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# ECONOMICAL COMPETENCE OF INDIA TOURISM DEVELOPMENT CORPORATION

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## ***Abstract***

*Tourism is one of India's major service sector, leading about 9.6 percent to gross domestic output and is the country's third major source of income exchange revenue. In 1986, this segment was authorized as an industry by the Indian government and subjected to several opportunities as well as facilities such as tax breaks, subsidies, etc. In addition, the tourism industry in 1991 was also declared a priority field for foreign investment. Consequently, it is necessary to examine this company's operational activities and financial soundness. The present review is an attempt to analyze the evaluate performance of ITDC over various years in terms of both its financial output and operational activities. The results indicated that the efficiency and results of operations of this company were adequate over the study period. The study also indicates that the ITDC is doing well in maintaining and upgrading the tourism systems and services the requisite facilities for national and international tourists.*

**Keywords:** *Financial performance, Tourism, ITDC Hotels, Restaurants, Profitability.*

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## **I. INTRODUCTION**

An significant part of human life is expressed in tourism. It is a term that involves shifting people within their own country or across national borders for a brief period of time. Since time immemorial the man's appetite for travel has increased. This opens up horizons that foster relations between different cultures and countries. In essence, tourism requires three things, namely, man, space and time. Tourism is a major driver of economic development and an effective tool for job creation, earning income and foreign exchange, optimizing the environment, maintaining culture and heritage, boosting national GDP and improving the balance of payments of the country [1]. It will ensure economic growth in a sustainable way by achieving competitiveness with equity.

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Economic diversification and technological growth have created a favorable climate for the tourism industry in the current era of globalization.

In many destinations around the world, tourism is recognized as a major economic contributor, adding value to foreign exchange while also supporting the export sectors and promoting and sustaining environmental, financial, cultural and historical resources. In fixing the balance of payments, supplying the required financial instruments for the technological equipment used throughout the development process, rising employment and contributing to economic growth, foreign tourism initiatives hold the rightful position. The tourism sector generates jobs opportunities for the government's younger generation [2]. The travel and tourism industry has been one of the biggest industries in the world with over US\$ 8.6 trillion in global economic contribution in 2017. Global income from tourism exceeded 1.26 trillion in 2018.

In India, the tourism industry produced a total of US\$ 209.9 billion to GDP in 2018, representing approximately 9.7% of India's total GDP, and expected to rise at an annual rate of 6.8% to 10%. Competitiveness study on entrepreneurship for the year 2018 rated India 40th out of 136 countries [3]. It holds tremendous potential for India's economy, which eventually gives other industries impetus. This is the main reason why tourism is one of the core industries in India today. India is a country of geographic and atmospheric diversification where a number of tourist spots stretch from vast mountain ranges, northern hill stations to the sea shore and southern Ghats, along with stunning western desserts and world-wide heritage sites. It makes the area a year-round tourist destination.

As this sector is one of the major contributors to national revenue, the Government of India is also concerned with sustaining and improving the tourist destination of the country. In India, there are numerous travel and tourism companies operating to sustain and develop the tourism industry in the region. ITDC is a major player in the growth and development of tourism infrastructure and the provision of the necessary facilities for tourists in the country.. ITDC Ltd is a tourist public sector company engaged in the maintenance and development of tourist attractions in various areas and providing tourist facilities in the country [4].

ITDC primarily engages in the construction as well as management of hotels, motels, restaurants, tourist bungalows, guest houses, beaches, resorts and offers tourist transport facilities. Since its inception the company has been operating effectively and efficiently in all its business areas. Financial efficiency describes the overall quality of the service, operating performance, customer retention, a business concern's technical capability to earn. Financial efficiency analysis follows the approaches used to analyze and interpret the effects of past performance as well as current financial situation as they relate to the common factors of importance in investment and other relevant decisions made by the stakeholders involved and the government [5].

## II. INDIA TOURISM DEVELOPMENT CORPORATION (ITDC): AN OVERVIEW

India Tourism Development Corporation Limited (ITDC) has been established in 1966 under the Ministry of Tourism, Government of India, in New Delhi, as a public sector company. It plays a considerable role in the country's tourism infrastructure growth. The Corporation is a multifunctional company that primarily deals with various hospitality sector divisions in India as well as represents Indian Hospitality sector abroad [6]. It was appointed by the Government of India as 'fastest rising mini ratna public sector Company' in 2015. The Ashok brand was founded and owned by ITDC and operates 15 properties underneath the Ashok Brand, Pan India [7]. ITDC's main objective is to be the leader but catalyst in advancing the hospitality sector in India and to allow the tourism sector to achieve the ultimate differentiation in the chosen field by developing skilled, effective, value-for-money centers and offering customer-centric services.

In the country's progressive development, tourism promotion and expansion, ITDC is the prime mover. It provides various services such as facilities related to tourism, transportation, duty-free stores, entertainment, development of tourism advertisement literature, consultancy services. In addition to offering transportation services, the organization operates hotels and restaurants for visitors in different locations. It also contributes to the creation, distribution and selling of tourist advertisement literature and provides entertainment and duty free shopping facilities [8]. The corporation's Ashok Institute of Hospitality as well as Tourism Management offers tourism and hospitality training and education. ITDC currently has a network of eight Hotel Ashok Companies, five Joint Venture Hotels, one Restaurant, 11 Transport Units, nine Duty Free Shops at airports and seaports, as well as two Sound & Light Shows. ITDC also manages a hotel as well as a restaurant, and manages catering services at different locations throughout the country [9].

### A. Functions of ITDC:

- i. Development and development of Indian tourist infrastructure.
- ii. The planning, execution and promotion of initiatives related to tourism and staff training.
- iii. Customers who are the backbone of any business venture should receive more than the value of their money, so that they are happy and return for more.
- iv. Building new hotels and other related hospitality units, maintaining existing ones and taking over those hotels, motels, resorts, lodges and restaurants which are not doing well.
- v. Travel, entertainment, shopping, conferences and meetings services etc.
- vi. Country- and overseas tourism related projects consultancy and management.
- vii. Official money exchange visitor facilities.

### B. Objectives Of The Study:

The main aim of this study is to assess Indian Tourism Development Corporation (ITDC)'s organizational activities as well as financial performance.

- i. Evaluating the operating performance of ITDC Ltd.
- ii. Analyzing the competitiveness of ITDC Ltd.
- iii. Assessment of ITDC Ltd financial soundness.

### III. METHODOLOGY

- 1. Character of The Study:** The present research is analytical in character and is concerned with ITDC's evaluation of organizational activities and financial soundness.
- 2. Nature and Data Sources:** Secondary data considered for the study taken from the Indian Tourism Development Corporation (ITDC) reported annual reports. Also collected the other related information from Journals, Magazines, Newspapers and Internet sources.
- 3. Project Tenure:** The project will be performed for just five years, from 2012-13 to 2016-17.
- 4. Tools Used For The Study:** Correlation and the normal least square regression approach used for the function of analysis. For a better understanding of the ITDC results, tabular and graphical data presentation has also been provided.
- 5. Variables Used For Analysis:** gross sales, net income, profit before tax, and profit after tax, earnings per share and dividend per share of ITDC were taken into account for the purpose of study [10].

### IV. CONCLUSION

India is a developing country facing multiple challenges, such as poverty, the burden of external debt, the lack of infrastructure and unemployment, which would obstruct its development path, and tourism is undoubtedly one of the best solutions to all of these challenges. One of the key contributors to the economic development of the country is the tourism sector. Thus, under the Department of Tourism, ITDC Ltd was established to promote the tourism industry in India. There is no question that ITDC is on Indian tourism's fourth front, building infrastructure for hotels, beach resorts, travel agencies, car rental services, convention facilities and conference facilities nationwide. The study concludes that ITDC is an emerging tourism industry business, and that its success is that day by day. In the Indian tourism industry segment, it has done a significant job. Since its beginning, it has emerged as the quickest increasing 'Mini Ratna'. Its diversification activities have taken India's tourism company to a new level, which is on track to increase its progress in the coming years with the growing speed of development and therefore will eventually

become, with the aid of ITDC Ltd., the greatest contributor to job creation. But after reviewing and evaluating the data during the study period it is clear that its financial output is poor like other public sector units. The government will need to take measures to boost its efficiency.

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