CHAPTER 7

SUMMARY, FINDINGS,
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7.1 INTRODUCTION

Tourism comprises of the activities of persons traveling to and staying in places outside their usual environment for leisure, recreation, holidays, business and other purposes. Tourism is the largest and rapidly growing industry in the world and it is a fairly established and growing industry in India, especially Rajasthan.

Tourism is also regarded as an important industry for sustainable human development, including poverty alleviation, employment generation, environmental regeneration and development of remote areas and to promote social integration and international understanding, besides an important source of earning precious foreign exchange. Tourism industry is also one of the least polluting industries. In view of all the advantages tourism has to be given a very high priority, with continuous and regular monitoring of its impact on overall environment by taking appropriate remedial measures.

Though Rajasthan does not have snow-clad mountains, or vast stretches of sea beaches, but it is unique in many ways i.e. very rich in historical, cultural, architectural and natural heritage. In the Western half of the State there is a vast region of hot sandy desert (Thar), which is the most dynamic and living desert among the hot deserts of the world. Eastern half of the State is complete with historical monuments amidst very rich biodiversity of semi-arid, tropical region. Above all, culture, tradition, art and music and people of Rajasthan are also friendly and hospitable. Rajasthan has tremendous potential of attracting foreign as well as domestic tourists. And Rajasthan was a third preference for every foreign tourist after Kerala and Goa as travel destination in India.

There are many constraints in tourism development in Rajasthan such as social and environmental problems, pressure on local community by influencing their customs and traditions, impact on environment, wildlife and forest and shopping malpractices, unplanned or unregulated management of tourism programmes and damage to heritage and pilgrimage places. However it is true that government of Rajasthan made many efforts to increase tourism
in the state and to provide tourists facilities it frame many tourism policies, assign funds in national plan and incorporate many boards and organization that operate and manage tourism activities in state. The main tourism organization in Rajasthan are Department of Tourism (DoT), Rajasthan Tourism Development Corporation Lt. (RTDC), Rajasthan Institute of Travel and Tourism Management (RITTMAN) and many other organizations which play a vital role for increasing tourism in the state. With availability of various tourism facilities, government and private organization support and increase in tourist inflow, makes Rajasthan a favored destination.

Rajasthan Tourism Development Corporation Ltd. has occupied the distinctive place in Rajasthan and works with major motive of Respect, Trustworthiness, Dedication and Care. The RTDC establish, develop and executes project and scheme that accelerate tourism in the state by managing numerous restaurants, cafeterias, motels and bars. To improve its role corporation also organizes package tours, fairs, festivals and entertainment, shopping and transport services to tourists. The present study is an attempt to measure the financial viability by analyzing financial performance of RTDC. During this analysis, the performance of RTDC is being analyzed and the result are being derived and the remedies are suggested which are presented in this sanction.
7.2 SUMMARY

CHAPTER 1 Introduction

1.1 Tourism industry in India gives positive development to the country because India is the world’s second most populous country and the geography has given the diversity in the form of custom, tradition, language, religion, faith and climate.

1.2 Tourism industry has grown as an important industry in all over the world and gained importance in almost every economic activity. Many economies of the countries largely depend on tourism industry and rank it among the top three industries.

1.3 The role of tourism in India shows that the share of Indian tourism in world tourism is only 0.41% of the total tourist’s movements in all over the world because of less attention given by government and people to this sector and more priority is given to key areas like agriculture, irrigation, industry power and the infrastructure.

1.4 The planned development of tourism in India was taken up in the year 1956 with the second five year plan where a new era of tourism began to be considered a major instrument for social integration and economic development.

1.5 To give a status of priority sector to tourism many measures were taken by government such as formation and implementation of tourism policies, incorporation of tourism organizations and allocation of funds in national five year plan.

1.6 For development of Indian Tourism many new dimensions were also introduce such as development of beach leisure tourism, adventure tourism, MICE tourism and rural tourism. Special thrust was also given to boost Youth Tourism with construction of many Youth Hostels and Tourist Bungalows / Tourist Rest Houses.

1.7 In recent time development of Indian tourism shows positive sign and India become the most preferred place among domestic and overseas traveler. A report of World Travel and Tourism Council conclude that, India
will be a tourism hotspot from 2009 to 2018, having the highest 10 year growth potential.

1.8 As per the Travel and Tourism Competitiveness Report 2009 of World Economic Forum, India is ranked 11\textsuperscript{th} in the Asia Pacific region and 62\textsuperscript{nd} in overall world, moving up three places on the list of the world's attractive destinations. It is ranked the 14\textsuperscript{th} best tourist destination for its natural resources and 24\textsuperscript{th} for its cultural resources, with many world heritage sites, both natural and cultural and strong creative industries in the country.

1.9 As per the report of "Indian Tourism Industry Analysis" Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Karnataka and Rajasthan are the leading tourism destinations in India for tourist attraction and India has been promoting its healthcare tourism by providing the visitors with private healthcare facilities.

1.10 The report of "Indian Tourism Industry Analysis" revealed that there are numerous constraints in the development of tourism in India exist such as lack of planning and development, poor maintenance of monuments and wildlife sanctuaries, inadequate surface transport facilities, poor quality of service and poor infrastructure development.

1.11 The major components of Tourism Industry includes primary and secondary constitutes. In which primary constitutes includes accommodation, transport, catering, entertainments and intermediaries, whereas secondary constitutes includes communication services, advertisement agencies, artists, publishing house, musicians and many other components.

1.12 The impact of tourism in India analyzed from both perspective - positive and negative area where positive impact of tourism in India includes income generation, source of foreign exchange earnings, infrastructure development, employment generation, contribution to national income, poverty alleviation, increase standard of living and balanced development. The major negative impacts of tourism in India are adverse impact on environment, undesirable social and cultural changes, burden of infrastructure cost, increase inflation and shopping malpractice.
1.13 The positive impact of tourism is analyzed in the form of income generation where Indian tourism earn sufficient amount of foreign exchange earnings which improves a balance of payment position of country. Similarly infrastructure development of country is also possible where many infrastructure project carried in Rajasthan, Kerala, Goa and Gujarat states for modern communication centers, departmental stores, shopping centers, opening of various travelling agencies, modernization of railway stations and conversion of meter gauge to broad gauge.

1.14 The major negative impacts of tourism are problem of adverse effects on environment, increase in infrastructure cost and problem of safety and security to tourists.

1.15 In India major types of tourism includes adventure tourism, cultural tourism, ayurveda and meditation tourism, wildlife tourism, medical tourism, ecotourism, rural tourism and heritage tourism.

1.16 In India states like Ladakh, Sikkim, Himalaya, Himachal Pradesh and Jammu and Kashmir offer a wide variety of adventure tourism to domestic and foreign tourists.

1.17 Indian tourism also get high growth rate because of wide variety of culture at different places in India. In India states like Rajasthan, Tamil Nadu, Uttar Pradesh and Uttarakhand are famous for their rich culture. There are various types of cultural activities organized by this states such as fairs and festivals, folk and cultural dance and art and music which attract domestic and foreign tourist to get awareness of different types of culture.

1.18 In India tourist also get benefit of various types of healthcare facilities for which government gives status of ayurveda and meditation tourism where tourists can visit both South and North India for meditation and ayurvedic treatment. The state Kerala in South India has innumerable place for ayurveda and meditation treatment centers.

1.19 Indian tourism also gets increased growth rate by wildlife tourism in which many tourist wish to visits various wildlife parks and sanctuary parks. The major places for wildlife tourism in India are the Sariska Wildlife Sanctuary, Gir Wildlife Park, Keoladeo Ghana National Park,
Ranthambore National Park, Kanha National Park, Sunderbans Wildlife Park and Bharatpur Bird Sanctuary.

1.20 Indian tourism also gives new status to eco-tourism. Eco-tourists have been thronging India in large number as India has a rich source of flora and fauna. A great number of scarce and rare species are found in the various national parks in India. The major national parks in India for ecotourism are - Corbett National Park in Uttar Pradesh, Bandhavgarh National Park in Madhya Pradesh, Kanha National Park in Madhya Pradesh, Gir National Park and Ranthambore National Park in Rajasthan.

1.21 Rural India also offers a new form of tourism which gives variety of traditions of arts, crafts and culture to the world. Rural India can emerge as important tourist spots. In India states like Rajasthan, Gujarat and South India offers variety type of culture, tradition, arts and crafts which give detail knowledge of rural India.

1.22 In India heritage tourism has registered an immense growth in the last few years which attracts millions of tourists each year. In India most popular heritage tourism destinations are Taj Mahal in Agra, Mandawa castle in Rajasthan, Mahabalipuram in Tamil Nadu, Madurai in Tamil Nadu and Lucknow in Uttar Pradesh which are particularly famous for heritage tourism.

1.23 Tourism in India has been given a distinct identification and regular allocation of resources in national planning done by government to give a status of priority sector to tourism.

1.24 In India during the first five year plan (1951-1956) government give importance to priority to agriculture, health and industry sector and there was no fund allocation for the development of tourism and Tourism Cell was looked after by the Ministry of Transport.

1.25 Under the second five year plan (1956-1961) the tourism development schemes were categorized in three main parts such as Part I, Part II and Part III schemes and total budget allocation in this plan was Rs. 336.38 Lacs and total expenditure incurred was Rs. 221.29 Lacs.

1.26 In third five year plan (1961-1966) total outlay for tourism was Rs. 800 Lacs and actual expenditure incurred was Rs. 510.45 Lacs. This plan reveals that the number of foreign tourists visiting India is increased about
six times over the last decade from 20,000 tourists in 1951 to 123,000 tourists in 1960.

1.27 In the fourth five year plan (1969-1974) major emphasis is given on provision of accommodation, transport and recreational facilities. The total outlay for tourism during this plan was Rs. 36 Crores which includes Rs. 25 Crores for the Central programmes and Rs. 11 Crores for the States and Unions Territories.

1.28 During the fifth five year plan (1974-1979) a provision of Rs. 65.50 Crores has been made for the programme of Department of Tourism and that of Rs.17.12 Crores used for the India Tourism Development Corporation (ITDC). The programmes under the this plan include loans to hotel industry in the private sector, integrated development of tourist resorts at Kovalam, Gulmarg, Goa and Kulu Manali and construction of a number of youth hostels, tourists’ bungalows and forest lodges.

1.29 In the sixth five year plan (1980-1985), the main priority is given to make investment in the tourism sector which would optimize the use of existing capacity and to increase substantially tourist accommodation in the public and the private sectors. The total outlay of this plan was Rs. 187.46 Crores which includes a sum of Rs. 115.46 Crores under the state sector and a sum of Rs. 72 Crores under the programme of the central Sector.

1.30 During the seventh five year plan (1985-1990) tourism is recognized as an activity generating sector and it promotes national integration and international understanding which creates employment opportunities and source of foreign exchange earnings. This plan reports that foreign exchange earnings from tourism has been increasing year by year and in the 1982-83 these amount reach to Rs. 1031 Crores compare to Rs. 32 Crores in the year 1971-72.

1.31 In the eighth five year plan (1992-1997), the “Special Tourism Areas” concept is being adopted, in which few tourist areas with high tourism potential will be identified and provided with full fledged infrastructural facilities. In this plan outlay of Rs.272 Crores given and the total expenditure during this plan has been Rs.490.42 Crores. This plan reports
that a growth rate in international tourist arrivals is around 9% to 10% per annum.

1.32 In the ninth five year plan (1997-2002), government mainly focus on the development of basic infrastructure facilities such as transport and public facilities and play a role in the provision of accommodation and other facilities for domestic and international tourists. In this plan major thrust given on Indigenous and Natural Health Tourism, Rural and Village Tourism, Adventure Tourism, Heritage Tourism and Youth and Senior Citizens Packagers. This plan reports that direct employment in this sector is increasing about 2.4 per cent of the total labour force.

1.33 During the tenth five year plan (2002-2007) emphasis was given to improving existing tourism products, creation of world class infrastructure, special thrust to rural and small segment tourism and positioning and maintaining tourism development as a national priority activity. This plan reports that total foreign tourist arrival during this plan was increased about 65% from a level of 2.38 million in 2002 to 3.92 million in 2005 and foreign exchange earnings have grown about 96% during the same period.

1.34 The goals set for the eleventh five year plan (2007-2012) for Indian tourism are - increase approved quality accommodation units from the current level of one lacs rooms to at least two lacs rooms by 2011 so that increased requirement of tourism should meet, establishing hotels on the surplus land with Airport Authority of India near International airports as per the international practices and promoting development of budget hotels at the surplus Railway Land at specified Railway Stations.

1.35 The government of India also formulates and implemented various tourism policies for integrated development of tourism. The first ever Tourism Policy was announced by the Government of India in November, 1982. Later on in the year 1988, the National Committee on tourism formulated a comprehensive plan for achieving a sustainable growth in tourism. In 1992, a National Action Plan was also prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. The Government of India also announced a new Tourism Policy in May, 2002 to get rapid development of tourism.
1.36 The main mission of tourism policy covers six broad areas such as Welcome, Information, Facilitation, Safety, Cooperation and Infrastructure Development.

1.37 The main focus of tourism policy are on safety and security of tourists, creation of tourism development funds and resource for development, increasing foreign investments and adoption of new technologies for tourism.

1.38 The National Action Plan, 1992, gives major 7 objectives as central concerns of the Ministry such as socio-economic development of areas, increasing employment opportunities, developing domestic tourism, preserving national heritage and environment, development of international tourism, diversification of the tourism product and increasing India's share in world tourism. A National Action Plan for Tourism, 1992 envisaged increase in the percentage share of tourist arrivals in India from 0.4% to 1% of world arrivals with in a period of five years.

1.39 The new Tourism Policy in India has been announced by government of India in May, 2002, which gives more emphasis to increase the role of private sector in the tourism development. The major highlights of New Tourism Policy of India are scheme for infrastructure and destination development, scheme for integrated development of tourist circuits, scheme of assistance for large revenue generating projects, scheme for market development assistance and scheme for support to Public Private Partnerships in Infrastructure.

1.40 To get rapid development of tourism in India government of India incorporate many organizations which assist in development of Indian tourism in all over the world. The major organizations involved for tourism development in India are the Ministry of Tourism, the India Tourism Development Corporation Limited, the Indian Institute of Tourism and Travel Management, the National Council for Hotel Management and Catering Technology, the Indian Institute of Skiing and Mountaineering and the National Institute of Water Sports.

1.41 The Department of Tourism in India is responsible for formulation and implementation of policies and programmes for the development of tourism within the country and for attracting foreign tourists to India by way
of developing tourism infrastructure, publicity and promotion, dissemination of information, co-ordination and supervision of various activities of hotel and travel agencies.

1.42 The India Tourism Development Corporation is a public sector body and undertakes activities of construction, management and marketing of hotels, restaurants and travelers lodges, provision of tourist transport facilities, provision of entertainment facilities, production, distribution and sale of tourist publicity materials, provision of shopping facilities including duty free shops and provision of consultancy – cum – managerial services in India and abroad.

1.43 The Indian Institute of Tourism and Travel Management is one of the premier institutes in the country offering education, training, research and consultancy in sustainable management of tourism, travel and other associated sectors. This institute undertakes various programmes like Introduction of tourism Marketing, Language Courses and Wildlife Tourism Management and a Basic Course on Tour Operation Services Management in different region of nations like Madhya Pradesh, Goa, Himachal Pradesh, Ladakh and Delhi.

1.44 For routing and regulating the academic efforts of the IHMs and FCIs, the Ministry had set up, the National Council for Hotel Management and Catering Technology in the 1982. The main objectives for setting up of this Council are to give advice to Government on coordinated development of hotel management and catering education, to collect and implement international development in the area of human resource development for the hospitality sector, to standardize courses and infrastructure requirements for institutes imparting education and training in hospitality management and to prescribe educational and other qualifications for members of staff in the affiliated institutes and organize faculty development programs.

1.45 The Tourism Finance Corporation of India provides institutional assistance to tourism projects. This corporation provides high-quality research and consultancy services to the different central and state agencies by undertaking broad-based assignments which cover micro & macro level tourism-related studies to facilitate identification,
conceptualization, promotion and implementation of specific tourism-related projects and for taking policy level decisions with respect to investment and infrastructure.

1.46 The Department of Tourism also set up a National Institute of Water Sports at Goa to promote water sports throughout the country. This institute provides training in sailing, wind surfing, water skilling, rescue trainings, outboard motor maintenance and water sport management. This institute also conducted training programmes at locations outside Goa such as Darjeeling, Pune, Sikkim Bhopal and many other cities.

1.47 The India Institute of Skiing and Mountaineering and Gulmarg Winter Sports Project were set up in 1968 as pioneering institutes of the Department of Tourism for developing adventures sports activities like mountaineering, skiing and trekking that encourage adventure tourism with in the country.

1.48 In India other than tourism organization many states also incorporate Tourism Development Boards which are responsible for providing all types of tourism facilities to tourist which includes accommodation, transportation and arrangement of package tours, entertainment and providing information.

1.49 The statistics for tourism in India represent that from the year 2001 to 2010 domestic tourists visits to all states and UTs in India are increasing from 236.47 million to 740 million. The trends of domestic tourist arrivals shows that domestic tourist mostly visit states like Rajasthan, Goa, Kerala, Delhi and Himachal Pradesh for their rich heritage culture, tradition, natural beauty of beaches and wildlife sanctuary parks.

1.50 The trends of foreign tourist arrivals in India also represent increasing trend and it increase from 2.54 million in the year 2001 to 5.58 million in the year 2010. The trends of foreign tourist arrivals represent that foreign tourist mostly attracted toward India because of rich in its history, culture, art, beaches, snow peaks and sand dunes, wildlife, fairs and festivals.

1.51 The trends of foreign exchange earnings in India represent that country is earning enough amount of income in the form of foreign currency from the year 2001 to 2010 where it earn Rs. 15083 Crores in the year 2001.
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which reach to Rs. 64889 Crores in the year 2010 which shows that India is more tourism potential country.

CHAPTER 2 About Rajasthan Tourism & Rajasthan Tourism Development Corporation Ltd. (A Govt. of Rajasthan Undertaking)

2.1 The state Rajasthan is situated in the Northwest part of India and it is a land of majestic Aravali Hills, crowned with sand dunes of Jaisalmer and Bikaner, scenic and serene beauty and it is a land of regal creatures bird watcher.

2.2 The main cities in Rajasthan which are mostly attracted by domestic and foreign tourists are Jaipur, Jodhpur, Udaipur, Mount Abu, Bikaner, Jaisalmer, Chittor, Bharatpur and Alwar. The main reason behind tourist attraction in these cities is Rajasthani culture where much of the Rajasthani thought, philosophy and culture are being reflected in all over the state.

2.3 The state Rajasthan has many industries such as textiles, manufacture of rugs and woolen goods, vegetable oils and dyes which makes contribution in its economy. The Rajasthan is also famous for its traditional handicrafts such as jewellery, marble work, embossed brass, block printing, embroidery, pottery and decorative paintings which are a good source of good foreign exchange earnings for the state.

2.4 In Rajasthan, tourism industry has a vital breath in its economic activities and it gives direct and indirect impact on financial, social and cultural life of people. Tourism in Rajasthan is a major source of revenue earnings and it contributes around 15% of the economy of Rajasthan. In total tourists arrivals in India, Rajasthan gives contribution around 11.2 per cent and 3.3 per cent share in India’s foreign and domestic tourist arrivals.

2.5 In India, Rajasthan has emerged as one of the leading state for tourism industry and it is a third preference of tourist after Goa and Kerala as travel destination in India. The prosperous tourist attractions of Rajasthan include forts and palaces, monuments and structures, lakes and mountains, sand dunes and desert beauty, national parks and wildlife destinations.
2.6 The government of Rajasthan has granted the status of industry to tourism sector in the year 1989 and various measures have been taken by joint effort of government and NGOs to develop this tourism industry in a better way. The major new tourism products developed by government such as encouraging new area of tourism like MICE tourism, rural tourism, adventure tourism, ecotourism, camel and horse safaris, providing package tours at reasonable rates, special tax rebates and exemptions for the tourism sector, providing training to tourists guide and organizing various fairs and festivals.

2.7 In Rajasthan, tourism is the third largest employer after agriculture and textiles sector and this industry employs many people directly and indirectly. The tourism industry in Rajasthan also gives many positive benefits to the state such as development of local handicrafts and culture, infrastructure development, increasing standard of living and earning foreign exchange.

2.8 The tourism industry in Rajasthan gives some negative impact also such as environment pollution, lack of connectivity, shopping malpractices, pressure on local community by influencing their customs and traditions, deforestation and damage to heritage and pilgrimage places.

2.9 The tourism industry in Rajasthan offers many types of tourism products which attract many tourists such as forts and palaces, shopping, safari tours, wildlife sanctuary parks, heritage and pilgrimage places and lakes in Rajasthan.

2.10 In Rajasthan, there are many cities which are famous for their historical forts and palaces like Jaipur, Jaisalmer, Udaipur, Chittorgarh and Jodhpur. The major forts and palaces in Rajasthan are Hawa Mahal, City Palace, Amber Fort, Jaigarh Fort, Nahargarh Fort, Jantar Mantar, Jaisalmer Fort, Mehrangarh Fort and Umaid Bhavan which are most visited by domestic and foreign tourist to know the history and royal life of king's who ruled in the state.

2.11 The state Rajasthan is also famous for its safari tours which mainly include camel safari, horse safari, elephant ride and jeep safari. The places which are most visited by tourist in this type of safari tours are Thar Desert, Gurha Lake from Jodhpur, Pushkar to Roopangarh, Panchewar,
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Nawalgarh, Samode and Sawai Madhopur, Anokhi, Shikarbadi, Aodhi and Ghanerao.

2.12 The state Rajasthan also offers varied forms of natural attractions that offer to the tourist in the form of wildlife sanctuaries parks. There are more than 25 sanctuaries parks, which can offer a different tourism experience to the tourist to get knowledge about Rajasthan wildlife tourism. The major wildlife sanctuary parks in Rajasthan are Keoladeo Ghana National Park, Ranthambore National Park, Sariska National Park and Birds sanctuary at Bharatpur.

2.13 In Rajasthan there are number of famous pilgrimage sites which are mostly visited by domestic tourists which mainly includes Brahma temple in Pushkar, Dargah Sharif in Ajmer, Dilwara temple in Mount Abu, Jain temples in Ranakpur, Karnimata temple in Deshnoke, Shrinathji temple at Nathdwara and Govind Devji temple at Jaipur.

2.14 The state Rajasthan is also famous for its tradition, art and culture which are mostly attracted by domestic and foreign tourists. The famous shopping products in Rajasthan are embroidered fabrics, silver jewellery, wooden toys, leather goods and paintings; weave cotton sarees, camel saddles, blankets, shawls and bangles which are easily available in major shopping paradise cities of Rajasthan such as Jaisalmer, Jaipur, Udaipur, Bikaner, Pushkar and Jodhpur.

2.15 In Rajasthan there are different types of festivals are celebrated by their local community which mainly includes Desert Festival, Gangaur Festival, Marwar Festival, Teej Festival, Pushkar Festival, Nagaur Fair, Urs Ajmer Sharif, Summer Festival and Baneshwar Fair. During these festivals various types of folk dances are also perform by local artists that represent art and culture of the state. The most famous styles of folk dance in Rajasthan are Ghoomar Dance, Gait Ghoomar, Gair, Chart Dance, Kathputli Dance, Terahtali Dance, Kachhi Ghodi and fire dance.

2.16 The state Rajasthan is famous for its history and culture where there are more than 85 heritage properties exist since the time of kings who ruled on the state which gives experience of their royal lifestyles and knowledge of their culture. The major heritage properties in Rajasthan are Bhanwar Niwas in Bikaner, Bissau Palace in Jaipur, Laxmi Vilas Palace in
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Bharatpur, Ajit Bhawan in Jodhpur, Basant Vihar Palace in Bikaner and Balsamand Lake Palace in Jodhpur.

2.17 The state Rajasthan offers various types of tourism to tourists that represent culture and tradition of the state. The major types of tourism offer by Rajasthan are adventure tourism, desert tourism, MICE tourism, cultural tourism, spiritual tourism, heritage tourism and wildlife & eco – tourism.

2.18 In Rajasthan there are many places which offer heritage tourism such as Jaipur, Jodhpur, Mount Abu and Udaipur which attract domestic and foreign tourists. The major spiritual places in the state for spiritual tourism are Khwaja Saheb Dargah (Ajmer), Brahma temple at Puskar, Govind Devji temple at Jaipur, Dilwara temples in Mount Abu and Jain temples in Ranakpur.

2.19 Rajasthan is a hot destination for eco tours being a responsible for eco-tourism place and it includes various programs to minimize the negative aspects of traditional tourism on the environment. Eco-tourism in Rajasthan offers promotion of recycling, energy efficiency, water conservation and creation of economic opportunities for the local communities.

2.20 The desert environment in the western parts of Rajasthan is a major attraction for visitors, particularly the foreign tourist. In Rajasthan, Thar Desert is a place where many desert festivals are celebrated to attract tourists to visit this colorful festival. The major desert cities in Rajasthan are Jaisalmer, Bikaner and Jodhpur where Tourism Development Corporation arranges many desert festivals.

2.21 In India, Rajasthan is the most popular state for its cultural tourism. Rajasthan is famous for its rich cultural heritage magnificent forts and palaces which own by the state that shows the rich cultural heritage of Rajasthan. The various folk songs and music also reflect the cultural heritage of Rajasthan.

2.22 For promoting tourism in Rajasthan in a planned manner, government of Rajasthan formulates many tourism policies which guide to all tourism activities in the state. The main objectives of these policies are to increase employment opportunities in the state, optimum utilization of rich tourist
resources of the state, involvement of private sector in the development of tourism, preservation of rich historical, architectural and cultural heritage of Rajasthan and conservation of historical monuments in Rajasthan.

2.23 There are various measures undertaken in tourism policy which mainly focus on providing appropriate accommodation and hospitality facility to tourists, encouraging private investment in tourism activities, distribution of information to tourists and encouraging celebration of fairs and festivals.

2.24 The Rajasthan tourism offer different types of tourism services to tourist during their visiting time. The major tourist services in Rajasthan are transportation, tourist reception centers and tourist information centers and publicity.

2.25 The Rajasthan is emerging as a leading tourism destination in all over the world which offers varied nature of tourism and tourism facilities to tourists. There are various measures taken by government to develop tourism in a planned manner in state. As a result of these measures there are different types of tourism awards won by Rajasthan which mainly includes National Tourism Awards for Best State/UT for Tourism related programmes in Rest of India for three consistent years 2008 to 2010 which is given by Ministry of Tourism in India. The Department of Tourism in Rajasthan also won award for best tourism literature given by different institutions.

2.26 In Rajasthan trends of domestic tourists arrival shows increasing trends and it reach to 77.57 Lacs to 255.43 Lacs from the year 2001 to 2010. The main reason for domestic tourist to visit the state is heritage and pilgrimage tourism offer by Rajasthan.

2.27 The trends of foreign tourists arrival in Rajasthan represent fluctuating trends and it reach from 6.08 Lacs to 12.78 Lacs from the year 2001 to 2010. The main reasons for fluctuation in trends of foreign tourist are increase in problem of lack of safety at tourists places, shopping malpractices, lack of safety at tourists places, poor infrastructure and lack of publicity.

2.28 In Rajasthan state, Rajasthan Tourism Development Corporation Ltd. was incorporated to promote tourism in the state of Rajasthan and to cater incoming foreign and domestic tourists by way of providing
accommodation, catering, transport, package tour and bar facilities. The main objectives of RTDC are to provide various tourism facilities such as accommodation, transportation, organizing events for entertainment and providing recent information about various tourism services.

2.29 In organization structure of RTDC many authorities undertake various departments such as organization of RTDC, Tourism Department, Rajasthan State Road Transport Corporation and Finance Department.

2.30 The RTDC provides different types of services to tourist for enhancing its role in tourism sectors. The main services of RTDC are operating hotels and motels, organizing package tours, city sight seeing facility, organizing package tours in heritage trains and celebrating fairs & festivals.

CHAPTER 3 Review of Literature

3.1 In present study an Analysis of Financial Performance of Rajasthan Tourism Development Corporation Ltd. many publish literature on tourism is cover under different heads such as literature on international tourism, literature on tourism in India and literature on tourism in Rajasthan and on RTDC which try to give significant contribution in present study.

CHAPTER 4 Conceptual Framework of Financial Performance Analysis

4.1 Financial performance refers to performing various financial activities in any business organization. To decide the financial soundness of any organization financial performance analyzing is required. Financial performance is a measure of firm’s overall financial health over a given period of time and used to compare similar firm’s performance across the same industry or sector.

4.2 The important areas covers in financial performance analysis are profitability analysis, liquidity analysis, working capital analysis and fund flow analysis.
4.3 The main task of financial performance analysis is to know financial position and financial performance of any business organization for a given period of time.

4.4 A financial statement is an organized collection of data according to logical and consistent accounting procedure. The principal financial statements include the balance sheet, the income statement, the statement of retained earnings and the statement of changes in funds.

4.5 The main objective of financial statement analysis is to establish and present relationship and trends which inhere in the data contained in financial statements.

4.6 The financial statements analysis helpful to many users such as management, decision maker, financial institutions, investors, government and many other.

4.7 There are many limitations of financial statements are also their as historical data, changes in accounting policies and non-disclosure of non-monetary data which minimize utility of such analysis.

4.8 In the present study financial performance analysis of RTDC, main analysis carried in the form of working capital analysis, capital structure analysis, activity analysis and profitability analysis.

4.9 There are various accounting, statistical and mathematical techniques are used for the analysis which includes ratio analysis, trend analysis, common size statement analysis, measure of dispersion, correlation and regression, time series analysis, variance analysis, t test and many more.

4.10 In the present study main focus is given to use of ratio analysis tool in which main ratio cover are profitability ratios, solvency ratios, liquidity ratios, turn over ratios and return on investment ratios.

4.11 The major advantages of ratio analysis are that it helps in planning and forecasting, intra firm comparison of the performance of the different divisions of the firm and inter firm comparison within the same industry.

4.12 The major limitations of ratio analysis are it ignores qualitative factors, past data used and non-disclosure of changes in price level affects to reliability and correctness of the financial statements.
CHAPTER 5 Research Methodology

5.1 The present study is taken to analyze financial performance of Rajasthan Tourism Development Corporation Ltd. which is a sister concern of Department Of Tourism, Rajasthan and play a role of apex body for providing various tourist services to tourist in the state.

5.2 The main object behind this study is to analyze financial position and performance of RTDC because of many problems face by corporation such as decrease in number of managerial and non-managerial employees, decrease in tourist traffic served by RTDC, decreasing trends of profitability and increase in operating and personnel expenditure, increase in borrowed funds and increase in current liabilities compare to current assets which affect to overall financial position and performance of RTDC.

5.3 To undertake this study 10 years financial data are taken from the year 2000-01 to 2009-10, which are derived from the published annual reports of RTDC, collected from the registered office of RTDC at Jaipur, Rajasthan. In addition to published reports, other publications of RTDC are also used to conduct this study.

5.4 To undertake this study collected data are duly edited, classified and analyzed using all type of relevant statistical techniques and employing the most appropriate parametric test.

5.5 In this study researcher try to give explanation about how this study will be useful to government, employees of RTDC, tourist, society and other interested parties.

5.6 The data are presented through simple classification and with help of percentage, average, standard deviation, compound annual growth rate and coefficient of variation. The hypotheses are tested at 5% level of significant with help of t-test and two-way ANOVA F test.

5.7 In this study researcher has explained about problem of study, period of study, objectives, hypotheses, tools and techniques of analysis and limitations of the study.
CHAPTER 7 SUMMARY, FINDINGS, SUGGESTIONS & CONCLUSION

CHAPTER 6 Financial Performance Analysis of Rajasthan Tourism Development Corporation Ltd.,

In order to evaluate the Financial Performance of Rajasthan Tourism Development Corporation Ltd., four major aspects were analyzed - Working Capital Analysis of RTDC, Capital Structure Analysis of RTDC, Profitability Analysis of RTDC and Activity Analysis of RTDC. The summary of the study are as under-

➢ Chapter 6.1 – Working Capital Analysis of RTDC

In RTDC, “Working Capital Analysis” covers major areas of trend analysis, efficiency analysis and liquidity position of RTDC over the period. For this purpose various ratios are calculated and analyzed.

6.1.1 In RTDC Current Assets includes major five components such as cash & bank b/c, debtors, inventories, other current assets and loans & advances in which proportion of cash & bank b/c is highest around 79.08 per cent, where as proportion of other current assets includes accrued income, prepaid expenses and inter units adjustments are very less near to 2.27 per cent in total amount of current assets during the study period.

6.1.2 The Trends of Current Assets represent increasing trend during the study period and it ranged between 60.43 per cent in the year 2001-02 to 280.28 per cent in the year 2006-07 with an average trend of 168.478 per cent.

6.1.3 The Trends of Current Assets shows that during the study period current assets of RTDC are increasing but from the year 2007-08 to end of study period these trends are declining because of decrease in amount of cash & bank b/c of corporation which cause due to decrease in cash in hand, remittance in transit, term deposit with scheduled bank and balance in P.D. account with treasury.

6.1.4 In RTDC Current Liabilities & Provisions are divided in major two parts such as current liabilities and provisions. In which proportion of current
liabilities is highest around 82.3 per cent and remaining part of 17.7 per cent is provision. The trends of current liabilities are ranged between 84.09 per cent in the year 2001-02 to 247.84 per cent in the year 2009-10 with an average trend of 154.175 per cent.

6.1.5 An overall Trends of Current Liabilities & Provisions in RTDC represent that trends of Current Liabilities & Provisions are increasing during the whole study period especially from the year 2008-09 to end of study period which include increase in sundry creditors, other liabilities and increase in provision for Gratuity and Leave Salary Encashment.

6.1.6 An overall Trends of Working Capital Analysis in RTDC shows that proportions of current liabilities & provisions are more than current assets during the whole study period except in the year 2002-03. The trends of working capital are ranged between 59.95 per cent in the year 2002-03 to -495.06 per cent in the year 2009-10 with an average trend of working capital -102.609. Thus, trends of working capital analysis represent that working capital position of RTDC is not sufficient to pay all its short term borrowings.

6.1.7 In Efficiency Analysis of RTDC, the Working Capital Turnover Ratio indicates poor position due to more amounts of current liabilities and provision compare to current assets. The ratio ranged between -24.43 times in the year 2006-07 to 6.78 times in the year 2002-03 with an average ratio of -4.486 times. Therefore Working Capital Turnover Ratio of RTDC remains negative during the study period.

6.1.8 The Debtors Turnover Ratio of RTDC represent fluctuation during the study period and it ranged between 15.74 times in the year 2004-05 to 37.21 times in the year 2003-04 with an average ratio of 25.401 times. But overall debtors in RTDC are very less compare to other components of current assets and total revenue of corporation are enough to manage its liquidity.

6.1.9 The Creditors Turnover Ratio of RTDC shows declining trends and it ranged between 11.56 times in the year 2003-04 to 2.93 times in the year 2009-10 with an average ratio of 6.561 times. But from the year 2008-09 it indicates that corporation has improved its liquidity position to discharge its short term liabilities efficiently.
6.1.10 The Inventory Turnover Ratio of RTDC shows increasing trends and it ranged between 15.75 times in the year 2000-01 to 105.25 times in the year 2009-10 with an average ratio of 54.333 times.

6.1.11 In RTDC, Inventory Turnover Ratio indicates that ratio is increasing from the year 2003-04 to end of study period because of decrease in amount of inventories. In RTDC inventory mainly includes stock of wine and beer, bar & other catering stock, but from the year 2004 no beer shops run by RTDC and the Government of Rajasthan establish a separate body RSBL (Rajasthan State Beverage Corporation Ltd.) which is responsible to sale beer in the state. Therefore amounts of inventory which consist stock of wine and beer and other bar stock is excluded from inventory which impact to overall inventory of RTDC.

6.1.12 The Current Ratio of RTDC represent that liquidity position of RTDC is not satisfactory because current ratio is decreasing from the year 2007-08 due to increase in current liabilities and decrease in current assets of corporation. The ratio also indicates that RTDC does not maintain standard margin of current ratio 2:1 during the whole study period because of less amount of current assets compare to current liabilities.

6.1.13 The Current Ratio of RTDC ranges between 0.38 times in the year 2009-10 to 1.21 times in the year 2002-03 with an average ratio 0.77 times. An application of t test revealed that there is a significant difference between Current Ratio of RTDC during the period of study.

6.1.14 The Liquid Ratio of RTDC shows that it does not match standard margin of 1:1 during the study period because the proportion of liquid assets are less than proportion of liquid liabilities during the whole study period except in the year 2002-03 where liquid assets of corporation are more than its liquid liabilities.

6.1.15 In RTDC Liquid Ratio ranged between 0.36 times in the year 2009-10 to 1.11 times in the year 2002-03 with an average ratio of 0.728 times. The t test revealed that there is a significant difference between Liquid Ratios of RTDC during the period of study.

6.1.16 The Cash Ratio / Super Quick Ratio of RTDC show fluctuating trends due to changes in amount of cash and other marketable securities during the whole study period. Thus, overall trends of Cash Ratio / Super Quick
Ratio of RTDC represent that it has very less cash availability compare to current liabilities which results in poor liquidity position of RTDC and inefficiency to meet its current obligations.

6.1.17 In RTDC, the Cash Ratio ranged between 0.21 times in the year 2001-02 to 0.95 times in the year 2002-03 with an average ratio of 0.597 times. An application of t test revealed that there is a significant difference between Cash Ratio/Super Quick Ratio of RTDC during the study period.

6.1.18 The Cash flow Coverage Ratio of RTDC represent that this ratio remains negative in many years of the study period due to huge amount of loss suffer by corporation and high amount of non-cash charges. The ratio ranged between -22.76 per cent in the year 2009-10 to 9.74 per cent in the year 2000-01 with an average ratio of -0.827 per cent.

6.1.19 The Cash flow Coverage Ratio of RTDC implies that the liquidity position of RTDC is going poor due to negative cash flow during the many years of the study period. The t test revealed that there is no significant difference between Cash flow Coverage Ratio of RTDC during the study period.

6.1.20 As a whole, Working Capital Analysis of RTDC reveals that corporation depends more on short term borrowing that cause to increasing trends of current liabilities compare to current assets during the study period. Therefore increasing trends of current liabilities represent that working capital position of RTDC is not sound during the study period.

- Chapter 6.2 – Capital Structure Analysis of RTDC

Capital Structure Analysis of RTDC includes trend analysis and analysis of long term liquidity position of RTDC over the period. For this purpose different ratios are calculated and analyzed.

6.2.1 In RTDC, capital structure mainly includes long term and short term funds. In which proportion of short term funds are more compare to long term funds during the study period from 2000-01 to 2009-10.

6.2.2 In RTDC, long-term funds mainly include eight components such as equity share capital, reserve & surplus, advance for share application
money, deferred revenue grants, deferred tax liability, secured loan and unsecured loan and profit/loss. In which share of equity share capital is more around 59.62 per cent compare to other components where as proportion of reserve & surplus is only 2.95 per cent which is very less compare to other components. Similarly in RTDC proportion of loss is also high near to -10.72 per cent in total amounts of long term funds.

6.2.3 Short-term funds in RTDC mainly include four components such as sundry creditors, earnest money and security deposits, un-utilized grants and provisions. Among these components proportion of un-utilized grants received from Government of India and Government of Rajasthan is more around 34.10 per cent where as proportion of Earnest money and Security deposits is less near to 10.31 per cent compare to other components of short term funds.

6.2.4 The Trends of Long Term Fund as percentage of total assets in RTDC from 2000-01 to 2009-10 shows decreasing trend except in the year 2002-03 and 2008-09 of the study period. The trends of long term fund ranged between 36.14 per cent in the year 2009-10 to 139.23 per cent in the year 2002-03 with an average trend to be 87.437 per cent.

6.2.5 The Trends of Short Term Fund as percentage of total assets in RTDC from 2000-01 to 2009-10 represent increasing trend and it range between 71.34 per cent in the year 2002-03 to 206.77 per cent in the year 2009-10 with an average trend to be 122.215 per cent.

6.2.6 An overall trends of long term funds of RTDC represent that from the year 2000-01 to 2009-10; RTDC has raise its owners and borrowed funds both. But at the end of study period it face huge loss also that cause to decrease in long term funds of corporation.

6.2.7 The trends of short term funds of RTDC imply that during the study period from 2000-01 to 2009-10, corporation has increased its sundry creditors and provision for gratuity and leave salary encashment.

6.2.8 The Proportion of Short Term and Long Term Funds as percentage of Total Assets in RTDC from 2000-01 to 2009-10 represents that share of short term funds in total assets are more compare to long term funds. Thus, total assets of RTDC mainly financed by short term funds and major
portion of long-term funds are utilized for adjusting heavy loss of the corporation.

6.2.9 The Long Term Debt – Equity Ratio of RTDC shows fluctuating trends because of more fluctuations in owner’s and borrowed fund during the study period from 2000-01 to 2009-10. The ratio is also less than standard margin of 1:1 during the study period except in the year 2002-03 where corporation has taken an unsecured loan from Oriental Bank which results in increase in borrowed fund and decrease in owner’s fund of corporation.

6.2.10 In RTDC, Long Term Debt – Equity Ratio reach to negative in the year 2009-10, due to negative net worth of corporation which is a result of huge operating loss face by corporation. Therefore negative trends of long term debt - equity ratio indicates that funds of RTDC are used to compensate its loss.

6.2.11 The application of t test reveals that the difference between the Long Term Debt-Equity Ratios of RTDC is not significant at 5% level of significant over the period.

6.2.12 The Total Debt-Equity Ratio in RTDC shows fluctuating trends and it ranged between 2.07 times in the year 2000-01 to 9.26 times in the year 2002-03 with an average ratio of 2.664 times. However, ratio shows increasing trend from the year 2000-01 to 2002-03 and 2008-09 of the study period but in the remaining years of the study period it is declining.

6.2.13 In RTDC, Total Debt-Equity Ratio shows that during the whole study period corporation has more amount of borrowed fund (long term borrowings and current liabilities) compare to owner’s fund which indicates that assets of corporation are more financed by borrowed funds. The t test revealed that there is no significant difference between Total Debt-Equity Ratio of RTDC during the study period.

6.2.14 The Interest Coverage Ratio of RTDC shows fluctuating trend and It ranged between -27.17 times in the year 2008-09 to 181.11 times in the year 2007-08 with an average ratio of 22.108 times. In RTDC, trends of borrowed funds are fluctuating during the study period that cause to fluctuation in interest expenses and thus trends of Interest Coverage Ratio remains fluctuating.
6.2.15 In RTDC, trends of revenue are not uniform during the study period which again impact to overall profitability of corporation. Hence an overall trend of Interest Coverage Ratio indicates that financial position of corporation is not satisfactory in respect of borrowed funds.

6.2.16 An application of t test reveals that the difference between the Interest Coverage Ratio of RTDC is not significant at 5% level of significant over the period.

6.2.17 In RTDC, Proprietary Ratio shows decreasing trend and it ranged between -7.49 per cent in the year 2009-10 to 32.59 per cent in the year 2000-01 with an average ratio of 16.946 per cent.

6.2.18 In RTDC, Proprietors Ratio shows that corporation has increase its total assets (Fixed Assets (net block), Capital work in progress, Capital goods lying in stores and Current assets, Loans & Advances) during the study period but proportion of owner’s fund use to finance these total assets are declining which indicates that corporation use more borrowed fund to finance its total assets.

6.2.19 The overall trends of Proprietary Ratio is declining which indicates that proprietorship of the owners on total asset was less than that of the creditors and thus capital structure of the corporation cannot be called sound. The result of t test shows that there is a significant difference between Proprietary Ratios of RTDC at 5% level of significant over the period.

6.2.20 The Capital Gearing Ratio in RTDC represents fluctuating trends during the study period and it ranged between 0.03 times in the year 2000-01 to 1.84 times in the year 2002-03 with an average ratio of 0.511 times. Thus, an overall trend of owner’s and borrowed funds of corporation shows that RTDC taken various types of borrowed fund but overall ratio indicates that RTDC use more owner’s fund compare to borrowed fund. Hence, corporation remains less geared during the whole study period.

6.2.21 The Capital Gearing Ratio in RTDC shows that it again reaches at lower rate in the 2005-06 because of new equity shares of 46053, for Rs. 1000 each fully paid up issued by the corporation to Government of Rajasthan and other bodies in the year 2004-05, from which it receive advance share application money. Thus increasing amount of share
capital cause to increase in owners funds compare to borrowed fund. The result of t test shows that there is a significant difference between Capital Gearing Ratios of RTDC over the period.

6.2.22 In RTDC, trends of Financial Leverage Ratio shows decreasing trend during the study period due to less amount interest burden on profitability of corporation. The ratio ranged between 0.58 times in the year 2002-03 to 2.20 times in the year 2003-04 with an average ratio of 1.059 times.

6.2.23 The Financial Leverage Ratio of RTDC shows that in many years of the study period profitability of corporation remains negative which indicates that gross operating expenses of corporation are more than to its gross operating receipt. The t test revealed that there is no significant difference between Financial Leverage Ratios of RTDC over the period.

6.2.24 The Debt – Asset Ratio in RTDC represent that during the study period total assets of corporation are increasing therefore trends of ratio are also increasing. The ratio ranged between 0.67 times in the year 2000-01 to 1.07 times in the year 2009-10 with an average ratio of 0.791 times.

6.2.25 In RTDC, Debt – Asset Ratio shows increasing trend which imply that corporation use more borrowed fund to finance its total assets. The result of t test shows that there is a significant difference between Debt –Asset Ratio of RTDC over the study period.

6.2.26 The Fixed Assets to Net Worth Ratio in RTDC shows decreasing trends during the study period 2003-04 to 2009-10 and it ranged between -8.35 times in the year 2009-10 to 5.01 times in the year 2002-03 with an average ratio of 1.437 times.

6.2.27 An overall trend of Fixed Assets to Net Worth ratio represent that during the whole study period corporation fixed assets are more than its net worth which implies that corporation depends on borrowed fund to finance its fixed assets. The t test reveals that there is no significant difference between Fixed Assets to Net Worth Turnover Ratio of RTDC over the study period.

6.2.28 In RTDC, Fixed Assets to Net Worth Ratio goes to negative in the end of the study period due to huge operating loss face by corporation. Therefore owner’s funds of corporation are use to compensate its operating losses.
6.2.29 The Fixed Assets to Long Term Debt Ratio of RTDC shows high rate of fluctuation during the study period in which it goes too high in the beginning of the study period but from the year 2002-03 this ratio goes suddenly low due to increase in borrowed fund of corporation.

6.2.30 The Fixed Assets to Long Term Debt Ratio of corporation ranged between 1.30 times in the year 2002-03 to 73.68 times in the year 2000-01 with an average ratio of 22.58 times.

6.2.31 An overall trend of Fixed Assets to Long Term Debt Ratio implies that fixed assets of corporation are more than its long term borrowed funds which indicates a good sign for creditors and it represent a sufficient amount of safety for their investment. The result of t test shows that at 5 per cent level of significant there is a significant difference between Fixed Assets to Long Term Debt Ratio of RTDC over the period.

6.2.32 An overall capital structure analysis of RTDC represents that corporation use owners and borrowed funds both but margin of owners funds are more than its borrowed funds which represent that corporation adopt a conservative policy in designing its capital structure. As corporation has more amount of owners funds but still capital structure position of RTDC is not satisfactory due to increase in operating loss of corporation. Thus, due to increase in operating loss, capital structure of corporation affected that cause to increase in borrowed fund.

- **Chapter 6.3 – Profitability Analysis of RTDC**

In Profitability Analysis of RTDC, major analysis done in terms of profitability from the view point of management and shareholders over the period. For that purpose different ratios are calculated and analyzed.

6.3.1 The Gross Profit Ratio shows the profitability of RTDC from its operating activities. The Gross Profit Ratio of corporation shows fluctuating trend and it ranged between 19.97 per cent in the year 2001-02 to 53.18 per cent in the year 2005-06 with an average ratio of 38.379 per cent.

6.3.2 In RTDC, overall trends of operating income indicates that during the 10 year study period from 2000-01 to 2009-10 corporation operating
income are increasing with compound annual growth rate of 11.40%. Thus increasing trends of income indicates that RTDC is capable to discharge its operating expenditure efficiently. The result of t test revealed that there is a significant difference between Gross Profit Ratio of RTDC over the period.

6.3.3 The Net Operating Profit Ratio of RTDC shows that this ratio remains either very less or negative during the whole study period because of decrease in profitability and increase in operating and non-operating expenses of corporation. The ratio ranged between -34.76 per cent in the year 2009-10 to 5.79 per cent in the year 2005-06 with an average ratio of -4.419 per cent.

6.3.4 In RTDC, result of Net Operating Profit Ratio shows that corporation gross expenditure are increasing during the study period which consist increase in operating expenditure, personnel expenditure and administration expenditure. But the trends of total revenue shows that from the year 2000-01 to 2009-10, it is increases with 4% compound annual growth rate only. Hence trends of total revenue are not match with trends of expenditure that result in decrease in profitability of corporation and indicate that RTDC does not manage its activities efficiently.

6.3.5 The application of t test reveals that the difference between the Net Operating Profit Ratios was not significant at 5% level of significant over the period.

6.3.6 In RTDC, Return on Capital Employed Ratio does not show satisfactory position due to negative trends in many years of the study period and it range between -441.79 per cent in the year 2009-10 to 24.78 per cent in the year 2003-04 with an average ratio of -44.193 per cent.

6.3.7 The Return on Capital Employed ratio of RTDC represent sudden increase in the year 2003-04, due to increase in profitability of corporation which consist increase in operating receipt, increase in income from sale of beer and increase in other miscellaneous income compare to other year of the study period. Similarly in this year administration expenditure and depreciation expenses of corporation are also declines that result in increasing trends in profitability of RTDC. The result of t test revealed that
there is no significant difference in the Return on Capital Employed Ratio of RTDC over the period.

6.3.8 Thus, overall trends of capital employed of RTDC are fluctuating during the whole study period which represents that during the study period RTDC has raised and repaid its borrowed funds taken from various financial institutions. Thus, operating performance of RTDC represents poor position and indicates that management of corporation is insufficient to utilize the available funds.

6.3.9 The Net Profit Ratio of RTDC shows negative trends in many years of the study period due to less availability of profit and it ranges between -34.91 per cent in the year 2009-10 to 6.49 per cent in the year 2003-04 with an average ratio of -4.025 per cent.

6.3.10 The Net Profit Ratio of RTDC represent that in the year 2004-05 corporation total revenue are declines due to absence of income from sale of beer that result in declining trends of revenue of corporation and thus total revenue of corporation is not sufficient to face expenditure of corporation. But from the year 2005-06 to end of study period RTDC other revenue (operating, miscellaneous income and profit from sale of fixed assets) are increasing which impact to overall profitability of corporation.

6.3.11 Thus, overall trends of total revenue of RTDC are increasing but it is not increase with trends of gross expenditure that result in either decrease in profitability or increase in loss. Hence Net Profit Ratio of RTDC indicates poor operating performance and insufficient amount of profit available for the owner’s of the corporation. The result of t test revealed that there is no significant difference in the Net Profit Ratio of RTDC over the period.

6.3.12 In RTDC, Return on Owner’s Equity Ratio shows fluctuating trends and it ranged between -47.11 per cent in the year 2008-09 to 315.85 per cent in the year 2009-10 with an average ratio of 29.912 per cent. The ratio also shows negative trends in many years of the study period because of negative profitability of corporation.

6.3.13 The Return on Owner’s Equity Ratio of RTDC shows that corporation suffers a huge loss because of increase in gross expenditure of corporation which implies that management of corporation is insufficient to operate its activities. The Return on Owner’s Equity Ratio also represent
that in the year 2005-06 RTDC raise its equity share capital by issuing new equity shares that affects to overall owner’s fund of corporation.

6.3.14 Thus, an overall trend of Return on Owner’s Equity ratio shows that corporation owner’s fund is not sufficient to increase its profit and to give adequate return to owner’s of corporation. The application of t test reveals that the difference between the Return on Owner’s Equity Ratios was not significant at 5% level of significant over the period.

6.3.15 In RTDC, Earnings Per Share Ratio shows fluctuating trends and it remains either very less or negative during the study period because of non availability of profit for owners of corporation. The Earnings Per Share Ratio ranged between Rs. -1381.86 in the year 2009-10 to Rs. 286.80 in the year 2003-04 with an average of Rs. -154.068.

6.3.16 The Earning Per Share Ratio of RTDC shows that number of equity shares are constant for first five years of study period than after it increase from the year 2005-06 where corporation issued new equity shares of 46053 shares of Rs. 1000 to Government of Rajasthan by which an overall number of equity shares of corporation is increasing.

6.3.17 An overall trends of Earning Per Share Ratio of RTDC are negative in many years of the study period because of huge amount of loss face by corporation which implies that corporation is fail to give adequate return to the owner’s of the corporation in against of their investment made. The result of t test shows that there is no significant difference in the Earning Per Share ratio of RTDC over the period.

6.3.18 Thus, overall result of profitability analysis of RTDC implies that during the study period trends of revenue and expenditure are not remain same and expenditure of corporation are increase more than its revenue which implies that revenue of RTDC are not enough to pay all its operating and non-operating expenditure. Therefore, profitability analysis of RTDC shows that corporation is insufficient to manage its operating activities and to give reasonable amount of return to the owner’s of corporation.
Chapter 6.4 – Activity Analysis of RTDC

Activity Analysis of RTDC includes the analysis in terms of growth of activity, total resources used and conduct of activity of RTDC over the period. For this purpose different ratios are calculated and analyzed.

6.4.1 In RTDC, Growth of Activity in terms of revenue shows positive trends and it increase by Rs. 239.33 lacs annually during the study period from 2000-01 to 2009-10.

6.4.2 The Growth of Activity in terms of Tourist Traffic includes both domestic and foreign tourist shows negative trends and it decrease approximately by - 0.13 lacs every year during the study period from 2000-01 to 2009-10.

6.4.3 The main reason behind better growth in annual revenue of RTDC is income from operating receipts and other miscellaneous income which is earn by corporation by performing its various operating activities. Thus, the growth in total revenue represent that RTDC perform its activities more sincerely but it does not show positive impact to tourist traffic serve by RTDC.

6.4.4 In Time Series Analysis, the trends of Total Revenue in RTDC shows fluctuating trends and it range between 59.25 per cent in the year 2004-05 to 141.99 per cent in the year 2009-10. Thus, It can be said that over 10 years of study period from 2000-01 to 2009-10, the total revenue of RTDC are raised with compound annual growth rate of 4%.

6.4.5 The Time Series Analysis of various Sources of Total Revenue in RTDC represent that total revenue of RTDC includes major four sources such as income from operating receipts, sale of beer, other miscellaneous income and profit on sale of fixed assets. In RTDC total income include major part of income from operating receipt which consist around 70.65 per cent in total income whereas profit on sale of fixed assets consist less proportion around 0.05 per cent in total income. Thus, total revenue of RTDC shows that corporation earns its major income by providing various tourism services to tourists.

6.4.6 The result of two way ANOVA F test of sources wise and time wise variance in Total Revenue in RTDC reveals that at 5% level of significant
difference between various sources of revenue are significant because of fluctuation in proportion of revenue, whereas year wise difference between various sources of revenue is insignificant.

6.4.7 The Time Series Analysis of Total Expenditure in RTDC represent that RTDC pay nine types of operating and non-operating expenditure such as operating expenditure, direct cost of beer sold, personnel expenditure, H.O. administration expenditure, director remuneration & expenses, financial charges, depreciation, provision for doubtful debt and loss on sale of fixed assets to run corporation. The trends of total expenditure shows that in total expenditure proportion of operating expenditure is highest around 36.46 per cent whereas proportion of director remuneration and expenses is lowest only 0.08 per cent.

6.4.8 The result of two way ANOVA F test of nature wise and time wise variance in Total Expenditure in RTDC represent that at 5 per cent level of significant difference between various expenditure is significant because trends of operating and non-operating expenditure are not similar, whereas, year wise difference between total expenditure in RTDC is not significant.

6.4.9 The Total Assets Turnover Ratio in RTDC represent fluctuating trends and it ranged between 0.35 times in the year 2005-06 to 0.99 times in the year 2001-02 with an average ratio of 0.617 times.

6.4.10 The Total Assets Turnover Ratio in RTDC implies that during the 10 years study period revenue of corporation are less compare to total assets. Thus, performance of RTDC is not satisfactory as regard to the use of total assets in the generation of revenue.

6.4.11 The Gross Fixed Assets Turnover Ratio in RTDC ranged between 0.59 times in the year 2008-09 to 1.30 times in the year 2003-04 with an average ratio of 0.922 times.

6.4.12 The Gross Fixed Assets Turnover Ratio in RTDC shows that fixed assets of corporation are increasing during the study period with annual compound growth rate of 8.5%, which implies that corporation made enough investment in fixed assets to generate revenue. In RTDC, ratio again goes high from the year 2005-06 because of increase in revenue
which indicates that corporation is trying to utilizing its fixed assets efficiently to generate revenue.

6.4.13 In RTDC, Net Fixed Assets Turnover Ratio shows fluctuating trends and it range between 0.80 times in the year 2008-09 to 1.89 times in the year 2003-04 with an average ratio of 1.334 times.

6.4.14 The Net Fixed Assets Turnover Ratio in RTDC represent increasing trends up to the year 2003-04 than after ratio goes to declining trends because of decrease in net fixed assets of corporation that cause because of increase in depreciation charge by corporation.

6.4.15 The Current Assets Turnover Ratio in RTDC shows fluctuating trend. It ranged between 0.51 times in the year 2005-06 to 2.98 times in the year 2001-02 with an average ratio of 1.332 times.

6.4.16 In RTDC, Current Assets Turnover Ratio implies that utilization of current assets in generation of revenue is sufficient but current assets of corporation are fluctuating more to generate revenue. Thus, ratio shows that corporation needs sound working capital policy to utilize its current assets.

6.4.17 The Operating Expenses Ratio in RTDC represent declining trends in the beginning of the study period but then after from the year 2004-05 ratio goes sudden high because of increase in various operating expenses includes travelling expenses, catering expenses, bar expenses, transport & boating expenses and expenses for fairs & festivals. The ratio ranged between 20.90 per cent in the year 2002-03 to 56.48 per cent in the year 2009-10 with an average ratio of 38.915 per cent.

6.4.18 In RTDC operating expenditure are increasing during the study period with annual compound growth rate of 14% which shows that corporation made huge operating expenditure to perform its activities.

6.4.19 Thus, overall operating efficiency of RTDC shows satisfactory position because corporation earn sufficient amount of revenue to pay its operating expenditure. The result of t test revealed that at 5 per cent level of significant there is a significant difference in the Operating Expenditure Ratio of RTDC over the period.
6.4.20 The Personnel Expenses to Total Revenue Ratio shows fluctuating trends and it range between 21.25 per cent in the year 2003-04 to 64.37 per cent in the year 2009-10 with an average ratio of 36.642 per cent.

6.4.21 In RTDC, Personnel Expenditure mainly includes salary & wages, gifts to staff, pension contribution, contribution to staff welfare funds such as P.F contribution and gratuity, leave salary and medical expenses. As personnel expenditure in RTDC are increasing every year during the study period with compound annual growth rate of 16.40% which shows that corporation made enough amount of payment for staff welfare.

6.4.22 The Personnel Expenses to Total Revenue Ratio in RTDC shows that from the year 2008-09, ratio goes sudden high because of huge expenditure made by corporation in payment of gratuity and arrears of VIth pay and increasing rate of salary & wages. The result of t test implies that there is a significant difference in the Personnel Expenses to Total Revenue Ratio of RTDC over the period.

6.4.23 In RTDC, H. O. Administrative Expenses to Total Revenue Ratio represent declining trends up to the year 2003-04 but then after ratio goes sudden high from the year 2004-05 to end of study period because of increase in major administrative expenditure of corporation includes travelling expenses, board meeting expenses, running and maintenance of staff vehicles, internal audit fees and expenses, advertisement and publicity and miscellaneous expenses.

6.4.24 In RTDC, H. O. Administrative Expenses to Total Revenue Ratio ranged between 1.73 per cent in the year 2003-04 to 6.94 per cent in the year 2009-10 with an average ratio of 4.27 per cent. The result of t test reveals that at 5 per cent level of significant there is a significant difference in the H. O. Administrative Expenses to Total Revenue Ratio of RTDC over the period.

6.4.25 As overall H. O. Administrative Expenditure in RTDC are very less compare to total revenue of corporation and expenditure are increasing with annual compound growth rate of 17.60 % which implies that corporation made various expenditure for administration of its divisions.

6.4.26 The Interest Expenses to Total Revenue Ratio in RTDC represent that during the study period corporation use less amount of borrowed fund for
CHAPTER 7 SUMMARY, FINDINGS, SUGGESTIONS & CONCLUSION

which interest burden on earning of corporation is less compare to other expenditure. The Interest Expenses to Total Revenue Ratio in RTDC ranged between 0.002 per cent in the year 2007-08 to 2.881 per cent in the year 2003-04 with an average ratio of 0.775 per cent.

6.4.27 In RTDC, Interest Expenses to Total Revenue Ratio shows that in the year 2002-03, 2003-04 and 2009-10 interest expenses are goes sudden high because of loan taken by corporation from various financial institution such as loan from Tourism Finance Corporation of India Ltd., loan from State Renewal Fund, loan from Government of Rajasthan for Land Bank and loan from Allahabad Bank against FDR. Thus, increase in borrowed fund affects to interest burden of corporation.

6.4.28 The application of t test reveals that the difference between the Interest Expenses to Total Revenue ratios was not significant at 5% level of significant over the period.

6.4.29 The Depreciation to Total Revenue Ratio in RTDC represent that during the study period ratio is increasing because of increase in depreciation expenses that cause to increase in investment made by corporation in its fixed assets. The ratio ranged between 2.55 per cent in the year 2003-04 to 5.43 per cent in the year 2009-10 with an average ratio of 3.90 per cent.

6.4.30 In RTDC, depreciation expenditure is increasing during the study period with annual compound growth rate of 11.90%. But trends of total revenue in RTDC represent that corporation earns enough amount of revenue to make provision of depreciation. The result of t test reveals that at 5 per cent level of significant there is a significant difference in the Depreciation to Total Revenue Ratio of RTDC over the period.

6.4.31 The Taxes to Total Revenue Ratio in RTDC represent fluctuating trend and it ranged between 0 per cent in the year 2002-03 to 1.79 per cent in the year 2006-07 with an average ratio of 0.49 per cent. The ratio shows sudden increase in tax expenses from the year 2006-07 to 2008-09 because of huge amount of income tax and fringe benefit tax paid by corporation to government.

6.4.32 Thus overall trends of taxes in RTDC are not remains similar during the study period because of fluctuations in income and expenditure of
corporation. Therefore, Taxes to Total Revenue ratio of RTDC represents that corporation paid very less amount of taxes because of decrease in profitability of corporation.

6.4.33 The result of t test reveals at 5 per cent level of significant difference between Taxes to Total Revenue Ratio of RTDC is significant.
CHAPTER 7 SUMMARY, FINDINGS, SUGGESTIONS & CONCLUSION

7.3 FINDINGS

While going through the analysis of Financial Performance of Rajasthan Tourism Development Corporation Ltd., four major aspects were analyzed. Through this analysis following main causes are identified that affects to overall performance of RTDC.

➢ Chapter 6.1 – Working Capital Analysis of RTDC

6.1.1 Decrease in Current Assets:
In RTDC current assets mainly includes inventories, debtors, cash and bank b/c, other current assets and loans and advances in which proportion of other current assets have the minimum share where as cash and bank b/c consist highest portion in total current assets of corporation. But an overall trend of current assets represent declining trends during the study period and the main cause in decrease in current assets is decrease in amount of inventory which mainly includes stock of wine and beer, bar & other catering stock and cash & bank b/c includes cash in hand, remittance in transit, term deposit with scheduled bank and balance in P.D. account with Treasury. The current assets trends in RTDC represent that it arrive at 60.43 per cent in the year 2001-02 and goes to 280.28 per cent in the year 2006-07 with an average trend of 168.478. Thus, overall declining trends of current assets affect working capital position of RTDC.

6.1.2 Increase in Current Liabilities:
In RTDC current liabilities mainly includes two main components such as current liabilities and provisions in which current liabilities includes sundry creditors, unearned income, other liabilities of un-utilized funds received from Government of India and state government have highest portion whereas provisions includes provision for gratuity, house tax, leave salary encashment and income tax consist less proportion. In RTDC, trends of current liabilities represent that sundry creditors, unearned income, un-utilized funds and provision for gratuity and leave salary encashment are increasing during the study period that cause to increase in current liabilities of corporation. The
CHAPTER 7  SUMMARY, FINDINGS, SUGGESTIONS & CONCLUSION

trends of current liabilities in RTDC are ranged between 84.09 per cent in the year 2001-02 to 247.84 per cent in the year 2009-10 with an average trend of 154.175 per cent. Thus, an overall increasing trends of current liabilities in RTDC represent that corporation has more amount of short term borrowing and unutilized amount of funds.

6.1.3 Inefficient Working Capital Management Policy:
In RTDC trends of current assets and current liabilities shows fluctuating trends that affects to working capital position of corporation. In RTDC current assets represents declining trends where as trends of current liabilities represent increasing trends in many years of the study period. Thus in many years of the study period corporation current liabilities are more than its current assets that result in negative working capital position of corporation. The trends of working capital in RTDC ranged between 59.95 per cent in the year 2002-03 to -495.06 per cent in the year 2009-10 with an average trend of -102.609. Thus, overall working capital position of RTDC represent that corporation is inefficient to manage its short term borrowings for smooth running of its operations.

6.1.4 Fluctuation in Cash Flow:
An overall trend of total revenue and profitability of RTDC indicates that corporation faces more amount of fluctuation in cash flow because of changes in revenue trends and declining trends of profitability. As in many years of the study period cash flow of RTDC remain negative because of increasing amount of operating loss and non cash charges. The amount of cash flow of RTDC reaches to Rs. -2315.78 lacs in the year 2009-10 which indicates that profitability of corporation is more fluctuated at the end of study period which directly affect to cash flow position of corporation.

➢ Chapter 6.2 – Capital Structure Analysis of RTDC

6.2.1 Huge Amount of Short Term Funds:
The major findings of capital structure analysis of RTDC indicates that corporation use short and long term funds both to finance its total assets but
trends of long term funds are declining compared to short term funds during the study period. Thus, contribution of long term funds in total assets of corporation is less than its short term funds. Hence trends of short term funds represent that corporation depend more on short term funds to finance its total assets and in many of the years of the study period short term funds are more compare to long term funds. In RTDC, short term funds mainly include Un-utilized Grants, Earnest money and Security deposits and Creditors in which proportion of Un-utilized Grants is highest around 34.10 percent of total short term funds. In RTDC trends of shot term funds represent increasing trend and it reach to 206.77 per cent in the year 2009-10 compare to 71.34 per cent in the year 2002-03. Thus, increasing amount of short term funds represent that total assets of RTDC are mainly financed by short term funds.

6.2.2 More Amount of Un-utilized Grant:
In RTDC short term funds includes Un-utilized Grants received from Government of India and Government of Rajasthan which is at highest proportion around 34.10 percent in total amount of short term funds in RTDC. As RTDC receive more amount of un-utilized grant from Government of India and Government of Rajasthan every year for facilitating various operating activities of RTDC. But overall declining trends of revenue of RTDC represent that corporation utilize less amount of grant for its operating activities which affect to overall financial position of RTDC.

6.2.3 Declining Trends of Long Term Funds:
The RTDC use long term funds to finance its total assets. In RTDC long term funds mainly include equity share capital, reserve & surplus, advance for share application money, deferred revenue grants, deferred tax liability, profit/loss, secured and un-secured loan. In RTDC amount of long term funds mainly include equity share capital which contributes around 59.62 % in the long term funds of the corporation where as profit/loss have negative amount around -10.72 % in the long term funds of the corporation. In RTDC long term funds represent declining trends and it reach to 36.14 per cent in the year 2009-10 compare to 139.23 per cent in the year 2002-03. Thus an overall
declining trend of long term funds represent that corporation depend less on long term funds to finance its total assets.

6.2.4 More Dependence on Owner’s Funds:
The major findings of capital structure analysis of RTDC shows that overall trends of owner’s and borrowed funds of corporation are fluctuating but overall trends of funds represent that RTDC use more amount of owner’s fund compare to borrowed fund. Hence, corporation remains less geared during the study period. Thus, overall capital structure analysis represents that margin of owners fund in RTDC is more than its borrowed fund which represent that corporation adopt a conservative policy of financing and capitals structure of corporation is not sound.

6.2.5 Less Amount of Interest Burden:
The overall trends of owner’s and borrowed funds of RTDC shows that time to time corporation has taken borrowed fund from many financial institutions but overall capital structure of RTDC indicates that it use more amount of owner’s fund compare to borrowed fund. Hence less amount of borrowed fund directly affect to interest expenses of corporation and thus RTDC has paid less amount of interest on borrowed funds. Therefore, financial leverage of RTDC is declining and burden of interest is not too high.

6.2.6 Huge Amount of Investment in Fixed Assets:
The trends of fixed assets in RTDC imply that corporation is continued to make investment in its fixed assets by using more amount of borrowed funds. The RTDC is a service sector and its main activities are related with tourism services therefore it made a huge amount of investment in fixed assets which are used in its tourism services. The major fixed assets in RTDC are land & building, motor vehicles, hotel furniture & fixtures, musical instruments, boats & boat equipments, staff vehicles, general equipments and pictures & painting. The increase amount of investment in fixed assets of RTDC represent that corporation fixed assets are increase with annual compound growth rate of 8.5 per cent, which implies that corporation made huge amount of investment in fixed assets to generate revenue.
6.2.7 Inefficient Fund Utilization:
In RTDC trends of owners and borrowed fund is considerable during the study period and corporation raise owners and borrowed fund both to finance its assets and to perform its tourism services. The total capital employed in RTDC shows fluctuations during the study period which indicates that time to time corporation raise owners and borrowed funds both. But overall amounts of Net Worth, which includes equity share capital, reserve & surplus, deferred revenue grants, profit & loss and miscellaneous expenditure not w/o are decreasing during the study period and it reach to Rs. -805.02 Lacs in the year 2009-10 because of huge amount of loss face by corporation of Rs. -2531.35 Lacs in that year. Thus, more amounts of owners funds of RTDC are utilized to compensate its operating loss. Hence increasing amount of expenditure affect to overall profitability of corporation and thus RTDC face a problem of ineffective utilization of available funds.

- Chapter 6.3 – Profitability Analysis of RTDC

6.3.1 Decrease in Profitability:
In RTDC trends of profit represent that from the year 2000-01 to 2009-10, revenue and expenditure trends does not remain same and expenditure of corporation are more than its revenue which implies that revenue of RTDC are not enough to pay its expenditure. Therefore profit trends of RTDC are not same during the study period and it reach to huge amount of loss of Rs. -2542.63 Lacs at the end of the study period. As majority profitability ratios of RTDC are fluctuating and it goes to negative at the end of the study period which implies that overall revenue available from operating activities are not sufficient to pay all its operating and non-operating expenditure. Thus, decreasing trends of profitability shows that RTDC is insufficient to manage its operating activities and to earn reasonable amount of profit.

6.3.2 Inadequate Amount of Return to Owners:
In RTDC contribution of owners and borrowed fund shows that corporation uses more amounts of owners funds compare to borrowed funds during the study period. But result of profitability analysis shows that profit of corporation
is very less and owner’s fund is not sufficient to increase its profit and to give adequate return to owner’s of corporation. In RTDC Return on Owner’s Equity goes to -47.11 per cent in the year 2008-09 which shows that less amount of return received by share holders of RTDC. Similarly in RTDC earning per share remain negative in many years of the study period and it reach to Rs. -1381.86 in the year 2009-10 because of huge amount of loss face by corporation which implies that corporation is fail to give sufficient return to the owner’s of the corporation in against of their investment made. Thus negative profitability of RTDC not only affects to operating activities of corporation but it also affects to owners earnings.

6.3.3 Poor Operating Performance:

In RTDC results of profitability analysis represent that overall trends of profit of corporation is declining because of increase in operating and non-operating expenditure of corporation compare to total revenue of RTDC. Thus increasing trends of expenditure affect to overall performance of RTDC which result in negative profitability of corporation. As RTDC own huge amount of funds in the form of owner’s and borrowed funds but an overall trends of profitability represent that total revenue of RTDC are increasing but it is not increase with trends of gross expenditure that result in either less profitability or loss. Hence low amount of profitability result in poor operating performance of corporation.

➤ Chapter 6.4 – Activity Analysis of RTDC

6.4.1 Fluctuation in Revenue Growth Rate:

In RTDC total revenue mainly includes income from operating receipts, sale of beer, miscellaneous income and income from profit on sale of assets. The major role of RTDC is to provide tourism services such as accommodation, catering, transport & boating, fairs & festivals and running heritage trains. Thus, in total revenue of corporation mainly includes income from operating activities that contribute around 70.65 per cent in total revenue where as income from profit on sale of fixed assets constitutes only 0.05 per cent in total revenue of RTDC.
The revenue trends of RTDC show that in the year 2004-05 total revenue of corporation goes sudden low because of non availability of income from sale of beer which impact to total income of corporation but overall total revenue of RTDC again increase from the year 2006-07 because of increase in operating activities of corporation that result in increase in total revenue of corporation. The revenue trends of RTDC also shows that income from sale of fixed assets is not constant and it gives less contribution in total revenue of corporation. Thus, overall revenue trends of RTDC increase with annual compound growth rate of 4% during the study period that result in low rate of growth in revenue of corporation.

6.4.2 Increase in Operating and Non-operating Expenditure:

The RTDC is a service sector and it performs tourism services in Rajasthan for which it faces many types of operating and non-operating expenditure to perform its role more significantly. The major expenditure of RTDC are operating expenditure, personnel expenditure, head office administrative expenditure, interest, taxes, depreciation, loss on sale of fixed assets and provision for doubtful debt. In total expenditure of RTDC more amount of expenditure include operating, personnel and H.O. administration expenditure. Hence this expenditure are increasing every year with annual compound growth rate of 14% for operating expenditure, 16.40% for personnel expenditure and 17.60% for H.O. administration expenditure during the study period.

An overall trend of total expenditure of RTDC represent that in total expenditure of corporation, proportion of operating expenditure is all time high around 36.46 per cent whereas proportion of director remuneration and expenses is low around 0.08 per cent only. The total expenditure of RTDC also represents that non-operating expense such as financial charges, depreciation, provision for doubtful debt and loss on sale of fixed assets are very less compare to other operating expenses. But overall trends of operating and non operating expenditure of RTDC shows increasing trend and it increase more than total revenue of corporation which affects overall profitability of corporation.
6.4.3 Increase Amount of Depreciation Expenditure:
It is observed that during the study period fixed assets of RTDC are increasing which directly affect to depreciation expenditure of corporation because these assets are depreciated at different rates. Therefore depreciation expenditure of corporation are increasing with annual compound growth rate of 11.90 per cent which indicates that corporation made huge amount of investment in fixed assets.

6.4.4 Decrease in Tourist Traffic:
The RTDC is a tourism corporation in Rajasthan which main aim is to provide various types of tourism services to domestic and foreign tourist. The state Rajasthan is famous for its tourism components such as desert, culture, tradition, folk dance and music, historical places and wildlife sanctuary parks which gives memorable experience to tourist. The statistical data of domestic and foreign tourist arrival in Rajasthan shows that both domestic and foreign tourist are increasing every year in the state and it gives positive impact to revenue generation for government and increase employability rate for local people. But analysis of tourist statistics received service from RTDC has been decreasing during the study period. Thus, performance of RTDC in terms of tourists served is not satisfactory and it declines at 0.13 Lacs annually. The main reason behind this short fall in tourist traffic is high service rates, deficiency in managerial and non-managerial staff, lack of marketing efforts, inadequate amount of fund utilization and poor management of operating activities.

6.4.5 Less Tax Burden:
In RTDC trends of revenue and expenditure reflect that in many years of the study period corporation expenditure are more than its revenue that result in either low profitability or loss. Thus overall amount of taxes of RTDC is very less compare to total revenue of corporation because of declining trends of profitability. But it is seen that in the 2006-07 to 2008-09 tax burden of RTDC goes high because of huge amount of income tax and fringe benefit tax paid to government that result in increase in tax burden. But overall analysis of tax expenses during the study period shows that poor operating performance of
RTDC result in low profit margin of corporation and less tax burden for corporation.

6.4.6 Unequal Income Contribution from Various Activities:

The RTDC provide various types of tourism services in Rajasthan to satisfy various needs of tourist and to earn adequate amount of revenue for government. The major activities in RTDC are operating hotels and motels, organizing fairs and festivals, running heritage trains, selling beer and providing transport and boating facilities. In RTDC revenue trends shows that income from its various services are fluctuating and there are many services which are facing problem of inadequate tourist traffic. The following table shows revenue earn by RTDC from its different types of activities.

<table>
<thead>
<tr>
<th>Year</th>
<th>Hotels &amp; Motels</th>
<th>Transport &amp; Boating</th>
<th>Beer Trade</th>
<th>POW</th>
<th>HOW</th>
<th>Fairs &amp; Festivals</th>
<th>Work Division</th>
<th>RROW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>1226.70</td>
<td>116.41</td>
<td>2441.41</td>
<td>958.49</td>
<td>0</td>
<td>45.13</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2001-02</td>
<td>1248.27</td>
<td>92.03</td>
<td>3140.58</td>
<td>469.76</td>
<td>0</td>
<td>25.99</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2002-03</td>
<td>1325.35</td>
<td>93.14</td>
<td>3081.98</td>
<td>522.16</td>
<td>0</td>
<td>18.03</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2003-04</td>
<td>1405.80</td>
<td>107.19</td>
<td>3410.62</td>
<td>869.39</td>
<td>0</td>
<td>18.16</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2004-05</td>
<td>1598.10</td>
<td>130.63</td>
<td>0.38</td>
<td>1169.00</td>
<td>0</td>
<td>26.20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2005-06</td>
<td>1875.02</td>
<td>145.57</td>
<td>0</td>
<td>1419.15</td>
<td>2.82</td>
<td>28.48</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2006-07</td>
<td>2117.70</td>
<td>168.74</td>
<td>0</td>
<td>1847.96</td>
<td>81.20</td>
<td>26.43</td>
<td>21.53</td>
<td>0</td>
</tr>
<tr>
<td>2007-08</td>
<td>2364.40</td>
<td>152.59</td>
<td>0</td>
<td>1934.83</td>
<td>110.15</td>
<td>25.19</td>
<td>52.93</td>
<td>0</td>
</tr>
<tr>
<td>2008-09</td>
<td>2454.74</td>
<td>148.19</td>
<td>0</td>
<td>2015.35</td>
<td>27.82</td>
<td>17.81</td>
<td>51.04</td>
<td>97.01</td>
</tr>
<tr>
<td>2009-10</td>
<td>2997.76</td>
<td>525.66</td>
<td>0</td>
<td>2006.55</td>
<td>5.64</td>
<td>24.48</td>
<td>1263.61</td>
<td></td>
</tr>
</tbody>
</table>

[Source: Computed from the Annual reports of RTDC, Jaipur, Rajasthan]
As above Table 7.1 shows that RTDC earn its income from various tourism services but the flow of revenue from activities does not remain fixed and it is fluctuated more during the study period. Similarly tourism services of RTDC are also change during the time span and RTDC has also try to expand its services but overall declining trends of tourist traffic does not give positive result to revenue generation.

6.4.7 Unproductive Utilization of Total Assets:

In RTDC total assets trends implies that corporation has increase its investment in total assets by utilizing its short term and long term funds but revenue trends of RTDC represent that revenue of RTDC are fluctuated which implies that RTDC could not utilize its total assets efficiently in generation of revenue. In RTDC revenue trends shows that from the year 2004-05 to 2008-09 revenue of RTDC is decreasing but total assets of corporation are increasing which indicates that management of corporation is inefficient to utilize its available assets to generate revenue.
7.4 SUGGESTIONS

To improve operational efficiency and to re-establish financial health of RTDC, a number of measures have been suggested. Most of the measures are aimed at increasing revenue, controlling cost, effective utilization of funds and improving service quality of RTDC. These initiatives are likely to have a positive impact on the performance of RTDC. The main important suggestions are:

➢ Chapter 6.1 – Working Capital Analysis of RTDC

6.1.1 The RTDC needs to utilize its current assets more effectively especially its cash and bank b/c and loans and advances so that corporation meet its short term borrowings and give financial security to their creditors.

6.1.2 The RTDC needs to increase its current assets and minimize its short term borrowings so that working capital position of corporation becomes more effective.

6.1.3 To increase liquidity and solvency position of RTDC, it needs to minimize its current liabilities especially provision for leave salary encashment and gratuity.

6.1.4 The RTDC tries to minimize its current liabilities by utilizing its Un-utilized grants received from Government of India and Government of Rajasthan in more productive way so that corporation can improve its working capital position.

6.1.5 The RTDC needs efforts to minimize its non cash expenses especially depreciation by minimizing investment in fixed assets so that cash flow position of corporation become more feasible.

➢ Chapter 6.2 – Capital Structure Analysis of RTDC

6.2.1 The government should grant an adequate amount of financial support to RTDC so that corporation can improve its financial ability so that it can provide better services to tourists.
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6.2.2 The management of RTDC needs to improve its assets utilization in more productive way.

6.2.3 The RTDC needs to increase its long term funds by raising long term borrowed funds from various financial institutions and try to minimize its short term funds.

6.2.4 The RTDC needs additional amount of financial support from government and other regulatory bodies and try to increase its deferred revenue grant received from government and utilize this grant in more productive way to generate revenue.

6.2.5 The RTDC needs to use more amount of owners fund to finance its assets and give more amount of financial safety to its creditors.

6.2.6 The RTDC tries to minimize its long term investment in fixed assets so that it can reduce its non-cash expenditure of depreciation.

6.2.7 The RTDC needs to increase its borrowed fund by taking long term loan from various financial institutions so that problem of low geared capital structure has been solved.

Chapter 6.3 – Profitability Analysis of RTDC

6.3.1 The government should rationalize taxes (service tax) applicable on various services of RTDC so that corporation can reduce its service cost in better way.

6.3.2 To increase revenue, RTDC should widen its present services and try to provide more innovative services to tourists at reasonable prices and organize more attractive package tours at different festival time.

6.3.3 The management of RTDC should take strong actions for reducing its operating and non-operating expenses especially its operating and personnel expenditure.

6.3.4 The RTDC needs to take specific measures to increase its total revenue especially from its operating activities such as accommodation, transport & boating and running heritage trains so that it can earn sufficient amount of profit and create enough amount of reserve to face future contingencies.
6.3.5  The RTDC tries to perform its activities in more productive way and try to minimize its operating and non-operating expenditure so that corporation gives reasonable amount of financial security to the owners in the form of return on their investment made.

➢ Chapter 6.4 – Activity Analysis of RTDC

6.4.1 The RTDC should enhance its promotional activities in Indian and overseas market to increase its tourist traffic.

6.4.2  The RTDC should publish and distribute different literatures in the form of guide books, tour brochures, posters, folders to inform about various services of corporation.

6.4.3 The RTDC needs to increase its network in other state also so that tourist can easily collect information about its various services.

6.4.4 The RTDC needs to expand its association with other banks and financial institution also so that tourist can easily approach with RTDC.

6.4.5 The RTDC should encourage more training programmes to tourist guides and service providers so that they can provide superior quality of service to the tourists.

6.4.6 The RTDC must encourage proper cooperation between different Government departments and private operators who are responsible for providing tourism facilities required by the tourists including information in regard to commercial matters.

6.4.7 The RTDC needs to focus more on its present human resource availability and management of corporation should retain not only its present employees but also try to increase its prospective employees.
7.5 CONCLUSION

In the present day tourism is the most vibrant tertiary activity and a multi-billion industry in all over the world. Traditionally tourism is known largely for its historical and cultural dimensions, but today it is highlighted for its immense business opportunities with its productive linkages with other sectors such as transport, hotel industry and entertainment. Tourism is not merely an activity for pastime and entertainment but it is an enriching and energizing activity. For a developing country like India, tourism is the right vehicle for modern economic growth through structural transformation of the economy. Today the value-added effect of tourism is increasing and India’s tourism industry has witnessed rise in recent years, paying rich dividends to both consumers and producers.

India has an immense potential to be a leading tourist destination. The tourism attractions of India include historical monuments, places of religions importance, mountain and beach resorts, wild life and interesting eco-systems water and winter sports and places with adventure facilities. Apart from substantial contributions to the foreign exchange earning of the country, India’s tourism is also a major source of employment, as a labor-intensive activity in a labor-surplus economy.

Tourism industry is directly linkages with a host of sectors like transport, hospitality, education, health, banking, etc., India is all set to obtain full potential of this vibrant sector. Therefore, government of India made many equipping efforts under the five-year plans, formulate tourism polices and also incorporate many tourism organizations that give enormous contribution to development of tourism in India. Indian tourism offer many types of tourism that attract domestic and foreign tourist both such as cultural tourism, heritage tourism, wild life tourism, medical tourism and adventure tourism. India has significant potential for becoming a major global tourist destination. It has always attracted people from all over the globe through supreme and sublime hospitality, viz. Athithi Devo Bhava (Guest is equal to God). As per the Travel
and Tourism Competitiveness Report 2009 given by World Economic Forum, India stood 11\textsuperscript{th} in the Asia Pacific region and 62\textsuperscript{nd} in overall world, moving up three places on the list of the world's attractive destinations. India is also ranked the 14\textsuperscript{th} best tourist destination for its natural resources and 24\textsuperscript{th} for its cultural resources, with many world heritage sites, both natural and cultural and strong creative industries in the country.

The tourism industry in India gives many positive benefits to the economy such as generation of income, infrastructure development, increase standard of living and balanced development. Because of huge potential of tourism industry in India, government has allocated huge funds to tourism sector in its five year plan which is increase from Rs. 336.38 Lakhs in second five year plan to Rs. Rs.323.00 Crores in eleventh five year plan. The potential of tourism industry in India is analyzed from the flow of foreign tourist arrival in India which shows positive effect and it is increasing from 2.54 million to 5.58 million from the year 2001 to 2010. Thus increasing trends of foreign tourist arrival gives significant impact to trends of foreign exchange earnings in India and it reach to Rs. 64889 Crores up to the year 2010 which shows that India is more tourism potential country.

The Tourism Development Corporation, Tourism Finance Corporation, Hotel Management and Catering Technology Institutes, Food Craft Institutes, Indian Institute Tourism and Travel Management, India Tourism Development Corporation, Indian Association of Tour Operators, Travel Agents Association of India and a large number of hotel management colleges, sports and adventure clubs, beach resorts have also contributed to the growth and development of this industry.

In India, Rajasthan has emerged as one of the leading state for tourism industry and it is a third preference of tourist after Goa and Kerala as travel destination in India. The major tourist attractions of Rajasthan are forts and palaces, monuments and structures, lakes and mountains, sand dunes and desert beauty, national parks and wildlife destinations. Tourism has been one of the biggest revenue generators for Rajasthan owing to its rich and varied
topography, vibrant culture and attractive festivities, the Rajasthan offers immense tourism delights to the visitors in the state. The chief cities in Rajasthan which attract domestic and foreign tourists are Jaipur, Jodhpur, Udaipur, Mount Abu, Bikaner, Jaisalmer, Chittor, Bharatpur and Alwar. The key cause behind tourist attraction in these cities is Rajasthani culture where a large amount of the Rajasthani thought, philosophy and culture are being reflected in all over the state. In Rajasthan, tourism is the third largest employer after agriculture and textiles sector and this industry employs many people directly and indirectly. As a result of potential benefit of tourism in the state government of Rajasthan had formulated many tourism policies and also incorporated many tourism organizations that gives broaden contribution to development of tourism in the state.

In Rajasthan, Rajasthan Tourism Development Corporation Ltd. (RTDC) was incorporated to promote tourism in the state and to cater incoming foreign and domestic tourists by way of providing accommodation, catering, transport, package tour and bar facilities. The main objectives of RTDC are to provide various tourism facilities such as accommodation, transportation, organizing events for entertainment and providing recent information about various tourism services.

In present study “An Analysis of Financial Performance of Rajasthan Tourism Development Corporation Ltd.” four major areas are studied that give detail analysis of financial performance of corporation. The four major areas which cover in study are working capital analysis, capital structure analysis, profitability analysis and activity analysis of RTDC. The outcome of working capital analysis of RTDC represent that working capital management of corporation is not good and current liabilities of corporation are more than its current assets during the whole study period. In working capital analysis of RTDC, majority of efficiency analysis ratio and liquidity ratios does not satisfy standard margin which suggest that solvency and liquidity position of RTDC is not good. Thus, overall working capital analysis of RTDC represent that corporation is inefficient to manage its short term liabilities and it needs sound working capital policy for smooth running of its operations.
CHAPTER 7    SUMMARY, FINDINGS, SUGGESTIONS & CONCLUSION

The result of capital structure analysis of RTDC indicates that corporation use short term and long term funds both but trends of long term funds are declining compare to short term funds. Thus, trends of short term funds represent that corporation use more amount of short term funds to finance its total assets. In capital structure analysis of RTDC, majority of ratios are fluctuating and it does not satisfy standard margin which implies that overall owner’s funds of corporation are not sufficient to achieve its long term objectives. Thus, overall capital structure analysis represents that corporation use owners and borrowed funds both but margin of owners fund is more than its borrowed fund which represent that corporation adopt a conservative policy of financing and capital structure of corporation is not sound.

In profitability analysis of RTDC, trends of revenue and expenditure represent that during the study period revenue trends and expenditure trends does not remain same and expenditure of corporation are more than its revenue which implies that revenue of RTDC are not enough to pay its expenditure. Therefore, profitability analysis shows that total revenue and owner’s funds of RTDC are not sufficient to earn adequate return and thus it may be conclude that management of RTDC is insufficient to manage its operating activities and to give reasonable amount of return to the owner’s of corporation.

The activity analysis of RTDC represent that RTDC earn income from various operating activities and the trends of this income is increasing during the study period. In RTDC, overall trends of expenditure represent that the major expenditure of corporation are operating and personnel expenditure which are increasing more compare to other expenditure such as head office administrative expenditure, interest, taxes and depreciation. Therefore overall activity analysis of RTDC indicates that total revenue of corporation is increasing but overall expenditure of corporation are also increasing which affects to profitability of corporation. Thus RTDC needs to improve its managerial efficiency so that it can increase its total revenue by performing various operating activities and reduce its overall expenditure.

Thus, overall financial performance analysis of RTDC represents that during the study period from 2000-01 to 2009-10, corporation performance is not
financially feasible from the year 2008-09 because of increase in current liabilities, increase in operating and non-operating expenditure, decrease in profitability, unproductive utilization of assets and fluctuations in revenue growth. Thus, financial performance analysis of RTDC proposes that corporation needs to give more consideration to its core activities and requires sound financial management policies that give improvement to financial performance of corporation.
7.6 SCOPE FOR FURTHER STUDY

The present study was limited only for Rajasthan Tourism Development Corporation Ltd. (RTDC), which is a primary tourism development corporation in Rajasthan. But there is still scope for further research in the analysis of the financial performance of other state tourism development corporation. The present study also gives scope for further research in the evaluation of the financial performance of RTDC in comparison with other state tourism development corporation.