

## **CHAPTER -V**

### **PROBLEMS AND PROSPECTS OF HOTEL INDUSTRY**

#### **INTRODUCTION**

This chapter highlights the problems and prospects of hotel industry. Customers are kings in the market place. Nowadays, modern marketing is consumer oriented. So, to satisfy the customers needs and to capture the market is one of the vital tasks to the hotel service providers. At the same time the marketers face hectic competition too. Here, the researcher analyses the problems and various services provided by the hotel owners to their guest for its prospects.

Majority of the hotels taken for the study are star category approved hotels which provide catering and restaurant facilities, etc. Only these star hotels could provide various facilities and services to the tourists and others. The hotel owners use various advertising media, sales promotion tools and other facilities to attract their customers for the prospects of the hotel industry.

#### **HOTEL INDUSTRY**

Hotel industry being an important constituent of the tourism sector, offers customer services by means of a well organized system. The service of hotels embrace the organized system of apparatus, appliances and employees for supplying some accommodation and activities required by the public. The service rendered by the hotels for that matter by any service organization is subject to certain inherent attributes and

these poses problems in their marketing. These services are intangible and precise standardization is difficult. Since they cannot be inventories they are perishable in nature. Owing to the peculiar feature of services adopting different marketing strategy is inevitable for the prospects of the hotel industry.

### **FINANCIAL ASSISTANCE PROVIDED TO HOTEL INDUSTRY**

Finance plays the most crucial role in the development of hotels. Funds for the development of hotels are blocked in the form of infrastructure facilities such as land, building, furnishing, fixtures and fittings etc.

“As far as financing is concerned, the hotel industry needs to be put on the same floating, for loans from financial institution and banks as other primary priority industries, conducive investment climate must be created for the hotel industry to prosper”<sup>1</sup>

#### **Tourism Finance Corporation of India**

TFCI was incorporated as a Public Limited Company under the Companies Act 1956 on 27th January 1989 and has become operational with effect from 1st February 1989. TFCI provides financial assistance to enterprises for setting up and for development of tourism-related projects, facilities and services, especially to Hotels, Restaurants, Holiday Resorts and tourists activities.

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1-Industrial times 21.9(1971)

It assist in the creation, operation ,expansion and modernization of such enterprises and promotes private public ownership in such enterprises. Assistance from TFCI is in the form of rupees, foreign currency, loan, underwriting or direct subscription shares/debentures, guarantee for deferred payment , Equipment finance, equipment leasing and supplying credit. TFCI is also expected to provide merchant banking, Advisory services carry out activities of coordinating and formulating and finance of all projects in tourism industry and tourism relating activities facilities such as Hotels, Restaurants, Holiday Resorts ,Amusement Parks, Tourism Emporia etc. Since its inception, TFCI provides high-quality research and Consultancy services to the tourism industry in general and to the investors in tourism industry in particular. TFCI's range of activities in the Consultancy Division covers tourism-related studies, surveys and project-related services

# FINANCIAL ASSISTANCE PROVIDED BY TOURISM FINANCE

## CORPORATION OF INDIA LIMITED

**TABLE : 5.1**  
**Type of project wise and purpose wise classification of financial assistance**  
**sanctioned (2010-2011)**

(Rs` in Lakhs)

| Purpose  | New |        | Expansion |        | Ren/ Eq. Finance |        | Exp / Reno / Acq / Restre |        | Total |        |
|--|-----|--------|-----------|--------|------------------|--------|---------------------------|--------|-------|--------|
| Type of Project  | No. | Amount | No.       | Amount | No.              | Amount | No.                       | Amount | No.   | Amount |
| 5 Star Hotel   | 3   | 12600  | 0         | 0      | 0                | 0      | 3                         | 9500   | 6     | 22100  |
|  | 75  | 134875 | 16        | 17876  | 15               | 6808   | 19                        | 30777  | 125   | 190336 |
| 4 Star Hotel   | 2   | 8800   | 0         | 0      | 0                | 0      | 0                         | 0      | 2     | 8800   |
|  | 41  | 50746  | 6         | 7457   | 5                | 1995   | 4                         | 1590   | 56    | 61788  |
| 3 Star Hotel   | 3   | 8700   | 0         | 0      | 0                | 0      | 1                         | 3000   | 4     | 11700  |
|  | 245 | 130892 | 22        | 12587  | 11               | 3743   | 36                        | 21277  | 314   | 168499 |
| 2 Star Hotel   | 2   | 3740   | 0         | 0      | 0                | 0      | 0                         | 0      | 2     | 3740   |
|  | 23  | 9138   | 1         | 388    | 1                | 90     | 2                         | 323    | 27    | 9939   |
| Heritage   | 0   | 0      | 0         | 0      | 0                | 0      | 0                         | 0      | 0     | 0      |
|  | 17  | 3764   | 3         | 1030   | 2                | 425    | 2                         | 586    | 24    | 5805   |
| Un Classified  | 0   | 0      | 0         | 0      | 0                | 0      | 0                         | 0      | 0     | 0      |
|  | 2   | 1210   | 0         | 0      | 1                | 24     | 1                         | 56     | 4     | 1290   |
| Amusement Part / Shopping Complex Cum-Ent centre / Water Part / Multiplex / Activity Centre . Integrated | 2   | 4040   | 0         | 0      | 0                | 0      | 0                         | 0      | 2     | 4040   |
|  | 33  | 28683  | 3         | 190    | 0                | 0      | 3                         | 1267   | 39    | 30140  |
| Restaurant   | 0   | 0      | 0         | 0      | 0                | 0      | 1                         | 1500   | 1     | 1500   |
|  | 16  | 5544   | 3         | 1835   | 3                | 109    | 2                         | 1805   | 24    | 9293   |
| Tourists Cars / Coaches  | 0   | 0      | 0         | 0      | 0                | 0      | 1                         | 5000   | 1     | 5000   |
|  | 2   | 241    | 3         | 1326   | 2                | 600    | 1                         | 5000   | 8     | 7167   |
| RTDC / Palace on Wheels  | 0   | 0      | 0         | 0      | 0                | 0      | 0                         | 0      | 0     | 0      |
|  | 2   | 2150   | 0         | 0      | 1                | 1000   | 1                         | 500    | 4     | 3650   |
| Others   | 0   | 0      | 0         | 0      | 1                | 5000   | 3                         | 10000  | 4     | 15000  |
|  | 32  | 36585  | 3         | 3600   | 3                | 5273   | 7                         | 13829  | 45    | 59287  |
| Infrastructure Projects  | 0   | 0      | 0         | 0      | 0                | 0      | 0                         | 0      | 0     | 0      |
|  | 2   | 6300   | 1         | 3000   | 0                | 0      | 2                         | 4500   | 5     | 13800  |

**Source :**Annual report of TFCI (2010-2011)

The table 5.1 shows that the TFCI has provided a large finance assistance of 168499 lakhs and 190336 lakhs to 3 star and 5 star category hotels respectively.

### **Industrial Finance Corporation in India**

IFCI is the First National Level Development Bank established in India in 1948 under the Industrial Finance Corporation Act 1948, with the basic objectives of making medium and long term credit more readily available to industrial concerns in India. 50% of IFCI share capital is held by IDBI and the rest by nationalized and the other scheduled bank, cooperative bank, insurance company and investment trust. Financial assistance is available concerns in the corporate and cooperative sectors as per section 2(c) of industrial finance act 1948 for new units and also for expansion , diverfication, modernization of existing units. Financial services include merchant banking and allied service equipment financing and leasing and supplier and buyer credit scheme. Promotion service chiefly cover funds support for technical consultancy, risk capital venture, capital technology development, tourism and tourism related activities. The service and facilities offered by the IFCI at present includes project financing, financial services and promotional services.

IFCI has sanctioned financial assistance of Rs 838 billion to 5955 concerns and has disbursed Rs 672 billion since its inception. By way of illustration, IFCI's assistance has helped create production capacities of 22,106 hotel rooms and 5,544 hospital beds. The direct employment generated as a result of its financial assistance is estimated to benefit at 1 million persons almost.<sup>2</sup>

**TABLE 5.2**  
**AMOUNT SANCTIONED TO HOTEL INDUSTRY BY IFCI**

| <i>Year</i> | <i>Amount sanctioned to hotel industry (in crores)</i> | <i>Amount sanctioned to all industry (In crores)</i> | <i>Share of hotel industry to the total amount sanctioned</i> |
|-------------|--|--|---|
| 1996        | 1759.8   | 39419.6  | 4.46  |
| 2000        | 185.0  | 18584.6  | 1.00  |
| 2010        | 66.71  | 11400.04   | 0.60  |

**Source: Annual Report of IFCI**

The Table 5.2 shows that the total sanctioned amount to hotel industry by IFCI in 1996 was 1759.8 crores and in 2010 it was only 66.71crores. Its total financial contribution to hotel industry has decreased to 0.6% in 2010 . The reason behind it had been analysed. IFCI had assisiting more financial assistance for tourism and allied industries products than hotel industry

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2-www.ifciltld./aboutus/indianeconomyand ifci.aspx

### **FINANCIAL ASSISTANCE SANCTIONED BY STATE GOVERNMENT**

Financial assistance is also one of the important factors to run the hotels. Depending upon the size and number of rooms, the maintenance expenses vary. Hence financial assistance sanctioned by the state government also varies.

**TABLE 5.3**

### **FINANCIAL ASSISTANCE SANCTIONED BY STATE GOVERNMENT TO HOTEL INDUSTRY**

| <i>Year</i> | <i>Amount</i> |
|-------------|---------------|
| 2006-2007   | 63.57 Crores  |
| 2007-2008   | 51.53 Crores  |
| 2008-2009   | 62.00 Crores  |
| 2009-10     | 62.00 Crores  |

**Source: Ministry of Tourism, Government of TamilNadu**

The table 5.3 shows that 62.00 Crores was sanctioned by State government at 2009-2010 to hotel industry against 63.57 crores sanctioned in 2006-2007. The decline in financial assistance by state government is to be noted. Hence, the researcher suggests separate financial assistance especially to the hotel industry.

## **TAMILNADU TOURISM DEVELOPMENT CORPORATION (TTDC)**

TTDC was incorporated into tourism ministry during July 1971 under the Companies Act 1956. The entire share capital of 678.63 lakhs has been subscribed by the State Government. TTDC was formed with the objective of promoting tourism in Tamil Nadu by providing infrastructure facilities in transport and accommodation. To fulfill this objective, TTDC has expanded its activities into three main operations, namely, Hotels, Transport and Fairs. Hotels of TTDC at present have 78 outlets. Out of the 54 hotels under the control of TTDC, two hotel units have been handed over on long term lease of 30 years during the year 1995. The Government of Tamilnadu has already approved the proposal of franchising 30 hotel units and 7 Restaurants of TTDC. Efforts are being taken to franchise these hotels on a term basis of 10 years with respect to small hotels with 5 rooms and 15 years with respect to other hotels. Franchising of the hotel units would improve the overall profitability of the hotels division and help TTDC to concentrate on the major hotels at Ooty, Kodaikanal, Yercaud, Madurai, Thanjavur, Coimbatore, Rameswaram, Kanniyakumari and Mamallapuram.<sup>3</sup>

## **AMOUNT SANCTIONED TO TTDC HOTELS IN TAMILNADU**

In hotel industries financial assistance is one of the important activities, because the main aim of the hotel industries is to provide hospitality oriented services to its customers. Public sector hotels provide the hospitality services at nominal charges.

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3- [www.tamilnadutourism.org/hotels/hotelsmain.aspx](http://www.tamilnadutourism.org/hotels/hotelsmain.aspx)



Hence growth and prospects of TTDC hotels cater to the needs of the tourists. Only boarding and lodging hotels provide catering and restaurant services to their customers. The amount sanctioned to the State owned hotel for the prospects of the hotel industry are given below:

**TABLE :5.4**  
**AMOUNT SANCTIONED TO TTDC HOTELS BY STATE GOVERNMENT OF**  
**TAMILNADU**

| <b>Year</b> | <b>Amount Sanctioned<br/>(crores)</b> |
|-------------|---------------------------------------|
| 2004-2005   | 30.35                                 |
| 2005-2006   | 32.42                                 |
| 2006-2007   | 46.04                                 |
| 2007-2008   | 59.41                                 |
| 2008-2009   | 70.25                                 |
| 2009-2010   | 78.15                                 |
| 2010-2011   | 92.13                                 |
| 2011-2012   | 101.60                                |

**Source :Ministry of Tourism, Government Of Tamilnadu**

The above survey reveals that the financial assistance sanctioned to TTDC hotels by Tamilnadu government. It has been found that the amount sanctioned in 2011-2012 was 101.60 crores against 30.35 crores in 2004-2005. Tamil Nadu government had

realized the potential and importance of hotel industry for tourism development in the state. It had increased the financial assistance to the state owned hotel in the budget. Thus, increase in financial assistance helps in the prospects of hotel industry

## **PROBLEM FACED BY THE HOTEL INDUSTRY**

### **1. NON AVAILABILITY OF LAND**

The availability of land is the overall requirement for the development of the hotel industry. It is true that the best suite for the hotel is generally the best suite in the locality and probably the most expensive<sup>4</sup>. 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.

Non availability of land makes it a highly capital intensive industry. For the success of tourism, hotels are to be located at appropriate centres where the demand exceeds the supply. The availability of land is the overall requirement for the development of the hotel industry.

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4-Anand M.M :”Tourism and hotel industry in india.” A studying management Prentice Hall Pvt Ltd, Newdelhi , 1976 , p-138

## **2. CAPITAL LOCKED 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 industry<sup>5</sup>. 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. Most of the financial capital is locked in fixed assets.

## **3. LONG GESTATION PERIOD**

Compared to other industries, the gestation period in the hotel industry is long. The 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, In the past, lending institutions recognised the hotel and catering industry as a high risk industry. 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 should moderate their attitudes. They, should besides extending long term loans, underwrite the majority of the shares of the hotel entrepreneurs , especially of a new inexperienced one.

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5-Centre For Monitoring Indian Economy, Corporate Finance, Industry aggregate,  
November 1994, 18 HAI today 5.4, 2000 , p-12

In order to overcome the infrastructural short comings a substantial injection of funds is necessary. This long pay back period act as hindrance in procuring long term finance to the hotel industry.

#### **4. 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 multinational company.

#### **5. OTHER TAXES**

In India the foreign tourists are subjected to other variety of taxes at the airport .They include international departure tax, customs duty, service tax etc. These taxes are assessed even if other taxes are collected

#### **VARIOUS TAX PROBLEMS FACED BY HOTEL INDUSTRY**

“The tax element on the hotel and restaurant industry in India is the highest in the world”. All hotels survey have expressed that their reservation on imposing various taxes. Tax is the great source of revenue to the government. “Government imposes various taxes on the hotel industry”. The various taxes imposed on hotel industry are given below

1. There is a 10% as luxury tax and 10.3% as service tax on all hotel rooms in India and Value Added Tax (VAT) of 12.5% to 20% on food and beverage purchases.

2. The service tax of 10.2% is exempted on Food and Beverage served in conferences and banquets in hotels under the service tax categories of mandap keepers and convention services.

### **TAX IMPOSED BY THE CENTRAL GOVERNMENT**

Only hotel industry has all types of taxes levied by the central and state governments. The major tax imposed by the central government is expenditure tax and central sales tax. The respective state government levies luxury tax and sales tax at various rates. Apart from these taxes collected from the customers, taxes are also levied on hoteliers such as income tax, wealth tax, etc., by the central government. Similarly, property tax and other taxes are levied by the respective state Government.

### **SALES TAX**

Sales tax is the important source of revenue. Sales tax is levied on the sales of various items including sale of food and beverages in hotels. The central sales tax is levied by the central government. The states have their own sales tax procedure. In the case of inter-state transaction, obviously sales tax is not applicable to the hotel industry. The tax rate varies among various states in India. The Chennai is charging 12.5% as sales tax on the food and beverage sale. Uniformity of the sales tax would simplify the tax computation process. This has been repeatedly proposed by the hotelier at different times. The request is not considered by the government till now. Even though some states express reservation on the issue of having a uniform sales tax law, they state that it would

likely erode the administrative power and would effect less of revenue to the government.

#### **JUDGMENT OF THE HONOURABLE SUPREME COURT:**

In the famous case of northern India cater and the associated hotelier of India the supreme court stated that the service provided by hotel cannot be taxed. “The historical case judgment in the case of the associated hotels of India supreme court went a further step and held that even in the case of the restaurant, there is no sale of food because providing food is a part of the overall activity. To serve food in a proper atmosphere, the atmosphere and the elements could not be taxed” The revenue therefore was not entitled to split up the transaction into two parts: one for food stuff served to the tourist and other for the service of the charge by the hotelier, with a view to bring the latter under the act”. Quoting the view of the supreme court “when travellers by plane or by steam purchase his or her passage ticket, the transaction is one for his passage from one place to another place. If in the course of carrying out that transaction, the travellers is supplied with drinks or meals or cigarettes. No one should think that the transaction involved separate sales of such items any of those things it had supplied, the transaction is essential one for carrying the performance of the contract of the carriage, some thing is supplied to them. Such supply is not only incidental to that service and not changing either the pattern or the nature of the contract. Similarly when clothes are given for washing to a laundry there is a transaction which essentially involves work or service and if the laundry man stitches the button to a garment which had fallen off, there is no sale of the button and the thread. A number of such cases can

be cited and none of them can be said to involve a sale as a part of the main transaction. The transaction between the hotelier and a visitor to this hotel is thus once essential of man's service in the performance of which and as apart of the amenities incidental to that service, the hotelier serve meals of that stated hours. Thus the supply of food or drinks to customer staying in a hotel does not partake in the character of a sale of goods"<sup>6</sup>.Hence the hotel industries, constitutes a distinct position to which the ordinary goods act would not apply. But government has brought about an amendment in the legislation

### **LUXURY TAX**

Luxury tax has been subjected to state jurisdiction. It depends upon the number of rooms rented. It varies in accordance with the state. The star hotel in chennai charge only 10% as luxury tax in 2008 compared to luxury tax in 2003. The luxury tax that existed in 2003 was 20% on rooms whose tariff was less than 1000 rupees and 25 % on rooms whose tariff was greater than 1000 Rupees. Tamil Nadu is the leading state in the collection of luxury tax. The decrease in luxury tax and incentives provided by state government of Tamil Nadu acts as window for the prospects and development of hotel industry.

### **SERVICE TAX**

With a view to stopping the evil practice of tipping 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.

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6-The state of Himachal Pradesh and others vs Associate hotel limited,(1972) 29 .s.t.c, p-479

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.

Service tax is fast turning out to be an important tool of revenue collection for the central government. The directorate of service tax, began with a modest collection of 410 crores in 1994-95. It expected to mop up nearly 5,000 crores in 2001-2002 but collected twice the amount expected. Service tax is levied to guests by the hotelier. Generally 10.03 % is taxed as service tax on hotel with effect from 1.5.2011.

### **GENERAL PROBLEMS OF HOSPITALITY INDUSTRY**

The Indian hotel industry, like any other industry, is facing changes in policy, technology, and customer aspirations. Location of the hotel plays a vital role for the success of hotels. The cost of land situated in panoramic location with transporting facilities, hygiene, drinking water, power and other amenities, etc will be higher than the industrial location. The general problems faced by the hospitality industry are as follows: (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 aspect.



- One of the greatest challenges plaguing the hospitality industry is the non availability of quality in workforce in different levels of skills.
- Retention of the workforce through training and development in the hotel industry is a problem and attrition levels are too high. One of the reasons for this is unattractive wage packages.
- The hotel industry is facing heavy shortage of rooms. It is estimated that the current requirement is 1, 50,000 rooms. Though the new investment plan would add 53,000 rooms by 2011, the shortage will persist.
- The industry is witnessing heightened competition with the arrival of new players, new products and new systems. The competition from neighbouring countries and negative perceptions about Indian tourism constrains the growth of tourism. The image of India as a country overrun by poverty, political instability, safety concerns and diseases harm the tourism industry further.
- As India is emerging as a destination on the global travel map, expectations of customers are rising. The companies have to focus on customer loyalty and repeat purchases.
- Some of the services required in the tourism and hotel industries are highly personalized, and no amount of automation can substitute for personal service providers. India is focusing more on white collar jobs. The shortage of blue collar employees will pose various threats to the industry.

One of the chief trends witnessed in the Indian hotel industry is the increasing competition. Too many hotels are being constructed with a rapid increase in the metros

and as a result of which supply would outpace demand. At locations like Mumbai, Delhi, Chennai, and Khajuraho, existing capacity outpaces the demand as a result of which there are empty rooms available round the year. Many new projects in the country are being delayed or are stalled due to cash crunch. The main reason for the cash flow problem is that the investor's confidence in big hotel projects is very low, mainly because of the fear of increased supply; whereas in smaller towns, there is a dearth of quality hotels in the mid-priced segment

For the prospects of the hotel industry 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 enthrust the existing ones to undertake major renovations resulting in improved services. The government may declare certain areas suitable for development as tourists 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.

## **STATE GOVERNMENT INITIATIVE ON TAXES FOR THE PROSPECTS OF HOTEL INDUSTRY IN CHENNAI**

The Chief Minister of Tamil Nadu at the annual convention of the Federation of Hotel and Restaurant Association of India said that Chennai would soon have a new master plan to allow more hotels. Making note of the hotel industry's long-standing demand to reduce luxury tax on hotels in Tamil Nadu, the Chief Minister added that her Government would bring down the tax substantially in the year 2013 to facilitate the tax payers. To promote further tax reduction, she said that major investment decisions would be taken in Chennai. She believed that the “basic infrastructures” would be provided to promote Hotel and Restaurants in the service sector, which would increase the demand for hotel industry in the near future.

Tamil Nadu is promoting lesser-known destinations like Chettinad and Coimbatore. Efforts are now on to establish a circular "Southern Splendour" tourists train, to promote the development of hotel industry in Tamil Nadu.<sup>7</sup>

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7-[www.consumercourt.in/product-services/31698-jayalalitha-promises-hotels-industry-more-city-space.html](http://www.consumercourt.in/product-services/31698-jayalalitha-promises-hotels-industry-more-city-space.html)

## OPINION OF DOMESTIC TOURISTS ABOUT TAXES AND ROOM RENT

The hotels are subjected to various taxes and hotels are collecting these taxes from customers of their hotel. It is helpful for the hotel owners to run their business profitably. The researcher in this theses has collected the opinion of domestic and foreign tourists about taxes and room rent .

**TABLE 5.5**

### OPINION OF DOMESTIC TOURISTS ABOUT VARIOUS TAXES

| <i>Parameters</i> | <i>High</i> | <i>Moderate</i> | <i>Low</i> | <i>Total</i>     |
|-------------------|-------------|-----------------|------------|------------------|
| Sales Tax         | 63(63%)     | 29(29%)         | 8(8)       | <b>100(100%)</b> |
| Luxury<br>Tax     | 62(62%)     | 30(30%)         | 8(8)       | <b>100(100%)</b> |
| Services<br>tax   | 46(46%)     | 17(17%)         | 37(37)     | <b>100(100%)</b> |

Table 5.5 reveals the opinion of the domestic tourists regarding the various taxes and room rent. 63%, 62% and 46% of the respondent domestic tourists have graded the hotel sales tax, luxury taxes and service tax as high. 29%, 30% and 17% of the domestic tourists have graded the sales tax, luxury taxes and service tax as moderate. 8%, 8% and 37% of the domestic tourists have graded service tax as low.

Thus, 63%, 62% and 46% of the respondent domestic tourists have graded the hotel sales tax, luxury taxes and service tax as high.

## DISTRIBUTION OF OPINION OF FOREIGN TOURISTS ABOUT VARIOUS TAXES AND ROOM RENT

The researcher in this thesis has collected the opinion of foreign tourists about taxes and room rent. The researchers has found out both that the domestic and foreign tourists have graded sales taxes, luxury taxes and service tax as high.

**TABLE 5.6**

### DISTRIBUTION OF OPINION OF FOREIGN TOURISTS ABOUT VARIOUS TAXES

| <b>Parameter</b> | <b><i>High</i></b> | <b><i>Average</i></b> | <b><i>Low</i></b> | <b>Total</b> |
|------------------|--------------------|-----------------------|-------------------|--------------|
| Sales tax        | 64 (64%)           | 34(34%)               | 2(2%)             | 100(100%)    |
| Luxury tax       | 43(43%)            | 55(55%)               | 2(2%)             | 100(100%)    |
| Services tax     | 34(34%)            | 24(24%)               | 42(42%)           | 100(100%)    |

The table 5.6 shows that 64%, 43% and 34 % of the foreign tourists have graded sales taxes, luxury taxes and service tax as high. 34%, 55% and 24% of the tourists have graded sales taxes, luxury taxes and service tax as average. 2%, 2%, 42 %of the tourists have graded sales taxes, luxury taxes and service tax as low

Thus, 64%, 43% and 34 % of the respondent foreign tourists have graded sales taxes, luxury taxes and service tax are high.

## SUGGESTION OF TOURISTS ABOUT VARIOUS TAXES

The opinion of tourists plays a predominant role for the survival of the hotel industry. Most of the domestic tourists and foreign tourists who come and stay in the hotels have given their suggestion and idea about the taxes levied in the hotel industry

**TABLE 5.7**

### SUGGESTION OF TOURISTS ABOUT VARIOUS TAXES

| <i>Opinion</i>                 | <i>Domestic tourists</i> |                   | <i>Foreign tourists</i> |                   |
|--------------------------------|--------------------------|-------------------|-------------------------|-------------------|
|                                | <i>No of tourists</i>    | <i>Percentage</i> | <i>No of tourists</i>   | <i>Percentage</i> |
| Reduction<br>of Rate of<br>Tax | 37                       | 37                | 41                      | 41                |
| Abolishing<br>of Tax           | 63                       | 63                | 59                      | 59                |
| <b>Total</b>                   | <b>100</b>               | <b>100</b>        | <b>100</b>              | <b>100</b>        |

The table 5.7 shows that 63% and 59% of tourists are of the opinion of abolishing of sales taxes, luxury tax and service tax. 37% and 41% of tourists are of the opinion that the sales tax, luxury tax and service tax have to been reduced.

Thus, 63% and 59% of the respondent tourists desires the opinion of abolition of sales taxes, luxury tax and service tax.

### One way anova f test

#### Null hypothesis

There is no significant difference between purpose of stay in indian tourist of the respondents and their opinion about sales, luxury and service taxes

| Tourist              | Mean | S.D  | SS     | Df | MS     | Statistical inference                |
|----------------------|------|------|--------|----|--------|--------------------------------------|
| Q4.1 Sales Taxes     |      |      |        |    |        |                                      |
| Between Groups       |      |      | 12.473 | 3  | 4.158  | F=14.115<br>.000<0.05<br>Significant |
| Business (n=30)      | 1.40 | .724 |        |    |        |                                      |
| Official (n=39)      | 1.85 | .587 |        |    |        |                                      |
| Pleasure trip (n=27) | 1.00 | .000 |        |    |        |                                      |
| Others (n=4)         | 1.00 | .000 |        |    |        |                                      |
| Within Groups        |      |      | 28.277 | 96 | .295   |                                      |
| Q4.2 Luxury Taxes    |      |      |        |    |        |                                      |
| Between Groups       |      |      | 6.130  | 3  | 2.043  | F=5.651<br>.001<0.05<br>Significant  |
| Business (n=30)      | 1.40 | .724 |        |    |        |                                      |
| Official (n=39)      | 1.74 | .637 |        |    |        |                                      |
| Pleasure trip (n=27) | 1.19 | .396 |        |    |        |                                      |
| Others (n=4)         | 1.00 | .000 |        |    |        |                                      |
| Within Groups        |      |      | 34.710 | 96 | .362   |                                      |
| Q4.3 Service Taxes   |      |      |        |    |        |                                      |
| Between Groups       |      |      | 52.290 | 3  | 17.430 | F=55.963<br>.000<0.05<br>Significant |
| Business (n=30)      | 1.53 | .730 |        |    |        |                                      |
| Official (n=39)      | 2.79 | .522 |        |    |        |                                      |
| Pleasure trip (n=27) | 1.19 | .396 |        |    |        |                                      |
| Others (n=4)         | 1.00 | .000 |        |    |        |                                      |
| Within Groups        |      |      | 29.900 | 96 | .311   |                                      |
|                      |      |      |        |    |        |                                      |

#### Findings

As, the calculated value is less than table value ( $p < 0.05$ ) we reject the null hypothesis. There is a significant difference between purpose of stay in indian tourist of the respondents and their opinion about sales, luxury and service taxes.

### Oneway anova 'f' test

#### Null hypothesis

There is no significant difference between purpose of stay in foreign tourist of the respondents and their opinion about sales, luxury and service taxes

| Purpose of Stay in Foreign | Mean | S.D  | SS     | Df | MS     | Statistical inference                 |
|----------------------------|------|------|--------|----|--------|---------------------------------------|
| <b>Sales Taxes</b>         |      |      |        |    |        |                                       |
| Between Groups             |      |      | 17.084 | 3  | 5.695  | F=52.183<br>.000<0.05<br>Significant  |
| Business (n=6)             | 1.33 | .816 |        |    |        |                                       |
| Official (n=42)            | 1.86 | .417 |        |    |        |                                       |
| Pleasure trip (n=43)       | 1.00 | .000 |        |    |        |                                       |
| Others (n=9)               | 1.00 | .000 |        |    |        |                                       |
| Within Groups              |      |      | 10.476 | 96 | .109   |                                       |
| <b>Luxury taxes</b>        |      |      |        |    |        |                                       |
| Between Groups             |      |      | 6.279  | 3  | 2.093  | F=9.170<br>.000<0.05<br>Significant   |
| Business (n=6)             | 1.33 | .816 |        |    |        |                                       |
| Official (n=42)            | 1.83 | .437 |        |    |        |                                       |
| Pleasure trip (n=43)       | 1.51 | .506 |        |    |        |                                       |
| Others (n=9)               | 1.00 | .000 |        |    |        |                                       |
| Within Groups              |      |      | 21.911 | 96 | .228   |                                       |
| <b>Service taxes</b>       |      |      |        |    |        |                                       |
| Between Groups             |      |      | 60.140 | 3  | 20.047 | F=126.440<br>.000<0.05<br>Significant |
| Business (n=6)             | 1.50 | .837 |        |    |        |                                       |
| Official (n=42)            | 2.98 | .154 |        |    |        |                                       |
| Pleasure trip (n=43)       | 1.51 | .506 |        |    |        |                                       |
| Others (n=9)               | 1.00 | .000 |        |    |        |                                       |
| Within Groups              |      |      | 15.220 | 96 | .159   |                                       |

#### Findings

As, the calculated value is less than table value ( $p < 0.05$ ) we reject the null hypothesis. There is a significant difference between purpose of stay in foreign tourist of the respondents and their opinion about sales, luxury and service.



### Student 'T' test

#### Null hypothesis

There is no significant difference between Indian and foreign tourist of the respondents and their opinion about sales, luxury and service taxes

| <b>Tourist</b>      | <b>Mean</b> | <b>S.D</b> | <b>Statistical inference</b>                     |
|---------------------|-------------|------------|--|
| <b>Sales Taxes</b>  |             |            |  |
| Indian (n=100)      | 1.45        | .642       | T=.843 Df=198<br>.400>0.05<br>Not significant    |
| Foreign (n=100)     | 1.38        | .528       |  |
| <b>Luxury Taxes</b> |             |            |  |
| Indian (n=100)      | 1.46        | .642       | T=-1.557 Df=198<br>.121 >0.05<br>Not significant |
| Foreign (n=100)     | 1.59        | .534       |  |
| <b>Sales Taxes</b>  |             |            |  |
| Indian (n=100)      | 1.91        | .911       | T=-1.348 Df=198<br>.179 >0.05<br>Not significant |
| Foreign (n=100)     | 2.08        | .872       |  |

#### Findings

As, the calculated value is greater than the table value ( $p>0.05$ ) we accept the null hypothesis. There is a no significant difference between Indian and foreign tourist of the respondents and their opinion about sales, luxury and service taxes

## OPINION OF TOURISTS ABOUT THE PRICE OF FOOD, ROOM AND BEVERAGE

The cost of accommodation, food and beverage is charged, based on the level of services provided, and the category of hotels. For rich people the cost appears to be low cost and for average people the cost appears to be high.

**TABLE 5.8**

### TOURISTS OPINION ABOUT THE PRICE OF FOOD, ROOM AND BEVERAGE

| <i>Grade</i> | <i>Indian</i>         |                   | <i>Foreign</i>        |                   |
|--------------|-----------------------|-------------------|-----------------------|-------------------|
|              | <i>No of Customer</i> | <i>Percentage</i> | <i>No of Customer</i> | <i>Percentage</i> |
| High         | 58                    | 58                | 26                    | 26                |
| Moderate     | 26                    | 26                | 56                    | 56                |
| Low          | 16                    | 16                | 18                    | 18                |
| <b>Total</b> | <b>100</b>            | <b>100</b>        | <b>100</b>            | <b>100</b>        |

The table 5.8 shows that 58% and 26% of the domestic and foreign tourists consider the price of room, food and beverage as high. 26% and 56% of the domestic and foreign tourists consider the price of rooms, food and beverage as moderate. Only 16% and 18% of the domestic and foreign tourists consider the food and beverage cost as low.

Thus, 58% and 26% of the respondent tourists consider the price of rooms, food and beverage as high

### Student t test

#### Null hypotheses

There is no significant difference between indian and foreign tourist of the respondents and their opinion about food , beverage and accommodation.

| Tourist                    | Mean | S.D  | Statistical inference                            |
|----------------------------|------|------|--|
| <b>Q16.1 Food</b>          |      |      |  |
| Indian (n=100)             | 1.46 | .501 | T=-4.913 Df=198<br>.000<0.05<br>Significant      |
| Foreign (n=100)            | 1.78 | .416 |  |
| <b>Q16.2 Beverage</b>      |      |      |  |
| Indian (n=100)             | 1.56 | .499 | T=-4.929 Df=198<br>.000 <0.05<br>Significant     |
| Foreign (n=100)            | 1.86 | .349 |  |
| <b>Q16.3 Accommodation</b> |      |      |  |
| Indian (n=100)             | 1.35 | .479 | T= -.147 Df=198<br>.883 >0.05<br>Not significant |
| Foreign (n=100)            | 1.36 | .482 |  |

#### Findings

As, the calculated value is greater than table value ( $p > 0.05$ ) we accept the null hypotheses. There is no significant difference between indian and foreign tourist of the respondents and their opinion about accommodation.

As, the calculated value is less than table value ( $p < 0.05$ ) we reject the null hypotheses. There is a significant difference between indian and foreign tourist of the respondents and their opinion about food and beverage

### Oneway Anova 'f' test

#### Null hypothesis

There is no significant difference between purpose of stay in indian tourist of the respondents and their opinion about food, beverage and accommodation

| Purpose of Stay in Indian Tourists | Mean | S.D  | SS     | Df | MS    | Statistical inference                |
|------------------------------------|------|------|--------|----|-------|--------------------------------------|
| <b>Food</b>                        |      |      |        |    |       |                                      |
| Between Groups                     |      |      | 4.592  | 3  | 1.531 | F=7.256<br>.000<0.05<br>Significant  |
| Business (n=30)                    | 1.40 | .498 |        |    |       |                                      |
| Official (n=39)                    | 1.64 | .486 |        |    |       |                                      |
| Pleasure trip (n=27)               | 1.19 | .396 |        |    |       |                                      |
| Others (n=4)                       | 2.00 | 2.00 |        |    |       |                                      |
| Within Groups                      |      |      | 20.248 | 96 | .211  |                                      |
| <b>Beverage</b>                    |      |      |        |    |       |                                      |
| Between Groups                     |      |      | 12.002 | 3  | 4.001 | F=30.389<br>.000<0.05<br>Significant |
| Business (n=30)                    | 1.33 | .479 |        |    |       |                                      |
| Official (n=39)                    | 1.95 | .223 |        |    |       |                                      |
| Pleasure trip (n=27)               | 1.19 | .396 |        |    |       |                                      |
| Others (n=4)                       | 2.00 | .000 |        |    |       |                                      |
| Within Groups                      |      |      | 12.638 | 96 | .132  |                                      |
| <b>Accommodation</b>               |      |      |        |    |       |                                      |
| Between Groups                     |      |      | 7.109  | 3  | 2.370 | F=14.544<br>.000<0.05                |
| Business (n=30)                    | 1.33 | .479 |        |    |       |                                      |

|                      |      |      |        |    |      |             |
|----------------------|------|------|--------|----|------|-------------|
| Official (n=39)      | 1.64 | .486 |        |    |      | Significant |
| Pleasure trip (n=27) | 1.00 | .000 |        |    |      |             |
| Others (n=4)         | 1.00 | .000 |        |    |      |             |
| Within Groups        |      |      | 15.641 | 96 | .163 |             |

### Findings

As, the calculated value is less than the table value ( $p < 0.05$ ) we reject the null hypothesis. There is a significant difference between purpose of stay in indian tourist of the respondents and their opinion about food, beverage and accommodation.

**oneway anova 'f' test**

**Null hypothesis:** There is no significant difference between purpose of stay in foreign tourist of the respondents and their opinion about food, beverage and accommodation

| <b>Purpose of Stay in Foreign Tourists</b> | <b>Mean</b> | <b>S.D</b> | <b>SS</b> | <b>Df</b> | <b>MS</b> | <b>Statistical inference</b>         |
|--|-------------|------------|-----------|-----------|-----------|--------------------------------------|
| <b>Food</b>                                |             |            |           |           |           |                                      |
| Between Groups                             |             |            | 1.676     | 3         | .559      | F=3.464<br>.019<0.05<br>Significant  |
| Business (n=6)                             | 1.33        | .516       |           |           |           |                                      |
| Official (n=42)                            | 1.81        | .397       |           |           |           |                                      |
| Pleasure trip (n=43)                       | 1.77        | .427       |           |           |           |                                      |
| Others (n=9)                               | 2.00        | .000       |           |           |           |                                      |
| Within Groups                              |             |            | 15.484    | 96        | .161      |                                      |
| <b>Beverage</b>                            |             |            |           |           |           |                                      |
| Between Groups                             |             |            | 3.032     | 3         | 1.011     | F=10.772<br>.000<0.05<br>Significant |
| Business (n=6)                             | 1.33        | .516       |           |           |           |                                      |
| Official (n=42)                            | 2.00        | .000       |           |           |           |                                      |
| Pleasure trip (n=43)                       | 1.77        | .427       |           |           |           |                                      |
| Others (n=9)                               | 2.00        | .000       |           |           |           |                                      |
| Within Groups                              |             |            | 9.008     | 96        | .094      |                                      |
| <b>Accommodation</b>                       |             |            |           |           |           |                                      |
| Between Groups                             |             |            | 15.230    | 3         | 5.077     | F=62.408<br>.000<0.05<br>Significant |
| Business (n=6)                             | 1.33        | .516       |           |           |           |                                      |
| Official (n=42)                            | 1.81        | .397       |           |           |           |                                      |
| Pleasure trip (n=43)                       | 1.00        | .000       |           |           |           |                                      |
| Others (n=9)                               | 1.00        | .000       |           |           |           |                                      |
| Within Groups                              |             |            | 7.810     | 96        | .081      |                                      |

## **Findings**

As, the calculated value is less than the table value ( $p < 0.05$ ) we reject the null hypothesis. There is a significant difference between purpose of stay in foreign tourist of the respondents and their opinion about food, beverage and accommodation.

### **TASTE AND VARIETY OF FOOD**

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 experts in cooking who are professionally qualified and experienced take charge of the section and a number of cooks to assist them are also appointed.

### **OPINION OF THE DOMESTIC TOURISTS ABOUT TASTE AND VARIETY OF FOOD**

Based on the variety of items and taste of food provided by the hotels the opinion of tourists varies from good to moderate. Most of the domestic tourists state that the taste of food and variety of items as good.

**TABLE 5.9**

**OPINION OF THE DOMESTIC TOURISTS ABOUT TASTE AND VARIETY OF FOOD**

| <i>Parameter</i> | <i>Good</i> | <i>Average</i> | <i>Poor</i> | <i>Total</i> |
|------------------|-------------|----------------|-------------|--------------|
| Taste of Food    | 69(69%)     | 27(27%)        | 4(4%)       | 100(100%)    |
| Variety of Food  | 74(74%)     | 21(21%)        | 5(5%)       | 100(100%)    |

The table 5.9 shows that 69% and 74 % of domestic tourists have graded both taste of food and variety of food as good. 27% and 21% of domestic tourists have graded the taste and variety of food as average. 4% and 5% of domestic tourists have graded the taste and variety of food as poor

Thus, 69% and 74 % of the respondent domestic tourists have graded both the taste of food and variety of food in star hotels being delicious.



## **OPINION OF THE FOREIGN TOURISTS ABOUT THE TASTE AND VARIETY OF FOOD**

The researcher has obtained the opinion of foreign tourists about the variety of items and the taste of food provided by Indian hotels. The opinion of tourists varies from good to moderate. Most of the foreign tourists state the taste of food and variety of items as good.

**TABLE 5.10**

### **OPINION OF THE FOREIGN TOURISTS ABOUT TASTE AND VARIETY OF FOOD**

| <i>Parameter</i> | <i>Good</i> | <i>Moderate</i> | <i>Poor</i> | <i>Total</i> |
|------------------|-------------|-----------------|-------------|--------------|
| Taste of food    | 65(65%)     | 34(34%)         | 1(1%)       | 100(100%)    |
| Variety of food  | 52(52%)     | 26(26%)         | 22(22%)     | 100(100%)    |

Table 5.10 shows that 65 % and 52 % of foreign tourists have graded the taste and variety of food as good. 34 % and 26 % of foreign tourists have graded the taste and variety of food as moderate. 1% and 22 % of foreign tourists have graded the taste and variety of food as poor.

Thus, 65 % and 52 % of respondent foreign tourists have graded both the taste of food and variety of food as Good

## STUDENT 'T' TEST

### Null hypotheses

There is no significant difference between indian and foreign tourist of the respondents and their opinion about taste and variety of foods

| Tourist                 | Mean | S.D  | Statistical inference                          |
|-------------------------|------|------|--|
| <b>Taste of Foods</b>   |      |      |  |
| Indian (n=100)          | 1.35 | .557 | T=-.133 Df=198<br>.894>0.05<br>Not significant |
| Foreign (n=100)         | 1.36 | .503 |  |
| <b>Variety of Foods</b> |      |      |  |
| Indian (n=100)          | 1.31 | .563 | T=-3.952 Df=198<br>.000 <0.05<br>significant   |
| Foreign (n=100)         | 1.70 | .810 |  |

### Findings

As, the calculated value is greater than table value ( $p>0.05$ ) we accept the null hypotheses. There is no significant difference between indian and foreign tourist of the respondents and their opinion about taste of foods.

As, the calculated value is less than table value ( $p<0.05$ ) we reject the null hypotheses. There is a significant difference between indian and foreign tourist of the respondents and their opinion about variety of foods.

### Oneway anova f test

#### NULL HYPOTHESIS

There is no significant difference between purpose of stay in indian tourist of the respondents and their opinion about taste and variety of foods

| Purpose of stay in Indian tourist | Mean | S.D  | SS     | Df | MS    | Statistical inference               |
|-----------------------------------|------|------|--------|----|-------|-------------------------------------|
| <b>Taste of Food</b>              |      |      |        |    |       |                                     |
| Between Groups                    |      |      | 5.591  | 3  | 1.864 | F=7.111<br>.000<0.05<br>Significant |
| Business (n=30)                   | 1.47 | .730 |        |    |       |                                     |
| Official (n=39)                   | 1.54 | .505 |        |    |       |                                     |
| Pleasure trip (n=27)              | 1.00 | .000 |        |    |       |                                     |
| Others (n=4)                      | 1.00 | .000 |        |    |       |                                     |
| Within Groups                     |      |      | 25.159 | 96 | .262  |                                     |
| <b>Variety of Foods</b>           |      |      |        |    |       |                                     |
| Between Groups                    |      |      | 5.504  | 3  | 1.835 | F=6.804<br>.000<0.05<br>Significant |
| Business (n=30)                   | 1.00 | .000 |        |    |       |                                     |
| Official (n=39)                   | 1.44 | .502 |        |    |       |                                     |
| Pleasure trip (n=27)              | 1.37 | .792 |        |    |       |                                     |
| Others (n=4)                      | 2.00 | .000 |        |    |       |                                     |
| Within Groups                     |      |      | 25.886 | 96 | .270  |                                     |

#### Findings

As, the calculated value less than table value ( $p < 0.05$ ) we reject the null hypotheses. There is a significant difference between purpose of stay in indian tourist of the respondents and their opinion about taste and variety of foods

### Oneway anova 'f' test

#### NULL HYPOTHESES

There is no significant difference between purpose of stay in foreign tourist of the respondents and their opinion about taste and variety of foods

| Purpose of Stay in Foreign | Mean | S.D   | SS     | Df | MS    | Statistical inference                |
|----------------------------|------|-------|--------|----|-------|--------------------------------------|
| <b>Taste of foods</b>      |      |       |        |    |       |                                      |
| Between Groups             |      |       | 14.469 | 3  | 4.823 | F=43.797<br>.000<0.05<br>Significant |
| Business (n=6)             | 1.50 | .837  |        |    |       |                                      |
| Official (n=42)            | 1.79 | .415  |        |    |       |                                      |
| Pleasure trip (n=43)       | 1.00 | .000  |        |    |       |                                      |
| Others (n=9)               | 1.00 | .000  |        |    |       |                                      |
| Within Groups              |      |       | 10.571 | 96 | .110  |                                      |
| <b>Variety of Foods</b>    |      |       |        |    |       |                                      |
| Between Groups             |      |       | 11.904 | 3  | 3.968 | F=7.174<br>.000<0.05<br>Significant  |
| Business (n=6)             | 1.00 | .000  |        |    |       |                                      |
| Official (n=42)            | 1.40 | .497  |        |    |       |                                      |
| Pleasure trip (n=43)       | 2.02 | 1.012 |        |    |       |                                      |
| Others (n=9)               | 2.00 | .000  |        |    |       |                                      |
| Within Groups              |      |       | 53.096 | 96 | .553  |                                      |

#### Findings

As, the calculated value is less than table value ( $p < 0.05$ ) we reject the null hypotheses. There is a significant difference between purpose of stay in foreign tourist of the respondents and their opinion about taste and variety of foods.

## FURNITURE AND FURNISHING OF THE HOTEL

Hotels cannot maintain a competitive position unless their guests and public rooms are clean and attractive. The furniture and carpets are to be maintained in good condition<sup>8</sup>. The room must be warm with comfortable furniture, coordinated with carpentering, drapes and spreads. Furniture should also be durable, movable and replicable. The guest should be happy to arrive sorry to leave and eager to return<sup>9</sup>.

**TABLE 5.11**

### OPINION OF THE TOURISTS ABOUT ROOM AREA, FURNITURE AND FURNITURE IN HOTELS OF THEIR STAY

| <b>Grade</b> | <i>Domestic Tourists</i>  |                   | <i>Foreign Tourists</i>   |                   |
|--------------|---------------------------|-------------------|---------------------------|-------------------|
|              | <b>No of<br/>tourists</b> | <b>Percentage</b> | <b>No of<br/>tourists</b> | <b>Percentage</b> |
| Good         | 69                        | 69                | 55                        | 55                |
| Average      | 23                        | 23                | 18                        | 18                |
| Poor         | 08                        | 08                | 27                        | 27                |
| <b>Total</b> | <b>100</b>                | <b>100</b>        | <b>100</b>                | <b>100</b>        |

Table 5.11 shows the tourists opinion of furniture and furnishing of the hotels. 69% and 55% of domestic tourists and foreign tourists have graded the furniture and room area as good. 23% and 18% of domestic tourists and foreign tourists have graded the furniture and room area as average. 8% and 27% of domestic tourists and foreign tourists opinion have graded the furniture and room area as poor.

Thus, 69% and 55% of respondent foreign and domestic tourists have graded the furniture and room area as good

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8-William S. Gray and Salvatore c.liquior: “Hotel and Motel Management and operation, Prentice Hall inc, London 1980, p-171

9-Sibal D.P “Furnishing, Furniture and Décor”, Indian hotel keepers and travellers, May 1987, p-44.

### Oneway ANOVA 'f' test

#### Null hypothesis

There is no significant difference between purpose of stay in Indian tourist of the respondents and their opinion about room area, furniture and furnishing in this hotel

| Opinion about room area, furniture and furnishing in this hotel | Mean | S.D  | SS     | Df | MS    | Statistical inference               |
|---|------|------|--------|----|-------|-------------------------------------|
| Between Groups  |      |      | 8.636  | 3  | 2.879 | F=8.870<br>.000<0.05<br>Significant |
| Business (n=30)   | 1.27 | .691 |        |    |       |                                     |
| Official (n=39)   | 1.74 | .637 |        |    |       |                                     |
| Pleasure trip (n=27)  | 1.07 | .267 |        |    |       |                                     |
| Others (n=4)  | 1.00 | .000 |        |    |       |                                     |
| Within Groups   |      |      | 31.154 | 96 | .325  |                                     |

#### Findings

As, the calculated value is less than table value ( $p < 0.05$ ) we reject the null hypotheses. There is a significant difference between purpose of stay in Indian tourist of the respondents and their opinion about room area, furniture and furnishing in the hotel of stay.

### Oneway ANOVA 'f' test

#### Null hypothesis

There is no significant difference between purpose of stay in foreign tourist of the respondents and their opinion about room area, furniture and furnishing in this hotel

| Opinion about room area, furniture and furnishing in this hotel | Mean | S.D  | SS     | Df | MS    | Statistical inference                |
|---|------|------|--------|----|-------|--------------------------------------|
| Between Groups  |      |      | 18.940 | 3  | 6.313 | F=10.975<br>.000<0.05<br>Significant |
| Business (n=6)  | 1.00 | .000 |        |    |       |                                      |
| Official (n=42)   | 2.19 | .740 |        |    |       |                                      |
| Pleasure trip (n=43)  | 1.51 | .883 |        |    |       |                                      |
| Others (n=9)  | 1.00 | .000 |        |    |       |                                      |
| Within Groups   |      |      | 55.220 | 96 | .575  |                                      |

#### Findings

As, the calculated value less than table value ( $p < 0.05$ ) we reject the null hypotheses. There is a significant difference between purpose of stay in foreign tourist of the respondents and their opinion about room area, furniture and furnishing in the stay hotel.



## **OPINION OF DOMESTIC TOURISTS ABOUT BEHAVIOUR AND SERVICES OF STAFF**

The opinion of tourists about behaviour and services of staff are one of the important factors for running hotels successfully. Without tourists satisfaction the hotels do not earn profit, Hence the researchers has found that without hospitality and service of the receptionist and room boy, a hotel will not attract the customers irrespective of the star status.

**TABLE: 5.12**  
**OPINION OF DOMESTIC TOURISTS ABOUT BEHAVIOUR AND SERVICES OF STAFF**

| <b>Staff Categories</b> | <b><i>Good</i></b> | <b><i>Moderate</i></b> | <b><i>Poor</i></b> | <b><i>Total</i></b> |
|-------------------------|--------------------|------------------------|--------------------|---------------------|
| Receptionist            | 88(88%)            | 8(8%)                  | 4(4%)              | 100<br>(100%)       |
| Room boys               | 81(81%)            | 17(17%)                | 2(2%)              | 100<br>(100%)       |

The table 5.12 shows that 88% and 81% of domestic tourists have graded the service of receptionist and room boy as good. 8% and 17% of the domestic tourists have graded the service of receptionist and room boy as moderate. 4% and 2% of the domestic tourists have graded the service of the room boy as poor.

Thus, 88% and 81% of the respondent domestic tourists have graded the service of receptionist and room boy as Good.

## **OPINION OF FOREIGN TOURISTS ABOUT BEHAVIOUR AND SERVICES OF STAFF**

The researchers has collected the opinion of foreign tourists about the service of receptionist and staff. It had been found out that most of the foreign tourists have graded the service of receptionist and room boy as good. Based upon the star status of the hotels the behaviour and services of the staff varies.

**TABLE 5.13**

### **OPINION OF FOREIGN TOURISTS ABOUT BEHAVIOR AND SERVICES OF STAFF**

| <b>Staff categories</b> | <b><i>Good</i></b> | <b><i>Moderate</i></b> | <b><i>Poor</i></b> | <b><i>Total</i></b> |
|-------------------------|--------------------|------------------------|--------------------|---------------------|
| Receptionist            | 83(83%)            | 16(16%)                | 1(1%)              | 100(100%)           |
| Room boy                | 60(60%)            | 40(40%)                | -                  | 100(100%)           |

The table 5.13 shows that 83% and 60% of the foreign tourists have graded the service of receptionist and room boy as good. 3% and 7% of the foreign tourists have graded the service receptionist and room boy as moderate. 5% of the tourists have graded the service of the room boy as poor.

Thus 97% and 98% of respondent foreign tourists have graded the service of receptionist and room boy as good

### Oneway anova f tests

#### Null hypothesis

There is no significant difference between purpose of stay in Indian tourist of the respondents and their opinion about room boy and receptionist

| Tourist              | Mean | S.D  | SS     | Df | MS   | Statistical inference                   |
|----------------------|------|------|--------|----|------|---|
| <b>Room Boy</b>      |      |      |        |    |      |   |
| Between Groups       |      |      | 1.134  | 3  | .378 | F=1.864<br>.141>0.05<br>Not significant |
| Business (n=30)      | 1.27 | .583 |        |    |      |   |
| Official (n=39)      | 1.10 | .307 |        |    |      |   |
| Pleasure trip (n=27) | 1.33 | .480 |        |    |      |   |
| Others (n=4)         | 1.00 | .000 |        |    |      |   |
| Within Groups        |      |      | 19.456 | 96 | .203 |   |
| <b>Receptionist</b>  |      |      |        |    |      |   |
| Between Groups       |      |      | 2.650  | 3  | .883 | F=4.514<br>.004<0.05<br>Significant     |
| Business (n=30)      | 1.40 | .724 |        |    |      |   |
| Official (n=39)      | 1.10 | .307 |        |    |      |   |
| Pleasure trip (n=27) | 1.00 | .000 |        |    |      |   |
| Others (n=4)         | 1.00 | .000 |        |    |      |   |
| Within Groups        |      |      | 18.790 | 96 | .196 |   |

#### Findings

As, the calculated value is greater than table value ( $p>0.05$ ) we accept the null hypotheses. There is no significant difference between purpose of stay in indian tourist of the respondents and their opinion about room boy.

As, the calculated value is less than table value ( $p<0.05$ ) we reject the null hypotheses the above table shows that there is a significant difference between purpose of stay in indian tourist of the respondents and their opinion about receptionist.

### Oneway Anova f tests

#### Null hypothesis

There is no significant difference between purpose of stay in foreign tourist of the respondents and their opinion about room boy and receptionist

| Purpose of Stay in Foreign | Mean | S.D  | SS     | Df | MS    | Statistical inference               |
|----------------------------|------|------|--------|----|-------|-------------------------------------|
| <b>Room Boy</b>            |      |      |        |    |       |                                     |
| Between Groups             |      |      | 2.564  | 3  | .855  | F=3.828<br>.012<0.05<br>Significant |
| Business (n=6)             | 1.17 | .408 |        |    |       |                                     |
| Official (n=42)            | 1.38 | .492 |        |    |       |                                     |
| Pleasure trip (n=43)       | 1.53 | .505 |        |    |       |                                     |
| Others (n=9)               | 1.00 | .000 |        |    |       |                                     |
| Within Groups              |      |      | 21.436 | 96 | .223  |                                     |
| <b>Receptionist</b>        |      |      |        |    |       |                                     |
| Between Groups             |      |      | 3.522  | 3  | 1.174 | F=8.513<br>.000<0.05<br>Significant |
| Business (n=6)             | 1.33 | .816 |        |    |       |                                     |
| Official (n=42)            | 1.38 | .492 |        |    |       |                                     |
| Pleasure trip (n=43)       | 1.00 | .000 |        |    |       |                                     |
| Others (n=9)               | 1.00 | .000 |        |    |       |                                     |
| Within Groups              |      |      | 13.238 | 96 | .138  |                                     |

#### Findings

As, the calculated value is less than table value ( $p < 0.05$ ) we reject the null hypotheses. There is a significant difference between purpose of stay in indian tourist of the respondents and their opinion about receptionist and room boy.

**FACTOR GOVERNING FOR SELECTING OF HOTEL BY DOMESTIC AND  
FOREIGN TOURISTS**

**TABLE 5.14**

| <b>Factors</b>                       | <b>Domestic tourists</b>    |                               | <b>Foreign tourists</b>     |                               |
|--------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
|                                      | <i><b>Important (%)</b></i> | <i><b>Unimportant (%)</b></i> | <i><b>Important (%)</b></i> | <i><b>Unimportant (%)</b></i> |
| Location                             | 73(73%)                     | 27(27%)                       | 75(75%)                     | 25(25%)                       |
| Hotel Image                          | 66(66%)                     | 34(34%)                       | 73(73%)                     | 27(27%)                       |
| Cleanliness                          | 100(100%)                   | -                             | 100(100%)                   | -                             |
| World Wide<br>Network<br>Reservation | 43(43%)                     | 57(57%)                       | 61(61%)                     | 39(39%)                       |
| Room Rent                            | 77(77%)                     | 23(23%)                       | 73(73%)                     | 27(27%)                       |
| Conference<br>Hall                   | 48(48%)                     | 32(32%)                       | 59(59%)                     | 41(41%)                       |

The table 5.14 shows that 100% of both domestic tourists and foreign tourists consider cleanliness as an important governing factor for the selection of a hotels. 77% and 73% of the domestic and foreign tourists consider room rent as an important factor 73% and 75% of the domestic and foreign tourists consider location as an important factor. 66% and 73% of the domestic and foreign tourists consider hotel image as an important factor. 43% and 61% of the domestic and foreign tourists consider World Wide

Network reservation as least important factor. 48% and 59% of the Domestic and foreign tourists consider Conference Hall as important governing factor.

Thus, 100% of both domestic tourists and foreign tourists consider cleanliness as an most important governing factor for the selection of a hotel.

### **DISTRIBUTION OF THE SUGGESTION OF THE TOURISTS REGARDING THE FACILITIES & ACTIVITIES**

Customer satisfaction and suggestion of the tourists is the critical strategic weapon and backbone beyond for any type of organization. One of the biggest contemporary challenges of management in service industries is providing facilities to the tourists of their hotel and maintaining customer satisfaction. Providing facilities and customer satisfaction have increasingly been identified as the key factors in the battle for competitive differentiation and customer retention. The hotelier claims that overwhelming customer demand for facilities and services in recent years have become increasingly evident to professionals in the tourism and hotel. The researchers has collected the suggestion of the tourists about the facilities and service for the prospects of the hotel industry

**TABLE: 5.15**

**DISTRIBUTION OF THE SUGGESTION OF THE TOURISTS**

**REGARDING THE FACILITIES & ACTIVITIES**

| <b>Facility/Activity of Domestic<br/>tourists</b> | <i>Suggestion of the Domestic tourists</i> |                       |
|---|--|-----------------------|
|   | <i>Improved</i>                            | <i>To be improved</i> |
| Accommodation                                     | 65 (65%)                                   | 35(35%)               |
| Food  | 54(54%)                                    | 44(44%)               |
| Beverage  | 44(44%)                                    | 48(48%)               |
| <b>Facility/Activity of Foreign<br/>tourists</b>  | <b>Suggestion of the Foreign tourists</b>  |                       |
|   | <i>Improved</i>                            | <i>To be improved</i> |
| Accommodation                                     | 52(52%)                                    | 48(48%)               |
| Food  | 48(48%)                                    | 52(52%)               |
| Beverage  | 36(36%)                                    | 54(54%)               |

The table 5.15 shows that 65%, 56% and 44% of domestic tourists say the accommodation facilities, food and beverage facilities has improved. 52% of the foreign tourists say the accommodation facilities of above mentioned parameter has improved. 48% and 36% of foreign tourists say food and beverage facilities of above mentioned parameter is to be improved.

Thus, 65% and 52% of respondent domestic tourists and foreign tourists say the accommodation facilities has improved

## **PROSPECTS IN HOSPITALITY SECTOR**

Travel and technology have become inseparable. Technology is making its own advances with high-tech video conferencing facilities, web cameras and virtual reality mode of conferencing, on-line bookings, e-ticketing, Wi-Fi Internet connectivity, easy access to information, etc. are just a few areas where technology has completely changed the way we travel. This new trends in technology and advancement has changed the hospitality sector to its prospects path.

## **SEASONALITY**

Tourism affects the demand for hotels to a great extent. Seasonality is highly unstable and unpredictable. This presents a problem in relation to employment opportunities and financial performance in hotel industry. Therefore the problem of seasonality requires immediate attention and care must be taken to minimize the impact of seasonality in the hotel business.

## **OCCUPANCY RATIO**

The occupancy rate is calculated as the ratio of hotel rooms occupied by the tourists to the total rooms available in the hotel. It has been found that the occupancy ratio is affected by seasons, duration of tourists stay, hotel image, star category, tariff rate, location and facilities available in the hotel .



### **AVERAGE ROOM OCCUPANCY OF 4-5 STAR HOTEL DURING NORMAL SEASONS**

The researcher has collected the average room occupancy from 4- 5 star category during normal season.

**Table 5.16**

### **AVERAGE ROOM OCCUPANCY OF 4-5 STAR HOTEL DURING NORMAL SEASONS**

| <b>Room occupancy<br/>(Percentage)</b> | <b>No of hotels</b> | <b>Percentage</b> |
|--|---------------------|-------------------|
| 51-53                                  | 2                   | 13.33             |
| 54-55                                  | 6                   | 40.00             |
| 56-58                                  | 7                   | 46.67             |
| <b>Total</b>                           | <b>15</b>           | <b>100.00</b>     |

Table 5.16 shows that 51-53 % is the room occupancy in 2 hotels, 54-55% is the room occupancy in 6 hotels, 56-58% is the room occupancy in 7 hotels .

Thus, It has been found that majority of 4- 5 star category star hotels have the room occupancy of 54-58 %

### **AVERAGE ROOM OCCUPANCY OF 1-3 STAR HOTEL DURING NORMAL SEASONS**

The researcher has collected the average room occupancy ratio of respondent star hotels during normal season in 1-3 star category hotel.

**TABLE 5.17**  
**AVERAGE ROOM OCCUPANCY DURING NORMAL SEASONS**  
**1-3 STAR CATEGORY HOTELS**

| <b>Room Occupancy<br/>(Percentage)</b> | <b>No of hotels</b> | <b>Percentage</b> |
|--|---------------------|-------------------|
| 50-53                                  | 9                   | 47.37             |
| 54-57                                  | 6                   | 31.58             |
| 58-61                                  | 4                   | 21.05             |
| <b>Total</b>                           | <b>19</b>           | <b>100.00</b>     |

Table 5.17 reveal that 50-53% is the room occupancy in 9 hotels, 54-57% is the room occupancy in 6 hotels, 58-61 % is the room occupancy in 4 hotels .

Thus, It has been found that majority of 1- 3 star category star hotels have the room occupancy range between 50-53 %

**AVERAGE ROOM OCCUPANCY OF 4-5 STAR CATEGORY HOTELS  
DURING PEAK SEASONS**

The researcher has collected and tabulated the average room occupancy ratio of respondent star hotels during peak season from 4-5 star category hotels.

**TABLE 5.18**

**AVERAGE ROOM OCCUPANCY OF 4-5 STAR CATEGORY HOTELS  
DURING PEAK SEASONS**

| <b>Room Occupancy<br/>(Percentage)</b> | <b>No of hotels</b> | <b>Percentage</b> |
|--|---------------------|-------------------|
| 80-82                                  | 2                   | 13.33             |
| 83-85                                  | 6                   | 40.00             |
| 86-88                                  | 7                   | 46.67             |
| <b>Total</b>                           | <b>15</b>           | <b>100.00</b>     |

Table 5.18 reveals that 80-82 % is the room occupancy in 2 hotels, 83-85% is the room occupancy in 6 hotels, 86-88% is the room occupancy in 7 hotels .

Thus, It has been found that majority of 4-5 star category star hotels have the room occupancy range between 83 - 88 %.

**AVERAGE ROOM OCCUPANCY OF 1-3 STAR CATEGORY HOTELS  
DURING PEAK SEASONS**

The researcher has collected the average room occupancy ratio of respondent star hotels during peak season in 1-3 star category hotels.

**TABLE 5.19**

**AVERAGE ROOM OCCUPANCY OF 1-3 STAR CATEGORY HOTELS  
DURING PEAK SEASONS**

| <b>Room occupancy<br/>(In percentage)</b> | <b>No of hotels</b> | <b>Percentage</b> |
|---|---------------------|-------------------|
| 80-83                                     | 4                   | 21.05             |
| 83-86                                     | 6                   | 31.58             |
| 86-89                                     | 9                   | 47.37             |
| <b>Total</b>                              | <b>19</b>           | <b>100.00</b>     |

Table 5.19 reveals the average room occupancy ratio of respondent star hotels during peak seasons in 1-3 star category hotels. 80-83 % is the room occupancy in 4 hotels, 83-86 % is the room occupancy in 6 hotels, 86-89% is the room occupancy in 9 hotels .

Thus, It has been found that the majority of 1- 3 star category star hotels have the room occupancy range between 86-89 %

**AVERAGE ROOM OCCUPANCY OF 4-5 STAR CATEGORY HOTELS  
DURING LEAN SEASONS**

The researcher has collected the average room occupancy ratio of respondent star hotels during lean season in 4-5 star category hotels.

**TABLE 5.20**

**AVERAGE ROOM OCCUPANCY OF 4-5 STAR CATEGORY HOTELS  
DURING LEAN SEASONS**

| <b>Room Occupancy<br/>(in percentage)</b> | <b>No of hotels</b> | <b>Percentage</b> |
|---|---------------------|-------------------|
| 34-36                                     | 1                   | 06.66             |
| 37-39                                     | 4                   | 26.67             |
| 39-41                                     | 4                   | 26.67             |
| 42-45                                     | 3                   | 20.00             |
| 46-49                                     | 3                   | 20.00             |
| <b>Total</b>                              | <b>15</b>           | <b>100.00</b>     |

Table 5.20 reveals that 34-36% is the average room occupancy in 1 hotel, 37-39% is the average room occupancy in 4 hotels, 39-41% is the average room occupancy in 4 hotels, 42-45 % is the average room occupancy in 3 hotels, 46-49% is the average room occupancy in 3 hotels.

Thus, It has been found that majority of 4-5 star category star hotel have the room occupancy range between 37-41 %

**AVERAGE ROOM OCCUPANCY OF 1-3 STAR CATEGORY HOTELS  
DURING LEAN SEASONS**

The researcher has collected the average room occupancy ratio of respondent star hotels during lean season in 1-3 star category hotels.

**TABLE 5.21**

**AVERAGE ROOM OCCUPANCY OF 1-3 STAR CATEGORY HOTELS  
DURING LEAN SEASONS**

| <b>Room Occupancy (in percentage)</b> | <b>No of hotels</b> | <b>Percentage</b> |
|---------------------------------------|---------------------|-------------------|
| 25-30                                 | 3                   | 15.79             |
| 30-35                                 | 7                   | 36.84             |
| 35-40                                 | 5                   | 26.32             |
| 40-45                                 | 4                   | 21.05             |
| <b>Total</b>                          | <b>19</b>           | <b>100.00</b>     |

Table 5.21 reveal the average room occupancy ratio of respondent star hotels during lean seasons in 1-3 star category hotels. 25-30 % is the average room occupancy ratio in 3 hotels, 30-35 % is the average room occupancy ratio in 7 hotels, 35-40 % is the average room occupancy ratio in 5 hotels, 40-45 % is the average room occupancy ratio in 4 hotels.

Thus, It has been found that majority of 1- 3 star category star hotels have the average room occupancy of range between 30-35 %

## **AVERAGE ANNUAL ROOM OCCUPANCY OF STAR CATEGORY HOTELS**

The researcher has collected the average room occupancy ratio of respondent star hotels during all seasons in all star category hotel.

**TABLE 5.22**  
**PERCENTAGE OF ANNUAL ROOM OCCUPANCY**  
**IN 2010-2011**

| <b>Percentage of room occupancy</b> | <b>No of hotels</b> | <b>Percentage</b> |
|-------------------------------------|---------------------|-------------------|
| 60-62                               | 1                   | 02.94             |
| 63-65                               | 10                  | 29.41             |
| 66-68                               | 6                   | 17.64             |
| 69-71                               | 8                   | 23.33             |
| 72-74                               | 9                   | 26.47             |
| <b>Total</b>                        | <b>34</b>           | <b>100.00</b>     |

Table 5.22 reveals the percentage of annual room occupancy ratio of respondent star category hotels during 2010-2011. It has been found that 60-62% is the annual room occupancy in 1 hotels, 63-65 % is the annual room occupancy in 10 hotels, 66-68 % is the annual room occupancy in 6 hotels, 69-71 % is the annual room occupancy in 8 hotels, 72 -74 % is the annual room occupancy in 9 hotels

Thus, it has been found that 63-65 % of star category star hotels have the room occupancy of range between

## **ADVERTISING MEDIA USED FOR THE PROMOTION OF HOTEL**

Advertising is one of the promotional mixes to improve the marketing of hotel services. The hotel owners use print media, broadcast media and telecast media to advertise their services.

**TABLE : 5.23**

### **PROMOTION OF THE HOTELS**

| <b>Promotion methods</b> | <b>Star category hotel</b> | <b>Percentage</b> |
|--------------------------|----------------------------|-------------------|
| Press Advertisement      | 31                         | 91.2              |
| Sign board               | 31                         | 91.2              |
| Travel agent             | 31                         | 91.2              |
| Tourists officers        | 28                         | 88.4              |

“Promotion method is an attempt to move people from a state of un awareness to one of awareness from liking to preference (or) from convicting to purchase about the product”<sup>10</sup>. It is generally used to make them purchase their product from their preference of choice.

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10-Ram.j.martin “Marketing”, John willey and sons, New york,1989, p-445



Table 5.23 shows the promotion methods adopted by various star hotels 91.2 % of star hotels use press advertisement, travel agent and Sign board as promotion method. 88.4% of star hotels adapt sales tourists officers as promotion method.

Thus, 91.2 % of star hotels adopt press advertisement, travel agent and Sign board as promotion method where else 88.4% of star hotel use tourist officers as the various promotion method .

### **MEDIA ATTRACTION**

Most of the tourists are attracted by various Medias. They are print media, sign board, travel agent, sales, electronic media, and others. These Medias are very helpful for the customers to select the hotel.

**Table-5.24**

### **MEDIA ATTRACTION**

| <b>S.No.</b> | <b>Particulars</b> | <b>No. of Respondents</b> | <b>Percentage</b> |
|--------------|--------------------|---------------------------|-------------------|
| 1.           | Travel agent       | 52                        | 26                |
| 2.           | Press media        | 46                        | 23                |
| 3.           | Electronic media   | 78                        | 39                |
| 4.           | Sign board         | 24                        | 12                |
|              | <b>Total</b>       | <b>200</b>                | <b>100</b>        |

Table 5.24 portrays the information regarding the type of media that the respondents were attracted to hotels. 26% of the respondents were attracted by travel agent, 23% of the respondents were attracted by press media, 39% of the respondents were attracted by electronic media, 12% of the respondents were attracted by Sign board.

Thus, 39% of the respondents were attracted by electronic media (Internet), because this media attracts all types of people and it is available to people in their home and in the neighborhood through internet .

### Oneway Anova f test

#### Null Hypothesis

There is no significant difference between type of hotel of the respondents and their Opinion about Press Media, Travel agent, Sign board and tourist officers.

| Type of Hotel           | Mean | S.D  | SS    | Df | MS   | Statistical Inference                  |
|-------------------------|------|------|-------|----|------|--|
| <b>Press Media</b>      |      |      |       |    |      |  |
| Between Groups          |      |      | .211  | 5  | .042 | F=.469<br>.796>0.05<br>Not Significant |
| 1 Star (n=3)            | 1.00 | .000 |       |    |      |  |
| 2 Star (n=3)            | 1.00 | .000 |       |    |      |  |
| 3 Star (n=12)           | 1.17 | .389 |       |    |      |  |
| 4 Star (n=7)            | 1.14 | .378 |       |    |      |  |
| 5 Star (n=5)            | 1.00 | .000 |       |    |      |  |
| 5 Star Deluxe (n=4)     | 1.00 | .000 |       |    |      |  |
| Within groups           |      |      | 2.524 | 28 | .090 |  |
| <b>Tourist Officers</b> |      |      |       |    |      |  |
| Between Groups          |      |      | 2.691 | 5  | .538 | F=6.698<br>.000<0.05<br>Significant    |
| 1 Star (n=3)            | 2.00 | .000 |       |    |      |  |
| 2 Star (n=3)            | 1.00 | .000 |       |    |      |  |
| 3 Star (n=12)           | 1.25 | .452 |       |    |      |  |

|                     |      |      |       |    |      |  |
|---------------------|------|------|-------|----|------|--|
| 4 Star (n=7)        | 1.00 | .000 |       |    |      |  |
| 5 Star (n=5)        | 1.00 | .000 |       |    |      |  |
| 5 Star Deluxe (n=4) | 1.00 | .000 |       |    |      |  |
| Within groups       |      |      | 2.250 | 28 | .080 |  |
| <b>Travel Agent</b> |      |      |       |    |      |  |
| Between Groups      |      |      | .402  | 5  | .080 | F=.965<br>.456>0.05<br>Not Significant |
| 1 Star (n=3)        | 1.33 | .577 |       |    |      |  |
| 2 Star (n=3)        | 1.00 | .000 |       |    |      |  |
| 3 Star (n=12)       | 1.17 | .389 |       |    |      |  |
| 4 Star (n=7)        | 1.00 | .000 |       |    |      |  |
| 5 Star (n=5)        | 1.00 | .000 |       |    |      |  |
| 5 Star Deluxe (n=4) | 1.00 | .000 |       |    |      |  |
| Within groups       |      |      | 2.333 | 28 | .083 |  |
| <b>Sign Board</b>   |      |      |       |    |      |  |
| Between Groups      |      |      | .402  | 5  | .080 | F=.965<br>.456>0.05<br>Not Significant |
| 1 Star (n=3)        | 1.33 | .577 |       |    |      |  |
| 2 Star (n=3)        | 1.00 | .000 |       |    |      |  |
| 3 Star (n=12)       | 1.17 | .389 |       |    |      |  |
| 4 Star (n=7)        | 1.00 | .000 |       |    |      |  |
| 5 Star (n=5)        | 1.00 | .000 |       |    |      |  |
| 5 Star Deluxe (n=4) | 1.00 | .000 |       |    |      |  |
| Within groups       |      |      | 2.333 | 28 | .083 |  |

## Findings

As, the calculated value is greater than table value ( $p>0.05$ ) we accept the null hypothesis. There is no significant difference between type of hotel of the respondents and their Opinion about Press Media, Travel agent and Sign board.

As, the calculated value is less than table value ( $p < 0.05$ ) we reject the null hypothesis. There is a significant difference between type of hotel of the respondents and their Opinion about tourist officers.

### **LOAN REPAYMENT AND GRACE PERIOD SATISFACTION BY HOTELIERS**

In the modern world, most of the hotels repay their loan within the grace period provided by the financial institution. It acts as a great financial source for the hotelier to upgrade the existing hotel and new investor to invest their money in this industry. The researchers has collected data from the hotelier about their promptness in loan repayment and their satisfaction in grace period. The study reveals that the financial institution is helpful for the hotelier in modernization of the existing rooms and for the construction of addition rooms, star category up gradation and other facilities for improvement to the guest

**TABLE : 5.25**

**LOAN REPAYMENT AND GRACE PERIOD SATISFACTION BY**

**HOTELIERS**

| <b>Opinion</b>       | <b>Star<br/>Category</b> | <b>Percentage</b> |
|----------------------|--------------------------|-------------------|
| <b>Satisfied</b>     | 24                       | 70.6              |
| <b>Not satisfied</b> | 10                       | 29.4              |

Table 5.25 reveals the satisfaction of repayment and grace period. 70.6 % of the 1 to 5 star category hoteliers are satisfied with loan repayment and grace period and 29 % of the 1 to 5 star hoteliers are not satisfied with loan repayment and grace period

Thus, 70 % of the 1 to 5 star hoteliers are satisfied with loan repayment and grace period. The basic reasons behind for the dissatisfaction has been analyzed by the researchers. It has been found that it is not because of non operation, but because of the mismanagement, misuse and misallocation of the funds by the hotelier

### Chi-square test

#### Null hypothesis

There is no significant association between type of hotel of the respondents and their Opinion about Grace Period and Loan repayment opinion in getting assistance from financial institution .

#### Cross tabulation

| Hotel Items         |                 |                 |                  |                 |                 |                        |                 |  |
|---------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------------|-----------------|--|
| Opinion of Hotelier | 1 Star<br>(n=3) | 2 Star<br>(n=3) | 3 Star<br>(n=12) | 4 Star<br>(n=7) | 5 Star<br>(n=5) | 5 Star Deluxe<br>(n=3) | Total<br>(n=34) | Statistical Inference                                      |
| Satisfied           | 3(100%)         | 2(66.7%)        | 7(58.3%)         | 5(71.4%)        | 4(80%)          | 3(75%)                 | 24(70.6%)       | $\chi^2=2.393$<br>Df=5<br>.792>0.05<br><br>Not Significant |
| Not satisfied       | 0               | 1(33.3%)        | 5(41.7%)         | 2(28.6%)        | 1(20%)          | 1(25%)                 | 10(29.4%)       |  |

#### Findings

As, the calculated value is greater than table value ( $p>0.05$ ) the null hypothesis is accepted. There is no significant association between type of hotel of the respondents and their Opinion about facing problem in getting assistance from financial institution, Grace Period and Loan repayment opinion provided by the financial institution

## **COST AND TARIFF OF HOTEL INDUSTRY**

### **Factors Governing Room Tariff:**

Price fixation in hotel industry is an important managerial activity and it requires much care and planning. The cost of the service is one of the major factors determining the price. However, there are certain other internal and external factors influencing the rates to be charged for the services provided to the guests.

1. Price fixation has been determined depending upon the location, profit margin, etc. It also covers the administrative expenses, salary, incentives, remuneration paid to employees .

2. Room revenue is the most important and a major source of revenue for the hotel industry. From the room revenue, the management earns sufficient profit, after meeting direct and indirect expenses. To get an ideal deal return, at least 50% of the entire cubic capacity of the area is deduced to accommodation.

3. Room rate is influenced by factors such as locations of the hotel, services and facilities provided to the guest, average occupancy ratio hotel, construction cost, land cost, managerial expenses, etc.,

4. As the revenue from room rent is concerned, it doesn't lend itself to direct computation of gross profit margin. It includes managerial cost and operating cost etc.

5. Revenue from beverages forms another significant sources of revenue next to revenue from food. Beverage includes soft drinks, beers, liquors, wines, etc, The costs of these beverages are not stable. Rooms division generates revenue from various sources and are discussed below

## **REVENUES TO HOTEL INDUSTRY**

- Rooms are the biggest source of revenue. rooms falls into various types each with their own price range.
- Most of the hotels recognize rooms as the potential of revenue from the business sector and cannot overlook it. The business centre can be basic with a secretary, office with computer and basic office automation. More sophisticated business centres can have meeting rooms, teleconferencing facilities, multi-offices and the latest office automation. There is a good potential for revenues from this facility.
- Health clubs are put under the charges of the rooms division, with an increasing population of health conscious travelers this facility promise good revenue.
- Miscellaneous revenues can come from the sale of postage, safety deposit lockers left luggage, additional services provided to the room like baby-sitting, extra beds, cribs etc.



The summary of total income is provided in the table below

**TABLE 5.26**

**REVENUES TO HOTEL INDUSTRY**

| Particulars  | Year Ended     |                | % change |
|--|----------------|----------------|----------|
|  | March 21, 2009 | March 31, 2008 |          |
| <b>Room Income</b>                                       | 843.19         | 978.71         | (14)     |
| Food & Beverage Income                                   | 508.99         | 585.32         | (13)     |
| Other operating Income                                   | 267.39         | 200.48         | 33       |
| Non-operating Income                                     | 86.95          | 58.65          | 48       |
| Total Income   | 1706.52        | 1823.16        | (6)      |
| Statistical Information<br>Average Room Rate<br>(Rupees) | 10504          | 10674          | (2)      |
| Occupancy (%)  | 66             | 73             | - 7% pts |

**Source :Report from ITC**

## **FACTORS INFLUENCING THE SOURCE OF REVENUE TO HOTEL**

### **INDUSTRY**

1.Room sales were mainly driven by Average Room Rate being maintained at previous year levels orbit a drop in occupancy rates.

2.Reduction in Food and Beverages sales due to lower room occupancy.

3.Other operating income mainly includes income from management fees, insurance claim on account of business interruption and other operating income from hotels. Other operating Income for the year include Rs.85.54 crores for claim for Business Interruption field on account of closure of Taj Mahal palace and Tower following the terrorist attack on November 26, 2008.

4.Non-operating income was higher mainly due to Dividend Income earned on Surplus Rights Issue proceeds invested with various mutual funds.

## **PERCENTAGES OF OVERALL REVENUE INCOME TO TOTAL INCOME**

The majority of star Categories hotels room income is 843.19 lakhs as on March 21, 2009 compared to previous year of income of 978.71 lakhs as on March 31, 2008

### **OPERATING EXPENSES**

The operating expenses increased by 8% from Rs.1148.41 crores to Rs.1247.57 crores. The increase was mainly on account of payroll to keep in line with competition and industry, wages settlement and reduction in interest rates leading to higher gratuity liabilities, increase in advertisement and general administrative expenses. The increased

advertisement expenses are an endeavour to make Taj a global brand and create awareness of its rapid international expansion. Depreciation for the year was higher due to addition of Vivanta, Bangalore and capital expenditure incurred to upgrade our properties.

### **PROFIT BEFORE INTEREST AND TAX (PBIT)**

The PBIT was Rs.458.95 as compared to Rs.674.75 crores reflecting a reduction by 32%.

### **INTEREST COSTS**

Interest cost at Rs.90.44 crores for the year ended on March 31, 2009 as compared to Rs.94.28 crores in the previous year. In view of the increase in debt levels, gross interest cost increased to Rs.122.21 crores as compared to Rs.101.30 crores. Net interest costs were lower on account of interest earned on unutilized rights issue proceeds.

### **PROFIT BEFORE TAX**

Profit before tax, was Rs.362.30 crores as compared to Rs.580.47 crores achieved in the previous year. Traditionally, Indian hotels have been room oriented. The Taj group has a 35:65 food and beverage to rooms ratio. The Oberoi properties in New Delhi and Mumbai also have a similar ratio. Room revenue is considered to be the most important source of a hotel's profitability, representing 56.4 percent of total revenue across all hotels.

## **CONCLUSION**

In the present scenario social – economics the role of the hotel industry plays a very significant role. Thus it is becoming necessary to analyze the prospective issues of the hotel industry and the significant role of the hotel industry in the area of the study concerned. The study in this chapter presents with a view to understand the financial background highlighting the problem of the hotel industry faced in present status. The opinion of the tourists about the facilities and services available in the hotel industry, information about support schemes available all pertaining to the units located in chennai are collected. Thus, this chapter highlights the various facts of the problem faced by the hotel industry and prospects of the hotel industry there by generating the employment opportunities, alleviate unemployment problem and bring desirable changes in the society.

## **OVERALL FINDINGS**

The TFCI had provided large finance assistance of 131198 lakhs and 109465 lakhs to 3 star and 5 star category hotels. The total sanctioned amount to hotel industry by IFCI in 1996 was 1759.8 crores and in 2010 it was 66.71crores. It is to be noted that total financial contribution to hotel industry had decreased to 0.6% at 2010. The State Government of Tamil Nadu has sanctioned Rupees 62.00 Crores as financial assistance in 2009-2010 to hotel industry. 63%, 62% and 46% of the domestic tourists have graded the hotel sales tax, luxury taxes and service tax as high. 64%, 43% and 34 % of foreign tourists have graded sales taxes, luxury taxes and service tax as high. 37% and 41% of the tourists wished the abolition of sales taxes, luxury tax and service tax. 58% of the domestic tourists stated that the price of room and food are found as high. 56% of the foreign tourists stated that the price of room and food are found as average. 58% and 26%

of the domestic and foreign tourists consider of price of beverage to be high. 100% of domestic and foreign tourists consider cleanliness as an important factor in the selection of a hotel. 83% and 60% of foreign tourists have graded the service of receptionists and room boy as good. 88% and 81% of domestic tourists have graded the service of receptionist and room boy as good. 69 % and 74% of domestic tourists have graded the taste of food as good. 65 % and 52 % of foreign tourists have graded the taste and variety of food as good. 55% of domestic and 64% of the foreign tourists says that the accommodation facilities of above mentioned parameter has improved. 39% of the tourists were attracted by electronic media. 60% and 77% of foreign tourists and domestic tourists have graded the furniture and room area as good. 70 % of the 1 to 5 star hotelier are satisfied with loan repayment and grace period. 100% of 1 to 3 star hotels are using electronic media as promotion method. 92.6 % of 4 to 5 star hotels use press advertisement, sign board, sales promotion and travel agent as promotion method. It has been found out that 71.3 % of one star category hotels and 70.25% of 4 star category hotels is the average room occupancy ratio of respondent star category hotels at Chennai. 86-87% is the average room occupancy ratio of respondent star 1-3 star category hotels during peak seasons. 86-88% is the average room occupancy ratio for 4-5 respondent star hotels during peak seasons. 56-58% is the room occupancy the average room occupancy ratio of respondent 4-5 star category hotel star category hotels during normal seasons. 50-53% is the average room occupancy ratio of respondent 1-3 star category hotels star category during normal seasons. 37-41% is the average room occupancy ratio of respondent star hotels during lean period in 4-5 star deluxe category hotel. 30-35% is the room occupancy ratio of respondent 1-3 star category star hotels during lean period .