	8 <i>47.06</i>	3 <i>17.65</i>	17 <i>100</i>
Germany	2 <i>18.18</i>	3 <i>27.28</i>	5 <i>45.45</i>	1 <i>9.09</i>	11 <i>100</i>
France	1 <i>11.11</i>	5 <i>55.57</i>	2 <i>22.22</i>	1 <i>11.11</i>	9 <i>100</i>
R.O.E	1 <i>14.29</i>	2 <i>28.57</i>	3 <i>42.85</i>	1 <i>14.29</i>	7 <i>100</i>
America	1 <i>9.09</i>	4 <i>36.36</i>	5 <i>45.46</i>	1 <i>9.09</i>	11 <i>100</i>
Japan	3 <i>37.5</i>	2 <i>25.0</i>	2 <i>25.0</i>	1 <i>12.5</i>	8 <i>100</i>
Others	2 <i>5.41</i>	12 <i>32.43</i>	15 <i>40.54</i>	8 <i>21.62</i>	37 <i>100</i>
Total	12 <i>12</i>	32 <i>32</i>	40 <i>40</i>	16 <i>16</i>	100 <i>100</i>

Note : Figures in italics indicate the percentage to total of the concerned country

Source : Survey data.

TABLE 7.14. B
DISTRIBUTION OF THE DOMESTIC TOURISTS BASED ON THE NUMBER OF DAYS OF
STAY PREFERRED IN KERALA

Region	Number of days of stay				Total
	< 10	10-20	20-30	> 30	
North	18 <i>60</i>	9 <i>30</i>	3 <i>10</i>	- <i>-</i>	30 <i>100</i>
Central	11 <i>55</i>	7 <i>35</i>	2 <i>10</i>	- <i>-</i>	20 <i>100</i>
East	9 <i>52.94</i>	5 <i>29.41</i>	3 <i>17.65</i>	- <i>-</i>	17 <i>100</i>
West	8 <i>53.33</i>	6 <i>40</i>	1 <i>6.67</i>	- <i>-</i>	15 <i>100</i>
South	36 <i>72</i>	11 <i>22</i>	3 <i>6</i>	- <i>-</i>	50 <i>100</i>
Others	13 <i>72.22</i>	4 <i>22.22</i>	1 <i>5.56</i>	- <i>-</i>	18 <i>100</i>
Total	95 <i>63.33</i>	42 <i>28</i>	13 <i>8.67</i>	- <i>-</i>	150 <i>100</i>

Note : Figures in italics indicate the percentage to total of the concerned region.

Source : Survey data.

reveals that the maximum foreign tourists (40 per cent) prefer to stay in Kerala for 20 to 30 days followed by 32 per cent, whose preferences is for 10 to 20 days. The minimum number of persons (12 per cent) prefer to stay for less than ten days. In other words 10 to 30 days of stay is preferred by 72 per cent, foreign tourists. There are sixteen percentage of the foreign tourists who prefer to stay for more than 30 days.

Whereas 63.33 per cent of the domestic tourists prefer less than ten days of stay in Kerala (Table 7.14.B) followed by 28 percent whose preference is between 10 and 20 days. There are none who prefer more than 30 days of stay. In other words, 91.33 per cent of the domestic tourists belong to the preference group of 1 to 20 days and only 8.67 percent belong to the group of 20-30 days of stay.

7.12 Satisfaction Index

Guest satisfaction is the essence of the hotel and tourism industry. An attempt was made to analyse the customer satisfaction in respect of ten selected factors. The tourists were asked to indicate their level of satisfaction against each factor, such as excellent, good, satisfactory and unsatisfactory. The frequencies against each level of satisfaction for each factor, so obtained, is shown in Table 7.15.

As disclosed by Table 7.15, reasonableness of cost of food, taste and variety of food, tourist information counters and tourist guidance facilities are the four factors against which the highest frequencies of foreign tourists are found under the heads excellent; good satisfactory and unsatisfactory respectively. In the case of domestic tourists, cleanliness and hygiene in hotel, taste and variety of food, behaviour of the host people and transport facilities are the top ranking factors under the respective level of satisfaction. For objective analysis these

TABLE 7.15

FACTOR-WISE LEVEL OF SATISFACTION DERIVED BY THE FOREIGN AND DOMESTIC TOURISTS

Sl No	Factors	Foreign tourists					Domestic tourists				
		Excellent	Good	Satisfactory	Unsatisfactory	Total	Excellent	Good	Satisfactory	Unsatisfactory	Total
1	Facilities in hotel	6	23	28	43	100	14	38	51	47	150
2	Taste and variety of food	23	56	16	5	100	33	71	32	14	150
3	Reasonableness of cost of food	61	23	14	2	100	21	37	46	46	150
4	Cleanliness and hygiene in hotels	28	41	23	8	100	53	51	35	11	150
5	Tourist guidance facilities	-	9	37	54	100	8	18	40	84	150
6	Tourist information counters	3	10	42	45	100	12	27	37	74	150
7	Transport facilities	2	15	36	47	100	5	15	39	91	150
8	Security measures in the state	21	40	28	11	100	49	28	48	25	150
9	Experience in shopping	20	36	26	18	100	9	20	49	72	150
10	Behaviour of host people	34	31	21	14	100	47	35	60	8	150

Source : Survey data

TABLE 7.16
FACTOR-WISE SATISFACTION INDEX AND THEIR RANKS INTER SE

Factors	Foreign Tourists		Domestic Tourists	
	Satisfaction Index	Rank	Satisfaction Index	Rank
Facilities in a hotel	1.92	7	2.13	6
Taste and variety of food	2.97	2	2.82	2
Reasonableness of the cost of food	3.43	1	2.22	5
Cleanliness and hygiene in hotels	2.89	3	2.97	1
Tourist guidance facilities	1.55	10	1.67	9
Tourist information counters	1.71	9	1.85	7
Transport facilities	1.72	8	1.56	10
Security measures in the state	2.71	5	2.67	4
Experience in shopping	2.58	6	1.77	8
Behaviour of host people	2.85	4	2.81	3

Source : Survey data.

Note : Formula applied for calculating satisfaction index (S.I)

$$S.I_i = \frac{\sum m_j n_j}{N} \quad \text{--- Where}$$

S.I_i - Satisfaction index for the ith factor.

m_j - Numerical value for a particular level of satisfaction for the ith factor.

n_j - Number of respondents deriving the particular level of satisfaction for the ith factor.

N = Total number of respondents for that factor for all levels of satisfaction.

TABLE 7.17.A

DISTRIBUTION OF THE FOREIGN TOURISTS BASED ON THEIR PREFERENCE TO THE CATEGORY OF HOTEL ACCOMMODATION.

Nationality	5 Star Deluxe	5 Star	4 Star	3 Star	2 Star	1 Star	Non- Star	Total
U.K.	2 <i>11.76</i>	3 <i>17.65</i>	3 <i>17.65</i>	4 <i>23.53</i>	2 <i>11.76</i>	1 <i>5.88</i>	2 <i>11.77</i>	17 <i>100</i>
Germany	1 <i>9.09</i>	3 <i>27.27</i>	1 <i>9.09</i>	3 <i>27.27</i>	2 <i>18.18</i>	-	1 <i>9.09</i>	11 <i>100</i>
France	-	1 <i>11.11</i>	2 <i>22.22</i>	4 <i>44.44</i>	1 <i>11.11</i>	-	1 <i>11.11</i>	9 <i>100</i>
R.O.E	1 <i>14.29</i>	1 <i>14.29</i>	-	3 <i>42.86</i>	1 <i>14.28</i>	-	1 <i>14.28</i>	7 <i>100</i>
America	1 <i>9.09</i>	2 <i>18.18</i>	1 <i>9.09</i>	3 <i>27.27</i>	2 <i>18.18</i>	1 <i>9.09</i>	1 <i>9.09</i>	11 <i>100</i>
Japan	1 <i>12.5</i>	2 <i>25</i>	1 <i>12.5</i>	2 <i>25</i>	1 <i>12.5</i>	-	1 <i>12.5</i>	8 <i>100</i>
Others	3 <i>8.11</i>	6 <i>16.22</i>	7 <i>18.92</i>	9 <i>24.32</i>	5 <i>13.51</i>	2 <i>5.41</i>	5 <i>13.51</i>	37 <i>100</i>
Total	9 <i>9</i>	18 <i>18</i>	15 <i>15</i>	28 <i>28</i>	14 <i>14</i>	4 <i>4</i>	12 <i>12</i>	100 <i>100</i>

Note : Figures in italics indicate the percentage to total of the nationality concerned.

Source : Survey data

TABLE 7.17.B

DISTRIBUTION OF THE DOMESTIC TOURISTS BASED ON THEIR PREFERENCE TO THE CATEGORY OF HOTEL ACCOMMODATION.

Region	5 Star Deluxe	5 Star	4 Star	3 Star	2 Star	1 Star	Non- Star	Total
North	-	1 <i>3.33</i>	1 <i>3.33</i>	2 <i>6.67</i>	6 <i>20</i>	3 <i>10</i>	17 <i>56.67</i>	30 <i>100</i>
Central	-	1 <i>5</i>	1 <i>5</i>	2 <i>10</i>	7 <i>35</i>	3 <i>15</i>	6 <i>30</i>	20 <i>100</i>
East	-	-	1 <i>5.88</i>	1 <i>5.88</i>	3 <i>17.65</i>	2 <i>11.76</i>	10 <i>58.82</i>	17 <i>100</i>
West	-	1 <i>6.67</i>	1 <i>6.67</i>	2 <i>13.33</i>	6 <i>40</i>	1 <i>6.67</i>	4 <i>26.66</i>	15 <i>100</i>
South	-	-	1 <i>2</i>	3 <i>6</i>	6 <i>12</i>	3 <i>6</i>	37 <i>74</i>	50 <i>100</i>
Others	-	-	1 <i>5.55</i>	2 <i>11.11</i>	5 <i>27.78</i>	3 <i>16.67</i>	7 <i>38.89</i>	18 <i>100</i>
Total	-	3 <i>2</i>	6 <i>4</i>	12 <i>8</i>	33 <i>22</i>	15 <i>10</i>	81 <i>54</i>	150 <i>100</i>

Note : Figures in italics indicate the percentage to total of the nationality concerned.

Source : Survey data

TABLE 7.18

RESPONSE OF THE TOURISTS REGARDING THE PROMPTNESS OF SERVICES IN OTELS

Category of the Tourists	Getting Prompt Services	Not Getting Prompt Services	Total
Foreign Tourists	38 (38.00)	62 (62.00)	100 (100)
Domestic Tourists	46 (30.67)	104 (69.33)	150 (100)

Note : Figures in parenthesis indicate the percentage to total.

Source : Survey data.

TABLE 7.19

DISTRIBUTION OF THE TOURISTS IN DIFFERENT WAITING TIME CLASSES FOR DIFFERENT SERVICES IN HOTELS.

Duration of waiting time (in minutes)	Mean waiting time	Check-in		Check-out		Room-Service		Catering	
		Fore-ign	Dom-estic	Fore-ign	Dom-estic	Fore-ign	Dom-estic	Fore-ign	Dom-estic
< 15	7.5	15 <i>24.19</i>	26 <i>25</i>	8 <i>12.90</i>	23 <i>22.11</i>	10 <i>16.13</i>	16 <i>15.38</i>	17 <i>27.42</i>	23 <i>22.12</i>
15-30	22.5	41 <i>66.13</i>	49 <i>47.11</i>	41 <i>66.13</i>	56 <i>53.85</i>	37 <i>59.68</i>	59 <i>56.73</i>	38 <i>61.29</i>	62 <i>59.61</i>
30-45	37.5	6 <i>9.68</i>	29 <i>27.89</i>	13 <i>20.97</i>	25 <i>24.04</i>	15 <i>24.19</i>	29 <i>27.89</i>	7 <i>11.29</i>	19 <i>18.27</i>
Total	-	62 <i>100</i>	104 <i>100</i>	62 <i>100</i>	104 <i>100</i>	62 <i>100</i>	104 <i>100</i>	62 <i>100</i>	104 <i>100</i>

Note : Figures in italics indicate the percentage to total tourists who had to wait for different intervals of time

Source : Survey data

qualitative gradings were converted into quantitative terms. Numerical values were assigned for the four levels of satisfaction which were four, three, two and one for excellent, good, satisfactory and unsatisfactory respectively. The product of the frequencies under each level of satisfaction and the numerical value of the relevant level of satisfaction for each factor is obtained. The sum of the products under the different levels of satisfaction for each factor is then divided by the sum of the frequencies of the relevant factor to arrive at the satisfaction index. Satisfaction indices so calculated for the four factors separately for foreign and domestic tourists are shown in Table 7.16, along with the rank of each factor.

In order to highlight the factors that are of least satisfaction to the foreign and domestic tourists, the actual satisfaction index against each factor is compared with the average satisfaction index expected which ought to be the average of the sum of the numerical values of the four levels of satisfaction i.e., 2.5. Those factors whose satisfaction indices are less than 2.5 require immediate and special attention for corrective measures.

It can be seen from Table 7.16 that the tourist guidance facilities (1.55), tourist information centres (1.71), transport facilities (1.72) and facilities in hotels (1.92) are the factors that remain much below the average satisfaction index expected by the foreign tourists. In the case of the domestic tourists factors like the transport facilities (1.56), tourist guidance facilities (1.67), experience in shopping (1.77), tourist information centres (1.85), facilities in hotels (2.13) and reasonableness of cost of food (2.22) have not reached the expected average satisfaction index. Our effort should be to adopt corrective measures for improvement of the above facilities first and continue to improve the existing standards of all the factors.

TABLE 7.20
MEAN WAITING TIME FOR DIFFERENT SERVICES IN HOTELS

Services	Waiting time (in minutes)	
	Foreign Tourists	Domestic Tourists
	MWT(f)	MWT(d)
Check-in	20.32	23.60
Check-out	23.71	23.84
Room-service	23.71	24.50
Catering	20.08	22.64

Note : MWT(f) = Mean Waiting Time for the foreign tourists.

MWT(d) = Mean Waiting Time for the domestic tourists

Source : Survey data

7.13 Category of Hotel Accommodation Preferred

The category of hotel accommodation preferred by foreign and domestic tourists are depicted in Tables 7.17A and 7.17B, respectively. It can be seen from Table 7.17A that the maximum number of foreign tourists (28 per cent) prefer 3 star category followed by 5 star (18 percent) and the minimum (4 per cent) prefer one star category. Country-wise analysis shows that it was from France that the maximum (44.44 per cent) foreign tourists preferred 3 star hotels. Minimum demand in this category was from the U.K. (23.53 per cent).

The maximum domestic tourists (54 per cent) prefer to stay in non-star category and the minimum (2 per cent) to stay in 5 star category (Table 7.17B). Five star deluxe type was not preferred by any one. Region-wise analysis reveals that the highest percentage (54 per cent) of domestic tourists from south preferred non-star accommodation.

7.14 Promptness of Services in Hotels

It is very often complained by both foreign and domestic tourists that they do not get prompt services from hotels. The analysis of the responses of the tourists during the primary survey reveals the following details. Only 38 per cent foreign tourists and 30.67 per cent domestic tourists got prompt services from hotels (Table 7.18). The remaining tourists had to wait for different intervals of time for different services. This is analysed and shown in Table 7.19. As per Table 7.19 the maximum proportions of the foreign tourists who have waited for 15-30 minutes were 66.13 per cent for check-in, 66.13 per cent for check-out, 59.68 per cent for room services and 61.29 per cent for catering respectively. In the case of the domestic tourists respective proportion were 47.11 per cent, 53.85 per cent, 56.73 per cent and 59.61 per cent. Among the foreign and domestic tourists in this time interval the percentage share of the foreign tourists was more than the domestic tourists in respect of all the services.

With the help of Table 7.19 the mean-waiting time for different services was calculated and shown in Table 7.20.

Method used

Mean waiting time for each service, separately for foreign and domestic tourists, was calculated using the following formula.

$$\text{MWT}(f_1) = \frac{(F_1t_1 + F_2t_2 + F_3t_3)}{N}$$

where,

MWT(f_1) = Mean waiting time for foreign tourists for the first service.

F_1, F_2, F_3 = The number of foreign tourists for the first service in the first, second and third time-interval respectively.

t_1, t_2, t_3 = The average of the first, second and third time-interval respectively, and,

N = Total foreign tourists for all the three time intervals together.

Similarly, the mean waiting time for the second, third and fourth services was calculated. Same method was used to calculate the mean waiting time for domestic tourists too.

The mean-waiting time for various services ranges between 20 to 25 minutes for both the foreign and the domestic tourists. The mean-waiting time calculated for the domestic tourists was more than that of the foreign tourists for all the services. In the case of the foreign tourists the maximum time (23.71 minutes) was shown against check-out and room-services and the minimum (20.08 minutes) for catering services. Regarding the domestic tourists the maximum average waiting time (24.50 minutes) was denoted against room-service and the minimum (22.64) for catering services. Both the foreign and domestic tourists had pointed out minimum time for catering service out of the four services.

7.15 Facilities in a Hotel-Demand Side and Supply Side.

It is an often heard complaint that many of the facilities demanded by the tourists are not available in the hotels in Kerala. This creates unsatisfied customers who may turn to be a hazard to tourism promotion in Kerala. Hence an attempt is made to analyse the demand side and supply side of various facilities of tourist interest.

7.15.1 *Demand Side*

The facilities generally demanded by the tourists and supply of these facilities by the respondent hotels were obtained through primary survey. The 40 facilities generally demanded by tourists and their availability in different categories of hotels are shown in Table 7.21. The facilities are arranged in the order of preference by the highest proportion of foreign tourists. It can be seen that the facilities at serial numbers 1 to 18 - restaurant, round the clock coffee bar, attached bar, travel agency, laundry, P&T, telephone in rooms, refrigerator in rooms, T V , star T V. etc. in rooms channel music, baking, currency conversion, visa and other travel requirements, acceptance of credit cards/cheques, baby sitters, shopping arcade, book stall and reading room and lift services - are preferred by all the foreign tourists. Facilities like boating, tour arrangements, air line counters, radio in rooms, medical facilities and sports, camel and horse races (serial numbers 19 to 24) are preferred by 90 to 100 per cent foreign tourists. Eighty to ninety per cent foreign tourists require centrally air-conditioned rooms, banquet hall, conference hall, car rental, beauty saloon and boutique (serial numbers 25 to 30). Facilities viz., swimming pool, yoga centre, massage centre, car parking, telex and photo copying, fax and safety lockers are demanded by 70 to 80 per cent of the foreign tourists (serial numbers 31 to 37). While health club and hair dressing (serial numbers 38 and 39) are demanded by 60 to 70 per cent, self driven cars (serial number 40) are preferred by 50 to 60 per cent of them. Thus it is evident that all the facilities enumerated in the Table are demanded by the majority of the foreign tourists.

TABLE 7.21

DEMAND FOR VARIOUS HOTEL FACILITIES BY THE FOREIGN AND DOMESTIC TOURISTS AND THEIR SUPPLY BY DIFFERENT CATEGORIES OF HOTELS

Sl. No	Facility	Demand by Tourists		Supply by Respondent Hoels																
		% range of foreign tourists who demand each facility	% range of domestic tourists who demand each facility	Five Star			Three Star			Two Star			One Star			Others			Total	
				No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No
1.	Restaurant	100	100	2	100	9	100	15	100	2	100	20	100	91	48	96				
2.	Round the clock coffee bar	100	60-70	2	100	5	56	8	53	0	00	4	18	19	38					
3.	Attached bar	100	90-100	2	100	8	89	9	60	0	00	12	55	31	62					
4.	Travel agency	100	60-70	1	50	5	56	8	53	1	50	8	36	23	46					
5.	Laundry	100	60-70	2	100	9	100	15	100	2	100	21	95	49	98					
6.	P&T	100	80-90	2	100	0	0	2	13	0	00	1	5	5	10					
7.	Telephone in rooms	100	60-70	2	100	9	100	15	100	2	100	19	86	47	94					
8.	Refrigerator in rooms	100	60-70	2	100	9	100	8	53	0	00	2	09	21	42					
9.	T.V. Star T.V. etc. in rooms	100	70-80	2	100	9	100	15	100	1	50	15	68	42	84					
10.	Channel Music	100	80-90	2	100	9	100	11	73	1	50	10	45	33	66					
11.	Banking	100	40-50	1	50	2	22	3	20	0	00	4	18	10	20					
12.	Currency Conversion	100	0-10	2	100	8	89	10	67	1	50	2	9	23	46					
13.	Visa & Other Travel requirements	100	20-30	0	00	4	44	6	40	1	50	1	5	12	24					
14.	Acceptance of credit cards/Cheques	100	60-70	2	100	8	89	14	93	1	50	8	36	33	66					
15.	Baby sitter	100	40-50	1	50	0	0	2	13	1	50	1	05	5	10					
16.	Shopping Arcade	100	30-40	2	100	2	22	2	13	0	00	.4	18	10	20					
17.	Book stall & reading room	100	80-90	2	100	3	33	2	13	0	00	0	00	7	14					
18.	Lift Services	100	90-100	2	100	7	78	11	73	1	50	9	40	30	60					
19.	Boating	90-100	70-80	2	100	2	22	1	7	0	00	0	00	5	10					

(Contd

Sl. No	Facility	Demand by Tourists		Supply by Respondent Hoels											
		% range of foreign tourists who demand each facility	% range of domestic tourists who demand each facility	Five Star		Three Star		Two Star		One Star		Others		Total	
				No	%	No	%	No	%	No	%	No	%	No	%
20.	Tour arrangements	90-100	60-70	2	100	7	78	9	60	0	00	9	40	27	54
21.	Airline Counter	90-100	10-20	0	0	0	0	0	00	0	00	0	00	0	00
22.	Radio in rooms	90-100	80-90	2	100	6	67	5	33	1	50	8	36	22	44
23.	Medical facilities	90-100	40-50	1	50	4	44	0	00	0	00	2	09	7	14
24.	Sports, Camel & Horse races	90-100	40-50	0	0	0	0	2	13	0	00	0	00	2	04
25.	Centrally airconditioned rooms	80-90	10-20	2	100	8	89	5	33	1	50	2	9	18	36
26.	Banquet hall	80-90	90-100	2	100	8	89	12	80	2	100	5	23	29	58
27.	Conference hall	80-90	90-100	2	100	9	100	12	80	2	100	15	68	40	80
28.	Car rental	80-90	50-60	2	100	6	67	11	73	2	100	11	50	32	64
29.	Beauty saloon	80-90	10-20	1	50	4	44	3	20	0	00	3	14	11	22
30.	Boutique	80-90	20-30	0	0	2	22	2	13	0	00	2	09	6	12
31.	Swimming pool	70-80	10-20	2	100	4	44	0	00	0	00	0	00	6	12
32.	Yoga centre	70-80	10-20	2	100	1	11	0	00	1	50	1	05	5	10
33.	Massage centre	70-80	10-20	1	50	3	33	1	07	0	00	1	05	5	10
34.	Car parking	70-80	80-90	2	100	8	89	15	100	2	100	18	82	45	90
35.	Telex and Photo copying	70-80	50-60	2	100	7	78	8	53	1	50	5	23	23	46
36.	Fax	70-80	50-60	2	100	7	78	5	33	1	50	6	28	21	42
37.	Safety lockers	70-80	0-10	2	100	9	100	10	67	1	50	10	45	32	64
38.	Health club	60-70	10-20	1	50	3	33	0	00	0	00	1	05	5	10
39.	Hair dressing	60-70	10-20	2	100	3	33	4	27	0	00	3	14	12	24
40.	Self driven cars	50-60	20-30	0	0	0	0	0	00	0	00	0	00	0	00

Source : Survey data.

In the case of the domestic tourists it is seen that only the first facility viz. 'restaurant' is demanded by all the domestic tourists. Facilities at serial 3,18,26 and 27 (attached bar, lift services banquet hall and conference hall) are the items demanded by the domestic tourists in the range of 90-100 per cent. Tourists in the range of 80-90 per cent are in demand of facilities at serial 6, 10, 17, 22 and 34 (P&T, channel music book stall and reading room, radio in rooms and car parking respectively). Facilities at serial 9 and 19 (T.V/star T.V. in rooms and boating) are preferred by 70-80 per cent, serial numbers 2, 4, 5, 7, 8, 14 and 20 (round the clock coffee bar, travel agency, laundry, telephone in rooms, refrigeration in rooms acceptance of credit cards and tour arrangements) by 60-70 per cent, and facilities like car rental (28) telex/photocopying (35) and fax (36) are preferred by the domestic tourists in the range of 50-60 per cent. Facilities demanded by the major proportion of the domestic tourists are 22 in number and the remaining 18 facilities are demanded by less than 50 per cent of them.

6.15.2 *Supply Side*

The results of the analysis of the primary survey relating to accommodation preference of the foreign tourists revealed that 70 per cent of them prefer to stay in three star and above categories of hotels (Table 7.17.A). But facilities like visa and other travel requirements (No.13) air line counter (No.21) sports, camel and horse races (No.44) boutique (No.30) and self driven cars (No.40) are not available even in the 5 star hotels of Kerala. Facilities such as travel agency (No.4) banking (No.11). Baby sitter (No.15) medical facilities (No.23), Beauty saloon (No.29) massage centre (No.33) and health club (No.38) are available only in one (50 per cent) five star hotel. Remaining 28 facilities are available in both the five star hotels in Kerala .

In the three star hotels, facilities like restaurant, laundry, telephone in rooms, refrigerator in rooms, T.V, star T.V etc., in rooms, channel music, conference hall, and safety lockers are available in all the samples. Attached bar, currency conversion, acceptance of credit cards/cheques, centrally air-conditioned rooms, banquet hall, and car parking are available in 89 per cent of the three star hotels. Facilities such as lift services, tour arrangements, telex and photo copying, and fax are available in 78 per cent and facilities like radio in rooms and car rental are available in 67 per cent of the three star hotels. Round the clock coffee bar and travel agency are available in 56 per cent of the samples. Facilities such as banking, visa and other travel requirements, shopping arcade, book stall and reading room, boating, medical facilities, beauty saloon, boutique, swimming pool, yoga centre, massage centre, health club and hair dressing are available only in less than 50 per cent of the three star hotels. And facilities like P&T, baby sitter, air line counter, sports, camel and horse races and self driven cars are not available in any of the three star hotels surveyed (Table 7.21).

As regards the two star hotels, facilities such as restaurant, laundry, telephone in rooms, T.V, star T.V etc. in rooms and car parking are available in all the fifteen samples and acceptance of credit cards/cheques in 93 per cent of the samples. Eighty per cent of the two star hotels have banquet halls and conference halls, 73 per cent have channel music, lift services and car rental, 60 - 70 per cent have facilities such as attached bar, currency conversion, tour arrangements and safety lockers, while 50 - 60 per cent have facilities viz round the clock coffee bar, travel agency, telephone in rooms and telex and photo copying. None of the two star hotels have facilities like air line counter, medical facilities, swimming pool, yoga centre, health club and self driven cars. Remaining fifteen facilities such as P&T, banking, visa and other travel requirements, baby sitter, shopping arcade,

book stall and reading room, boating, radio in rooms, sports, camel and horse races, centrally air-conditioned rooms, beauty saloon, boutique, massage centre, fax and hair dressing are available only in less than 50 per cent of the samples.(Table 7.21).

In the one star hotels under study, all of them are having facilities like restaurant, laundry, telephone in rooms, banquet halls, conference halls and car parking. Fifty per cent of the samples have facilities such as travel agency, T.V, star T.V etc. in rooms, channel music, currency conversion, visa and other travel requirements, acceptance of credit cards/cheques, baby sitter, lift services, radio in rooms, centrally air- conditioned rooms, yoga centre, telex and photo copying, fax and safety lockers. Other facilities are not available in any of the one star hotels(Table 7.21)

It is also discernible that none of the facilities has full representation in any of the non star hotels under survey (Table 7.21). Facilities such as restaurant and laundry are available in 90 - 100 per cent of the samples. Telephone in rooms and car parking are available in 80 - 90 per cent of the samples. While 68 per cent of the non-star hotels have facilities such as T.V, star T.V etc. in rooms and conference halls, 50 - 60 per cent hotels have attached bar and car rental facilities. Facilities viz. book stall and reading room, boating, air line counter, sports, camel and horse races, swimming pool and self driven cars are not available in any of the 22 non star hotels surveyed. The remaining 26 facilities are available in less than 50 per cent of the samples(Table 7.21)

From the foregoing analyses it can be understood that all the 40 facilities under study are demanded by a good majority of the foreign tourists, but even the top category of hotels failed in meeting their demands to the fullest extent.

Facilities like air line counter (21), sports, camel and horse races (24) and self driven cars (40) are not available even in the five star and three star hotels in Kerala. The availability of the facilities demanded by more than 50 per cent of the domestic tourists was as follows. The facilities like book stall and reading room (17) and boating (19) were available only in a small proportion of the respondent three star hotels (33 per cent and 22 per cent respectively). Similarly, in the case of the two star hotels, facilities such as P & T (6), book stall and reading room (17), boating (19), radio in rooms (22) and fax (36) are available only in a small percentage of hotels (13 per cent, 13 per cent, 7 per cent, 33 per cent and 33 per cent respectively). Regarding the respondent one star hotels, facilities such as round the clock coffee bar (2), attached bar (30), P & T (6), refrigerator in rooms(8), book stall and reading room (17), boating and tour arrangement (20) are not available in any of the one star hotels. In the case of the non-star hotels, facilities like book stall and reading room (17) and boating (19) are not available in any of them. The facilities viz. round the clock coffee bar (2), travel agency (4), P & T (6), refrigerator in rooms(8), channel music (10), acceptance of credit cards/cheques(14), lift services(18), tour arrangements(20), radio in rooms (22), banquet hall (26), telex and photocopying (35) and fax (36) are available only in less than 50 per cent of the non-star hotels.

Conclusion

The emphasis on tourism promotion in Kerala should be to attract high-spending tourists in order to maximise the foreign exchange earnings through promotion of tourism. At the same time domestic tourists can not be overlooked. Hence a balanced development of foreign and domestic tourism will be ideal.

Since scenic and natural beauty of Kerala is accepted by both foreign and domestic tourists as the most important factor of attraction and since each and every tourist spot of Kerala is known for its natural beauty, there is every scope for accelerated tourism development in Kerala. There is no other state in India where foreign tourists like to stay for 10 to 30 days and even more when the estimated average length of stay of foreign tourists in India was 27.9 days in 1992. The tourists as a whole have marked Kochi as the centre where they like to stay in Kerala. It is found that Kochi is the only centre where growth in all the categories of hotels and in all the three variables viz. number of hotels, room capacity and bed capacity, has taken place. If we succeed in bringing growth in the hotel industry on a similar pattern in other tourist centres also, definitely there will be continuous flow of tourists, who will stay for longer number of days and spend more money.

7.16 Survey of the Hotel Establishments.

The results of the survey in respect of the 50 hotel establishments of different categories give light to the following valuable informations.

7.16.1 *Year of Establishment*

Based on the year of establishment the respondent hotels are grouped as shown in Table 7.22. It is discernible from Table 7.22 that 42 per cent of the hotels had been established prior to 1980 and 58 per cent during post 1980 period. In the former group 4 per cent of the hotels, the minimum, had been established prior to 1960 and the maximum, i.e., 7 (14 per cent) during 1971 - '75. Among those in the latter group the maximum (24 per cent) and the minimum (12 per cent)

TABLE 7.22

CENTRE-WISE DISTRIBUTION OF THE RESPONDENT HOTELS BASED ON THEIR PERIOD OF ESTABLISHMENT

Sl. No	Centre	P E R I O D												Total				
		Up to 1960		1961-65		1966-70		1971-75		1976-80		1981-85		1986-90		After 1990		
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
1.	Thiruvananthapuram	1	50							1	20	2	18.18	2	16.67	-	6	12
		18.67								16.67	33.33	33.33		33.33		100		
2.	Kovalam							1	14.29	1	20						2	4
								50		50							100	
3.	Kochi	1	50	3	100	3	75	3	42.86	2	40	3	27.28	7	58.33	3	25	50
		4		12		12		12		8		12		28		12	100	
4.	Thekkadi			1	25												1	2
				100													100	
5.	Kollam							1	14.28								1	2
								100									100	
6.	Alappuzha							1	14.29								1	2
								100									100	
7.	Kottayam							1	14.28								1	2
								100									100	
8.	Thrissur											2	18.18	2	16.67	1	5	10
												40		40		20	100	
9.	Guruvayoor									1	20	1	9.09	1	8.33		3	6
										33.33	33.33	33.33		33.34		100		
10.	Palakkad											2	18.18				2	6
												100					100	
11.	Kozhikode											1	9.09			2	3	4
												33.33				66.67	100	
	Total	2	100	3	100	4	100	7	100	5	100	11	100	12	100	6	50	100
		4		8		8		14		10		22		24		12*	100	

Note : Figures in italics give the percentage to total of the concerned centre.
Source : Survey data.

had their inception during 1986 - '90 and after 1990 respectively. It can be further seen that the minimum hotels, i.e., 2 (4 per cent) were established during the period up to 1960, one each in Kochi and Thiruvananthapuram. All the three hotels established during 1961 - '65 were in Kochi. The maximum (24 per cent) hotels were established during 1986 -'90. And Kochi is the only centre where hotels had been established during all the five year periods as shown in Table 7.22.

7.16.2 *Centre-wise and Category-wise Classification of Respondent Hotels*

Among the star category the maximum hotels (30 per cent) were from 2 star category and the minimum (4 per cent) from one star and five star category each (Table 7.23). Proportion of the non-star category was 44 per cent to the total number of hotels. Of the two five star hotels one was in Kochi and the other in Kovalam. Among the three star, two star, one star, others and total hotels the highest proportions (55.56 per cent, 40 per cent, 50 per cent, 54.54 per cent and 50 per cent respectively) were from Kochi. In the category of one star hotels Guruvayoor had equal share (50 per cent) as that of Kochi.

Out of the 50 hotels surveyed the maximum number of hotels (48) located near bus terminals followed by 45 hotels near railway stations, and 26 hotels near the air ports. The one hotel in the suburb was a two star hotel. (Table 7.24). Different ranges of distance from the airport, railway station and bus terminal to the respondent hotels are given in Table 7.25. The maximum number of hotels (90 per cent) have only a distance upto 5 kilometres from the railway station and bus terminals and the highest proportion of (28 per cent) hotels are within the distance range of 5 to 10 kilometres from the airport. There is only one hotel located within the distance range of 75 to 100 kilometres from the airport as well as the railway station.

TABLE 7.23

CENTRE-WISE AND CATEGORY-WISE DISTRIBUTION OF THE RESPONDENT HOTELS

Sl. No	Centre	Five Star		Three Star		Two Star		One Star		Others		Total					
		C		A		T		E		G		O		R		Y	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1.	Thiruvananthapuram			3 50	33.33	1 16.67	6.67					2 33.33	9.09	6 100		12	
2.	Kovalam	1 50	50			1 50	6.67							2 100		4	
3.	Kochi	1 4	50	5 20	55.56	6 24	40.00	1 4	50			12 48	54.54	25 100		50	
4.	Thekkadi					1 100	6.67							1 100		2	
5.	Kollam											1 100	4.54	1 100		2	
6.	Alappuzha					1 100	6.67							1 100		2	
7.	Kottayam					1 100	6.67							1 100		2	
8.	Thrissur					2 40	13.33					3 60	13.64	5 100		10	
9.	Guruvayoor					1 33.33	6.66	1 33.33	50			1 33.34	4.55	3 100		6	
10.	Palakkad			1 50	11.11							1 50	4.55	2 100		4	
11.	Kozhikode					1 33.33	6.66					2 66.67	9.09	3 100		6	
	Total	2 4	100	9 18	100	15 30	100	2 4	100		22 44	100	50 100		100		

Note: Figures in italics give the percentage to total of the concerned centre.

Source: Survey data

TABLE 7.24
CATEGORY-WISE DISTRIBUTION OF THE RESPONDENT HOTELS ON
THE BASIS OF THEIR LOCATION.

Location	Five Star	Three Star	Two Star	One Star	Others	Total
Suburb	-	-	1	-	-	1
	-	-	<i>100</i>	-	-	<i>100</i>
Near Airport	2	8	7	1	8	26
	<i>7.69</i>	<i>30.77</i>	<i>26.92</i>	<i>3.85</i>	<i>30.77</i>	<i>100</i>
Near Railway Station	1	9	12	2	21	45
	<i>2.22</i>	<i>20</i>	<i>26.67</i>	<i>4.44</i>	<i>46.67</i>	<i>100</i>
Near Port	1	5	5	1	3	15
	<i>6.67</i>	<i>33.33</i>	<i>33.33</i>	<i>6.67</i>	<i>20</i>	<i>100</i>
Near Bus Terminal	2	9	14	2	21	48
	<i>4.17</i>	<i>18.75</i>	<i>29.17</i>	<i>4.16</i>	<i>43.75</i>	<i>100</i>
Near Beach	1	-	1	-	-	2
	<i>50</i>	-	<i>50</i>	-	-	<i>100</i>

Note : Figures in italics indicate the percentage to total hotels of the concerned location.

Source : Survey data.

TABLE 7.25
DISTANCE RANGE OF THE RESPONDENT HOTELS TO THE
THREE TRANSPORT TERMINALS.

Range of distance in kilo meters	Airport		Railway Station		Bus Terminal	
	No.	Percent	No.	Percent	No.	Percent
Up to 5 K.M	12	24	45	90	45	90
5-10	14	28	2	4	3	6
10-15	7	14	-	-	-	-
15-20	-	-	2	4	2	4
20-25	3	6	-	-	-	-
25-50	5	10	-	-	-	-
50-75	4	8	-	-	-	-
75-100	1	2	1	2	-	-
Above 100	4	8	-	-	-	-
Total	50	100	50	100	50	100

Source : Survey data.

7.16.3 *Ownership Pattern of Hotels*

The ownership pattern of the respondent hotels is discernible from Table 7.26. Out of the 50 hotels the maximum (40 per cent) are partnership firms followed by 30 per cent in the form of private limited companies. There is only one hotel company owned by I.T.D.C. (2 per cent) and it is a five star hotel. On category-wise analysis, it is seen that the highest proportion of three star hotels (66.67 per cent) is in the form of Private Ltd. Company. Among the two star category, Private Ltd. Companies and partnership firms have equal share of 33.33 per cent each. Of the two five star hotels one is a public limited company (50 per cent) and the other is (50 per cent) owned by I.T.D.C. Among the non-star hotels, 59.09 per cent of them are partnership firms

The distribution of the guests in the respondent hotels, centre-wise, based on the purpose of their visit is shown in Table 7.27. It can be seen from the table that among the foreign tourists, the highest proportions of occupancy in hotels at all the tourist centres of Kerala, except Palakkad and Kozhikode are by holiday tourists. The maximum occupancy in hotels at Palakkad (90 per cent) is by business tourists and that of Kozhikode by tourists whose purposes are neither holiday nor business. The minimum occupancy in hotels at all the centres except Thiruvananthapuram and Palakkad is by business tourists.

Purpose-wise analysis of foreign guests in the respondent hotels showed that the highest occupancy by the business tourists was at Palakkad (90 per cent) and the lowest at Thekkadi (Nil). In respect of the holiday tourists the occupancy was the highest at Thekkadi (95 per cent) and the lowest at Palakkad (5 per cent). Regarding others, the highest occupancy was at Guruvayoor (47.5 per cent) and the lowest at Thekkadi, Kollam and Palakkad (5 per cent each).

TABLE 7.26

**CATEGORY-WISE DISTRIBUTION OF THE RESPONDENT HOTELS BASED ON
THEIR OWNERSHIP PATTERN.**

Ownership Pattern	Category of Hotel											
	Five Star		Three Star		Two Star		One Star		Others		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Sole Trader	-	-	-	-	-	-	-	-	2	9.09	2	4
Partnership	-	-	1	11.11	5	33.33	1	50	13	59.09	20	40
Pvt. Ltd. Co	-	-	6	66.67	5	33.33	-	-	4	18.18	15	30
Public Ltd. Co.	1	50	1	11.11	1	6.67	-	-	-	-	3	6
I.T.D.C.	1	50	-	-	-	-	-	-	-	-	1	2
K.T.D.C	-	-	1	11.11	4	26.67	1	50	3	13.64	9	18
Grand Total	2	100	9	100	15	100	2	100	22	100	50	100

Source : Survey data.

TABLE 7.27

**CENTRE-WISE AND PURPOSE-WISE DISTRIBUTION OF GUESTS IN
THE RESPONDENT HOTELS
(in percentage of occupancy)**

Sl No	Centre	Foreign Tourists -Purpose of Visit				Domestic Tourists-Purpose of Visit			
		Business	Holiday	Others	Total	Business	Holiday	Others	Total
1.	Thiruvananthapuram	16.33	74.83	8.84	100.00	52.00	36.00	12.00	100.00
2.	Kovalam	7.50	75.00	17.50	100.00	25.00	47.50	27.50	100.00
3.	Kochi	11.21	73.39	15.40	100.00	59.64	21.79	18.57	100.00
4.	Thekkadi	0	95.00	5.00	100.00	00	92.00	8.00	100.00
5.	Kollam	5.00	90.00	5.00	100.00	65.00	25.00	10.00	100.00
6.	Alappuzha	5.00	85.00	10.00	100.00	40.00	55.00	5.00	100.00
7.	Kottayam	10.00	80.00	10.00	100.00	50.00	40.00	10.00	100.00
8.	Thrissur	7.00	86.00	7.00	100.00	66.00	24.00	10.00	100.00
9.	Guruvayoor	5.00	47.50	47.50	100.00	6.67	7.00	86.33	100.00
10.	Palakkad	90.00	5.00	5.00	100.00	60.00	32.50	7.50	100.00
11.	Kozhikode	13.33	40.00	46.67	100.00	71.67	16.67	11.66	100.00

Source : Survey data.

Among the domestic tourists the highest occupancy in hotels at all the tourist centres of Kerala, except Kovalam, Thekkadi, Alapuzha and Guruvayoor was by the business tourists. Kovalam, Thekkadi and Alapuzha had the predominance by the holiday domestic tourists and Guruvayoor by others. The purpose-wise analysis of domestic guests in hotels showed that the highest occupancy by business tourists was at Kozhikode (71.67 per cent) and the lowest at Thekkadi (Nil). As regards the holiday tourists, the respective percentages were 92 per cent at Thekkadi and 7 per cent at Guruvayoor. The occupancy by others was the highest at Guruvayoor (86.33 per cent) and the lowest at Alapuzha (5 per cent).

The centre-wise and category-wise arrivals of tourists in the respondent hotels during the period 1989 - '90 to 1993 - '94 are given in Table 7.28 and its indices in Table 7.29. Thekkadi (59.71 per cent), Alapuzha (42.56 per cent) and Kovalam (37.72 per cent) stood first, second and third respectively for the highest percentages of foreign tourists accommodated in 1989 - '90 in the hotels studied. Guruvayoor being an exclusive pilgrim centre of Hindus had the lowest foreign tourist arrivals (1.33 per cent) in 1989. Thekkadi retained the first rank in the highest percentage of foreign tourist arrivals in hotels throughout the period. But Alapuzha lost its second rank to Kovalam and was satisfied with third rank in 1993 - '94. Non-availability of good hotels at Alapuzha compelled the tourists to have their night halt elsewhere and enjoy the natural beauty of Alapuzha during day time, as it is learnt from the tourists. Thekkadi was the only centre where indices of arrivals of both the domestic and foreign tourists in hotels had declined to 83.81 and 62.92 respectively in 1993 - '94 (Table 7.29). This may be due to dispersion in the industry by the opening of new hotels. The highest growth of

TABLE 7.28

TOURIST ARRIVALS IN THE RESPONDENT HOTELS - CENTRE-WISE

Centre	1989-90			1990-91			1991-92			1992-93			1993-94		
	D.T	F.T	Total	D.T	F.T	Total	D.T	F.T	Total	D.T	F.T	Total	D.T	F.T	Total
Thiruvananthapuram	931.43	5038	98181	81904	4903	86807	88417	4969	93386	93998	5037	99036	97073	7986	105059
	94.87	5.13	100	94.35	5.65	100	94.68	5.32	100	94.91	5.09	100	92.40	7.60	100
Kovalam	19.825	12007	31832	19873	12494	32307	19148	11248	30396	20891	13654	34545	21789	16497	38286
	62.28	37.72	100	61.51	38.49	100	63.00	37.00	100	60.47	39.53	100	56.91	43.09	100
Kochi	347952	43013	390965	330179	51486	381665	379761	54120	433881	375965	52059	428024	405708	68262	473970
	89	11	100	86.51	13.49	100	87.53	12.47	100	87.84	12.16	100	85.60	14.40	100
Thekadi	4521	6701	11222	4318	6372	10690	4592	5691	10283	3445	3737	7182	3787	4216	80003
	40.29	59.71	100	40.39	59.61	100	44.66	55.34	100	47.97	52.03	100	47.32	52.68	100
Kollam	15119	1671	16790	16334	1916	18250	15611	1544	17155	17087	1893	18980	17542	2168	19710
	90.05	9.95	100	89.50	10.50	100	91.00	9.00	100	90.03	9.97	100	89.00	11.00	100
Alappuzha	10963	8123	19086	11815	8007	19822	11959	7942	19901	12034	8316	20350	12656	8418	21074
	57.44	42.56	100	59.61	40.39	100	60.09	39.91	100	59.14	40.86	100	60.06	39.94	100
Kottayam	7710	670	8380	7906	781	8687	7913	977	8890	8096	1102	9198	8274	1247	9521
	92.00	8.00	100	91.00	9.00	100	89.01	10.99	100	88.02	11.98	100	86.90	13.10	100
Thrissur	35781	687	36468	42648	833	43481	42483	767	43250	21193	923	22116	44742	937	45679
	98.12	1.88	100	98.08	1.92	100	98.23	1.77	100	95.83	4.17	100	97.95	2.05	100
Guruvayoor	24.655	332	24987	38165	1022	39187	38088	801	38889	40214	1086	41300	42320	1176	43486
	98.67	1.33	100	97.39	2.61	100	97.94	2.06	100	97.37	2.63	100	97.30	2.70	100
Palakkad	11606	262	11868	11479	247	11726	11389	213	11602	12105	274	12379	12542	283	12825
	97.79	2.21	100	97.89	2.11	100	98.16	1.84	100	97.79	2.21	100	97.79	2.21	100
Kozhikode	3379	106	3485	3143	86	3229	3218	97	3315	16265	447	16712	24703	862	255.65
	96.96	3.04	100	97.34	2.66	100	97.07	2.93	100	97.33	2.67	100	96.63	3.37	100
Total	574654	78610	653264	567764	88087	655851	622579	88369	710948	621293	88528	709821	691136	112052	803188
	87.97	12.03	100	86.57	13.43	100	87.57	12.43	100	87.53	12.47	100	86.05	13.95	100

Note : Figures in italics give the percentage to total of the concerned centre

D.T = Domestic Tourists

F.T. = Foreign Tourists

Source : Survey data.

TABLE 7.29

TOURIST ARRIVALS IN THE RESPONDENT HOTELS - CENTRE-WISE - INDEX

Centre	1989-90			1990-91			1991-92			1992-93			1993-94		
	D.T	F.T	Total	D.T	F.T	Total	D.T	F.T	Total	D.T	F.T	Total	D.T	F.T	Total
Thiruvananthapuram	100	100	100	87.93	97.32	88.42	94.92	98.63	95.12	100.92	99.98	100.87	104.22	158.52	107.00
Kovalam	100	100	100	100.24	103.56	101.49	96.59	93.68	95.49	105.38	113.72	108.52	109.91	137.39	120.28
Kochi	100	100	100	94.89	119.70	97.62	109.14	125.82	110.98	108.05	121.03	109.48	116.60	158.70	121.23
Thekadi	100	100	100	95.51	95.09	95.26	101.57	84.93	91.63	76.20	55.77	64.00	83.81	62.92	71.32
Kollam	100	100	100	108.04	114.67	108.70	103.25	92.40	102.17	113.02	113.29	113.04	116.03	129.74	117.39
Alappuzha	100	100	100	107.78	98.57	103.86	109.59	97.77	104.27	109.77	102.38	106.62	115.44	103.63	110.42
Kottayam	100	100	100	102.54	116.57	103.66	102.63	145.82	106.09	105.00	164.48	109.76	107.32	186.12	113.62
Thrissur	100	100	100	119.19	121.25	119.23	118.73	111.64	118.60	59.23	134.35	60.64	125.04	136.39	125.26
Guruvayoor	100	100	100	154.80	307.83	156.83	154.48	241.27	155.64	163.11	327.11	165.29	171.65	354.22	174.07
Palakkad	100	100	100	98.91	94.27	98.80	98.13	81.30	97.76	124.30	104.58	104.31	108.06	108.02	108.06
Kozhikode	100	100	100	93.02	81.13	92.34	95.24	91.51	95.12	481.36	421.70	479.54	731.07	813.21	733.57
Total	100	100	100	98.80	112.06	95.30	108.34	112.41	108.83	108.12	112.62	108.66	120.27	142.54	112.95

Note Figures in italics give the percentage to total of the concerned centre

D.T = Domestic Tourists

F.T = Foreign Tourists

Source : Survey data

indices in respect of both the domestic and foreign tourists in hotels in 1993 -'94 was at Kozhikode (731.07 and 813.21 respectively).

It is discernible from Table 7.30 that the proportion of the foreign tourists to total tourists was the maximum (38.16 per cent) in the five star hotels and the minimum in the one star hotels (1.70 per cent) during 1989 - '90. The five star hotels retained the highest proportion throughout the period under study, but the lowest proportion was shifted to the category of hotels belonging to "others" (2.40 per cent) in 1993 - '94. While analysing the growth of the indices of the domestic, foreign and total tourist arrivals, it is also seen that the indices grew the highest in foreign tourist arrivals in hotels of five star (139.67), two star (150.64), one star (177.89) and other (151.97) categories and in all the hotels together (142.54) during 1993 - '94.(Table 7.30). The indices of the domestic tourists grew the highest in the three star hotels (152.83) and hotels awaiting classification (214.93) in 1993 - '94. Amongst the various categories of hotels the indices of the foreign tourist arrivals in 1993 - '94 indicate the highest in one star hotels (177.89) and that of the domestic tourists in hotels awaiting classification(214.93).

7.16.4 *Occupancy Percentage*

An analysis of the annual occupancy percentage in the respondent hotels, centre-wise, is made as shown in Table 7.31. It can be seen from the Table that thirty four per cent of the respondent hotels have annual occupancy of 60 - 70 per cent followed by 22 per cent hotels with 70 - 80 per cent occupancy. Only 32 per cent of the respondent hotels have occupancy below 60 per cent. It can be further seen that there is no centre which has less than 20 per cent occupancy. Kochi is the only centre which has all the different ranges of occupancy percentages

TABLE 7.30

TOURIST ARRIVALS IN THE RESPONDENT HOTELS - CATEGORY-WISE

Category of Hotels	Category of Tourists	1989-90		1990-91		1991-92		1992-93		1993-94		Indices				
		Number of Tourists	%	No. of Tourists	%	No. of Tourists	%	No. of Tourists	%	No. of Tourists	%	89-90	90-91	91-92	92-93	93-94
Five Star	D.T.	33480	61.84	31425	59.64	33621	60.08	33768	57.32	35272	55.00	100	93.86	100.42	100.86	105.35
	F.T.	20862	38.16	21263	40.36	22343	39.92	25143	42.68	28658	45.00	100	102.91	108.14	121.69	139.67
	Total	54142	100.00	52688	100.00	55964	100.00	58911	100.00	64130	100.00	100	97.31	103.37	108.81	118.45
Three Star	D.T.	64058	72.32	79862	71.50	91111	78.34	94067	77.35	97898	75.11	100	124.67	142.23	146.84	152.83
	F.T.	24522	27.68	31838	28.50	25198	21.66	27540	22.65	32438	24.89	100	129.83	102.76	112.31	132.28
	Total	88580	100.00	111700	100.00	116309	100.00	121607	100.00	130366	100.00	100	126.10	131.30	137.28	147.14
Two Star	D.T.	196745	87.42	202817	87.62	206599	88.47	196835	87.80	224759	84.74	100	108.61	110.61	105.40	120.36
	F.T.	26866	12.58	028649	12.38	26931	11.53	27361	12.20	40472	15.26	100	106.64	100.24	108.84	150.64
	Total	213611	100.00	231466	100.00	233480	100.00	224196	100.00	265231	100.00	100	108.36	109.31	104.96	124.17
One Star	D.T.	35564	98.30	37649	98.55	36888	97.77	36753	97.05	36741	97.11	100	105.86	103.72	103.34	103.31
	F.T.	615	1.70	553	1.45	842	2.23	1117	2.95	1094	2.89	100	89.92	136.91	181.63	177.89
	Total	36179	100.00	38202	100.00	37730	100.00	37870	100.00	37835	100.00	100	105.59	104.29	104.67	104.58
(a)	D.T.	15119	90.05	16334	89.50	15611	91.00	25852	92.74	32495	92.34	100	108.04	103.25	170.99	214.93
	F.T.	1671	9.95	1916	10.50	1544	9.00	2025	7.26	2695	7.66	100	114.66	92.40	121.18	161.28
	Total	16790	100.00	18250	100.00	17155	100.00	27877	100.00	35190	100.00	100	108.70	102.17	166.03	209.59
Others	D.T.	239688	98.25	199677	98.10	238789	95.40	234018	97.77	263971	97.60	100	83.34	99.62	97.63	110.13
	F.T.	4274	1.75	3668	1.90	11511	4.60	5342	2.23	6495	2.00	100	90.50	269.33	124.99	151.97
	Total	243962	100	203545	100.00	250300	100.00	239360	100.00	270466	100.00	100	83.43	102.60	98.11	110.86
Total	D.T.	574654	87.97	567764	86.57	622579	87.57	621293	87.53	691136	86.05	100	98.80	108.34	108.12	120.27
	F.T.	78610	12.03	88087	13.43	88369	12.43	86528	12.47	112052	13.95	100	112.06	112.41	112.62	142.54
Grand Total		653264	100.00	655851	100.00	710948	100.00	709821	100.00	80318	100.00	100	100.40	108.83	108.66	122.95

Note : D.T. = Domestic Tourists
 F.T. = Foreign Tourists
 @ = Awaiting classification
 Source : Survey Data

TABLE 7.31

OCCUPANCY IN THE RESPONDENT HOTELS - CENTRE-WISE (in percentage)

Range	Thiruvana- nthapuram	Kovalam	Kochi	Thekkadi	Kollam	Alapp- uzha	Kottayam	Thrissur	Guruva- yoor	Palakkad	Kozhi- kkode	Total	Percent
0-20	-	-	-	-	-	-	-	-	-	-	-	-	-
20-30	-	-	2	-	-	-	-	-	-	-	-	2	4
			100									100	
30-40	1	1	2	1								5	10
	20	20	40	20								100	
40-50	1	-	2	-	-	-	-	-	-	-	-	3	6
	33.33		66.67									100	
50-60	-	1	2	-	-	-	2	-	-	-	1	6	12
	-	16.67	33.33				33.33				16.67	100	
60-70	4	-	8	-	-	-	1	2	2	-	2	17	34
	23.53		47.06				5.88	11.76	11.76		11.76	100	
70-80	-	-	5	-	-	1	2	-	-	2	-	11	22
	-	-	45.46			9.09	18.18			18.18		100	
80-90	-	-	2	-	1	-	9.09	-	-	-	-	3	6
	-		66.67		33.33							100	
90-100	-	-	2	-	-	-	-	-	1	-	-	3	6
	-	-	66.67						33.33			100	
Total	6	2	25	1	1	1	5	3	3	2	3	50	-
	12	4	50	2	2	2	10	6	6	4	6	100	100

Note: Figures in italics show the percentage

Source: Survey data.

between 20 to 100 with intervals of ten. Out of the 25 respondent hotels in Kochi only 8 hotels have less than 60 per cent occupancy. Eight out of twenty-five hotels in Kochi have occupancy of 60 - 70 per cent followed by 5 hotels with 70 - 80 per cent occupancy. Kochi and Guruvayoor are the two centres with 90 to 100 per cent occupancy in hotels.

7.16.5 *Duration of Stay*

The highest proportion (60 per cent) of hotels have the duration of stay of 2 - 3 days.(Table 7.32) Only two per cent of the hotels have the stay of above five days. On centre-wise analysis it could be seen that all the hotels at Thekkadi, Kollam, Alapuzha, Kottayam and Thrissur had the duration of stay of 2 - 3 days, followed by Thiruvananthapuram and Kozhikode (66.67 per cent each). Forty-eight per cent (12) hotels in Kochi also belonged to this group.

7.16.6 *Expenditure Pattern of the Foreign Tourists*

Secondary data was used to study the expenditure pattern of the foreign tourists in Kerala. The average expenditure of a foreign tourist per day in Kerala was Rs.282.00 in 1986, of which Rs.155.60 (55.18 per cent) was in hotels by way of accommodation and food.(Table 7.33). The former increased to Rs.694 and the latter to Rs.407 (58.64 per cent) respectively in 1994. The expenditure on accommodation stood increased from 30.35 per cent in 1986 to 39.34 per cent in 1994 and on food it reduced from 24.82 per cent (1986) to 19.30 per cent (1994).

Though the average expenditure of a foreign tourist per day in Kerala is Rs.694.00 as per the latest estimates of the D.O.T, Government of Kerala, the average room rent alone per day for a single room in a five star hotel is more than

TABLE 7.32

AVERAGE PERIOD OF STAY IN THE RESPONDENT HOTELS - CENTRE-WISE

Centre	Duration of stay in days					
	1	2-3	4-5	> 5	Total	Percent
Thiruvananthapuram	1 <i>16.67</i>	4 <i>66.67</i>	1 <i>16.67</i>	-	6 <i>100</i>	12 -
Kovalam	-	1 <i>50</i>	1 <i>50</i>	-	2 <i>100</i>	4 -
Kochi	7 <i>28</i>	12 <i>48</i>	5 <i>20</i>	1 <i>4</i>	25 <i>100</i>	50 -
Thekkadi	-	1 <i>100</i>	-	-	1 <i>100</i>	2 -
Kollam	-	1 <i>100</i>	-	-	1 <i>100</i>	2 -
Alappuzha	-	1 <i>100</i>	-	-	1 <i>100</i>	2 -
Kottayam	-	1 <i>100</i>	-	-	1 <i>100</i>	2 -
Thrissur	-	5 <i>100</i>	-	-	5 <i>100</i>	10 -
Guruvayoor	2 <i>66.67</i>	1 <i>33.33</i>	-	-	3 <i>100</i>	6 -
Palakkad	1 <i>50</i>	1 <i>50</i>	-	-	2 <i>100</i>	4 -
Kozhikode	1 <i>33.33</i>	2 <i>66.67</i>	-	-	3 <i>100</i>	6 -
Total	12 <i>24</i>	30 <i>60</i>	7 <i>14</i>	1 <i>2</i>	50 <i>100</i>	100 -

Note : Figures in italics give the percentage to total of each centre.

Source : Survey Data.

TABLE 7.33

AVERAGE EXPENDITURE PER DAY OF THE FOREIGN TOURISTS IN KERALA
(Amount in Rs.)

Year	Accommodation	Food	Total	Local Transport	Entertainment and sight seeing	Shopping	Communication	Miscellaneous	Grand total
1986	85.60	70.00	155.60	42.00	34.00	34.00	-	16.40	282.00
	<i>30.35</i>	<i>24.82</i>	<i>55.18</i>	<i>14.89</i>	<i>12.06</i>	<i>12.06</i>	-	<i>5.82</i>	<i>100</i>
1994	273	134	407	60	-	-	60	167	694
	<i>39.34</i>	<i>19.30</i>	<i>58.64</i>	<i>8.65</i>	-	-	<i>8.65</i>	<i>24.06</i>	<i>100</i>

Note : Figures in italics indicate the percentage to grand total.

Source : 1986 Master Plan, The D.O.T, Govt. of Kerala 1986

1994 Tourist Statistics 1986-93, The D.O.T., Govt. of Kerala.

TABLE 7.34

FOREIGN EXCHANGE EARNINGS BY THE RESPONDENT HOTELS (Rs. in lakhs)

Year	Public Sector Hotels				Private Sector Hotels	
	I.T.D.C		K.T.D.C		Foreign Exchange Earned	Percentage change over the previous year
	Foreign Exchange Earned	Percentage change over the previous year	Foreign Exchange Earned	Percentage change over the previous year		
1987-88	N.A.	-	9.57	-	61.25	-
1988-89	39.13	-	12.33	28.84	182.65	198.20
1989-90	50.12	28.09	14.22	15.32	277.39	51.87
1990-91	56.18	12.09	19.41	36.50	376.03	35.56
1991-92	69.68	24.02	N.A	-	532.69	41.66
1992-93	87.24	25.20	N.A	-	788.41	48.01
1993-94	N.A	-	N.A	-	984.83	24.91

Note : N.A. = Not Available.

Source : Survey data.

Rs.2600 and that of a three star hotel it ranges between Rs.600 to Rs.2000. The occupancy percentages of the five star and three star hotels, where majority of the occupants are foreigners, are comparatively very high. If the total expenditure of foreign tourists in five star and three star hotels is segregated from the state total of foreign tourist expenditure and an average expenditure per day is then worked out on the remainder for the remaining foreign tourists it would be a small amount. Hence it is high time for us to have a shift in the emphasis from the present pattern of encouraging quantitative growth of tourism to qualitative growth by promoting class tourism.

7.16.7 Foreign Exchange Earned

An attempt was made to collect the details of foreign exchange earned by the respondent hotels. Though 40 respondent hotels were there in the private sector only 15 of them were ready to divulge information regarding their foreign exchange earnings. The foreign exchange earnings of I.T.D.C, K.T.D.C and private sector hotels are given in Table 7.34. Foreign exchange earnings of all the three groups of hotels have been increasing throughout the period. The percentage change over the previous year in I.T.D.C hotel was the highest in 1989 - '90 (28.09 per cent) and the lowest in 1990 - 91 (12.09 per cent). Whereas in K.T.D.C, the highest percentage change was in 1990 - 91 (36.50 per cent) and the lowest in 1989 - 90 (15.32 per cent). The percentage changes over the previous year were higher in private hotels than in public sector hotels and the highest change was in 1988 - 89 (198.20 per cent) and the lowest in 1993 - '94 (24.91 per cent).

7.16.8 *Taxes to the Exchequer*

The government receives a huge amount every year from the hotels under various heads, such as sales tax, expenditure tax, luxury tax, tax on air-conditioning, turnover tax and purchase tax. But unfortunately no separate account is maintained by the departments so as to enable one to get the particulars of these collected exclusively from hotels, except the luxury tax. Details of the amount of luxury tax received from hotels during 1982 - '83 to 1993 -'94 are given in Table 7.35.

7.16.8.1 *Luxury Tax*

It can be seen from Table 7.35 that the luxury tax collected from hotels in 1982 - '83 was Rs.21.58 lakh and increased steadily to Rs.439.48 lakh in 1993 - '94. The percentage increase over the previous year was the highest in 1992 - '93 (81.18 per cent) over 1990 - '91. The figure for 1991 - '92 was incomplete with the Directorate of Revenue (Taxes), Thiruvananthapuram. The index grew from 100 (1982 - 83) to 2036.52 in 1993 - 94.

7.16.8.2 *Registration Fees*

As per 1994 -95 budget, hotels with five rooms and above have to pay registration fees compulsorily. In the case of star hotels it is Rs.5000 per annum irrespective of the location, but, for non-star hotels the following rates prevail depending on the location. Non-star hotels in the corporation area should pay Rs.1000 per annum, those in the municipal area Rs.750 per annum and in panchayat Rs. 500 per annum. This is another source of revenue to the government from the hotels.

TABLE 7.35
LUXURY TAX COLLECTED FROM HOTELS IN KERALA DURING 1982-83 TO 1993-94
(Rs. in lakhs)

Year	Amount	% increase over the previous year	Index number Base 1982-83 = 100
1982-83	21.58	-	100
1983-84	28.23	30.82	130.82
1984-85	36.51	29.33	169.18
1985-86	54.68	49.77	253.38
1986-87	76.00	38.99	352.18
1987-88	105.69	39.07	489.76
1988-89	117.54	11.21	544.47
1989-90	129.69	10.34	600.97
1990-91	170.70	31.62	791.01
1992-93	309.28	81.18	1433.18
1993-94	439.48	42.10	2036.52
Total	1489.38	-	-

Source : Directorate of Revenue (Taxes) Thiruvananthapuram.

Conclusion

The foregoing analyses show that the number of hotels established was more in the post-eighty period than prior to it, especially after 1986. This was because conscious efforts for the development of tourism began in Kerala only after 1980 and tourism was declared an industry in 1986.

Kochi is the only centre where hotels have been established during all the quinquenniums since 1960. The proportion of hotels established in Kochi in each quinquennium to the total number of hotels in the state during the respective period, was the highest throughout the period. Kochi is the only centre which has hotels in all the categories. Only Kochi remained a significant centre in respect of all the four groups of hotels both in 1985 and 1994 and hence it was the only centre in which spatial concentration took place in all the four groups of hotels. In spite of all these there is shortage of rooms in all the four groups of hotels in Kochi, besides Thiruvananthapuram, Kovalam and Thekkadi. Kochi is one of the two centres which have hotels with 90 to 100 per cent occupancy, the other being Guruvayoor. Kochi is the only centre which has a hotel with duration of guests stay for more than five days.

Majority of the hotels at the eleven centres of tourism were within 5 kilometres from the bus terminal and railway station and 5-10 kilometres from the airport. Both the five star hotels and the majority of the three star hotels are limited companies. Whereas, both limited companies and partnership firms have equal share in the case of the two star hotels. Among the foreigners occupied in the respondent hotels, holiday tourists predominate in all centres except Palakkad and Kozhikode. The holiday tourists (foreign) had the highest occupancy at Thekkadi, the business tourists (foreign) at Palakkad and others (foreign), at

Guruvayoor. In the case of domestic tourists, hotels at Kovalam, Thekkadi and Alapuzha had the highest occupancy by holiday tourists. While Guruvayoor had the highest occupancy by tourists other than holiday and business, hotels at the remaining seven centres had the highest occupancy by business tourists. Regarding the domestic tourists, the highest occupancy by holiday tourists, business tourists and 'others' was at Thekkadi, Kozhikode and Guruvayoor respectively. The proportion of foreign tourists to total tourists was the highest in the five star hotels through-out the period 1989-90 to 1993-94.

The majority of the respondent hotels had the occupancy percentage between sixty to seventy and only 32 percent hotels had it below 60 percent. Kochi and Guruvayoor were the two centres with occupancy between 90 to 100 percent. Only two to three days duration of stay is found common in all the respondent hotels. Kochi is the only centre having a hotel, the duration of tourist stay of which, exceeds five days. It is found that 58.64 percent of the foreign tourist expenditure is in hotels by way of accommodation (39.34 percent) and food (19.30 percent). The foreign exchange earnings of hotels, both public and private sector, have been increasing throughout the period. The percentage change over the previous year was higher in private hotels. There is a considerable amount of revenue to the exchequer by way of various taxes and registration fees from hotels.

7.17 Problems of Hotel Industry in Kerala

The most important factor to be taken care of in order to promote class tourism in Kerala is, the provision of hotel accommodation to the tourists whom we attract here, with the intention of earning of foreign exchange. But there are a number of problems faced by the hotel industry, the major heads of which are detailed below. A sympathetic attitude, on the part of the government, in view of

these problems , towards the promotion of the hotels industry will, to a great extent, give confidence, strength and vigour to the entrepreneurs, to invest in hotels. The main problems faced by the hotel industry can be classified as : (1) Problems relating to finance (2) Seasonality (3) Multiplicity of products (4) Cycle of operation (5) Marketing (6) Package Tour (7) External factors (8) Excessive tax burden (9) Air-conditioning aspect.

7.17.1. *Problems Relating to Finance*

The various problems relating to finance are discussed below:

7.17.1.1 *Non-availability of Land*

The Entrepreneurs often shirk the idea of mobilising capital for setting up a hotel because the magnitude of capital required to set up hotels, especially in large and medium sector is high. The investment in accommodation units is primarily an investment in land and building and the bulk of their capital is permanently sunk in fixed assets. It is so because, hotels compete for sites in town centres and other stations where land values are high. The location of an industry is to be in relation to its demand. A close match between the demand and supply is of vital importance for any industry. Hotel serve local, national and international customers and thus enjoy a wide market or demand. Supply refers to the number and type of competitive hotel rooms located within an area. For the success of tourism, hotels are to be located at appropriate centres where the demand exceeds the supply. It is true that the best site for a hotel is generally the best site in the locality and probably the most expensive¹. Non availability of land makes it a highly capital intensive industry. The average cost of setting up a metropolitan 5 star hotel in Bombay could cost Rs.2500 million²

7.17.1.2 *Capital is Locked up in Fixed Assets*

Hotel industry is not only capital intensive but capital is also locked up in fixed assets. Extensive studies done in Switzerland and Germany reveal that in the hotel industry the proportion of fixed assets is probably higher than in any other industry³. The ratio of N.F.A. to Total Assets in a hotel was 64.28 during 1993-'94 when those of 56 other industries were lower than this⁴. High fixed costs mean high gross profit margins. This in turn means that each addition to total revenue results in a substantial rise in net profit. The higher the percentage of fixed costs the more difficult it is to maintain adequate profitability through cost manipulation.

7.17.1.3 *The Cost of Maintenance*

A hotel starts deteriorating, the day it is completed and with the passage of time deterioration rate grows faster. The cost of maintenance is the maximum in the hotel and its rate of obsolescence is also the highest. Constructing hotels as per the requirement is not an easy matter. With the passing of year, costs are rising to more exorbitant levels. ITDC originally spent mere Rs.1.5 crore to establish Ashok Hotel in 1956. In 1983, it had to spend Rs.5 crore to renovate the same. The prices are so high that anyone who builds a hotel automatically becomes an MRTP company.

7.17.1.4 *Long Gestation Period*

Compared to other industries the gestation period in the hotel industry is long. This long pay back period demands the long term finance for the land and building and medium finance for interior assets. Since profits are slow coming, the investment proposition is difficult for an entrepreneur, the shareholder as well as

the lending institution. In the past, lending institutions recognised the hotel and catering industry as a high risk industry. This had been partly because of the high rate of bankruptcy, the dependence of many hotel and catering business on the individual manager and also because of the sensitivity of the market to the prevailing economic conditions.

However, as hotels form an integral part of the overall tourism activity in the country, their growth is important from many angles. Hence the financial institutions had moderated their attitudes. They, besides extending long term loans, underwrite the majority of the shares of the hotel entrepreneurs, especially of a new unexperienced one. In order to overcome the infrastructural shortcomings a substantial injection of funds is necessary. According to the hoteliers the government has to come to the rescue of the hotel industry by giving them various incentives for the construction and modernisation of hotels. Otherwise an investor will be hesitant to commit resources into a field in which uncertainty and high risk prevails.

7.17.1.5 *Future Investments*

Spurred by the strong growth in the tourism sector, the increasing trend in investment is still continuing and foreign investment exceeding Rs.1,110 crore has already been approved since liberalisation of investment in 1991. According to provisional estimates the investment in the tourism industry is about Rs.1000 crore per year.

With the opening up of the Indian economy, people from all over the globe are coming to India in search of knowledge, business, trade etc. While there has

been a 7.5 percent increase in tourist arrivals in 1994, over the previous year, the forecast is that by the year 2000, the arrivals would shoot up by 62 percent. This in turn would necessitate investment of millions of rupees to create the required hotel chains.

7.17.1.6 *Loans*

Though from an economic angle it may be unwise to offer loans at subsidised rates to the hotel industry, the social and political implications of it will prove to be wise, in the long run. As far as financing is concerned the hotel industry needs to be put on the same footing for loans from financial institutions and banks, as other priority industries. Conducive investment climate must be created for the hotel industry to prosper⁶.

7.17.2 *Finance to Hotel Industry in Kerala by Major Financial Institutions*

The financial institutions provide direct or indirect finance to small and large size hotels. The I.F.C.I, T.F.C.I, K.S.I.D.C, K.F.C and S.I.D.B.I have provided financial assistance to a good number of hotels in Kerala. The position of Kerala in the financial assistance granted by the I.F.C.I and the T.F.C.I to the hotel industry is shown in Tables 7.36, 7.37 and 7.38

7.17.2.1 *The Industrial Finance Corporation of India (I.F.C.I)*

The details of the state and union territory-wise loans sanctioned and disbursed by the I.F.C.I on hotel projects are shown in Table 7.36. The grand total of the number of hotel units assisted is 157, out of which the proportion of Kerala is 2.55 per cent with the 11th rank. The proportions of the number of units assisted in each state/union territory to total number of units assisted range between 0.64 per cent (Assam, Meghalaya and Punjab) and 13.38 percent

TABLE 7.36

**LOANS SANCTIONED AND DISBURSED BY THE IFCI DURING 01.07.1948 TO 31.12.1994 ON HOTEL PROJECTS IN INDIA -
STATE/UNION TERRITORY WISE (RS. IN LAKHS)**

Sl.No.	State/ Union Territory	No of units assisted	% to grand total	Rank	Total Cost	% to grand total	Rank	Amount assisted by the IFCI	% to total assistance	Rank	% of loan to total cost	Rank
1.	Chandiged	4	2.55	11	2865.00	1.39	12	698.00	1.66	10	24.36	9
2.	Delhi	18	11.46	3	52332.94	25.42	1	6645.46	15.81	2	12.70	19
3.	Goa	10	6.37	7	14415.36	7.00	6	3525.95	8.39	5	24.46	8
4.	Andhra	17	10.83	4	21761.74	10.57	3	4243.23	10.10	4	19.50	14
5.	Assam	1	0.64	18	488.75	0.24	19	183.50	0.44	18	37.54	2
6.	Bihar	3	1.91	14	894.75	0.44	18	312.00	0.74	16	34.87	3
7.	Gujarat	6	3.82	9	4434.00	2.15	9	1021.00	2.43	9	23.03	11
8.	Haryana	2	1.27	15	980.00	0.48	17	190.00	0.45	17	19.39	15
9.	Himachal Pradesh	5	3.18	10	1775.00	0.86	15	567.50	1.35	12	31.97	4
10.	Jammu & Kashmir	4	2.55	11	3579.30	1.74	11	568.00	1.35	12	15.87	17
11.	Karnataka	12	7.64	6	11974.98	5.82	7	2844.88	6.77	7	23.76	10
12.	Kerala	4	2.55	11	2475.00	1.20	13	530.00	1.26	14	21.41	13
13.	Madhya Pradesh	2	1.27	15	1552.00	0.76	16	595.00	1.42	11	38.34	1
14.	Maharashtra	20	12.74	2	17825.25	8.66	5	4378.47	10.42	3	24.56	7
15.	Meghalaya	1	0.64	18	445.00	0.22	20	65.00	0.15	20	14.61	18
16.	Punjab	1	0.64	18	2288.00	1.11	14	495.00	1.18	15	21.63	12
17.	Rajasthan	7	4.46	8	9920.50	4.82	8	2513.00	5.98	8	25.33	6
18.	Tamil Nadu	21	13.38	1	32326.19	15.70	2	9443.31	22.47	1	29.21	5
19.	Uttar Pradesh	17	10.83	4	19125.28	9.29	4	3054.21	7.27	6	15.97	16
20.	West Bengal	2	1.27	15	4393.00	2.13	10	152.00	0.36	19	3.46	20
	Grand Total	157	100		205852.04	100.00		42025.51	100.00		20.42	

Source Computerised data provided by the I.F.C.I New Delhi.

TABLE 7.37

STATE-WISE CLASSIFICATION OF THE FINANCIAL ASSISTANCE SANCTIONED BY THE T.F.C.I AS ON 31.03.1994

Sl. No	State	No of units assisted	% share of the state	Rank	Total assistance by the T.F.C.I	% share to the state	Rank
1.	Andhra Pradesh	11	5.42	8	2711	5.16	8
2.	Bihar	3	1.48	14	267	0.51	17
3.	Goa	9	4.43	10	2663	5.07	9
4.	Gujarat	13	6.40	6	2736	5.21	7
5.	Haryana	3	1.48	14	535	1.02	15
6.	Himachal Pradesh	6	2.96	12	738	1.40	13
7.	Jammu & Kashmir	1	0.49	16	28	0.05	18
8.	Karnataka	13	6.40	6	5502	10.47	3
9.	Kerala	10	4.93	9	1621	3.08	11
10.	Maharashtra	34	16.75	2	5385	10.25	4
11.	Madhya Pradesh	7	3.45	11	2094	3.99	10
12.	Orissa	1	0.49	16	300	0.57	16
13.	Punjab	1	0.49	16	675	1.28	14
14.	Rajasthan	15	7.39	4	5294	10.08	5
15.	Tamil Nadu	35	17.24	1	9944	18.93	1
16.	Uttar Pradesh	14	6.90	5	3430	6.53	6
17.	West Bengal	5	2.46	13	1029	1.96	12
18.	Union Territory	22	10.84	3	7585	14.44	2
	Total	203	100.00		52537	100.00	

Source : Fifth Annual Report - 1993-'94 of the T.F.C.I. New Delhi.

TABLE 7.38

**PROJECT-WISE AND PURPOSE-WISE CLASSIFICATION OF THE FINANCIAL ASSISTANCE SANCTIONED BY THE T.F.C.I.
FROM 30.03.'90 TO 31.03.'94**

Purpose →	New Units			Expansion			Renovation/Equity Finance			Expansion cum Renovation			Total						
	No	%	% to Total	No	%	% to Total	No	%	% to Total	No	%	% to Total	No	%	% to Grand Total				
Type of Project																			
Five Star	13	8.55	13225 68.49	9	52.94	2493 12.91	45.40	11	45.83	2206 11.42	67.40	3	30	1386 7.18	66.25	36	17.73	19310 100	36.75
Four Star	12	7.90	3525 86.25	2	11.77	322 7.88	5.86	2	8.33	240 5.87	7.33	-	-	-	-	16	7.88	4087 100	7.78
Three Star	94	61.84	19614 91.81	17	65	446 2.09	8.12	7	29.17	654 3.06	19.98	6	60	650 3.04	31.07	110	54.19	21364 100	40.66
Two Star	10	6.58	1228 98.39	-	-	-	-	-	-	20.00 1.61	0.61	-	-	-	-	10	4.93	1246 100	2.37
Heritage Hotel	3	1.97	371 100	-	-	-	-	-	-	-	-	-	-	-	-	3	1.48	371 100	0.71
Un Classified Hotel	-	-	-	-	-	-	-	1	4.17	24 30	0.73	1	10	56 70	2.68	2	0.98	80 100	0.15
Total Hotel Units	132	86.84	37961	14	82.36	3261	59.38	21	87.50	3144	96.06	10	100	2092	100	177	87.19	46458	88.42
Amusement Park	8	5.26	2384 100	-	-	-	-	-	-	-	-	-	-	-	-	8	3.94	2384 100	4.54
Car Rentals	2	1.32	241 64.96	2	11.76	130 35.04	2.37	-	-	-	-	-	-	-	-	4	1.97	371 100	0.71
Others	10	6.58	1095 32.94	1	5.88	2100 63.18	38.24	3	12.50	129 3.88	3.94	-	-	-	-	14	6.90	3324 100	6.33
Total	152	100	41681	17	100	5491	100	24	100	3273	100	10	100	2092	100	203	100	52537	100
			79.34			10.45				6.23				3.98					6.23

Note : Figures in italics show the percentage to total expenditure for the concerned project.

Source : Annual report - 1993-'94 of the T.F.C.I. New Delhi.

(Tamilnadu). The grand total of the cost of the total units assisted in the country was Rs.205852.04 lakhs in which the proportion of Kerala was 1.20 per cent, with the 13th rank while the proportions of different states ranged between 0.22 percent (Meghalaya) and 25.44 percent (Delhi). Considering the grand total of the amount assisted by the IFCI i.e., Rs.42025.51 lakhs the proportion of Kerala is 1.26 per cent with the 14th rank when the proportion of different states/union territories ranged between 0.15 percent (Meghalaya) and 22.47 per cent (Tamil Nadu). The proportion of the grand total of the amount assisted by the IFCI to the grand total of the cost of the total projects is 20.42 per cent. As far as Kerala is concerned, the amount assisted by the IFCI is 21.41 per cent of the total cost of the projects and has the 13th rank when this proportion for other states ranged between 3.46 per cent (West Bengal) and 38.34 per cent (M.P).

7.17.2.2 Tourism Finance Corporation of India (T.F.C.I)

The state-wise classification of financial assistance sanctioned by the T.F.C.I. as on 31-3-94 is given in Table 7.37. It is discernible from the Table that over and above the various categories of hotels, the T.F.C.I had financed projects for amusement parks, car rentals, and others too. The Table indicates that the T.F.C.I. assisted 203 units in the 18 states/union territories as on 31-5-94, in which the proportion of Kerala was 4.93 per cent when the proportions of various states and union territories ranged between 0.49 per cent (J & K, Orissa and Punjab) and 17.24 per cent (Tamil Nadu) giving, Kerala the 9th rank. The total assistance of the T.F.C.I in the country was Rs.52,537 lakhs in which the proportion of Kerala was 3.08 per cent when the proportion of various states/union territories ranged between 0.05 per cent (J&K) and 18.93 per cent (Tamil Nadu). The rank of Kerala was 11 in this case. Project-wise and purpose-wise classification of financial assistance sanctioned by the T.F.C.I from 31-3-90

to 31-3-94 is given in Table 7.38. The purposes of assistance were for starting new projects, expansion, renovation/equipment finance and expansion-cum renovation. The highest proportion of assistance was for new projects (79.34 percent) followed by expansion (10.45 per cent) and the lowest was for expansion-cum-renovation (3.98 per cent)

7.17.2.2.1 *New projects*

Total number of new projects assisted were 152 of which 132 units (86.84 percent) were hotels of different categories. Of this, 94 units (61.84 per cent of the total units) were 3 star hotels and 3 units (1.97 per cent) were heritage hotels (7.38). Total amount assisted to the new projects was Rs.41681 lakhs and the share of the hotel projects was Rs.37961 lakhs (91.08 per cent). The highest proportion was for 3 star hotels (47.06 per cent).

7.17.2.2.2 *Expansion*

It can be further seen from Table 7.38 that out of the 17 units assisted for expansion the proportion of hotels was 82.36 percent (14 units). The five star hotels had the highest proportion of 52.94 percent (9 hotels). The total amount assisted under this head was Rs.5491 lakhs (10.45 percent) of which Rs.3261 lakhs (59.38 percent) were availed by hotel sector. The proportion of assistance to the five star hotels was 45.40 per cent (Rs.2493 lakhs).

7.17.2.2.3 *Renovation/Equipment Finance*

Under this head 24 units were assisted altogether by the T.F.C.I., (Table 7.38). Of this, 21 were hotel units (87.50 per cent). These 21 hotel units alone availed Rs.3144 lakhs (96.06 per cent) out of the total assistance of Rs.3273 lakhs

spent for this purpose. The proportion of five star hotels remained the highest both in the case of the number of units (45.83 per cent) and the amount of assistance (67.40 per cent).

7.17.2.2.4 *Expansion-cum-Renovation*

Only hotels were assisted by the T.F.C.I. for the purpose of expansion-cum-renovation and the amount assisted to 10 hotels altogether was Rs.2092 lakhs. Three 5 star hotels (30 per cent) and six 3 star hotels (60 per cent) availed this facility in the proportions of 66.25 per cent and 31.07 per cent respectively leaving 2.68 per cent to the unclassified hotels. The remaining categories of hotels were not in the scene (Table 7.38).

The T.F.C.I. has assisted 203 units altogether under various projects for different purposes and the proportion of hotel units was 87.19 per cent (177 Hotels). The hotel sector has availed the lion's share i.e., Rs.46458 lakhs(88.42 per cent), out of the total assistance of Rs.52537 lakhs.

7.17.2.3 *K.S.I.D.C, K.F.C. and S.I.D.B.I.*

Kerala State Industrial Development Corporation Ltd. (K.S.I.D.C) and Kerala Financial Corporation (KFC) provide direct finance to the hotel industry in Kerala. Re-finance is made by the Small Industries Development Bank of India (S.I.D.B.I).

7.17.2.3.1 *Kerala State Industrial Development Corporation Ltd.*

The cumulative position of the number of industries assisted and the amounts of assistance sanctioned and disbursed by K.S.I.D.C. both for hotels and

TABLE 7.39

FINANCIAL ASSISTANCE TO HOTEL INDUSTRY IN KERALA BY K.S.I.D.C. LTD. DURING 31.03.'83 TO 31.03.'93
(Rs. in Lakhs)

As on	No of Industries			Amount of assistance sanctioned			Assistance disbursed			Index	
	Hotels	Total Industries	% share of H.I to T.I	Hotels Rs.	Total Rs.	% share of H.I. to T.I	Hotels Rs.	Total Rs.	% share of H.I to T.I.	Number of industries	Index Assistance sanctioned
31-3-83	2	100	2.00	43.00	4588.20	0.94	N.A	N.A	N.A	100	100.00
31-3-84	4	109	8.60	155.00	5480.16	2.83	N.A	N.A	N.A	109	360.47
31-3-85	5	121	4.10	212.50	6692.35	3.18	N.A	N.A	N.A	121	494.19
31-3-86	6	136	4.41	326.75	8313.08	3.93	N.A	N.A	N.A	136	759.88
31-3-87	7	142	4.93	376.87	9370.96	4.02	N.A	N.A	N.A	142	876.44
31-3-88	7	149	4.70	396.37	10075.38	3.93	332.37	8297.41	4.01	149	921.79
31-3-89	7	177	4.09	420.67	12183.52	3.45	356.67	9632.30	3.70	177	978.30
31-3-90	7	187	3.74	368.67	13869.60	2.66	358.67	11546.85	3.11	187	857.37
31-3-91	7	211	3.32	368.67	16517.70	2.23	358.67	13928.52	2.58	211	857.37
31-3-92	8	225	3.56	486.17	19790.22	2.46	468.89	16649.12	2.82	225	1130.63
31-3-93	9	267	3.37	611.17	25045.95	2.44	484.84	19354.78	2.51	267	1421.33

Note : H.I = Hotel Industry

T.I = Total Industry

Source : Annual Reports of K.S.I.D.C., Thiruvananthapuram.

the total units during the period from 31-3-83 to 31-3-93 is given in Table 7.39. The number of hotels assisted by KSIDC increased from 2 to 9 during the period 1983-'93 (Table 7.39). The proportion of hotels to the total number of industries assisted shows an increase from 2 percent to 4.93 percent during 1983-1987 and afterwards the proportion declined to 3.37 per cent in 1993, with slight oscillations in 1992 and 1993.

The amount of assistance sanctioned by KSIDC to hotels was Rs.43 lakhs as on 31.3.1983. This became Rs.611.17 lakhs in 1992-'93 after a steady increase throughout the period except in 1989-'90 and 1990-'91. The proportion of assistance sanctioned for the hotel industry to total assistance for all industries stood increased from 0.94 per cent on 31.3.1983 to 2.44 per cent on 31.3.1993 with slight oscillations in-between. Details of the disbursements made by KSIDC are available only from 1988. Assistance disbursed to hotels was Rs.332.37 lakhs in 1988 and increased to Rs.484.84 lakhs in 1993. But the proportion of hotels in the total amount disbursed stood reduced from 4.01 per cent to 2.51 per cent during the period. The indices grew higher in hotels both in the number of units and the amount of assistance when compared to the total units and total assistance. The indices of the number of hotels assisted grew from 100 to 450 during 1983-93 whereas it rose from 100 to 267 in the case of total units assisted. Similarly the indices of the amount sanctioned for hotels increased from 100 to 1421.33 and that of total units assisted from 100 to 545.88.

7.17.2.3.2 Kerala Financial Corporation (KFC)

The financial assistance by KFC to the hotel industry in Kerala as on 31-3-'83, and the cumulative position, year-wise, from 1983 to 1993 is depicted in Table 7.40. The number of units for which assistance was sanctioned and

TABLE 7.40

FINANCIAL ASSISTANCE BY K.F.C. TO HOTEL INDUSTRY IN KERALA DURING 31.03.'83 TO 31.03.'93 (RS. IN LAKHS)

As on	No of Units						Amount Sanctioned						Amount Disbursed						INDEX									
	Sanctioned			Disbursed			Hotels Rs.			T.I Rs.			% of H.I to T.I			Units Sanctioned			Units Disbursed			Amount Sanctioned			Amount Disbursed			
	H.I	T.I	% of H.I to T.I	H.I	T.I	% of H.I to T.I	Hotels Rs.	T.I Rs.	% of H.I to T.I	H.I	T.I	% of H.I to T.I	H.I	T.I	% of H.I to T.I	H.I	T.I	% of H.I to T.I	H.I	T.I	% of H.I to T.I	H.I	T.I	% of H.I to T.I	H.I	T.I	% of H.I to T.I	
31.3.83	176	5079	3.50	172	4503	3.82	1008.44	9440.61	10.68	677.70	6961.58	9.88	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
31.3.84	187	5328	3.51	176	4781	3.66	1130.86	10281.72	11.02	778.70	7518.69	10.38	105.08	104.82	106.17	112.03	106.70	106.17	112.03	106.70	106.17	112.03	106.70	106.17	112.03	106.70	106.17	112.03
31.3.85	199	5576	3.57	191	5328	3.59	1180.11	10667.45	10.86	927.01	8718.73	10.63	111.80	109.79	111.05	116.91	115.11	118.28	116.91	115.11	118.28	116.91	115.11	118.28	116.91	115.11	118.28	116.91
31.3.86	222	6374	3.48	205	6098	3.39	1463.29	13984.06	10.53	1114.82	10669.41	10.45	124.72	125.50	135.38	144.96	147.17	135.38	144.96	147.17	135.38	144.96	147.17	135.38	144.96	147.17	135.38	144.96
31.3.87	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
31.3.88	250	7528	3.32	220	6690	3.15	1899.62	18328.70	10.31	1331.13	13621.63	9.77	140.45	148.22	127.91	187.19	194.13	155.23	187.19	194.13	155.23	187.19	194.13	155.23	187.19	194.13	155.23	187.19
31.3.89	287	8967	2.88	262	9192	2.65	2505.67	26376.31	8.83	1726.32	21166.82	8.16	161.24	198.04	152.33	248.22	300.58	204.13	248.22	300.58	204.13	248.22	300.58	204.13	248.22	300.58	204.13	248.22
31.3.90	322	11971	2.69	287	11186	2.57	3052.03	35286.99	8.65	1976.66	26903.26	7.37	180.80	235.70	168.66	302.35	373.78	246.41	302.35	373.78	246.41	302.35	373.78	246.41	302.35	373.78	246.41	302.35
31.3.91	378	14014	2.70	323	13019	2.48	3549.98	42836.39	8.29	2350.17	32820.67	7.18	212.36	275.92	187.80	351.68	453.74	289.12	351.68	453.74	289.12	351.68	453.74	289.12	351.68	453.74	289.12	351.68
31.3.92	420	15552	2.70	369	14798	2.49	4036.61	49754.80	8.11	2795.11	36875.59	7.11	235.98	308.20	214.53	399.89	527.03	328.63	399.89	527.03	328.63	399.89	527.03	328.63	399.89	527.03	328.63	399.89
31.3.93	461	17681	2.61	399	16677	2.39	4590.66	58842.50	7.80	3182.39	45368.72	6.97	258.96	347.53	231.96	454.77	623.29	370.35	454.77	623.29	370.35	454.77	623.29	370.35	454.77	623.29	370.35	454.77

Note : H.I = Hotel Industry

T.I = Total Industry

Source : Annual Reports of K.F.C., Thiruvananthapuram.

disbursed were 178 and 172 respectively. When the respective total industries were 5079 and 4503 the proportion of hotels to total number of units were 3.50 per cent and 3.82 per cent respectively. The total number of hotel units sanctioned had increased from 178 (1983) to 461 (1993) and total industries from 5079 to 17651. The indices of hotels show an increase from 100 (1983) to 258.99 and that of the total units from 100 to 347.53 for the corresponding period. The amounts sanctioned as on 31-3-1983 were Rs.1009.44 lakhs for the hotels and Rs. 9440.61 lakhs for the total industries with the proportion of hotels to total being 10.69 per cent. These amounts had increased to Rs.4590.66 lakhs and Rs.58,842.50 lakhs respectively in 1993. The proportion of the former to the latter had decreased from 10.69 per cent (1983) to 7.80 per cent (1993) except in 1984 (11.02 per cent) and '85 (10.86 per cent). The indices showed a growth from 100 (1983) to 454.77 (1993) for the hotels and from 100 to 623.29 for the total industries for the corresponding period.

The amounts disbursed as on 31-3-'83 were Rs. 677.70 lakhs for the hotels and Rs. 6861.58 lakhs for the total industries and the proportion of the former to the latter was 9.88 per cent. Disbursement in the respective heads stood increased to Rs. 3162.39 lakhs and Rs. 45388.72 lakhs declining the proportion of the former to the latter from 9.88 per cent (1983) to 6.97 per cent (1993) with the exception that the proportion increased in 1984 (10.36 per cent) and 1985 (10.63 per cent) and gradually declined. The indices grew from 100 in 1983 to 466.64 and 661.49 (1993) for hotels and total industries respectively.

7.17.2.3.3 *The Small Industries Development Bank of India (S.I.D.B.I)*

The assistance of the S.I.D.B.I to the hotel industries in Kerala is in the form of re-finance which is provided to scheduled commercial banks, state-co-

TABLE 7.41
RE-FINANCE BY THE S.I.D.B.I FOR THE HOTEL INDUSTRIES IN KERALA (Rs. in Lakhs)

Year	Units assisted	Variation over the previous year in %	Amount sanctioned Rs.	Variation over the previous year in %	Amount disbursed Rs.	Variation over the previous year in %	% of disbursement to sanction
1991	17 14.41	-	116.05 11.60	-	88.25 16.79	-	76.04
1992	52 44.07	205.88	395.60 39.56	240.89	247.47 47.09	180.42	62.56
1993	31 26.27	-40.38	280.30 28.03	-29.15	152.65 29.05	-38.32	54.46
1994	18 15.25	-41.94	208.17 20.81	-25.73	37.14 7.07	-75.67	17.84
Total	118 100	-	1000.12 100	-	525.51 100	-	52.54

Source : Computerised data from the S.I.D.B.I.

TABLE 7.42 A
PEAK SEASON OF THE RESPONDENT HOTELS

Centres →	TVM	KVM	CHN	TKDY	QLN	ALPY	KTM	TCR	GVR	PGT	CLT	Total	%
No. of sample Hotels →	6	2	25	1	1	1	1	5	3	2	3	50	100
Total Business months in the year →	72	24	300	12	12	12	12	60	36	24	36	600	100
Months	NUMBER OF HOTELS												
January	5	2	19	1	1	1	1	3	2	-	2	37	74
February	5	2	18	1	1	1	1	2	-	2	2	35	70
March	3	2	16	1	1	1	1	3	1	2	2	33	66
April	1	1	11	1	1	1	1	3	3	2	2	27	54
May	1	1	10	1	1	1	1	3	3	2	2	26	52
June	-	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-	-
August	1	-	-	-	-	-	-	3	1	-	-	5	10
September	5	1	4	-	-	-	-	3	1	-	-	14	28
October	5	2	15	-	-	-	-	1	1	-	-	24	48
November	6	2	18	1	1	1	1	1	1	-	1	33	66
December	6	2	19	1	1	1	1	1	2	-	2	36	72
Total Peak months	38	15	130	7	7	7	7	23	15	8	13	270	-
% to total business month	52.78	62.5	43.33	58.33	58.33	58.33	58.33	38.33	41.67	33.33	36.11	45%	-

Note : TVM = Thiruvananthapuram QLN = Kollam GVR = Guruvayoor
 KVM = Kovalam ALPY = Alapuzha PGT = Palakkad
 CHN = Kochi KYM = Kottayam CLT = Kozhikode
 THKDY = Thekkady TCR = Thrissur

Source : Survey data

TABLE 7.42 B
MODERATE SEASON OF THE RESPONDENT HOTELS

Centres →	TVM	KVM	CHN	TKDY	QLN	ALPY	KTM	TCR	GVR	PGT	CLT	Total	%
No. of sample hotels→	6	2	25	1	1	1	1	5	3	2	3	50	100
Total business months in the year→	72	24	300	12	12	12	12	60	36	24	36	600	100
Months	NUMBER OF HOTELS												
January	1	-	6	-	-	-	-	2	1	2	1	13	26
February	1	-	7	-	-	-	-	3	2	-	1	14	28
March	2	-	8	-	-	-	-	2	2	-	1	15	30
April	4	-	13	-	-	-	-	2	-	-	1	20	40
May	3	-	14	-	-	-	-	2	-	-	1	20	40
June	-	-	3	-	-	-	-	1	-	-	2	6	12
July	-	-	3	-	-	-	-	1	-	-	2	6	12
August	2	-	18	1	1	1	1	1	2	2	3	32	64
September	2	-	19	1	1	1	1	2	2	2	3	34	68
October	1	-	10	1	1	1	1	4	2	2	3	26	52
November	-	-	7	-	-	-	-	4	2	2	2	17	34
December	-	-	6	-	-	-	-	4	1	2	1	14	28
Total moderate months	16	-	114	3	3	3	3	28	14	12	21	217	
% to total business months	22.22	-	38	25	25	25	25	46.67	38.89	50	58.33	36.17	

Note TVM = Thiruvananthapuram QLN = Kollam GVR = Guruvayoor
 KVM = Kovalam ALPY = Alapuzha PGT = Palakkad
 CHN = Kochi KYM = Kottayam CLT = Kozhikode
 THKDY = Thekkady TCR = Thrissur

Source : Survey data

TABLE 7.42 C
LEAN SEASON OF THE RESPONDENT HOTELS

Centres→	TVM	KVM	CHN	TKDY	QLN	ALPY	KTM	TCR	GVR	PGT	CLT	Total	%
No. of sample hotels→	6	2	25	1	1	1	1	5	3	2	3	50	100
Total business months in the year→	72	24	300	12	12	12	12	60	36	24	36	600	100
Months	NUMBER OF HOTELS												
January	-	-	-	-	-	-	-	-	-	-	-	-	-
February			-	-	-	-	-	-	1	-	-	1	2
March	1		1			-	-	-	-	-	-	2	4
April	1	1	1					-		-	-	3	6
May	2	1	1		-		-	-			-	4	8
June	6	2	20	1	1	1	1	4	3	2	1	42	84
July	6	2	22	1	1	1	1	4	3	2	1	44	88
August	2	2	9			-	-	1	-	-	-	14	28
September	-	1	2	-	-	-	-	-	-	-	-	3	6
October	-	-	-	-	-	-	-	-	-	-	-	-	-
November		-	-	-		-		-		-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Peak months	18	9	56	2	2	2	2	9	7	4	2	113	-
% to total business months	25	37.5	18.67	16.67	16.67	16.67	16.67	15	19.44	16.67	5.56	18.83	-

Note : TVM = Thiruvananthapuram QLN = Kollam GVR = Guruvayoor
 KVM = Kovalam ALPY = Alapuzha PGT = Palakkad
 CHN = Kochi KYM = Kottayam CLT = Kozhikode
 THKDY = Thekkady TCR = Thrissur

Source : Survey data

operative bank and Kerala Financial Corporation. The analysis of the re-finance made by the S.I.D.B.I to the hotel industry in Kerala since its inception in 1990 is given in Table 7.41. It is discernible from the Table that during 1991-'94 the number of hotel units assisted, the amount sanctioned and the amount disbursed increased from 17 to 118, Rs. 116.05 lakhs to Rs. 1000.12 lakhs and Rs. 88.25 lakhs to Rs. 525.51 lakhs respectively. The percentage change over the previous year was positive only in 1992 in respect of all the three variables (205.88 per cent, 240.89 per cent and 180.42 per cent respectively). It can be further seen from the Table that the proportions of the units assisted, the amount sanctioned and the amount disbursed - year-wise - to their respective grand total stood the highest in 1992 (44.07 per cent, 39.56 per cent and 47.09 per cent respectively).

Conclusion

The peculiarities of the hotel industry such as capital intensiveness, excessive investment in fixed assets and long gestation period demand long term finance for which an investor looks upon the financial institutions. The analysis of the financial assistance provided by the major financial institutions to the hotel industry in Kerala reveals the following.

Kerala was far behind many other states in respect of IFCI's assistance to hotel projects. Out of the twenty states and union territories assisted, Kerala had the eleventh rank in the proportions of the number of units assisted and thirteenth rank in the total cost of the projects assisted. It had the fourteenth rank in the amount assisted by the IFCI. As regards the proportion of the loan to the total cost, Kerala had the thirteenth rank. The lion's share of the assistance by the TFCI from 31-3-'90 to 31-3-'94 (88.42 per cent) was to the hotel sector,

especially to the three star hotels (40.66 per cent) followed by the five star hotels (36.75 per cent). Out of the 203 units assisted by the TFCI, the proportion of Kerala was 4.93 per cent with the ninth rank and with regard to the amount of assistance, the proportion was 3.08 per cent with eleventh rank. From these it is clear that the entrepreneurs in Kerala are not awake to make use of the financial assistance by the TFCI to big hotel projects. It has to be noticed that our neighbouring state Tamil Nadu stood first in availing the financial assistance from both the IFCI and the TFCI in terms of the number of units and also the amount of assistance. As regards the financial assistance by KFC, the amount of assistance per hotel was more than the amount per non-hotel unit. The proportion of hotels in the total number of units assisted by KFC during 1983-'93 remained between two and four per cent. But the proportion in the amount sanctioned ranged between seven and eleven per cent and the amount disbursed between six and eleven per cent. The re-finance by the SIDBI during 1991-'94 shows that there was wide disparity in the amount sanctioned and disbursed. It is also seen that the re-finance was the highest in 1992.

7.17.3 *Seasonality*

Tourism demand is highly unstable and is influenced by many factors, more regularly by seasons. The seasonal changes affect the demand to a very great extent. Seasonal fluctuations in the flow of tourists will cause imbalance in the demand for the supply of tourist infrastructural facilities such as hotels, transport etc. Seasonality in tourism is a problem throughout the world. This presents a problem in relation to employment and investment. The problem of seasonality

requires immediate attention. Evenly spread tourism with very little seasonality trends is to be brought out.

7.17.3.1 *Seasonality in the Respondent Hotels*

During the survey of the hotel establishments, it was learnt that they do not get uniform business throughout the year. Based on the percentage of occupancy in the hotels they have three seasons, viz. the peak season, the moderate season and the lean season. The respondent hotels were asked to name the months in each season of their business and the details so obtained are presented in Tables 7.42.A., 7.42.B and 7.42.C., according to which there are altogether 600 business months for 50 respondent hotels consisting of 270 peak months 217 moderate and 113 lean months, i.e. 45 per cent of the business months are peak, 36.17 per cent moderate and 18.83 per cent lean. It can be further seen from Table 7.42.A that the majority of the hotels; ranging between 52 to 74 per cent, have 7 months (November to May) as peak season and June and July are not peak months for any of the respondent hotels. Further, centre-wise analysis of the peak season reveals that Kovalam has the highest proportion of peak months to total business months (62.5 per cent) and Palakkad the lowest (33.33 per cent). It is seen from Table 7.42.B that between 64 to 68 per cent of the hotels have their moderate season in August and September and the lowest (12 per cent) of them have June and July as moderate. Centre-wise analysis of the moderate season discloses that Kozhikode has the highest proportion of moderate months to total business months (58.33 per cent) and Thiruvananthapuram the lowest (22.22 per cent). June and July are the lean season for more than 80 per cent of the hotels and October to January (4 months) are not the lean season for any of the respondent hotels (Table 7.42.C). The highest proportion of the lean business months to total is for Kovalam (37.5 per cent) and the lowest for Kozhikode (5.56 per cent).

TABLE 7.43A
MONTH-WISE FOREIGN TOURISTS IN KERALA

Months	Years						
	1987	1988	1989	1990	1991	1992	1993
January	7881	7781	9896	9139	9341	11037	10819
February	5797	5745	9918	7625	7287	9472	9697
March	4365	3970	5995	6111	5904	6975	8199
April	3325	2157	3257	3719	4243	6097	6696
May	1583	1194	1798	3232	3124	4911	5229
June	1091	857	1401	2502	2532	4873	4814
July	1343	1734	2888	3244	3729	4304	5760
August	3111	3244	3849	4476	4338	7062	7627
September	4391	2132	3200	4286	4906	6829	7189
October	5409	6542	6620	6384	6220	8582	8326
November	6602	8072	8209	6814	7701	9948	9443
December	6918	8655	8921	8607	9984	10545	11440
Total	51816	52083	65952	66139	69309	90635	95209

Source : The D.O.T., Government of Kerala.

TABLE 7.43. B
MONTH-WISE DOMESTIC TOURIST ARRIVAL IN KERALA

Months	Years						
	1987	1988	1989	1990	1991	1992	1993
January	61837	54627	56948	66255	77962	93010	99472
February	52158	48751	59252	55930	69944	81487	83201
March	53228	51825	55777	72108	78039	76611	81297
April	41786	40758	42410	66794	75666	79973	80422
May	37860	44632	48560	77815	77336	92422	93458
June	35536	44536	43322	71600	73706	78701	80001
July	36922	45643	51715	72862	74121	76787	77469
August	37658	43317	49890	69754	74214	79617	85268
September	31568	46514	52931	73794	78500	81809	84524
October	40517	47551	55494	77264	85620	83000	85561
November	40925	53140	55699	79320	90974	85265	88176
December	40624	60756	62250	83029	92909	85458	88387
Total	510619	582050	634248	866525	948991	994140	1027236

Source : The D.O.T., Government of Kerala .

TABLE 7.44
SEASONAL INDEX OF TOURIST ARRIVALS IN KERALA

Months	Seasonal Index (Foreign)	Seasonal Index (Domestic)
January	3845	8227
February	2405	-670
March	255	1481
April	-1615	-4139
May	-2769	3253
June	-3238	-4466
July	-2643	-3520
August	-1217	-4597
September	-1327	-3229
October	959	362
November	2175	2354
December	3171	4943

Source : Computed using the data provided by the D.O.T Government of Kerala .

7.17.3.2 *Seasonal Index*

An attempt is made to study the seasonality pattern of tourism in Kerala. Table 7.43.A (Foreign tourists) and Table 7.43.B. (Domestic tourists) show the month-wise tourist arrivals in Kerala during 1987 to 1993. Seasonal index is worked out to arrive at the seasonality pattern in the following way. Firstly mean and standard deviation of tourist arrivals in different months were computed for each year. A plot of the standard deviations against the means did not show any relation and hence an Additive Seasonal Model was adopted for estimating the seasonal index. The seasonal index (additive model) was computed as the average deviation of each month's tourist arrival from the corresponding trend level of that month. The trend component was estimated using the Centred Moving Average method with a span of 13 months. The results of the computations are given in Table 7.44.

October to March are favourable for the foreign tourist arrivals in Kerala and the remaining six months, April to September, are not favourable (Table 7.44). Among the favourable months the seasonal index is the highest in January (3845) and the lowest in March (255). Among the unfavourable months, the index is the lowest in June (-3238). The Table further shows that October to January and March and May are the favourable six months for the domestic tourists. The seasonal index is the highest in January (8227) and the lowest in October (362). Among the remaining six months seasonal index is most unfavourable in August (-4597). The seasonality pattern of foreign and domestic tourists is almost the same with the difference that among the favourable months May is included by the domestic tourists instead of February by the foreign tourists. Similarly June is the most unfavourable month for the foreign tourists when August is for the domestic tourists

7.17.4 *Multiplicity of Products*

Hotels and restaurants do not sell a single product, but a multiplicity of products mainly low-priced. Many hotels have menus containing over one hundred items, each of which has to be separately costed, prepared, served and accounted for on the customer's bill.

“There is hardly any other business in which the amount involved in each individual transaction is so small and where these transactions, cash or credit, follow each other with such rapidity. A guest may arrive at and take a room, have his baggage delivered, use the telephone and valet service, have his meal in his room or in the dining room, send a telegram, purchase cigars and dictate a few letters to the public stenographer, all within a little more than an hour. During the same time he must be registered, his name must be listed so that mail and telephone calls can reach him, an account must be opened for him, the baggage porter, the telephone operator, the valet, restaurant cashier, telegraph office, cigar stand and the public stenographer must all record the charges for their services and must report the charges to the bill clerk, who, in turn, must post them to the guest's account⁷. Non-recording of the charges for any of the services listed above would result in loss of revenue to the entrepreneur.

7.17.5 *Perishable Product*

The product of the hotel industry is entirely different. A hotel bed room which has not been sold is an irretrievable loss. Similarly food is perishable both in raw material form and in the form of prepared meal. The hotel product has no shelf-life and is intangible. It can not store its product. Slackening of weather may lead to low demand for the hotel products. The hotel can not readily vary its operation or product of its service. Hence risk factor is more in hotels.

7.17.6 *Shortage of Skilled Personnel*

Hotels in India have high ratio of staff to bed (3:1 in luxury hotels in India against 0.8:1 in the USA). So the services in our hotels is expected to be extremely good. But the visitors describe it as 'slow, poor and sickening', they complain delay at the reception counter and in room service. The lack of trained staff for the hotel industry is the reason for this poor service. The traditional concept of a hotel has undergone a sea-change. Today the hotel companies have to treat hotels as a product which has to be sold using the same sales technique as any other tangible product. Serving a modern guest is a specialised job in as much as the tourist demands have become more and more exacting. This necessitates sufficient number of properly trained personnel in different departments of hotels.

7.17.7 *Cycle of Operations*

In some industries the time taken from the purchase of raw-materials to the sale of the finished product is long, some times a matter of months. In the hotel and catering establishments the cycle of operations is on the other hand, very short. Food delivered in the morning is often processed later that morning and sold the same day. So there must be adequate checks and control devices in the establishment to reach an acceptable level of profit. The checks and control devices must be such as to cover the whole of the catering cycle, that is, (a) buying (b) receiving (c) storing and issuing (d) food preparations and (e) selling⁸.

Each establishment requires a comparatively short term reporting system than in other industries. A variety of daily and weekly reports are required in addition to the monthly and quarterly reports.

7.17 8 *Marketing*

In the highly competitive contemporary world, an industry can survive only through formulating and putting into effect highly aggressive marketing strategies on scientific lines. Tourism is not something that passively 'happens'. Tourists are to be attracted. Tourists can not be expected to come directly to a destination. They have to be fetched. In recent years the marketing efforts and technological thrust and forcefulness of the international hotel chains hve increased phenomenally and have resulted in their taking the lead in aggressive marketing of tourism in today's world. Lack of association with international chains and organisation is our failure.

The logical step to be taken is that individual hotel chains and organisations in our state should seek and be allowed to seek such association without diluting the national interest. The economic advantages of marketing and reservation arrangements with reputable international hotel chains are immense. These chains have global linkages both backward and forward with different segments of tourism and travel infrastructure. Their name and standing in the arena of world tourism commands confidence in the minds of the travellers who know that the standard of service, the care and concern for the guests and the benefits of modern technology will be combined and juxtaposed in the most appropriate manner to suit individual needs.

Because of the shortage of accommodation most hoteliers and restaurers are indifferent to the idea of advertising their hotels abroad. It is impossible for a private hotelier to advertise independently. Tie up arrangements with big

international hotel chains enable to take the advantage of joint advertisement abroad. Collaborations with reference to financial participation are needed. There is urgent need for foreign collaborations to ease the problem of financing and finding foreign exchange. Large hotel companies who have established a standardised service with a particular brand image have opportunity to undertake the national and international advertising and sales efforts and are able to offer a spread of national and international locations.

7.17.8.1 Sales Promotion Measures Taken by the Respondent Hotels

The survey shows that the hotel establishments depend on different means such as advertisement, travel agents, tour operators, transport operators, associates abroad and goodwill of self for their sales promotion. It can be seen from Table 7.45 that all the hotels in each category claimed good will of self as one of their sales promotional measures. Advertisement and travel agents/tour operators are also used by all the five star and three star hotels. Travel agents and tour operators are depended by 80 per cent of the 2 star hotels and 50 per cent of the one star hotels. In short, travel agents/tour operators are the main source for the majority of the hotels (56 per cent) for all the categories taken together and associates abroad for the least (18 per cent). And finally all the five star hotels give equal importance to all the five promotion measures detailed above.

TABLE 7.45
SALES PROMOTION MEASURES TAKEN BY THE RESPONDENT HOTELS

Sales Promotion Measures	Category of Hotels				Others	Total
	Five Star	Three Star	Two Star	One Star		
	2 <i>100</i>	9 <i>100</i>	15 <i>100</i>	2 <i>100</i>	22 <i>100</i>	50 <i>100</i>
Advertisement	2 <i>100</i>	9 <i>100</i>	9 <i>60</i>	1 <i>50</i>	2 <i>9.1</i>	23 <i>46</i>
Travel agents / Tour operators	2 <i>100</i>	9 <i>100</i>	12 <i>80</i>	1 <i>50</i>	4 <i>18.2</i>	28 <i>56</i>
Transport Operators	2 <i>100</i>	4 <i>44.44</i>	8 <i>53.33</i>	1 <i>50</i>	12 <i>54.55</i>	27 <i>54</i>
Associates Abroad	2 <i>100</i>	3 <i>33.33</i>	2 <i>13.33</i>	- <i>-</i>	2 <i>9.1</i>	9 <i>18</i>
Good will	2 <i>100</i>	9 <i>100</i>	15 <i>100</i>	2 <i>100</i>	22 <i>100</i>	50 <i>100</i>

Note : Figures in italics show the percentages to the number of respondent hotels in each category.

7.17.9 Package Tour

The evaluation of tourism into an industry requiring specialised marketing techniques and the powerful persuasion of radio, T.V and the print media gave birth to the techniques called "package tour". Travel agents and tour operators, hotel and transport companies now control a global mass-tourism market through their transnational operations in origin and destination countries. They intervene between the would be tourist and a chosen destination⁹. Today tourist prefer ready-made packaged tours without any hassles, uncertainty and delay¹⁰. In order to encourage the tourists to come on package tour the cost of package tour should be brought down, so as to be comparable with other destinations of the world. There is a distinct impression abroad that the Indian

hotels (5 star and deluxe) are over priced, 3-4 stars hotels are just not available in the right numbers¹¹. A recent study by the economic intelligence unit of the magazine "The Economist" of London highlights the fact that the hotels in India are very expensive. Another finding of the same study indicates that Bombay is a more expensive city (based on hotel and meal cost) than Vienna, Brussels, Amsterdam, Madrid¹² etc. This impression of the foreigners should be changed and every effort should be taken to reverse the situation.

7.17.10 *External Factors*

War, politics, public opinion and civil unrest can be the greatest enemy of the tourism and hotel industries. In fact, mutual trust or distrust can greatly increase or hinder travel. The hotel business also depends on the socio-economic and political situations in the country or even the region at the particular point of time. The apparent failure of the 'visit India year' 1990, the reasons of which were explained in chapter 5 of this study is the best example for this. The worries about the possible infection of 'plague' which broke out in Surat in the last week of September 1994 and which affected the tourist arrivals in India is another example of an external factor that curtailed the hotel sales.

The absurdity and complexity of the licensing laws are a national and in fact international joke. The hotelier loses many foreign customers and thus foreign exchange. In a study made by the Stanford Research Institute on travellers to India the results showed that if the 20 per cent teetotallers are excluded, about 40 per cent of them were irked by the prohibition, policy and dry laws¹³.

7.17.11 *Excessive Tax Burden*

Excessive tax burden on the tourists is counter productive to tourism growth. At present, the expenditure tax on luxury hotels is 20 percent apart from the sales tax of 15 to 20 per cent making the total tax burden 35 to 40 per cent. In addition to this, 10 per cent service charges are imposed on tourists. So a tourist is taxed to the extent of 50 per cent of his expenditure in a hotel. Only the government can help the hoteliers in their loss of business due to the excessive taxes they are bound to levy

7.17.12 *Air-Conditioning Aspect*

The hotel industry should give more attention to the air-conditioning aspect. The air conditioned rooms induce the tourists to stay longer at a place, which means more income from them. But the unwise step of levying 15 per cent expenditure tax on food and drinks consumed in air-conditioned restaurants resulted in an increase in the cost of eating out¹⁴ and this in turn curtailed the flow of guests to these hotels. Such experiences would discourage hoteliers from paying more attention to air-conditioning aspect.

Conclusion

All the problems of the hotel industry discussed above are associated with the special nature of the industry. For the desired growth of the industry in order to promote tourism, it is essential that the government should extend a helping hand to the industry. Government has to see that the hotel industry does not suffer in any way and give all encouragements to sell accommodation for international conferences.

In order to keep abreast of the modern trends massive programmes of expansion and renovation have to be launched in hotels. For each investment in hotel, necessary incentives should be given. Hoteliers invest money in order to earn money and if it is not possible because of the restrictive policies of the government they will have no incentive to invest. Tourism cannot be promoted without huge investment in hotels. Unless the government stepped in with all sincerity and earnestness there will be a decline in the quality and the ultimate losers will however be only the people and the government.

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Chapter - III



CONCLUSIONS AND RECOMMENDATIONS

CHAPTER - VIII

CONCLUSIONS AND RECOMMENDATIONS

The travel and tourism industry world-wide is growing at a very fast rate. It has been predicted that, tourism industry will be the world's largest single industry. Accommodation industry is the most important segment of tourism industry. Over ninety per cent of the foreign tourists and between seventy and eighty per cent of the domestic tourists depend on hotels for their accommodation.

There is tremendous scope for the accelerated growth of tourism in Kerala. When tourism is looked upon as an economic activity capable of earning the much needed foreign exchange, it is essential to promote class tourism in our state. High spending tourists, by virtue of their status and standard of living, will maintain a discipline which will help in preserving our environment, tradition and culture, contrary to the arguments of the critics of tourism. Before such tourists are brought here, it is primarily essential to ensure their comfortable stay and sojourn. Adequate accommodation must be made available in the type of hotels they demand. The study on the trends in the hotel industry in Kerala reveals the following

i). The comparative growth of the variables, viz, the number of hotels, the room capacity and the bed capacity in the eleven centres of tourism in Kerala shows that the growth was the highest in the bed capacity and the lowest in the number of hotels. This indicates that the existing hoteliers expand their old units

by increasing the multi-bedded rooms and a few of the new entrants in the field, build comparatively larger hotels with multi-bedded rooms.

ii). It is because of the increasing demand for the hotel rooms at various centres of tourism that the mean-centre size in terms of room capacity shows a steady increase over the years. The increased demand should be met by opening new hotels and not by adding rooms or beds to the existing units. The coming up of new hotels will cause competition essential for the betterment of facilities and services in hotels.

iii). The group-wise analysis of the three variables shows that the growth was the highest in the fourth group of hotels and the lowest in the first group. Contrary to this the results of the survey on the foreign tourists show that the highest proportion of them prefer to stay in Group I hotels. Here the phenomenon of the highest growth in the fourth group of hotels which do not offer even the minimum standards, and the lowest growth in the Group I hotels will force the tourists to stay in the available rooms of Group IV hotels. An unhappy experience in their sojourn, especially of the foreign tourists will reflect adversely in the future tourist arrivals. Hence it is highly important that hotels of the standard expected by the tourists, in adequate number are provided at various centres where they are scanty.

iv). The centre-wise growth of the hotel industry in Kerala reveals that Kochi is the only centre where there was growth in all the four groups of hotels and in terms of all the three variables viz, number of hotels, room capacity and bed capacity. There were no Group I hotels in seven out of the eleven tourist centres of Kerala, viz, Thekkadi, Kollam, Alapuzha, Kottayam, Thrissur, Guruvayoor and Kozhikode. Among the four centres which had Group I hotels, there was no

growth in any of the three variables at the two centres, viz, Thiruvananthapuram and Palakkad and there was growth only in the room and the bed capacity at one centre viz. Kovalam. There was increase in the Group IV hotels at all the centres except Kollam and Kottayam. In Kovalam a decline was found from 1991 onwards

v). The estimated room requirements show that there was shortage of Group I hotels in all the eleven centres of tourism. Shortage of rooms in all the four groups was found at Thiruvananthapuram, Kovalam, Kochi and Thekkadi during all the four years under study.

vi). The identification of the significant centres by comparing the room capacity of the centres with the mean-centre size at two points of time shows that, only Kochi remained a significant centre in respect of all the four groups of hotels at both the points of time, viz, 1985 and 1994. Similarly Kovalam and Thiruvananthapuram were significant centres respectively for Group I and Group II hotels in 1985 and 1994. Kozhikode became a significant centre only in 1994, for all the groups except Group I. Guruvayoor retained its position as the significant centre of Group IV hotels in both 1985 and 1994.

vii) In order to attract the increasing number of high-spending foreign tourists to the various tourist centres of Kerala and to ensure their prolonged stay in each centre, adequate growth in Group I hotels should take place in all the centres. The present practice of visiting a centre during the day time and returning to the centre of night-halt, causes much inconvenience to the tourists. In order to enjoy the beauty of each tourist centre, it is necessary that provision is made for their comfortable stay at each centre

viii) It is seen that Kochi is the only centre in which spatial concentration took place in all the four groups of hotels. Spatial concentration implies that a location enjoying a relatively significant position with respect to some magnitude at the commencement of a given period of time, retains its relative significance at the end of the period. Spatial concentration took place at Kovalam in respect of Group I hotels, at Guruvayoor and Kozhikode in respect of Group IV hotels and at Thiruvananthapuram in all the four groups of hotels except Group II. Hence it is evident that Kochi is the only centre capable of providing accommodation to tourists belonging to various walks of life and income groups. Other centres can also attract and retain the tourists provided they are equipped with sufficient hotel rooms of different categories. The tourists may otherwise shirk the idea of visiting other centres for want of suitable hotel accommodation there.

ix). There was no spatial dispersion in the first group of hotels in any of the centres. Since Thiruvananthapuram, Kollam and Thrissur ceased to be significant centres in 1994 as against 1985 in respect of Group II hotels, there was spatial dispersion at these centres. Similarly Kottayam and Thrissur which were significant centres in 1985 in respect of Group III hotels, ceased to be so in 1994 indicating spatial dispersion in that group. Moreover, spatial dispersion is indicated at Kozhikode also in respect of Group III hotels as it became a significant centre in 1994 as against 1985. In the fourth group, spatial dispersion took place at Palakkad which was a significant centre in that group in 1985 but ceased to be so in 1994.

x) The degree of concentration of the hotel industry over the period 1985-1994 as measured by using Herfindal Index showed that the degree of variation in concentration of R_1 type of rooms in a particular centre/a few centres was not steady but subject to oscillations. However an increasing trend after 1988

indicates increase in concentration which means the rooms of the first group of hotels do not show spread in all the centres but the growth is only in the existing centre/centres. The ideal situation for the uninterrupted growth of tourism is a spread of different types of hotels at different centres and not the concentration in a few centres.

xi). The degree of uncertainty of a centre in attracting and retaining the customers was measured by using the Entropy Index. A decline in the Entropy Index and an increase in concentration resulting in a decrease in competition are found in the R_1 type and R_4 type of rooms. The customers are forced to stay at places where rooms are available regardless of their choice of the centre. For attracting the high spending tourists competition should increase in R_1 type of rooms. Hence hotels belonging to three star and higher categories have to be started at various centres. The reluctance of the entrepreneurs to invest in hotels has to be overcome.

xii). The Key Growth Indicators, viz. Sales, P.A.T., P.B.D.I.T, and Net Value added increased tremendously during the period 1990-91 to 1993-94 that hotels bagged the fourth, fourth, sixth and sixth ranks respectively in 1993-94. Among the sixty one industries as against their respective ranks of 57, 52, 56 and 54 in 1990-'91. There was considerable improvement in the ranks in respect of the Total Assets, Capital Employed and Gross Fixed Assets.

xiii). The comparative rank of hotels in respect of the Key Industry Ratios also changed favourably and hotels remained one of the best four industries out of the sixty-one industries studied especially in PBDIT/Sales, PBDIT/Total Assets, Return on Net Worth and PAT/Sales.

xiv). The bright prospects of the industry are sufficiently indicated by the favourable trends in the Asset Utilisation Ratios, Profitability Ratios and Structure of Assets and Liabilities. The hotel industry in India has registered significant growth and become one of the most prominent industries in all these respects. But the set back in the industry during 1990-91 is indicative of the sensitiveness of the industry to external factors such as terrorism, communal riots, political instability and epidemics. In such situations it is highly needed that measures to safeguard the industry are taken by the government.

xv). The financial performances of both the private and public sector hotels in Kerala also show an overall growth. The operating expenses of K.T.D.C. hotels are more and hence the mounting of loss year after year is seen. It is essential that adequate cost control methods are used to reduce the operating cost of K.T.D.C hotels.

xvi). Replacement and renewals in fixed assets take place in shorter periods in private hotels when compared to K.T.D.C. Hence they are found neat and well-maintained than K.T.D.C. hotels. The management of K.T.D.C. hotels should pay attention to the fact that the hotel properties are maintained to the satisfaction of the customers.

xvii). The profitability ratios of the hotels in Kerala already show an increasing tendency. The promotion of the state as an "all season destination" will help to solve the seasonality problem of the hotel industry. Then the investors can confidently invest huge amount in the hotel sector which alone can solve the most serious problem of the tourism industry, viz. lack of appropriate hotel accommodation at various tourism centres.

xviii). Professionalism and training are essential for the hotel jobs. The acceptance of hotel jobs by the youth is evident from the growing number of trainees under various posts. The trainees constitute a considerable proportion of the employees of a hotel. Hotel education and training is imparted to a growing number of young candidates, taking into account, the requirements of the hotel industry for trained manpower. They are placed in various posts in many hotels for practical training. This enables the hoteliers to exploit maximum job from the trainees, who are professionally qualified, at less pay.

xix). An increasing representation of female employees in the hotel industry is evidenced. It increased from 9.98 per cent in 1989-'90 to 12.09 per cent in 1993-'94. The growth of the indices of the female employees was the maximum in trainees. The highest proportion of the female employees was in house keepers followed by receptionists.

xx). On category-wise analysis of the respondent hotel employees, it was understood that all the managerial and supervisory staff of the five star hotels are professionally qualified. In the remaining categories of the classified hotels, the proportion of professionally qualified managerial and supervising staff reduced according to the decrease in the star symbol. However, these proportions are found higher in the non-star hotels. This is because some of these non-star hotels are newly constructed ones and they maintain better standards but remain unclassified due to the procedural delay on the part of the authorities concerned.

xxi). The indices of professionally qualified personnel grew comparatively slowly in the five star hotels in different categories of employees because they run the establishment with the required staff strength from the initial years itself. The employees are well qualified and experienced and well paid too. There are trainees

to assist the experts in each section so that the average number of staff in each section is more in the five star hotels than others.

xxii). The three star hotels in Kerala are in direct competition with the five star hotels, in the absence of the four star hotels. So they try to maintain the maximum quality in services and facilities to the guests. They keep on recruiting qualified and trained hands to various posts every year.

xxiii). The analysis of the socio-economic profile of the hotel employees reveals that seventy-four per cent of the respondent employees were below 35 years of age. The managerial and supervisory posts in a hotel can be held in the young age of below 30 years which is not usually possible in other fields.

xxiv). The general educational qualification of the majority of the employees of the hotel industry is SSLC /plus two. Most of them have pass in a diploma or certificate course or a degree in hotel management. They get a very good amount by way of salary, free food, free accommodation facility and tips every month. They are provided with good working conditions and it is the most suitable job for the people who like to meet people. Multi-lingual staff is a speciality of the hotel industry.

xxv). The profile of the tourists revealed that the majority of them are visiting Kerala for the first time and that too out of their own curiosity. Again most of them especially the foreign tourists are travelling alone on independent tours. From these facts it can be inferred that Kerala has not been adequately marketed as a tourist destination and package tour to Kerala has not been sufficiently popularised. The international tour operators and local agents are reluctant to bring tourists to Kerala on package tour mainly due to the paucity of appropriate hotel accommodation facilities in Kerala, it is learned.

xxvi). The majority of the tourists are attracted to Kerala by her scenic and natural beauty and they prefer to stay for 10 to 30 days here. Since each tourist centre in Kerala has varieties to offer it is possible to reap the benefit of maximum foreign exchange earnings through the prolonged stay of the foreign tourists with family and friends, at each centre.

xxvii). A good majority of the foreign tourists prefer to stay in the three star and higher categories of hotels and the domestic tourists in two star and lower categories. Both the foreign and domestic tourists were of the opinion that they were not getting prompt services from hotels.

xxviii). Tourist guidance facilities, tourist information centres, transport facilities and various facilities in a hotel remain much below the average satisfaction of the tourists.

xxix). Considering the demand and supply of the various hotel facilities it is understood that all the facilities demanded by a good majority of the tourists are not available even in the top category of hotels.

xxx). The survey of the hotel establishments reveals that most of the hotels were established in the post 1980 periods especially after 1986.

xxxi). Kochi is the only centre where hotels have been established during all the quinquenniums since 1960 and it is the only centre which has hotels in all the categories. Still there is a shortage of rooms in all the groups of hotels in Kochi. It is also a centre which has hotels with 90-100 percentage of occupancy with guests who stay for more than 5 days.

xxxii). The seasonality pattern of the hotel industry in Kerala is such that 45 per cent of the business months are peak, 36.17 per cent moderate and 18.33 per cent

lean. For the majority of the hotels, November to May is the peak season and June - July the lean season. Kovalam has the highest proportion of peak months to total business months. The seasonality pattern of the foreign and domestic tourists is almost the same with the difference that among the favourable months May is included by the domestic tourists instead of February by the foreign tourists. Similarly June is the most unfavourable month for the foreign tourists when August is for the domestic tourists.

xxxiii). The analysis of the financial assistance provided by the major financial institutions to the hotel industry in Kerala reveals that Kerala is far behind many other states in respect of I.F.C.I's assistance to hotel projects. Again it can be learnt that the entrepreneurs in Kerala are not awake to make use of the financial assistance by the T.F.C.I to hotel projects. More over the proportion of hotels in the total number of units assisted by K.F.C. during 1983-'93 remained between two and four per cent.

xxxiv). The multiplicity of products, the perishable nature of the products, the shortage of skilled personnel, the short duration of the cycle of operation, the inadequate marketing, the non-popularisation of package tour to Kerala, the sensitivity of the industry to external factors and the excessive tax burden are some of the major problems faced by the hotel industry in Kerala. All these problems of the hotel industry are associated with the special nature of the industry. For the desired growth of the industry to promote tourism, it is essential that the government should extend a helping hand. Association with international hotel

chains and organisations will help in the aggressive marketing of tourism with technological thrust and forcefulness.

Suggestions

Based on the findings summarised above, the following recommendations are made to improve the present situation of the hotel industry in Kerala :

- i. Joint venture agreements are to be made with the world's well known international hotel chains to start big hotel projects here so that effective marketing of Kerala will be undertaken by them.
- ii. Different types of hotels should be made available at the various centres of tourism.
- iii. While constructing new hotels some more hotels are to be located close to the air ports in Kerala.
- iv. Steps should be taken to avoid the delay experienced by tourists in getting prompt services from hotel employees.
- v. Steps should be taken to provide facilities like visa and other travel requirements, air line counter, sports, camel and horse races, boutique, special entertainments for children and self driven cars which are not available even in the five star hotels of Kerala.
- vi. The reluctance on the part of the entrepreneurs to invest in hotels should be removed by educating them about the need and ensuring them of the future prospects of the industry. The initiative for this should come from the government itself.

- vii. Co-ordination and co-operation in the functioning of the various departments of the government will help in supporting the entrepreneur in the various steps he takes in the promotion and running of a good hotel.
- viii. The government that has a stake in tourism infrastructure should provide hotel sites at specially reduced rates to entrepreneurs.
- xi. The government may declare certain areas suitable for development as tourist areas and fix prices for land to prevent speculation. Those areas have to be properly projected and publicised in the potential markets. The government can go into collaboration with promoters and developers to establish hotels on the basis of land offerings. Land can be taken on long term leases and construction of hotels can be done on the leased land.
- x. Subsidy on the loan for construction of hotels should be made available to the entrepreneurs irrespective of the political clout they have.
- xi. Water and electricity should be made available at industrial rates.
- xii. There is a crying need for fiscal incentives for investment in the hotel industry. In Sri Lanka, new hotels are totally exempted from tax for five years and for the next fifteen years, they are charged at half the normal rates applicable to other sectors.
- xiii. Seventy to eighty per cent of the turnover of hotels is in foreign exchange. So the hotel industry should be treated on par with export oriented industries. The reduction of import duties on capital goods will have a positive impact on the capital cost of constructing new hotels and renovating existing hotels. This will encourage new hotels to come up and enthuse the existing ones to undertake major renovations resulting in improved services.

- xiv. While trained and proficient manpower for hotels may be available, it may become necessary, for various reasons to specialists or senior executives of international experience from outside. Government approval required for the import of foreign experts, at least for such time as locals are trained and found suitable, should be granted without any delay
- xv Since construction of hotels and infrastructure needs money and resources, their investment needs to be justified in economic terms. Seasonality of Indian tourism is a serious problem which will affect the profitability of the hotel industry. This can be solved by adopting the following corrective measures :
- Promote off season tourism by offering attractive packages to domestic tourists.
 - Increase the convention business and earn sizeable expenditure of the delegates on hotel bills.
 - Encourage the hotel and tourism industry to sell accommodation in India for international conferences. Most of the conferences, business fairs and festivals held in India at present are in the metropolitan cities because the facilities needed for the delegates are available only here. But for the inadequacy of suitable accommodation facilities, Kerala is the best place in India, in all other respects, to hold such conferences.
 - With the policy of liberalisation and privatisation followed by the assurance from the government to create an industrial climate conducive to smooth functioning, the increased investment by the NRIs in the industrial sector including the hotel industry, gives us the hope that Kerala will be turned as a

“business destination”. This will solve the seasonality problem of the hotel industry to some extent.

- Tourism helps in promoting national and international understanding and to create friendship among individuals. Affinity towards travel and tourism can be created in the children by introducing compulsory tour programmes in the curriculum. Concessions can be given to such children for their stay and sojourn which will, in turn, help the hoteliers to solve the problems due to low occupancy percentage in the off season. Moreover, the tourism awareness, thus created will definitely help the future generation to behave decently towards the guests.

xvi. Since the present study has been undertaken with some specific objectives, it has not examined all the aspects relating to the hotel industry in Kerala. The hotel industry in Kerala requires a study in depth on many more aspects. The following are some of the areas suggested for future research :

- Study on the tariff structure of the hotel industry in Kerala.
- Comparative advantages of various sizes of the hotel industry and various ownership patterns.
- Break-even analysis of the hotel industry.
- Foreign exchange earnings of the hotel industry.
- Contribution of hotels to the exchequer.

Inadequacies of information and poor data base have been severely felt in the course of the study. Improvement in these respects will encourage future researchers to cross the limits and contribute more towards the sector.

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