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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS
- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES
- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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WEBSITES
- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

A CRITICAL EVALUATION OF FINANCIAL PERFORMANCE OF RAJASTHAN TOURISM: A CASE STUDY OF RAJASTHAN TOURISM DEVELOPMENT CORPORATION

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ABSTRACT

The financial analysis is a powerful technique to analyze a Corporation's performance and financial strength. Financial statements communicate its users how business has prospered under the leadership of the management. Financial ratios' are widely used technique to evaluate the financial performance of organizations in terms of its liquidity, solvency, efficiency and profitability. Rajasthan Tourism Development Corporation has enjoyed financial backup with largest infrastructure network and facilities provided by state government. Rajasthan Tourism Development Corporation Ltd (RTDC) could not commercialize its touristic product to the maximum extent in the state. Despite of large network of hotels, motels and midways, it could not generate substantial return on investment. Many RTDC owned properties are either given on lease or some are even on the verge of sale. It has made innovative attempts to supplement source of income by introducing Rajasthan Royal on Wheels. Therefore, the present research attempts to examine the financial performance of RTDC by using popularly used tool of analysis –Ratio Analysis and Karl Pearson Correlation. This study attempts to analyze the financial statements of RTDC for the period of 10 years (2001 to 2010). Financial Ratio Analysis has been used to assess profitability and risk, current and future, from the viewpoint of lenders, investors, and other transactions with the Corporation. The presence of sever competition with private sector has created survival challenge in front of RTDC.

KEYWORDS
Financial performance, Karl Pearson, Rajasthan Tourism Development Corporation, Ratio Analysis.

INTRODUCTION
Financial statements provide information about the financial performance and changes in financial position of the corporation. It is useful to a wide range of users in making economic decisions. On the basis of the information provided in the financial statements, we can make a review of the corporation progress and decide future course of action. Financial statements make known how a business has prospered under the leadership to its management personnel. The analysis of financial statements is done to examine the financial position. Ratio analysis is a widely used technique for financial analysis. Financial Ratio Analysis has been used to assess profitability and risk, current and future, from the viewpoint of lenders, investors, and other transactions with the corporation. Ratios vary depending on the trading conditions. The Economic conditions during the periods covered by the accounts being analyzed is an important consideration. The Rajasthan Tourism Development Corporation Ltd. (RTDC) was incorporated as a wholly owned state government enterprise. The presence of sever competition with private sector has created survival challenge in front of RTDC. It has made innovative attempts to augment source of income and financial figures by introducing popular Rajasthan Royal on Wheels. The corporation has its hotel units spread in all Rajasthan State. Of late, Rajasthan has a tremendous growth in tourist arrivals. We examine the correlation between tourist's occupancy in RTDC hotel units and its income by Karl Pearson coefficient.

REVIEW OF RELATED STUDIES
To review the status of research and development in the subject, no significant work has been done so far in any part of globe. R. K. Malhotra (1997) discussed coach tours provided by RTDC and Vimla Pokharna (1997) introduces Rajasthan tourism. Her work was based on the growth performance of tourism in Rajasthan and its sustainability. The work of Krishnan (1997) deals with festivals celebrated by RTDC. Later on, A. K. Raina and Dr. S. K. Agarwal (2004) discussed role of Rajasthan Tourism Development Corporation and functions of the Corporation. Later on, A. K. Raina (2005) stressed on the tourism promotional measures and discussed the operational aspects of the Corporation. Bruce Prideaux and Chris Cooper (2002) examine the relationship between destination growth and destination marketing by investigating the relationship between destination marketing organizations and local government authorities. Harsha E Chacko (2002) describes the different aspects of the positioning tourism destination process. Amitabh Kant (2003) takes us through a journey to discover a branding idea for India probably the biggest brand in the world. Michael Grosspietsch (2005) examines whether there is any evidence that tourism actually constitutes one of the potential reasons that lead to terrorist activities. V Partha Sarathy (2006) gives a perspective of religious tourism with respect to Hinduism, Buddhism, Islam, Christianity, Sikhism, and Jainism.

Subhasis Ray and Amit Teckchandani (2008) evaluate the Indian hotel industry's current strengths, weaknesses, opportunities, and threats keeping in view the growth potential and competition from international players such as Amanda, Satinwoods, Banana Tree, Hampton Inns, Hilton, and Mandarin Oriental. The foregoing comprehensive review of literature on RTDC, it peters out that very few researches are found to be relevant. However, there is a dearth of research studies on the occupancy in RTDC hotels. The present study is an endeavor to present the tourist profile occupancy in its hotels.

NEED OF THE STUDY
Considering the potentiality for tourism development in the state, the Government of Rajasthan has set up the Rajasthan Tourism Development Corporation to develop the tourism sector on commercial basis. For such a highly dynamic and sensitive sector of economy, an appropriate and reliable information base is indispensable. The RTDC is still not properly equipped with necessary literature and information to help research scholar in his research work. Even information on various aspects of travel of the tourists, their perception, and expectations are not yet properly maintained by the Department of Tourism, which stands as a great barrier in carrying out any systematic study on this sector.

Whenever approached for getting an overall picture of the status of tourism in the state, the Department of Tourism generally provides the records of tourist arrivals, its achievements, information of participation in fair & festivals, and introductory information of RTDC. It is not enough. This only indicates whether the tourist trend is growing or declining in the state. What are more important to understand include financial management of the corporation, income according to the increase number in tourist arrival in RTDC hotel units as well as in the state of Rajasthan.

Without this basic information, it is not at all possible to visualize the problems faced by the public sector undertakings. Due to this, it is felt that financial performance of RTDC needs to be studied. In the present study, an attempt has been made to investigate the financial performance of the Corporation.

OBJECTIVES OF THE STUDY

The primary objective of this study is to examine the financial performance of Rajasthan Tourism Development Corporation. Secondary objectives are identified to corroborate the primary objective are as follows.

1. To gain a consideration of organized efforts for tourism promotion in Rajasthan.
2. To obtain a review of tourism projects and initiatives in Rajasthan.
3. To determine the future strategy for tourism development in Rajasthan.
4. To provide recommendation on the promotion of tourism in Rajasthan.

HYPOTHESES OF THE STUDY

1. There is a positive relationship between arrivals of tourist in RTDC accommodations and income.
2. The Corporation is not able to gain profit through accommodation and catering.
3. The Corporation is failure to manage its working capital.

METHODOLOGY

The study is based on secondary data. The data for the analysis was collected from the published annual reports of RTDC. A study period 10 years from 2001 to 2010 was chosen. The study was conducted in scientific manner with careful planning. It was planned in four steps in which subject of research work was selected, Data was collected & analyzed, hypotheses were tested for significance, and finally the findings were summarized and suggestions were provided.

Secondary sources include published and unpublished sources. Published sources are newspapers, reports of WTO, ITDC, and official publications of national and international tourism bodies including Central and State Governments. Unpublished sources viz., the records maintained by the Government and private hotels, studies undertaken by research institutions, scholars, executives, and economists have served the purpose.

The research has been based on a large number of information's sources. The inputs for the research collected from secondary information sources. The secondary data research aims firstly at defining the terms related to the research and secondly exposes the different points of view of experts about tourism.

Administrative officers of RTDC and Department of Tourism, Rajasthan were interacted to collect detailed information pertaining to research work. Secondary data were collected from sources like in house database: available published material and reports from the Department of Tourism, Rajasthan, Ministry of Tourism, India & other Government departments, agencies, associations, and internet search. Various tourism points were visited with the objective to find the occupancy in RTDC hotels. During personal visits to the RTDC units, many difficulties arise. Administrative officers of these units do not want to share any information regarding number of arrival tourists, from where tourists are coming in RTDC units, and occupancy. We had to depend upon the secondary sources of data. The findings drawn out of this study are the obvious outcomes of the data and information collected from the study area.

RESEARCH ANALYSIS AND RESULTS

LIQUIDITY POSITION OF THE CORPORATION

The current ratio is a financial ratio that measures whether or not a firm has enough resources to pay its debts over the next 12 months. It compares a firm's current assets to its current liabilities. It is expressed as follows:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Libilities}}$$

For analyzing the liquidity position of RTDC, current ratio has been calculated as an analysis of this ratio shows that RTDC maintaining approximately one current ratio which seems to be less than the usual practice of maintaining 2:1 ratio. For most industrial companies, 1.5 is an acceptable current ratio. As the number, approaches or falls below one that means the corporation has a negative working capital. It can be seen clearly in both Table 1.1 and Figure 1.1.

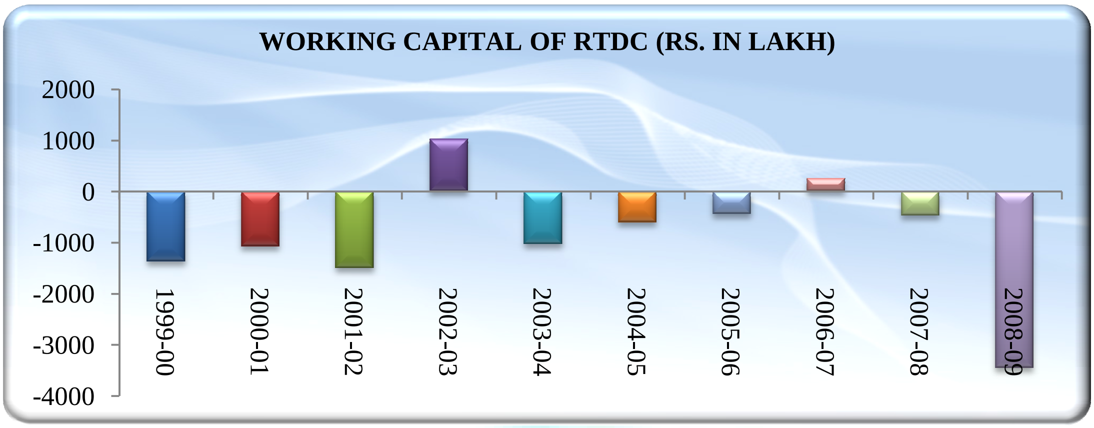
Working capital is a measurement of current assets after subtracting current liabilities. Sometimes referred to as operating capital, it is a valuation of the amount of liquidity of an organization for the running of the business. Companies with higher amounts of working capital are better positioned for success. They have the liquid assets needed to expand their business operations as desired. Working capital can be expressed as a positive or negative number. When a company has more debts than current assets, it has negative working capital. When current assets outweigh debts, a company has positive working capital. Negative working capital means that a company currently is unable to meet its short-term liabilities with its current assets. If a company's current assets do not exceed its current liabilities, then it may run into trouble paying back creditors in the short term. Working capital also gives investors an idea of the company's underlying operational efficiency. Positive working capital is required to ensure that a firm is able to continue its operations and that it has sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses.

TABLE 1.1: WORKING CAPITAL

Year	Working Capital (Rs. in lakh)
1999-00	-1369.15
2000-01	-1076.01
2001-02	-1501.86
2002-03	1026.87
2003-04	-1033.24
2004-05	-607.56
2005-06	-443.72
2006-07	254.80
2007-08	-474.80
2008-09	-3452.65

Source: Annual Accounts of RTDC from 1999-00 to 2008-09, RTDC

FIGURE 1.1



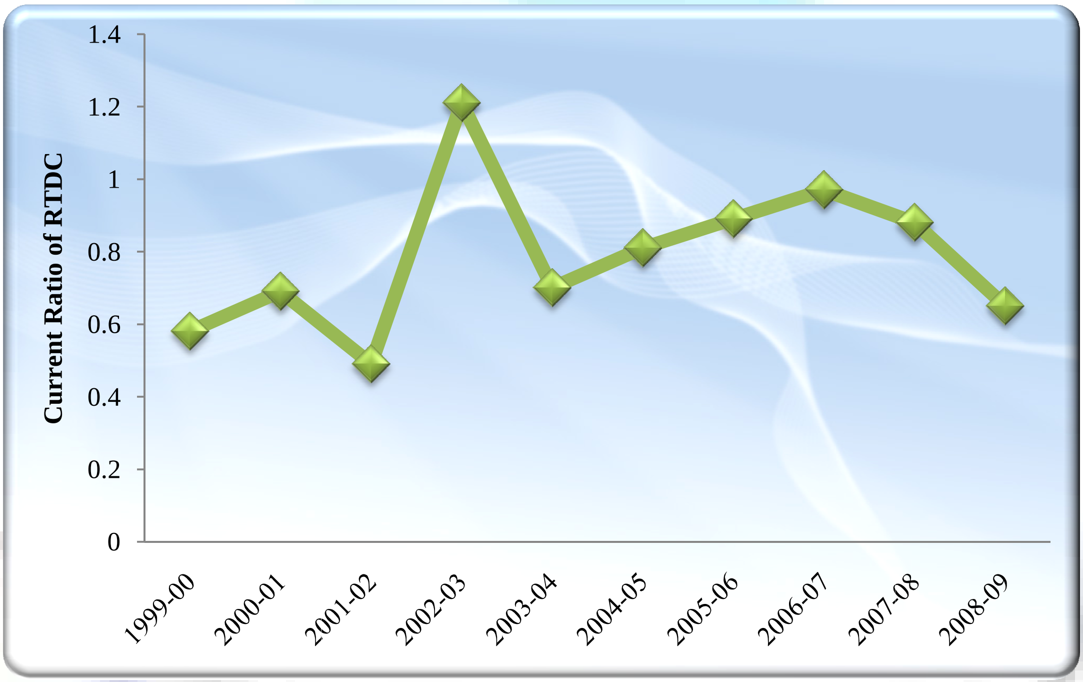
The fluctuations in current ratio are too much, which is not a healthy sign. Except 2002-03, current liabilities exceed current assets. It indicates that corporation had difficulty meeting current obligations. Current ratio gives an idea of the corporation's ability to pay back its short – term liabilities with its short-term assets. This can be seen clearly from both Table-1.2 and Figure-1.2.

TABLE 1.2: CURRENT RATIO

Year	Current Assests (Rs. in lakh)	Current Liabilities (Rs in lakh)	Current Ratio
1999-00	2133.84	3689.44	0.58:1
2000-01	2825.35	4105.30	0.69:1
2001-02	1707.40	3452.09	0.49:1
2002-03	4350.07	3582.78	1.21:1
2003-04	3198.46	4529.32	0.70:1
2004-05	4180.41	5134.55	0.81:1
2005-06	7290.81	8130.09	0.89:1
2006-07	7918.79	8111.18	0.97:1
2007-08	7052.54	8019.81	0.88:1
2008-09	5238.30	8053.98	0.65:1

Source: Annual Accounts of RTDC from 1999-00 to 2008-09, RTDC

FIGURE 1.2: CURRENT RATIO OF RTDC



The current ratio under one suggests that the corporation would be unable to pay off its obligations if they came due at that point. Such as darkness has surrounded Galta Temple, as the electricity board has cut off the connections of seven high mast pillar lights in the temple premises due to non-payment of bill amounting to Rs. 93 thousand by the Rajasthan Tourism Development Corporation.[1] The Temple gets thousands of devotes during the period for 'Karthik snaan'. The absence of proper lighting is posing difficulty for tourists. While this shows the corporation is not in good financial health, it does not necessarily mean that it will go bankrupt - as there are many ways to access financing - but it is definitely not a good sign.

The current ratio can give a sense of the efficiency of a corporation's operating cycle or its ability to turn its product into cash. Companies that have trouble being paid on their receivables or have long inventory turnover can run into liquidity problems because they are unable to lighten their obligations. RTDC is a sick unit as definitions of sickness have been provided by RBI. The Reserve Bank of India defined a sick unit as "One which has incurred cash losses for one year and, in the judgment of the financing bank, is likely to incur cash losses for the current as well as the following year and /or there is an imbalance in the unit's financial structure, that is, current ratio is less than 1:1 and debt / equity ratio (total outside liabilities as a ratio of net worth) is worsening"[2]

The Quick ratio is the ratio between quick current assets and current liabilities and is calculated by dividing the quick current assets (excluding inventories and other current assets[3)] by the current liabilities excluding provisions.

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Libilities}}$$

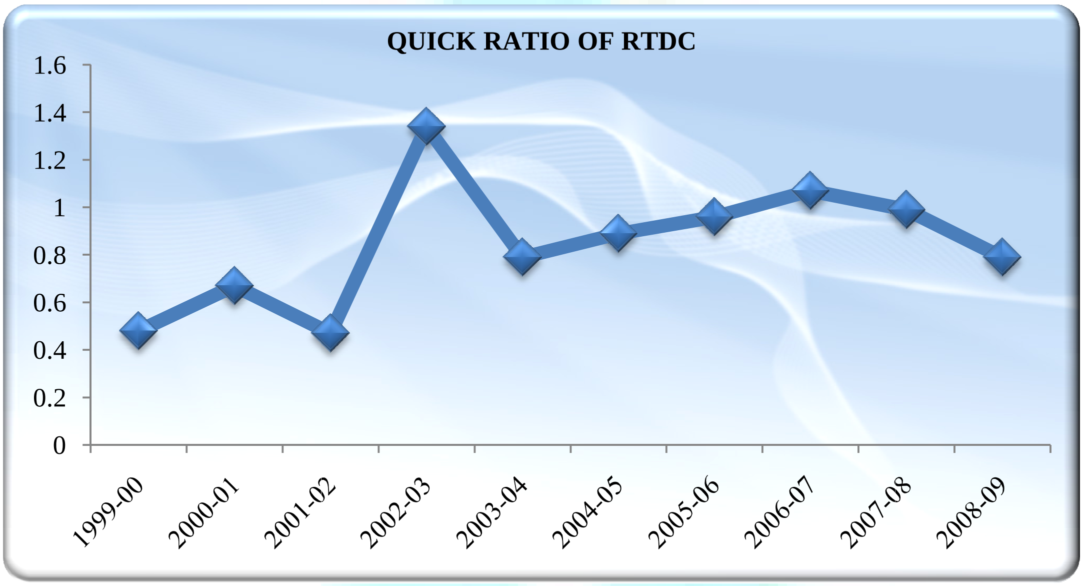
The term quick assets refer to current assets, which can be converted into cash immediately. An analysis of Quick Ratio from the year 1999-00 to 2008-09 shows, presented in both Table- 1.3 and Figure-1.3, that the RTDC is maintaining heavy cash and bank balances. In most of the years, the Quick ratio was above benchmark of 0.5 and approximately 01, which is an indication of poor cash management.

TABLE 1.3: QUICK RATIO

Year	Quick Assets (Rs. in lakh)	Current Liabilities (Rs. in lakh)	Quick Ratio
1999-00	1538.70	3179.18	0.48:1
2000-01	2395.19	3549.20	0.67:1
2001-02	1354.82	2853.03	0.47:1
2002-03	3987.60	2959.66	1.34:1
2003-04	3038.96	3818.00	0.79:1
2004-05	4037.46	4491.70	0.89:1
2005-06	7131.22	7373.32	0.96:1
2006-07	7695.92	7175.37	1.07:1
2007-08	6882.78	6933.27	0.99:1
2008-09	5036.77	6358.37	0.79:1

Source: Annual Accounts of RTDC from 1999-00 to 2008-09, RTDC

FIGURE-1.3



The quick ratio was below one from the year 1999-00 to the year 2001-02. It increased in the year 2002-03 and again declined in subsequent year 2003-04. In case of uncertainty of cash requirements, the RTDC may consider parking of cash funds in marketable securities like treasury bills resulting at least nominal returns.

DEBT SERVICE COVERAGE RATIO ANALYSIS

The sixth performance measurement is known as the debt service coverage ratio.[4] The 'Debt Service Coverage Ratio' (DSCR) is the ratio of cash available for debt servicing to interest, principal, and lease payments. It is a popular benchmark used in the measurement of an entity's corporation ability to produce enough cash to cover its debt (including lease) payments. The higher this ratio is, the easier it is to obtain a loan.[5] It is expressed as follows:

$$DSCR = \frac{\text{Profit before Interest and tax}}{\text{Interest}}$$

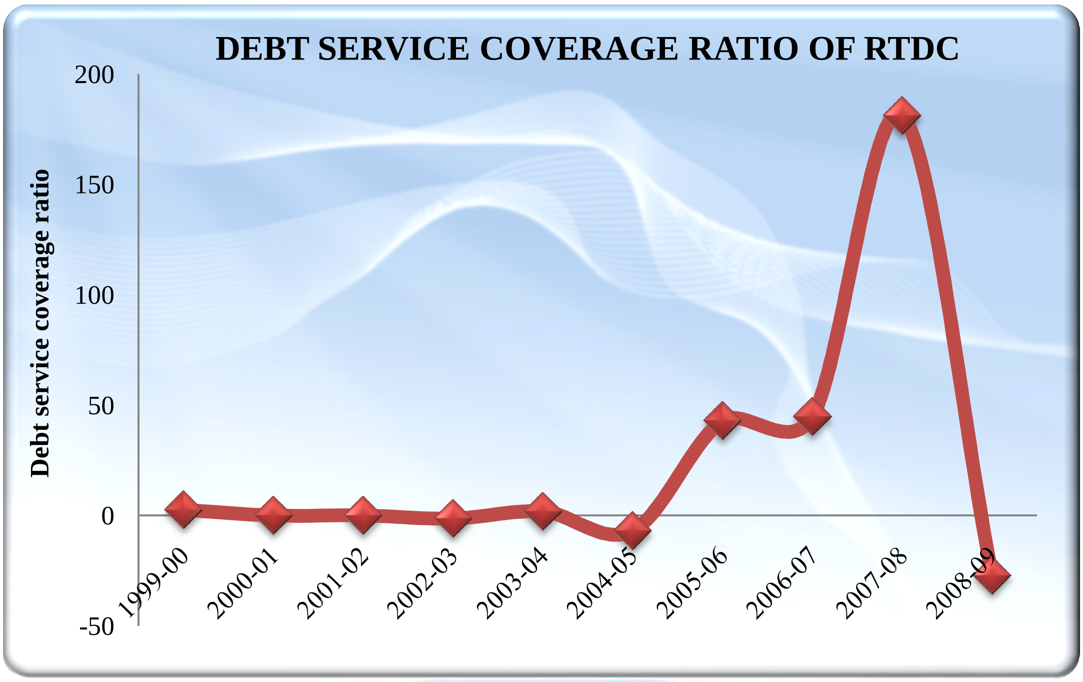
TABLE 1.4: DEBT SERVICE COVERAGE RATIO

Year	Profit before Interest and Tax (Rs. in lakh)	Interest (Rs. in lakh)	Debt Service Coverage Ratio
1999-00	202.91	79.57	2.55
2000-01	255.94	0	0
2001-02	-346.45	0	0
2002-03	-94.10	68.10	-1.39
2003-04	322.11	175.64	1.83
2004-05	-52.13	7.47	-6.97
2005-06	219.75	4.98	42.94
2006-07	111.65	2.49	44.78
2007-08	19.39	0.10	181.1
2008-09	-927.54	33.99	-27.17

Source: Annual Accounts of RTDC from 1999-00 to 2008-09, RTDC

After 2005, DSCR indicates that corporation was generating sufficient cash flow to pay its debts. It can be seen clearly in both Figure- 1.4 and Table 1.4. It is very important from the lender's point of view. In 2008, DCSR assures the lenders a regular and periodical interest income. During ten years, **'Debt Service Coverage Ratio'** in financial year 2005-06, 2006-07, and 2007-08 was high. It shows the property was generating enough income to pay the debt obligations.

FIGURE 1.4



In 2008-09, DSCR is a cause for concern because it indicates that corporation's cash flow was negative. It created problems to the financial manager in raising funds from debts sources. It signals a net operating loss based on the debt structure. During 2000-01 and 2001-02, DSCR is zero due to no interest was paid to long-term debtors.

PROFITABILITY POSITION OF THE CORPORATION

Profitability ratios compare components of income with sales. Profitability ratios indicate the firm's ability to generate returns on its sales, assets, and equity. 'Profitability ratios measure the success of the firm in earning a net return on its operations. Profit is an important objective of cooperation, so poor performance indicates a basic failure that, if not corrected, would probably result in the firm going out of business.'[6]

The ratio of Gross Profit to sales should be relatively constant for a business and the industry, irrespective of fluctuations in the net profit ratio. If gross profit margin has been decreasing over time, it may mean that stock control needs to be examined and improved, or that selling prices are not increasing in line with the costs of the goods. It is calculating as follows:

$$Gross\ Profit\ Margin\ Ratio = \frac{Gross\ Profit}{Net\ Sales} \times 100$$

This ratio indicates the firm's ability to control operating expenses relative to sales. The gross profit is the profit made on sale of goods. It is the profit on turnover. In the year 1999-00, the gross profit ratio is 2.22% as shown in Table 1.5. It has increased to 5.11% in the year 2000-2001 due to decrease in cost of goods sold without corresponding decrease in sales. However, the gross profit ratio decreased to 6.95% in the year 2001-02. It is further declined to 3.22% in the year 2002-03 due to high cost of purchases & overheads. Although the gross profit ratio is declined during the year 2001-02 to 2002-03, the net sales and gross profit is increased from the year 2001-02 to 2002-03. The ratio increased to 2.51% in the year 2003-04. It declined to 2.03% in subsequent year. It is seen that the lowest Gross Profit Ratio is -20.11% in the year 2008-09 over ten years. The Gross Profit Ratio of the Corporation is in decreasing order as can be seen in Figure 1.5.

The Net profit margin, a widely used measure of a company's profitability, is calculated as the firm's net income after taxes divided by net sales. This ratio represents how much of each sale rupee is left for the owner after all costs have been met. It is calculated as:

$$\text{Net Profit Margin Ratio} = \frac{Net\ Profit}{Net\ Sales} \times 100$$

In addition to considering operating expenses, this ratio also indicates the ability to earn a return after meeting interest and tax obligations. The net profit ratio of the Corporation is declining in almost years. From this ratio of 10 year, it has been observed that from 1999-00 to 2000-01 the net profit is increased by 61.21% while sales are decreased by 9.65%. Therefore, net profit margin ratio is increased to 3.62% in the year 2000-01 from 2.03% in 1999-00. It declined subsequent two years. Further, it increased to 6.79% in the year 2003-04. As shown in Figure 1.5, the Ratio was lowest in the year 2008-09 due to unsuccessful in controlling the expenses i.e. operating & other expenses. Profitability ratio of the Corporation shows considerable decrease. It is a clear index of uncontrolled cost, managerial inefficiency, and sales demotion over ten years.

TABLE 1.5: PROFITABILITY RATIOS OF THE CORPORATION

Year	Gross profit margin (%)	Net Profit (Rs.in lakh)	Net profit margin (%)	Return on total assets (%)	Return on Capital Employed Ratio (%)
1999-00	2.22	112.53	2.03	2.19	5
2000-01	5.11	181.41	3.62	3.27	8
2001-02	-6.95	-366.65	-0.07	-7.51	-19
2002-03	-3.22	-86.16	-1.70	-1.14	-02
2003-04	2.51	395.79	6.79	6.43	18
2004-05	-2.03	87.67	2.89	1.03	03
2005-06	6.18	225.45	6.49	2.23	08
2006-07	2.57	34.63	0.81	0.31	0.9
2007-08	0.42	5.08	0.11	0.04	0.1
2008-09	-20.11	-836.14	-17.56	-7.19	-27

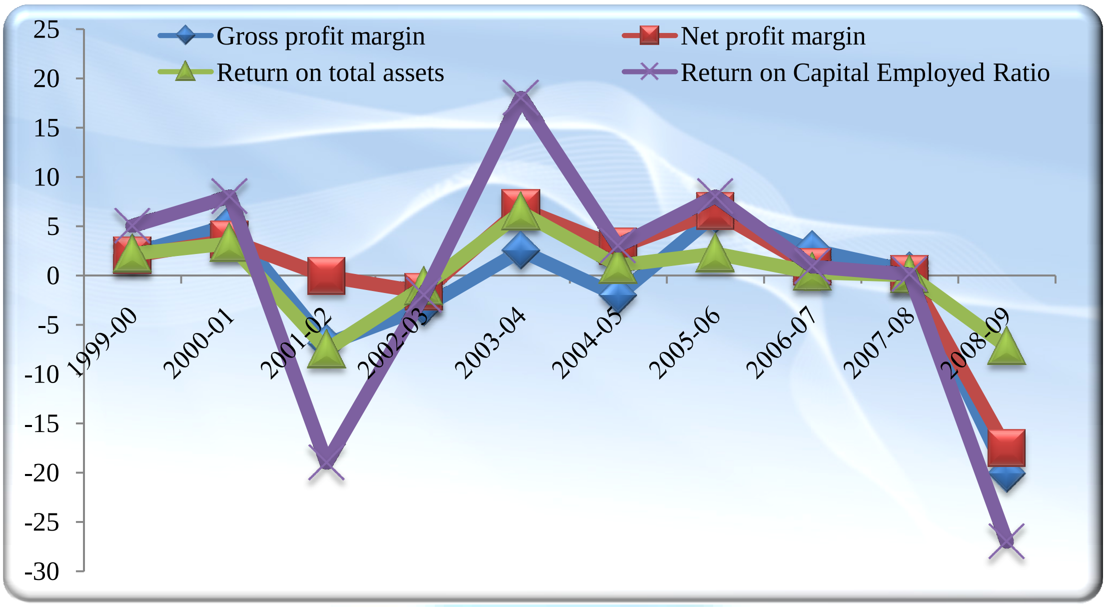
Source: Annual Accounts of RTDC from 1999-00 to 2008-09, RTDC

Return on total assets is measured as the firm's net profit divided by total assets. A high return on total assets can be a result of a high profit margin, a rapid turnover of assets, or a combination of both. It is calculated as:

$$\text{Return on Total Assets} = \frac{Net\ Profit}{Total\ Assets} \times 100$$

As shown in Table 1.5, the Net profit margin ratio is high but the return on total assets is poor from 2000 to 2008 except the financial year 1999-2000 and 2008-09. It can be seen in Figure 1.5; the red line indicating net profit margin either is above or touches the green line indicating return on total assets. "This occurs when the firm has excess operating capacity and consequently a high level of non-performing fixed assets."[7] The Corporation sustained losses consistently in its main activities of providing accommodation and catering to tourists. It was observed that some RTDC hotels incurred losses continuously in each of the ten years up to 2009 due to low occupancy and disproportionate establishment cost. It was found establishment was a major cost constituent of fixed cost.

FIGURE 1.5: PROFITABILITY RATIOS OF THE CORPORATION



The Return on Capital Employed ratio (ROCE) tells us how much profit we earn from the investments the shareholders have made in their company. ROCE is one of the most important ratios that can be used to assess corporate profitability.

$$\mathrm{ROCE} = \frac{Net\ Profit}{Capital\ Employed} \times 100$$

Where, Capital employed represents net fixed assets plus Capital work in progress and capital goods lying in stores plus working capital less provision of gratuity. It is expressed as a percentage and can be very revealing about the industry a company operates in, the skills of the management and occasionally the general business climate. It is not always true, but as a rule, a firm with a high return on capital employed will probably be a very profitable business.

In the year 1999-00, the return on capital employed of Rs. 5 indicates that net return of Rs.5 is earned on a capital employed of Rs.100. The return on capital employed is declined, i.e. from 8% to -19% in the year 2001-02. All of sudden in 2003-04 the return on capital employed increased from -2% in the year 2002-03 to 18% in the year 2003-04 as highest return over ten years as shown in Figure 1.5. This indicates a very high profitability on each rupee of investment & has a great scope to attract large amount of fresh fund. After this phenomenal increase, the ratios were in decreasing order in subsequent years up to 2008-09. This indicates that the Corporation could not earn profit from investment. The profits earned during 1999-2009 were mainly because of income from beer trade and from the share received on sale of tickets for Palace on Wheels and RRoW. The book profit was not a true indicator of the performance of the Corporation because beer trade was not a core activity of the Corporation. In its main activities of providing accommodation and catering to tourists, the Corporation sustained losses consistently due to setting up of certain hotels (such as **Chirmi** at Churu) at unsuitable locations, inadequate publicity, and unable to meet competition from private hoteliers.

CORRELATION BETWEEN TOURIST ARRIVAL AND INCOME

The intensity of the correlation is expressed by a number called the coefficient of correlation, which is almost denoted by the letter r. Correlation is often used as a descriptive tool in non-experimental research. We say that two measures are correlated if they have something in common.

The formula specification is:

$$r = \frac{\sum xy}{\sqrt{\sum x^2 \times -\sum y^2}}$$

Where,

r = Karl Pearson's Coefficient of Correlation

$\sum xy$ = Sum of the products of respective deviations of x and y series from their means

X = Tourist Arrival in RTDC Hotels

Y = Operating Income of RTDC

$\sum x^2$ = sum of the square of deviation of x from mean

$\sum y^2$ = sum of the square of deviation of y from mean

TABLE 1.6: CORRELATION BETWEEN TOURIST ARRIVALS AND INCOME IN RTDC

Year	X	$x-\bar{x}$	X^2	y	$y-\bar{Y}$	y^2	XY
1999-00	1.76	-0.02	0.0004	5542.47	903.2	815770	-18.06
2000-01	1.57	-0.21	0.0441	5007.40	368.13	135519	-77.30
2001-02	1.38	-0.40	0.1600	4984.79	345.52	119384	-138.20
2002-03	1.47	-0.31	0.0961	5048.39	409.12	167379	-126.82
2003-04	1.49	-0.29	0.0841	5823.23	1183.96	1401761	-343.34
2004-05	1.78	0	0	2924.31	-1714.96	2941087	0
2005-06	2.07	0.29	0.0841	3471.04	-1168.23	1364761	-338.78
2006-07	2.11	0.33	0.1089	4242.03	-397.24	157799	-131.08
2007-08	2.21	0.43	0.1849	4587.63	-51.64	2666	-22.20
2008-09	2.05	0.27	0.0729	4761.48	122.21	14935	32.99
Total	**17.89** $\bar{X}$ **= 1.78**		$\sum X^2$= **0.8355**	**46392.77** $\bar{Y}$ **= 4639.27**		$\sum y^2$= **7121065**	$\sum XY$= **-1162.79**

Source: Annual Accounts of RTDC from 1999-00 to 2008-09, RTDC

By substituting the values in the formula, we get

$$r = \frac{-1162.79}{\sqrt{0.8355 \times 7121065}} = -0.47$$

In the Corporation, the correlation between tourist arrivals and operating income is a statistical measure of the relationship between the growth of tourist arrivals and income as given in Table- 1.6. This relationship, which is expressed by what is known as the correlation coefficient, is -0.47 as computed by Karl Pearson's Coefficient of Correlation formula. Moderate degree negative correlation was found between tourist arrival in RTDC hotels and operating income. The main reason is due to discontinue beer shops in RTDC units in the year 2004. It resulted decreased in operating income after the year 2005 comparing to previous five years. It is also due to operating receipt from catering and fair & festivals dwindled from over five crore to four crore and 45 lakh to 25 lakh respectively in the year 2002. Operating income from Palace on Wheels also declined from over nine crore to four crore in the same year. The RTDC hotels were occupied by officials of various government departments, banks and border security forces, who were charged much lower than the normal tariff. An unofficial tourist feels uncomfortable with them.

Since the inception of the RTDC, no expert on tourism has been included in the Board. It is thus seen that the organizational set-up of the RTDC, which looks after all the affairs relating to tourism, is more bureaucratic than professional in structure. As tourism as an industry is becoming more and more competitive in the state as well as national contexts, it requires professional hands to gear up the Corporation to the expected level. There is a need to accommodate trained professionals and experts so that the Corporation could come up to keep pace with the changing environment.

FINDINGS

The first null hypothesis of this study 'there is a positive relationship between arrivals of tourist in RTDC accommodations and income' is rejected. The study found moderate negative relationship between arrivals of tourist and income of the Corporation. The second null hypothesis 'the Corporation is not able to gain profit through accommodation and catering' is not rejected. The study found that the Corporation mostly gains profit from beer trade. The third null hypothesis 'the Corporation is failure to manage its working capital' is not rejected. The study found that the Corporation is not able to maintain enough the corporation financial sickness has been a cause of considerable concern to the state government. The sickness is caused by unfavorable external environment and managerial deficiencies such as inadequate emphasis on research and development, poor maintenance, poor management of receivables, weak employee commitment, inadequate human resources, and wrong capital structure. This sickness did not occur overnight but developed gradually over time. The financial performance of the corporation deteriorated in recent years. Now the situation is bad because of intense competition in the marketplace. Though it has reasonably valuable assets and some good lines of business, it is mired into financial problems.

The analysis of overall financial health of the Corporation shows that the Corporation is in financial distress situation; therefore, improvement in liquidity, cost cutting, and revenue enhancement policies and efforts must be immediately done.

Profitability of RTDC has shown a zigzag behavior in profitability chart and after a steep decline in the year 2003 has now more or less stabilized as in the year 2006 and 2007. Positive Return on Investment (ROI) was observed. The Corporate trend of cost cutting may also be applied in RTDC by reducing the bonus amounts and top managements remuneration and expenses. As it was also observed that in the event of losses, a very high growth in the top management's remuneration was given.

SUGGESTIONS

Today's highly competitive and dynamic markets require corporation to do intelligent cost reduction. The cost reduction that does not hurt its existing growth potential and that does not put its future at risk. For this, corporate finance executive require extended information about current performance and about future risks and new business opportunities beyond the transparency the traditional Profit and- Loss accounts (P&L) and balance sheet delivers.

The finance manager must react by providing new analytic tools that deliver not only accurate and timely information on current financial performance, but also on its drivers across the entire business. Rolling financial and business forecasts form the foundation for dynamic performance management that helps manager and executive achieve their corporation's performance targets in a dynamic business environment.

Asset liability management is one of the prime concerns for the finance manager. Ideally, short-term capital should be used for short and long-term capital for long-term expenses. Asset liability mismatch can cost heavily to the corporation. Now we can say that the finance manager has to play various new roles in making the corporation internationally successful organization.

CONCLUSION

The performance of hotels of this corporation has been a cause of considerable concern to the state government. The low occupancy of foreigners is caused by unfavorable external environment and managerial deficiencies such as inadequate emphasis on research and development, poor maintenance, poor management of remote area hotels, weak employee commitment, inadequate human resources, and wrong capital structure. This mismanagement did not occur overnight but developed gradually over time. The performance of the corporation hotels deteriorated in recent years. Now the situation is bad because of intense competition in the marketplace. Though it has reasonably valuable assets and some good lines of business, it is mired into financial problems.

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