CHAPTER - I

INTRODUCTION AND METHODOLOGY

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INTRODUCTION AND METHODOLOGY

INTRODUCTION

At the threshold of the new Millennium, tourism has emerged as the biggest industry of the future. The growth of international tourism was slow in the first part of the last century, rapid in the later part and phenomenal since 1980's. In 1950, the total world tourist arrival was only 25 million generating receipts of $1 billion. The absolute number of arrival multiplied two and a half times between 1960 and 1970 and thereafter it has almost doubled every decade\(^1\). The world tourist receipts increased to $514 billion in 2003 and world's tourist arrival increased to 694 million during the same period\(^2\).

To a developing country like India, tourism is an economic bonanza. It is a catalyst to economic growth and earning of foreign exchange. In India, the foreign exchange earnings from tourism have been on the increase year by year, higher than the rate of increase of all invisible and visible exports. However income estimated from domestic tourism is about 2.3 times than that from foreign tourism. These two put together account for a considerable amount of income for the country. The total foreign tourist arrival ino India that was only 16,289 in 1951, increased to 27,26,214 in the year 2003. Similarly, total foreign tourism receipts which were to the order of US $1861 million in 1991, increased to US $3533 million in 2003\(^3\). The contribution of the tourism industry to the
national income, tax revenue of the Government and regional development is undisputedly substantial. Apart from its economic significance, the social significance of tourism is equally important. It is a potential force for bringing about world peace and international understanding, which is having utmost importance in this age of cross-border terrorism and cross-country disputes. Pandit Jawahar Lal Nehru emphasised that "we must welcome those friendly visitors from abroad, not for economic reasons for tourism brings foreign exchange, but even more so because this leads to greater understanding and mutual appreciation. There is nothing more that the world needs today than this mutual understanding." India with varied cultural, religious and linguistic groups, greatly needs this mutual understanding. It signifies the need of tourism in India.

STATEMENT OF THE PROBLEM

The study aims at the objective evaluation of the "Management and Operations of Haryana Tourism Corporation" in the light of its past performance and expected future prospects. The State of Haryana was carved out of Punjab on 1st November, 1966. At the time of its creation it was considered to be backward in terms of economic progress. In a short span of 39 years, Haryana has emerged as a very progressive and dynamic state. Haryana enjoys the singular distinction of having provided electricity, metalled roads and potable piped drinking water to all its villages, ahead of
all other states in the country. It is a state that stands out as a model in the field of industry and agriculture. Having ushered an era of prosperity in the villages through green revolution, it is now being cited as an ideal location for industry.

In 1966, Haryana Tourism started with a virtual blank. It had no tourism potential - no mountains, no rivers, no lakes, no valleys, no significant historical monuments or natural attractions. To promote tourism in Haryana, because tourism is a major economic activity for creating income and employment opportunities in the state, the need of an independent agency to achieve this objective was felt and Haryana Tourism Corporation was incorporated on 1st Sep. 1974. Since the development of tourism will give certain boost to its ancillary industry transport, travel agencies, handicraft, photography, etc., it has to be managed and organised on the basis of sound principles of business. Haryana Tourism Corporation, being a public sector undertaking, will have to cope with changing environment of privatisation and globalisation by enhancing the efficiency in management and operations.

Tourism has now become a global phenomenon. Better and faster means of transport have resulted in a massive movement of people throughout the world drawing them closer through experiencing and appreciating one another's culture and life style. It has emerged as a centre pillar of the service economy and it can uniquely help society respond to global challenges, if its growth is managed wisely. The dynamic past and projected growth
of tourism sector, its broad direct and indirect impact across all economies, particularly those of developing states, makes it well suited as a development tool.

However, there are pitfalls and unregulated tourism can cause many problems like unbalanced social changes and economic developments, social tensions, environmental pollution and cultural decay and it may lead to the destruction of the very entity on which tourism is built. Hence it becomes imperative to study the management and operations of Haryana Tourism Corporation from various aspects to evaluate its contribution to the economy and development of the state of Haryana.

**REVIEW OF LITERATURE**

It is necessary to review the existing related literature so that the present study is focused on those aspects of the problem which have not been duly covered by the earlier researchers.

Singh, T.V. (1975)\(^6\) in his work, "Tourism and Tourist Industry in U.P. (India)" has made an effort to study the tourism potential in U.P. His work is classified into four sections. The first section deals with physical and cultural features of U.P. tourism potential and her land and people. Section two covers the historical approach tracing back the evolution and development of tourism in the state. The third section is devoted to discuss the status of tourism in related sectors. It also provides an overview of impact of tourism on state's economy. The fourth and final section is a detailed study of nine major tourist complexes in U.P. This work
provides an insight on the role of tourism, market research, tourism education, training, etc.

Kaul, R.N. (1985)\(^7\) in his work "Dynamics of Tourism - A Trilogy" have discussed the role of accommodation in inducing and expanding tourism, its problems and prospects. Major problems of hotel operations, and market and technological factors are highlighted. Guidance is offered on development of different accommodation categories and selection of technical and professional advisors and consultants. Project feasibility preparation in practical terms along with a suggested proforma is of special interest. The book presents a comprehensive guide to the creation of hotels through planning, with advice on site selection, technical agencies, contractors, project budget and administration, equipping and furnishing, training, etc.

Singh, Hawa (1995)\(^8\) in his work "Organisational Health of Haryana Tourism Corporation in Relation to Commitment, Jobs Satisfaction and some Allied Attributes" has analysed the organisational structure of Haryana Tourism Corporation, its organisational health, organisational commitment, job satisfaction along with some allied attributes. He has divided the employees of Haryana Tourism Corporation into three groups namely Whole Group, Manager Group and Worker Group.

Kapila Vatsyayan (1997)\(^9\) in his article "Cultural Dimensions of Tourism" has tried to convey that the cultural dimension of tourism is not just a dead historical site, but a whole living cultural past. Its meaning
lies in the humanity that was there, and gave it value, form and meaning. The most important role tourism plays is to reaffirm these essential dialogues between man and nature. Why were Ajanta, Ellora, Konark, Kanyakumari, Pashupatinath chosen? It meant not only reaffirming the man - nature relationship, but also confronting all these areas, meeting people and knowing the value of their culture. But the moment you present aspects of life as a spectacle, they cease to become life. Tourism, unlessimaginatively managed, can be a process of death for both monuments and also the culture.

Phar, Willibald P. (1997) in his article "Passport to Peace and Development" has made an effort to convey that tourism both depends upon peace and contributes to its maintenance, an attribute that distinguishes it from many other economic activities. If tourism serves as a veritable passport to peace, it is necessary and desirable to solve problems which can have a negative influence on tourism development. What is clear beyond any doubt is that all these problems can be solved only by international cooperation. World Tourism Organisation has been, in the past and intends to continue to be a future forum for such cooperation.

Sengupta, N.K. (1997) in his article "Tourism and Balance of Payment Crisis" has suggested a ten point strategy for enhancing tourist arrivals and tourism earning, and overcome the balance of payment crisis. It includes promotion of foreign airlines and charter traffic, massive promotion campaign including advertising and devising special packages; comprehensive Area Development Programme; substantial
upgrading of tourist taxis and coaches; opening-up of large number of areas especially in North-East; and finally, increase in Indian Airlines fleet capacity. He suggests that if we give priority to these points in tourism development we can achieve respectable share of international tourist arrivals and receipts by the turn of the century.

Singh, Tejvir (1997)\textsuperscript{12} in his article "Climatology of Recreation : An Appraisal of climate as resource input for Indian Tourism" has tried to convey that in an increasing crowded and fast moving industrial world, where weather as an input impinges on nearly every economic pursuit, from agriculture to supersonic flights, it no longer behoves geographers to study "Climate for its own sake". Almost all hill resorts in India or abroad, weather-offerings as major resource - input in their trade and the clientele is largely made up on climate seekers. Tourist inflow is closely related with "highs" and "lows" of meteorological conditions by way of index, but how closely the trade is tied with weather condition, should be our persistent inquiry. Climatology of recreation, in all its aspects, should be the fertile field of geographers who wish to contribute to the emerging discipline of tourism. Promoters of Indian tourism can certainly do a good deal, if not with meteorological constraints, with their seasonal transition, rhythms and climatic cycles, which Indian religious expertise has suavely woven into their fairs and festivals, offering unique weather changes with which few countries are blessed.

Bhatt A.K. (1997)\textsuperscript{13} in his article "Current Situation in Tourism Human Resource Development" has made an effort to convey that tourism has emerged as one of the key sectors of Indian economy by
making significant contribution to foreign exchange earnings, creating employment opportunities, opening up backward areas and providing a large multiplier effect in other sectors. Tourism also promotes handicraft, art and culture and has become an instrument for preservation of heritage. The foreign exchange earnings from tourists, who arrived during 1992-93, is estimated to be US $ 1.4 billion. The development plan for tourism during Eight Five Year Plan (1992-97) is based on the National Action Plan presented to the Parliament on 5th May, 1992. Continuing efforts to develop cultural tourism propose to achieve diversification of tourism attractions, accelerated growth of tourism infrastructure, including hotels, restaurants, air, rail and road transport facilities, entertainment houses etc., effective marketing and promotional efforts in the overseas markets, and removal of major impediments and irritants to tourism.

Mishra, Sitikantha (1997) in his article "GATS and Global Tourism: Retrospect and Prospect" has conveyed that global tourism has emerged as fastest growing industry today. It has managed to grow despite numerous impediments for the travellers and the travel business as well. After the second World War there has been a worldwide increase in "leisure" for millions of people, both in the developed and developing countries. In fact, shorter working hours, greater individual prosperity, faster and less expensive travel and the impact of electronics revolution have all contributed to make leisure and travel the fastest growing industry. As an economic phenomenon, tourism is developing faster than the rest of the world economy in terms of export output, value
addition, capital investment and employment generation. The service sector in India as a whole has been dynamic and growing very fast since 1991 i.e. after liberalisation, multifarious and exciting opportunities are bustling in almost all the spheres of the economic activities including tourism.

Hillary, Sir Edmund (1997) 15 in his article "Adventure Tourism Perspective for 2000 AD" has said that India has great beauty ranging from the mighty peaks of the Himalayas to the golden sandy beaches of Goa. It has a multitude of rivers and lakes and wide deserts. It has probably more ancient forts, temples and palaces than any other country.

He writes, "there are many of us who believe that in the next half century India will not only be one of the world's most influential countries politically (which is already is) but also one of the world's great trading and industrialized nations. In the 37 years since I first visited India, I have seen substantial changes. There has been the growth of a large middle class with its better standard of living and strong influence on political outlook. In the West we sometimes forget that India is by far the largest democracy in the world".

Sekwal, Rajesh (1998) 16 in his work "Tourism and Travel Agency Management" has made an effort to study the dimensions of tourism, tourism in general modern trends, limitations of tourism planning and development, functions of a travel agent and rule for recognition as a tour operator.

Bezbaruah, M.P. (1999) 17 in his work "Tourism Current Scenario and Future Prospects" has tried to convey that in India,
the potentials are very great, the challenges daunting. The response have to be adequate and therefore, the list of actions agenda will tend to get longer and longer. He covered the development of tourism in India, tourism during Five Year Plans and India's Action Plan.

Singh, Dal (1999)\textsuperscript{18} in his research work "Resource for Tourism Development in Haryana - A Case Study in Historical and Socio-Cultural Perspectives" has analysed cultural and historical heritage of the state and suggested that the available cultural tourist attractions of Haryana can be considerably exploited to enhance its overall tourist appeal.

Dharamrajran, S. (1999)\textsuperscript{19} in his article "Tourism : An Instrument for Development" has made an attempt to convey that Tourism will be by far the largest industry that the world has ever seen. The projections suggest great opportunities ahead which India has to catch up after being left behind in five decades and more. There is no reason why in the next 20 years this country of great diversity, distinct cultural ethos and life styles and values should not secure a far greater share of the global traffic than at present.

Seth, Rabindra (1999)\textsuperscript{20} in his article "Tourism : Problems Prospects" has identified the seven major hurdles in the way of faster tourism growth. These are: land and land laws, power, telecom, roads, road transport, airports and aviation policy.

Yadav, C.P. (2002)\textsuperscript{21} in his work "Management of Hotel &
Catering Industry" has analysed the future of human resource management in hospitality industry. He has also covered the other aspects of management of Hotel Industry such as cooking processes, break-even analyses in hotel industry, working environment and future of hotel and catering industry.

Sinha, P.C. (2002) in his work "Tourism Marketing" has made an attempt to cover all aspect of tourism development viz social, economical, cultural, physical, anthro-political, spatial, environmental and over all recreational. It provides in detail the possible ways and means for sustainable development of tourism and addresses itself to a much wider audience, particularly those involved in the planning and management of tourism industry at different levels.

Ranga, Mukesh and Nigam, Devesh (2003) in his work "New Approaches in Tourism Management" have made an effort to give a possible picture of the existing and emerging tourism industry by focusing on innovative ideas, marketing and development strategies related to tourism and hospitality industry.

Tarr Hospitality (2003) in its research work "Effective Purchase Practice for Hotels and Restaurants in India" has studied the current purchase practices of non-chain hotels and restaurants. It covered 10 hotels and 5 restaurants spread over 4 cities namely Delhi/Gurgaon, Bhubaneshwar, Puri and Hyderabad. The study suggests that purchases form a significant cost component in the hospitality industry (15% to 20% for hotels
and 30% to 35% for restaurants), therefore the potential benefits from cost reduction are very high.

Negi, Jagmohan (2004)\textsuperscript{25} in his work "Professional Hotel Management" has tried to convey that now, hotel management has become a profession which young boys and girls are proud to join, and get trained for various level positions. The hotel management education has proliferated into a series of courses offering technical certificate courses of specialized nature, diploma, degree, post-graduate and master degree programmes in hotel, catering and tourism.

A hotel combines production and sale, under one roof. It is in close and intimate contact with its customers, who consume hotel products at the point of sale. Basically, it is a capital intensive business. Being a service oriented industry, it places strong emphasis on the management of people taking into account different nationalities, their cultural tastes and all personal values, including education, standard of living, etc. He has made an attempt to give a general ideal to students, teachers, practitioners, consultants and research scholars, describing the managing of a hotel business. The approach adopted is to provide a simple and reasonably comprehensive outline of various departments of a modern hotel.

Bhuyan, Anjan (2004)\textsuperscript{26} in his article "Rural Tourism - A New Promise" has made an effort to convey that India's rural tourism potential exudes through her rich cultural aspects and production
systems. To preserve the original flavour and essence of her heritage, development of indigenous entrepreneurship is imperative.

Rural Tourism encompasses rural society, culture and beliefs in their original form and different terminology like agri-tourism, green-tourism and farm tourism are used interchangeably to mean rural tourism like structure. Two things are to be noted in this context viz.

- Each of the above mentioned categories is a derivative of the subsequent one, forming concentric circles. Rural tourism benefits the entire rural community in terms of total revenue generation.
- Rural culture is a key component of the product on offer under rural tourism.

The emergence of rural tourism will help in boosting a range of activities, services and amenities to attract tourists to generate extra income by creating entrepreneurial opportunities, income and employment conservation and development of rural arts and crafts, infrastructure development and preservation of the environment and heritage. Moreover, it is run essentially as a community based initiative.

**SCOPE OF THE STUDY**

A critical review of the existing related literature shows that the management of tourism has attracted the attention of many scholars who have made an attempt to study and analyse one or the other aspect of tourism industry. Haryana Tourism Corporation
has also been the subject of study and evaluation of many scholars. Some independent articles and papers have also been published covering one or the other aspect of tourism. But so far as the study of Haryana Tourism Corporation in its wider and deeper context, and its role in the growth of tourism in Haryana is concerned, it is still an unexplored field. Secondly, there are vast unexplored and unexploited areas where Haryana Tourism corporation can expand its area of operation. Haryana Tourism Corporation is going to complete thirty one years since its incorporation in Sept. 1974. And now it needs feedback, thorough scrutiny of its achievements and lapses, successes and failures, landmarks and short comings. The present study aims at analysing the development of tourism in general. It will cover the development of tourism in the state of Haryana and the contribution of Haryana Tourism Corporation in the growth of tourism in Haryana. It will cover the objective evoluation of organisation structure and management of Haryana Tourism Corporation, working of various complexes of Haryana Tourism Corporation, operation wise analysis, financial analysis and study of personnel management of Haryana Tourism Corporation.

OBJECTIVES OF THE STUDY

In order to make a systematic study in any field and to give it proper direction and shape, setting of goals and objectives at the outset becomes imperative.
The objectives of the present study are:

i) To critically examine the performance and development of tourism.

ii) To evaluate the role of Haryana Tourism Corporation in the growth of tourism in the State of Haryana.

iii) To examine the organisational set up of the Haryana Tourism Corporation at its Head Office and its various complexes.

iv) To critically examine and evaluate the performance of various operations of Haryana Tourism Corporation.

v) To have financial analysis with regard to liquidity, solvency and profitability of Haryana Tourism Corporation.

vi) To evaluate the efficiency of human resource management with reference to recruitment, selection, training, promotion procedure and management staff relationship in the corporation.

vii) To suggest effective measures to improve the working of Haryana Tourism Corporation in the face of emerging challenges.

The study covers almost the whole management of the corporation with reference to the utilisation of human resources, financial resources and material resources.

**RESEARCH METHODOLOGY**

Methodology:

The study is descriptive in nature and an analysis of Haryana Tourism Corporation has been presented. A period of twelve years
(1992 to 2003) has been taken for the purpose of analysis so that some useful results can be drawn. The analysis is mainly based on the questionnaires served to the employees of the corporation eliciting their opinion with regard to the policies controlling recruitment, selection, training, promotion, wages and salaries and industrial relations. The questionnaire was served to 218 employees in all the major complexes of Haryana Tourism Corporation and at its head office. The responses were collected on simple comparative basis and both quantitative and qualitative results were drawn. The researcher has divided the employees of Haryana Tourism Corporation into four categories. Category I includes the Divisional Manager, Additional Divisional Manager, Tourist Officer, Supervisor and Manager cum Accountant who are acting as D.D.O.'s. Category II includes the Counter Incharges and Barmen. Category III includes Waiters, Cooks, Malies, Chokidar, Sweepers, etc. Category IV includes various employees working at its head office.

In order to understand the financial health of tourism in Haryana, financial analysis has been carried out. The financial analysis aims at covering profitability analysis, liquidity analysis and solvency analysis. The profitability analysis has been divided into two parts i.e. profitability in relation to investment and profitability in relation to sales. The profitability in relation to investment has been studied with the help of return on gross capital employed, return on net capital employed and return on
net worth. Profitability in relation to sale has been analysed with the help of gross profit ratio and net profit ratio. The liquidity analysis has been made with the help of net working capital, current ratio and quick ratio. The solvency of Haryana Tourism Corporation has been analysed with the help of debt equity ratio and proprietary ratio.

Operation wise analysis has been classified into four parts. Broadly speaking, there are mainly three major operations of a hotel industry i.e. sale of food stuff (restaurant), sale of wine and mineral (bar) and sale of rooms (motel). But in Haryana Tourism Corporation the sale of petrol, diesel and lubricant is more than 60% during the last seven years of the study i.e. 1997 to 2003. That is why, it has become imperative to study this operation separately. The present study aims at analysing the gross margin earned from these four operations which has been arrived at by deducting costs of operation from the revenues of that particular operation.

**Period:**

The present study covers a period of 12 years from 1992 to 2003. Initially it was planned to cover a period of 10 year, from 1992 to 2001, because of non availability and non finalisation of Annual Reports and other data by the corporation. But in the end the researcher was able to collect two year provisional data i.e. for 2002 and 2003. The period of study choosen is an important phase in the development of the state and its socio-economic sector.
It is pertinent to mention that tourism industry also experienced many ups and downs during this period. It had to go through the period of prohibition from 1st July, 1996 to 1st April, 1998 having remification on tourism sector in the state.

Sources of Information:

In order to facilitate analysis, varied types of data were collected from the following sources:

i) Primary Source.

ii) Secondary Source

i) Primary Source:

Primary information about the study was obtained by interviewing different executives of the Haryana Tourism Corporation and by obtaining opinions from experts regarding development of tourism in the state. The interview schedules in the form of questionnaire were designed and addressed to the executives and other functionaries of the corporation. The researcher herself visited various complexes and had a feeling of facilities available at the complexes, the behaviour of the staff and quality of the service. The researcher tried to investigate into the every aspect which might have a direct or indirect bearing on the management and operations of the corporation.

ii) Secondary Source:

Secondary information, to make the present study more authentic and relevant, was obtained from Planning Department, Directorate of Economics and Statistics, Tourism Department,
Various Complexes of Haryana Tourism Corporation, Department of Public Relation and Finance Department of the State. Relevant information was also gathered from various books and journals, Govt. and Private publications, tourists guide and economic review etc. Secondary data were also obtained from newspapers, articles, various committees and commissions reports of the state as well as of the central government. Besides, visits to various offices, departments, libraries, university departments and other institutions were made to collect the necessary information on various aspects.

LIMITATION OF THE STUDY:

Haryana Tourism Corporation in general and its functionaries at the higher administrative and operational levels have been extremely co-operative and helpful. But in the corporation, being a new organisation, healthy traditions of maintaining complete records are yet in the process of evolution. Therefore data on many aspects might be fragmentary and incomplete. Records of meetings, transport provisions, training and promotion procedures are also incomplete. Again, operational field units could provide only fragmentary records with regard to their promotional and catering activities. This could have also somehow affected the analysis and its results.

ORGANISATION OF THE STUDY

Structurally, the study has been divided into seven well-knit chapters.
First chapter deals with the introduction and methodology which includes statement of the problem, review of literature, scope and objectives of the study, research methodology, limitation and organisation of the study.

The second chapter is devoted to the discussion of nature, scope and development of tourism - tourism - a global review, tourism in India.

The third chapter focuses light on the development of tourism in Haryana and the study of organisational structure of Haryana Tourism Corporation.

The fourth chapter is devoted to the operation-wise analysis and complex-wise occupancy analysis of Haryana Tourism Corporation.

The fifth chapter pertains to the financial analysis of Haryana Tourism Corporation and entails profitability analysis, solvency analysis and liquidity analysis of Haryana Tourism Corporation.

The sixth chapter analyses the human resource management. It includes personnel policies, man power planning, recruitment, selection, training procedure, promotion policy, pay scales and other incentives and industrial relation in the corporation.

The seventh chapter gives the summary, conclusions and suggestions based on the analysis of six chapters of the study.
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