

**A PERISCOPE ON THE PERFORMANCE OF PUNJAB  
TOURISM DEVELOPMENT CORPORATION AND  
HARYANA TOURISM CORPORATION**

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ABSTRACT

*Tourism, on account of its socio-economic potential, is fast emerging as a backbone of any economy. This is especially true in case of a developing nation like India. Buoyed by its potential, central Government of India as well as various state Governments are putting tourism in their priority agenda. Punjab and Haryana, two prosperous north Indian states, can not boast of many natural tourism attractions in their respective boundaries. As such, it was left to efforts of their state tourism development corporations to create something out of nothing in the field of tourism. The performance of any organisation can be judged by keeping a track of its financial records in the recent past. The present study is essentially an endeavour in this direction. The study seeks to assess performance of Punjab Tourism Development and Haryana Tourism Corporation and give some practicable suggestions to them.*

*Keywords: Financial Performance. Haryana Tourism Corporation. Product Portfolio, Punjab Tourism Development Corporation.*

## **INTRODUCTION**

Service sector in general and tourism industry in particular are fast emerging as mainstay of any economy. Tourism industry, as a matter of fact, has emerged as the largest industry at the global level having outgrown both petroleum as well as arms trade industries. In 2007-08 about 800 million tourists crossed the international borders and they created the business of nearly \$ 600 billion. Worldwide, tourism industry has been continuously growing at the rate of above 5 per cent in the last 20 years. Globally tourism accounts for 11 per cent of gross domestic product and 8 per cent of world trade employment. Tourism's contribution to the Indian economy is also paramount. One out of nine persons of India is employed in the tourism related industry. In 2008, 5.37 million foreign tourists visited India on account of which India earned foreign exchange earnings of Rs. 50,730 crore. Tourism, thus, can go a long way in changing the fortunes of the country which is always reeling under the problem of unemployment and fiscal deficit. Foreign tourism along with domestic tourism (the scope of which is manifold in comparison to foreign tourism in India) may contribute to India in its mission of becoming a developed country by 2020.

Buoyed by the tremendous potential of tourism in socio-economic development, most of the states of India have also suddenly become very active in promoting tourism in their respective boundaries. They have established state owned tourism corporations which have been assigned the task of enhancing the tourism prospects. Punjab and Haryana, two prosperous north Indian states, unfortunately have not been bestowed with too many tourist attractions by the nature. Agriculture has been the mainstay of their economies. Under such circumstances it was left to the man made efforts to generate and maintain tourism prospects in their

respective boundaries. It was in this regard that Punjab Tourism Development Corporation (PTDC), incorporated in 1979 and Haryana Tourism Corporation (HTC), incorporated in 1966 were established respectively by the Governments of Punjab and Haryana. The real test of success of any venture lies in the way the same has performed over the years. The present study is essentially an aim made by the researchers to assess the profitability of the two corporations since the beginning of the new millennium.

### **OBJECTIVES OF THE STUDY**

The major objectives of the study are:

- To assess the way PTDC and HTC have performed financially since the beginning of the new millennium.
- To pin-point the various reasons that may be attributed to the good or poor financial performance of the selected state tourism corporations.
- To give some practicable suggestions to the selected tourism corporations so that their profitability may improve hither-to-be.

### **SCOPE OF THE STUDY**

The present study is confined to two state owned tourism corporations viz. Punjab Tourism Development Corporation (PTDC) and Haryana Tourism Corporation (HTC) only. An appraisal of their profitability is made from the year 1999-2000 to 2008-09.

## **LIMITATIONS OF THE STUDY**

The researchers, inspite of their best efforts have been supplied only 8 years data by Punjab Tourism Development Corporation. There was a lukewarm response of the managers in supplying the first hand information sought by the researchers. All the conclusions have been based on the available data and information. Inspite of the said limitations, the researchers believe that quality of the research has not been jeopardized.

## **RESEARCH METHODOLOGY**

It is an empirical study. Both primary as well as secondary data have been used to accomplish the objectives of the study. Secondary data has been compiled form the annual reports of PTDC and HTC. The researchers, in their endeavour to know various reasons for the prevailing financial position in the selected tourist complexes have indulged in discussion with the managers of the tourist corporations using diary method and have observed certain things on their own to draw necessary conclusions. The data so collected have been analysed using appropriate statistical techniques and presented with the help of statistical tables.

## **ANALYSIS AND INTERPRETATION OF DATA**

Table 1 indicates that annual income of Punjab Tourism Development Corporation Ltd. witnessed an increasing trend in the first three years of the study period (1999-2000 to 2001-02). During the said period its

income varied from Rs.1816.94 Lacs to Rs. 2450.84 Lacs. Even in the next three years (2002-03 to 2004-05) it maintained a decent level of annual income. In the entire period of 1999-2000 to 2004-05 annual income earned by PTDC was much higher than that of HTC. However, these decent efforts were nullified by the mounting expenditure of the corporation which forced it to drastically reduce the scope of its activities. All this lead to a reduction in the annual income of PTDC to merely Rs. 220.08 Lacs in 2006-07. The corporation refused any further data to the researchers on the ground that the corporation has been planned to be disinvested. The annual income of HTC, on the other hand, has witnessed an increasing trend during most of the years of the study period (1999-2000 to 2008-09). It was only during the years 2002-03 and 2003-04 that the corporation witnessed a slight dip in its income in comparison to the previous year. The same stands at Rs. 11065.81 Lacs in 2008-09 in comparison to Rs. 1101.47 Lacs in 1999-2000.

Table 2 has revealed the same story. PTDC could manage the profit only once during the course of the study period. The profit of Rs.55.44 Lacs earned by the corporation during the year 2005-06 was largely due disinvestment made during the year. On account of the same, sold assets became the income of the corporation and limited expenditure was incurred on account of reduced scope of activities. Continuous and substantial losses have provoked PTDC to indulge in serious restructuring including divestment. HTC, on the other hand, after witnessing losses in the initial two years of study period gained momentum and has remained profitable since then. Its profit, as a matter of fact, touched 3 figures for the first time in the last year of study period (2008-09) when it recorded an

impressive profit of Rs. 141.22 Lacs. The corporation can boast of one of the very few profitable tourist complexes.

## **FINDINGS**

The findings and suggestions have been drawn on the basis of table given in the annexure and subsequent investigation made by the researchers.

The major findings are:

- Haryana Tourism Corporation has continuously earned profits for the last eight years whereas Punjab Tourism Development Corporation has Attained profits only once during the course of the study period.
- Haryana Tourism Corporation has been able to register an increase of more than 904 per cent in its income during the study period (1999-2000 to 2008-09) whereas Punjab Tourism Development Corporation has seen its income declining to the extent of nearly 88 per cent in the same period.
- The state of Haryana has apparently taken the tourism development in the right earnest right from the beginning where as the state of Punjab has been found wanting on that. This is evident from the fact that Haryana incorporated the state tourism development corporation in the very first year of its existence (Haryana was made a separate state in the year 1966) where as it took 32 long years for Punjab to finally set up state tourism development corporation (Punjab was declared a state of independent India in 1947 only).

- New product/ service development is a continuous phenomenon in HTC whereas PTDC is curtailing rather than enhancing its product lines. HTC has given a new direction to the tourism development by pioneering itself in number of tourism products and services. The prominent among these are:
  - Highway Tourism
  - Craft Tourism
  - Golf Tourism
  - Rural Tourism
  - Adventure Tourism
  - Heritage Tourism
  - Pilgrimage Tourism and so on.

PTDC, on the other hand, has confined itself to the opening of few motels in the name of tourism development many of which are now put on the radar of disinvestment.

- HTC has become a future oriented organisation as ten years agenda has been put forth by the corporation in its Tourism Policy of 2008. PTDC, on the other hand, is now bent on slowly but gradually withdrawing itself from entrepreneurial activities associated with tourism development.
- HTC has been able to manage its cost well by entering into those areas where relative cost is less but profit margins are more. This is the reason why the corporation has been able to earn profits in spite of its lower income than PTDC in the initial years of the study period. PTDC's cost meanwhile has outshined its revenue most of the times which virtually has put PTDC on the brink of a collapse.

## **CONCLUSION**

To sum up, the difference in the profitability of HTC and PTDC is largely due to the difference in their approach of developing tourism on sustained basis. Whereas, HTC is leaving no stone unturned in adding innovative tourism products and managing existing products in its portfolio, PTDC is the story of gifting one's property for being not been able to manage the same. All is not yet lost for PTDC. It must take a leaf out of the coffin of HTC.

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## **ANNEXURE**

***Table 1: Income of PTDC and HTC (Rs. Lacs)***

YEAR	PTDC		HTC	
	TOTAL	PERCENT CHANGE	TOTAL	PERCENT CHANGE
1999-00	1816.94	-	1101.47	-
2000-01	2332.56	28.37	1356.81	23.18
2001-02	2450.84	5.07	1396.62	2.93
2002-03	2247.03	(-)8.31	1326.57	(-)5.01
2003-04	2094.34	(-)6.80	1115.76	(-)15.89
2004-05	2292.74	9.47	1238.98	11.04
2005-06	196.04	(-)91.44	1492.80	20.48
2006-07	220.08	12.26	1622.44	8.68
2007-08	N.A		4288.84	164.34
2008-09	N.A		11065.81	158.01

Source:Compiled from annual reports of PTDC & HTC,1999-00 to 2006-07

**TABLE 2: NET PROFIT/LOSS OF PTDC & HTC (Rs Lacs)**

YEAR	PTDC		HTC	
	TOTAL	PERCENT CHANGE	TOTAL	PERCENT CHANGE
1999-00	(-)32.30	-	(-)11.19	-
2000-01	(-)81.89	153.52	(-)13.51	(-) 20.73
2001-02	(-)294.75	259.93	4.40	407.05
2002-03	(-)156.26	(-)46.98	12.45	182.95
2003-04	(-)104.89	(-)32.89	9.39	(-)24.57
2004-05	(-)121.42	15.75	13.87	47.71
2005-06	55.44	(-)145.65	29.01	109.15
2006-07	(-)12.49	(-)122.52	32.25	11.16
2007-08	N.A		78.78	144.27
2008-09	N.A		141.22	79.25

Source: Compiled from annual reports of PTDC & HTC, 1999-00 to 2006-

