



ROLE OF INDIAN TOURISM DEVELOPMENT CORPORATION FOR PROMOTION OF TOURISM IN INDIA

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Introduction

As tourism is a service industry and service is the main product to sell to tourist through this industry. It is necessary to ensure the highest standards quality if India has to succeed as a destination in the highly competitive world of tourism. It is therefore, the responsibility of the Government to adopt suitable policies and programmes to develop human resource and to ensure the availability of adequate trained persons. Department of tourism, through the aforesaid institutes has standardized training facilities in travel, tourism and hotel management. As many as 21 Institutes of Hotel Management and 11 Food Craft Institutes with high facilities are providing training facilities.

In a country like India where nature has given a lot of tourism potentials. It is the responsibility of Govt. to exploit such potentials for the development of tourism by way of establishing public sector to look after such areas where private organisation shy to invest their hard earned money or resources. Tourism is a industry which can help a lot to remove unemployment problem, regional imbalances etc. Realising these facts, Govt. has formed a public sector organisation with the sole objective to develop tourism and tourism infrastructure so that large share can be obtained from international tourism market. It is ITDC whose services and contribution cannot be overlooked. The present chapter, therefore, deals with the various aspects of this corporation with a view to assess its role and contribution in the context for the development of tourism.

India Tourism Development Corporation (ITDC) is a public sector corporation created by the Govt. to undertake major responsibilities in areas where the Govt. due to its own limitations, could not participate actively. It came into existence in the mid-sixties when the private sector was not that active in tourism development and entrepreneurs were not willing to go to areas where profitability was not guaranteed. Besides, the Government needed an independent agency to run and operate many small hotels and motels which had been built by the Government in different parts of India to cater to the needs of foreign tourists and the newly emerging class of upper income domestic tourists. In 1963, an Adhoc Committee on Tourism popularly known as Jha Committee was appointed which recommended that the public sector should assume a more active and positive role in promoting tourism, the Government of India set up in 1965 in the Department of Tourism three separate corporations:

- (a) Hotel Corporation of India Limited;
- (b) India Tourism Corporation Limited;
- (c) India Tourism Transport Undertaking Limited.

These corporations were set up under the provision of the Companies Act, 1956. The main functions of these corporations were to construct and manage hotels in public sector produce materials for tourist publicity and to provide transport facilities to the tourists. These corporations were incorporated in different dates, hotel Corporation of India Ltd. was incorporated on 21st January, 1965 with authorized capital of Rs. 400 lakhs, India Tourism Corporation Ltd. was established on March, Copyright © 2017 Published by kaav publications. All rights reserved www.kaavpublications.org

1964 with authorized capital of Rs. 50 lakhs, and India Tourism Transport undertaking Ltd. was established in December 1st, 1964 with authorized capital of Rs. 19 lakhs.

The Government later decided to merge these undertakings into one composite undertaking for the purpose of securing co-ordination in the policy and efficient and economic working of the three Corporations. Accordingly, the Govt. Setup in October 1966 a public sector undertakings, namely the India Tourism Development Corporations Ltd. In Delhi under the aegis of the Department of Tourism by amalgamating the erstwhile three separate corporations. The unified corporation started functioning with effect from October 1st, 1966.

In pursuance of the recommendations of the Administrative Reforms Committee (ARC), the control of the Ashoka Hotels Ltd. And the Janpath Hotels Ltd. was transferred from the them Ministry of Works, Housing and supply to the Ministry of Tourism and Civil Aviation from July 2, 1968. These two hotels and also Lodi and Ranjit hotels were amalgamated with India Tourism Development Corporation from March 1970. The authorized capital of the corporation was Rs. 5 crores. The corporation is fully owned by Government of India. Funds were provided by the Government in the shape of equity and loan capital. Presently, the Govt. is not funding ITDC. It has been asked to create its own resources and to meet its expansion plans.

Objectives

1. Construction and management of hotels, motels, restaurants, tourist bungalows, guest houses and beach resorts at various places for accommodating tourist.
2. Provision of transport facilities to tourists.
3. Provision of entertainment facilities to tourist by way of organizing cultural shows, music concerts, sound light shows, etc.
4. Provision of shopping facilities to tourists.
5. Provision of publicity services to assist India's promotion overseas as a tourist destination and projecting the national importance of tourism at home.

With these objectives, ITDC has provided a wide range of services essential for promotion of tourism. Working in close co-operation with the Department of Tourism in the Central Ministry of Tourism and Civil Aviation, it is primarily concerned with the establishment of a solid infrastructure for the tourist industry and the provision of commercial services essential for the growth of tourist traffic.

Organisational Structure of ITDC

The president of India is authorized to determine the number of Directors of the corporation. The number of Director should not be less than 2 and more than 15. The chairman is appointed by the president who workers in a honorary capacity is appointed by the president who workers in as honorary capacity and no remuneration is paid to him. The powers are delegated to Chairman-cum-Managing Director who delegates power to other officers. The term of the Board is five years. The ITDC Board presently consist of nine Directors comprising of chairman & Managing Director, two official Directors, two functional Directors and four non official Directors. The organisation setup at the corporate level comprises number of functional Divisions each headed either by a senior Vice President. Every Vice President looks after the job of its own division and report to the Managing Director. In addition there are four regional offices at Delhi, Mumbai, Chennai and Calcutta.

ITDC: Catalyst in Tourism Development

The corporation, as its name suggests was aimed at setting up a sound base for the development of tourism infrastructure. It is perhaps the only undertaking of its kind in the world, offering almost a complete package of tourist services: accommodation, transport, shopping, entertainment and publicity. It offers all this in a sprit of healthy competition with the private sector. And, in a short of time, it has emerged as a pioneer, opening up new tourist destinations popularizing Indian cuisine and providing entertainment. It is interesting to note that since its inception on October 1st, 1966, ITDC is one of the few public sector corporations which has been profitable, though profit margins have been very small. All its properties, however have appreciated. With four thousand rooms in ITDCs 35 hotels, motels and resort, Ashoka chain is the largest in India and the only one to provide tourist services in all parts of the country. Hotels have been divided into three categories:

elite, classic and comfort hotels. The first two categories consist of deluxe as well as three to five-star properties, while comforts are the budget hotels.

Consultancy and Management Services - ABROAD

With the phenomenal success of the first joint venture speciality Indian cuisine restaurant at Moscow, the expertise of ITDC has been recognized abroad. A series of enquiries for setting up hotels and Indian cuisine restaurants in association with ITDC, have been received from various countries.

The corporation has entered into collaboration agreements with private companies incorporated in respective countries for setting up a 160 room, 4 star hotel at Wellington, Newzealand, an Indian cuisine restaurant at Wellington, Newzealand and an Indian cuisine restaurant at San Francis Co, USA. The corporation has signed a memorandum of understanding with a foreign party for setting up an Indian cuisine restaurant at Los Angles, USA and also a protocol with Soviet authorities for taking over Jaltarang restaurant and running it as an Indian cuisine restaurant at Moscow, USSR. Further, a proposal are for having a hotel at Moscow and an Indian cousine restaurant each at Talin and Samarkand in USSR.

Network of Services

ITDC has played a pioneering and catalytic role in the growth of tourism in India. India Tourism Development Corporation has matured into a front rank leader in the country's travel industry unique in its concept, it has more than met the demands of a catalyst in tourism development while achieving and maintaining profitability. The corporation's major contributions have been in the field of infrastructure and promotion. ITDC has set trend in hotel architecture., interior décor, cousine, in providing the visitor a truly Indian experience, helping in the process the revival of Indian arts and crafts and reviving faith in things Indian.

ITDC could rightly claim credit for opening several new destinations in the country or in closing gaps in many travel circuits. Khajuraho, Jammu, Mysore, Hassan, Udaipur, Varanasi, Patna, Bodhgaya, Sanchi, Guwahati and Shillong tell only part of the story. The present of ITDC consists of 8 Ashok Group of Hotels, 7 Joint Venture Hotels including one incomplete hotel, 2 restaurants (including One Airport Restaurant), 13 Transport Units, 1 Tourist Service Station, Duty Free Shop at International as well as Domestic Customs Airports in Mumbai, Goa, Bangalore, Calicut and Kolkota, 1 Tax Free Outlets. Besides, ITDC is also managing a Hotel at Bharatpur, a Tourist Complex at Kosi and a SEL Show at Sabarmati, Ahmedabad owned by the Ministry of Tourism.

Human Resource Development

The Manpower Development Centre (MPDC) of the corporation was awarded 'ISO 9001 Certification' for designing and imparting training in hospitality industry. The centre is the first and the only organisation in the Indian Hospitality Industry to have earned this recognition. Keeping in view the requirement and nature of the service oriented Hotel Industry, the Human Resource Development activities of the corporation'. To ensure customer satisfaction, the primary focus is creation of a new conceptual frame work of Total Quality Management (TQM) awareness and implementation. Thus the HRD activities included awareness for bringing changes in the language, changes in values and behaviour as per present day requirement and to find ways to bring total quality in our product and service.

The Automated Learning Centre (ALC) and Computer Lab with multimedia software at Manpower Development Centre are being upgraded continuously to impart training in basic skill and information technology through the latest packages available on software. During the year, 542 training programmes were conducted covering 6053 employees. Besides, 43 employees were nominated in India and 4 abroad to professional courses conducted by reputed organisation. Further, 6 programmes were conducted for outside agencies and 5 programmes were conducted for the sponsored defence personnel. As part of the ongoing training activities, 77 Management trainees and 200 Apprentices were trained.

Foreign Exchange Earning and Outgo

The direct foreign exchange earning during the year 2006 were Rs. 29603.56 crores as Compared to Rs. 25172.28 crores in the previous year.

Production and Publicity

Recognizing the early need for tourism publicity materials for publicizing in India and abroad, the ITDC had set its production and publicity wing in 1966. This wing has made earnest efforts to raise the quality of publicity material about India to International Standards of excellence, reputed designers, writers, film makers and other specialists have been enlisted. The range of material now includes brochures, posters, film photographic presentations and other sales aids. During the year, the Production and Publicity Division continued to undertake consultancy assignments in print production of Tourist Literature for various Tourism Departments. These include publicity consultancy provided to the Orissa Tourism and Bihar Tourism.

During the year, the Division undertook a number of important assignment for the Department of Tourism, some of Which include design and production of Tableau for the Republic Day Prade; publicity materials for the India Tourism Week; organisation of a four day Festival Classical Music and Dance; and a Table Calendar on the occasion of Golden Jubilee of India's independence. For the first time, ITDC advertised on Shatabdi Trains by taking seat-covers on Delhi-Bhopal and Selhi – Jaipur Shatabdi Expresses. This has created an awareness of Ashok Group Services among train travelers.

Financial Performance

The year 2005-06 witnessed improvement in financial performance of the Corporation. The turnover of the Corporation increased from Rs. 363.49 crore in 2004-05 to Rs. 373.64 crore in 2005-06. The profit (before tax) increased substantially from Rs. 31.16 crore in 2004-05 to Rs. 51.57 crore in 2005-06. During 2006-07 (up to December 2006), the financial performance further improved as compared to the corresponding period last year. The turnover during 2006-07 (up to December 2006) was Rs. 362.65 crore (provisional) as compared to Rs. 265.92 crore during the corresponding period last year. During this period, the operating profit was Rs. 48.92 crore (Provisional) as against operating profit of Rs. 18.24 crore during the corresponding period last year. The key figures relating to financial performance of the Corporation for the last four years and for 2006-07 (up to December 2006) are table below:-

Table- 1 Financial Performance of Indian Tourism Development Corporation

	2002-30	2003-04	2004-05	2005-06	2006-07 (Prov) (up to December 2006)
Turnover	238.40	289.95	363.49	373.64	362.65
Operating Profit (Before Interest & Depreciation)	2.81	5.13	37.94	54.53	48.92
Profit Before Tax	(-) 9.10	2.86	31.16	51.57	45.65
Profit After Tax	(-) 6.70	2.72	28.77	45.79	45.65
Direct Foreign Exchange Earnings	100.77	121.65	156.59	146.93	104.37

Source: Annual Report, 2006-07 "Indian Tourism Development Corporation Limited" New Delhi.

The above parameters regarding the functioning of the corporation reveal that the overall financial position is quite satisfactory and it seems that the corporation has not been functioning as a Governmental agency rather than as business proposition. Yet ITDC has a lot of infrastructure and still optimistic to improve further and planning to make total computerize network, intensive training to personnel and effective campaign not only in India but also in abroad. It is sure ITDC's performance shall be change in the year to come, if it continues to work on the same direction.

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