CHAPTER-I

INTRODUCTION TO THE PROBLEM : THE SCOPE AND OBJECTIVES OF THE STUDY
The Statement of the Problem

This study aims at analysing some aspects of the management of Himachal Pradesh Tourism Development Corporation Limited, Shimla (HPTDC), an undertaking of Himachal Pradesh Government.

With a view to promote tourism in the State of Himachal Pradesh, need of an independent agency to achieve this objective was being felt and the Himachal Pradesh Tourism Development Corporation was incorporated on 1st September, 1972 under the Companies Act, 1956 to achieve this objective, an Authorised Capital of Rs.2.00 crores divided into 20,000 ordinary shares of Rs.1,000/- each. The headquarters office of the Corporation is situated at Shimla with its field units, i.e. complexes of the Corporation throughout the State and outside also.

Himachal Pradesh possesses immense potential for tourism and this potential can only be harnessed and exploited through proper managerial efforts. Though this is an endeavour where private sector can and do play a significant
role world-over in running and managing various related activities and services such as transportation, hotel management, organisation and running of eating places, development of tourism-related games, sports and other activities of fun and adventure, and all the more the development of complete infrastructure to make important sites having potential for tourism approachable, presentable, equipped and preserved.

But in our developing economy it is difficult to expect from public sector to heavily invest in promotional and development activities, where return for investments is either marginal or delayed, or even absent. Keeping this aspect into consideration the Government of Himachal Pradesh formulated and executed the formation of this Corporation.

The Himachal Pradesh Tourism Development Corporation has played and is playing a very important role in opening up Himachal Pradesh for large number of tourists, both domestic and foreign. Keeping in view the importance of tourism for the economy and social uplift of Himachal and the role of the Corporation in this respect, the present study—an analysis of management of Himachal Pradesh Tourism Development Corporation has been undertaken. The functioning of the Corporation largely depends on proper management of various complexes of the Corporation, their proper coordination and planning, management of personnel, financial and other promotional activities of the Corporation for the promotion,
propagation of tourism and for the comfort, satisfaction and happiness of tourists.

It is an essential step in any research to underline the cut-off point of a study, which is only possible through the survey of the existing literature related to the field and approach, or the subject and the theory adopted for its study. A chronological survey of some relevant published and unpublished works follows:

Ernest W. Walker and William H. Baughn, in their study, *Financial Planning and Policy*, analyses the organisation for financial management, analysis procedures necessary for financial management, determination of financial requirements, policies covering internal sources of funds, and other aspects of financial management.

Peter F. Drucker, in his work, *Management: Tasks and Responsibilities and Practices*, focuses attention on the aspects such as the emergence of management, the dimensions of management and quality of life, business and government, management by objectives, the effectiveness decisions, managerial communication, the managers and managerial science and managerial organisation. A.J. Burkart, in his

study, The Management of Tourism, analyses the basic concept of tourism, its types, causes of tourism growth, planning process in tourism, investment and income in tourism development. The pattern and growth of tourist transport and principles of tourism marketing were also discussed. M.M. Anand, in his study, Tourism and Hotel Industry in India, analyses the ancient phenomenon of tourism, the origin of concept of the annual holiday and growth of modern tourism. Further, the effort was also made to analyse the role of national tourist organisation, emergence of hotel, types of hotels, development of hotel industry in India with the changing profile of the accommodation sector. Manuel Baud-Bory and Fred Lawson, in their work, Tourism and Recreational Development, made an effort to examine the background for physical planning, facilities for tourism, planning procedures in developing resorts and recreational complexes. The approach to regional and national planning with detailed procedure for tourism plan was also discussed. T.A.A. Latif, in his study, Training for Management, made an effort towards better management training in developing economy. The importance of training for administrators was evaluated for the development of an organisation. Further, the effort was also made to analyse the training for managers, trend in management education and trend in management development with a note on in-company

training and company experience in management training.

E. Kadt, in his work, *Tourism: Passport to Development*, made an effort to examine the nature of tourism, its types and dimensions of tourism. The role of tourism in international relations, contribution to national income, and the tourism in developing nation was also analysed. E. Donald, in his study, *Tourism Planning and Development*, analyses the types and definitions of tourism with its images and implementation. The various policies towards tourism, national policies and plans, characteristics of tourist industry, State and private sector and socio-economic impacts of tourism at regional and national level are discussed in detail. R.W. McIntosh, in his study, *Tourism Principles and Philosophies*, analyses the origin of the concept of the annual holiday, causes of rapid growth of tourism elements and various components of tourism and planning. Douglas Pearace, in his work, *Tourist Development*, analyses the tourist development with structures and process of tourist development. The elements of supply, agents of tourist development, motives and responsibilities were also analysed. Annel Sikand, in her study, *Organisation and Working of Haryana Tourism Corporation Limited*, Chandigarh, an unpublished M.A. dissertation, accepted by the Panjab University, Chandigarh.

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and Working of Haryana Tourism Corporation Limited, Chandigarh, analyses the organisation and working of the Corporation. In addition to the organisational structure, personnel and financial management, marketing and other relative activities of the Corporation were also studied. J.M.S. Negi,\(^{12}\) in his work, *Tourism and Hoteliering : A World-wide Industry*, made an effort to analyse the socio-economic benefits of tourism, infrastructure and management of tourism, hotels and supplementary accommodation and tourism transport facilities. Further, tourism marketing and finance investment, domestic and state tourism phenomenon was also discussed. A.K. Bhatia,\(^{13}\) in his study, *Tourism Development : Principles and Practices*, analyses the growth of travel through ages and development of modern tourism. The measures of tourism, tourism planning, marketing, promotion and economic and social benefits of tourism were also evaluated. K.B. Rai Vasishit,\(^{14}\) in his study, *Working Measures : A Study of Delhi Tourism Development Corporation*, the focus of this study was on measurement techniques, evolution and growth of the Corporation with some aspects of personnel management, employee welfare schemes, training and other activities of the Corporation were discussed to measure the overall efficiency of the Corporation. Madan Lal,\(^{15}\) in his work,


Tourism Administration: Organisation and Working of Himachal Pradesh Tourism Development Corporation Limited, an effort was made to examine the tourism administration with its brief objectives and references to personnel administration of the Corporation. R.N. Kaul, in his study, *Dynamics of Tourism*, analyses the importance of tourism, its objectives, domestic and regional tourism in developing countries, and the role of a State in tourism development. The study also deals with some essential tourism components for hotel designing and planning. Pran Nath Seth, in his study, *Successful Tourism Management*, the focus of this study was on various aspects such as travel through the centuries, the business of travel, tourism planning and development, modes of travel and transport and tourism development in India. Pharamaha Eh. Kan, in his study, *Personnel Administration in Tourism Authority of Thailand*, tried to analyse the personnel administration in tourism authority of Thailand with organisational structure and role of tourism. The effort was also made to examine the methods of recruitment, selection, placement, training and promotion procedure of the said organisation.


Pradeep Kumar Vaid,\textsuperscript{19} in his work, \textit{Personnel Management: A Study of Himachal Pradesh Tourism Development Corporation}, Shimla, the effort was made to highlight the role of personnel management in Himachal Pradesh Tourism Development Corporation with its brief organisational structure. The focus of this study was only at the headquarters office of the Corporation. The major emphasis of the study was to deal with the effectiveness of personnel management and the working environment of personnel employed at the headquarters' office. Adele Hodgson,\textsuperscript{20} in his work, \textit{The Travel and Tourism Industry, Strategies for the Future}, analyses the travel industry and its history, the role of air carrier and the travel agents. The study also deals with the travel related insurance protection policies and its role in the growth of the travel market.

\textbf{Delimitation of the Subject:}

Much literature is available about the sociology, psychology and economy of tourism in general. The management of tourism has also attracted the attention of some scholars who have attempted to study and analyse one or the other aspect of tourism theory and tourism in practice.

Some unpublished research works are also available, important amongst these being a study of Delhi, Haryana and

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\item \textsuperscript{19} Pradeep Kumar Vaid (1986), \textit{Personnel Management: A Study of Himachal Pradesh Tourism Development Corporation Limited, Shimla}, an unpublished M.Phil dissertation, accepted by the Panjab University, Chandigarh.
\end{itemize}
Thailand tourism. Himachal Tourism Development Corporation has also been the subject of study and analysis. A dissertation covering the personal management of the Corporation only up to its headquarters office was submitted for M.Phil degree. Another such work tried to study the structure and objectives in brief of the Corporation. Some independent articles and papers have also appeared covering one or the other aspect of tourism in Himachal Pradesh. But it is generally seen that the study of H.P.T.D. Corporation in its wider and deeper contexts yet remains an unexplored field.

This study, therefore, aims at that the study is proposed to be limited to the study and analysis of organisational structure, both at headquarters office and field units, main commercial and promotional activities of the Corporation, its personnel administration, and its financial management. The study also tries to get feedback from a random sample of 400 tourists who visited various parts of Himachal Pradesh in order to assess their own socio-economic profile and their needs and satisfaction as tourists.

Objectives and Scope of the Study

The role of efficient management in any organisation is very vital. Without sound policies, meticulous, planning and efficient management organisational goals cannot be
achieved. The present study has been designed to examine and analyse the management of the Himachal Pradesh Tourism Development Corporation Limited, Shimla. The objectives of the present study are:

i) To examine the organisational set up of the H.P.T.D. Corporation at headquarters office and its various Complexes in detail.

ii) To analyse the composition, functioning and role of policy-making organs of the H.P.T.D. Corporation.

iii) To examine the working procedure and performance of various activities of the H.P.T.D. Corporation.

iv) To review the effectiveness of personnel management and methods of recruitment, selection, training development and promotion system of the H.P.T.D. Corporation while highlighting some of its limitations, with suggested remedies.

v) To find out the morale/to underline the motivation of the employees in the H.P.T.D. Corporation and to study how far the organisation is successful in fulfilling its objectives.

vi) To critically examine the management-staff relations in the H.P.T.D. Corporation.

vii) To study financial management of the H.P.T.D. Corporation with regard to procedure and practices followed in its financial management.
(viii) To evaluate the role of the H.P.T.D. Corporation in providing various facilities and services for the tourists at its various complexes in the State.

(ix) To suggest effective measures to improve the working conditions of the H.P.T.D. Corporation in the context of emerging challenges.

The study covers almost the whole management of the Corporation in the context of the utilisation of human resources, financial resources and material resources of the Corporation. An effort was also made to investigate whether the Corporation has been able to achieve its basic objectives with the present set up or needs certain modifications in its management, planning and policies.

Significance of the Study

The temporal reference of the study is confined to the period 1972-1980. This is an important phase in the development of the State and its socio-economic set-up. The initial ten years after independence were consumed in consolidating and opening up this unaccessible and hilly region for itself and for outsiders. Education, literacy, agriculture, horticulture and small-scale industries flourished during this period. Shimla and Dalhousie, and some of their neighbouring areas had some infrastructure for old-fashioned imperial and
feudal tourism. But tourism as a wholesome social and community activity was not perceived earlier. The existence of a department of tourism was the first manifestation of the growing need of this activity. The establishment of H.P.T.D. Corporation has been the total realisation of the great potential of this industry in the all-round growth and development of this State.

This study may throw some light on the positive and negative aspects of the actions taken consequent upon this realisation. This study may also be of some interest to the theoreticians of administration and management, and also to the practitioners of tourism in the H.P.T.D. Corporation and elsewhere.

Hypothesis

The study is based on the following hypothesis:

(i) There is lack of delegation of powers in the Corporation.
(ii) There is lack of coordination between the headquarters office and field offices.
(iii) Job satisfaction among the staff of the Corporation is low.
(iv) Training imparted to the personnel of the Corporation is not fully conducive to the present needs of the Corporation.
(v) Wages and Salary Structure though fully based on government pattern, needs some modification in view of specialised nature of jobs there is required.

(vi) Financial sources are inadequate in the Corporation.

(vii) Management-Staff relations are not cordial in the Corporation.

Data: Source and Limitation

The data have been generated from the following three sources:

(i) Primary Sources
(ii) Secondary Sources
(iii) Tertiary Sources

(i) Primary Sources:

The primary data were collected through personal interviews, detailed discussions, field survey and interviews with the functionaries of the H.P.T.D. Corporation. Keeping in view the objectives of the study, the interview schedules in the form of a separate questionnaire were designed and addressed to the administrators, staff of the Corporation and visiting tourists to various complexes of the Corporation in Himachal Pradesh to know their attitude and views towards the
Corporation and varied practical problems faced by them. Some more primary data, both in quantitative and qualitative details were collected from the headquarters office and field offices of the Corporation in the form of relevant Acts, Rules and Regulations, Annual Reports, Budgetary provisions and official records of the Corporation.

(ii) Secondary Data:

The secondary source of information were other Government Departments of the State like Planning Department, Directorate of Economics and Statistics, Tourism Department, Department of Public Relations and Finance Department of the Himachal Pradesh, from where relevant but analytical reports, figures, information, critical appraisals of the socio-economic and demographic material related to tourism, transportation, etc. in Himachal were collected.

(iii) Tertiary Data:

Tertiary data were collected from the published work, research papers, journals, newspapers, periodicals, constitutions, articles, and committee and commission reports of the State Government as well as the Government of India. All the theoretical academic books, tourism-related literature and manuals with regard to the study and analysis of management and administration also come in this very category.
Limitations of the Data:

H.P.T.D. Corporation in general and its functionaries at the higher administrative and operational levels have been extremely co-operative and helpful. But the Corporation being a new organisation so far the healthy tradition of maintaining complete records are yet in the process of evolution. Therefore, data on many aspects were either fragmentary or incomplete.

Though the Corporation came into being in September, 1972, yet budgetary figures are available in certain cases from 1976 onwards only thus limiting the complete assessment. Records of meetings, transport provisions, and training and promotion are also incomplete. Similarly, operational field units could also provide incomplete and fragmentary records with regard to all their promotional and catering activities.

Questionnaire meant for the tourists were served to over 1000 tourists, but despite repeated visits and efforts only 400 responses could be gained. Though this was a good and well-spread sample throughout whole of Himachal, yet it made only 40% of the initial number planned. This could have also somehow affected the analysis and its results.

Methodology

The study aimed at analysing the management of H.P.T.D.
Corporation. This analysis was based on two approaches. Firstly, the factual information covering the administrative structure—both headquarters and field agencies—activities, personnel and financial aspects were collected as first hand information from the Corporation.

The second part of the analysis was based on the questionnaires served to the officers and workers of the Corporation which covered their opinion with regard to the policies controlling recruitment, selection, placement, training, promotion, wages and salaries, and management-staff relations. The information gathered was juxtaposed to the formal and statutory provisions with regard to all the above factors, and conclusion were drawn.

Lastly, a questionnaire was served to over 1000 tourists in all the major tourist complexes of the Corporation during the peak and active tourist season in each of the complexes during the period April, 1987 to December, 1987. The questionnaire covered the socio-economic profile of the tourist with age, sex, individual and family income, purpose of visit, type of accommodation availed of, sources of influence in the selection of Himachal Pradesh as their target of visit, and their opinion with regard to the services provided by the Corporation.
Roughly 40% of the tourists (400 in all) responded. The responses were collected on simple comparative and cross-comparative basis, and thus, the positive or negative, and quantitative or qualitative conclusions were drawn.

**Sequence of the Study:**

The study has been divided in four parts.

The first part is the introduction of the study covering two chapters.

The second part contains analysis of various aspects of the management of H.P.T.D. Corporation. This part has in all six chapters.

The third part has the only and the last chapter of the study which draws the summary of the whole study, underlines the conclusions drawn at the end of each of the six chapters of second-analytical part of the study, and the policy implications for the administrators of H.P.T.D. Corporation and the students and theoreticians of administration and management.

The fourth part has appendices which include consolidated decadel budget proposals of the Corporation, publicity material of the Corporation, three questionnaires served and the bibliography.
A brief information about each of the chapters is as given below:

First chapter deals with the statement of the problem which also includes the survey of the existing literature, delimitation of the subject, objectives and scope of the study, significance of the study, hypothesis, data, source and limitations and methodology adopted. A brief sequence of the study has been given at the close of the chapter.

The second chapter is based on theoretical framework adopted for the study and analysis of the problem. It deals with the concept of travel and tourism, main features, historical perspective and background of tourism in general, and particularly tourism in Himachal Pradesh. The potentials for tourism in Himachal have also been indicated and the establishment of the H.P.T.D. Corporation in the State has been explained.

The Third chapter explains organisational structure of the Corporation at headquarters office, with its statutory provisions with regard to the Board of Directors, the Chairman, the Vice-Chairman, Managing Director, Managers and Assistant Managers.

The fourth chapter explains the organisational structure of the field units, i.e. complexes of the Corporation. Each of the Complex has been introduced with its geographical
location and tourist significance. Then the organisational structure of each unit has been introduced and discussed.

The fifth chapter deals with commercial and promotional activities of the Corporation to achieve its objective i.e. promotion of tourism in the State and services for the tourists. Accommodation, catering, transport, sports and recreation, package tourism, advertising and publicity and religious pilgrimage are the main subjects covered.

The sixth chapter is an effort to analyse the personnel administration of the Corporation. This involves manpower planning, classification of job, recruitment, selection, training-procedure, promotion system, management-staff relations, and wages and salary structure in the Corporation. The factual information has been analysed in the context of responses generated through questionnaire serves upon the management and workers of the Corporation.

The seventh chapter deals with various procedures adopted in the financial management of the Corporation. This entails sources of finance of the Corporation, budget and budgetary processes, accounting, auditing and financial controls over the Corporation.

The eighth chapter is based on a survey of the tourists to get feedback of their opinion regarding the
services and facilities provided by the Corporation in its various complexes. This questionnaire covers the socio-economic profile of the tourist including age, sex, individual income, family income, purpose of visit, preference for tour-type, accommodation type preferred and the sources that helped them in opting to tour Himachal Pradesh. A fairly elaborate conclusions were drawn on the basis of the data generated.

The ninth and the final chapter of this study gives the summary, conclusions and policy-implications of the analysis and discussions of each of the six chapters of the second part of this study.

Appendices have five main sections. In the first part, the important publicity material of the Corporation has been given to provide an insight into the diverse activities of the Corporation. The second part contains two questionnaires served upon the officers and workers of the Corporation. Consolidated decadal budget proposals of the Corporation have been given in third part. The fourth part deals with a questionnaire served upon the tourists, who visited Himachal Pradesh in 1987. And lastly, a selected bibliography has been given.