



## Role of Capacity budgeting and HRD for the Tourism Growth

### KEYWORDS

Capacity budgeting, transformation, Foreign trade.

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**ABSTRACT** *Tourism has a long industry chain and is of special significance to simulating employment, promoting foreign trade and transforming the mode of development. It has a less volatility compare to other industries. Developing tourism has become a top priority of a number of a countries and regions today. It will be a good strategy for integrating India with the world. India's size, geography, terrain, history and people make it a country with immense resource potential, as far as tourism concern. But by looking the present scenario of Indian tourism, inadequate HRD policies and inefficient strategies to find out the capacity of region is one of the causes behind the absence towards tourism development. Development and sustainability of tourism industry is dependent upon mainly capacity of the tourist place and its proper capacity budgeting and proper planning of HRD. It requires developing the adequate strategies and policies by the Government and the ability of citizens residing in the part; to convert the opportunities in to accomplishment of goals of earning and improve the standard of living. Research may be useful to find the solution to it.*

### 1. Introduction:

The world tourism organization defines tourists as people "travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes."

In today's technologically developed era by the venture of upgraded communication and transportation facilities whole world shrink in a unite. Quality of people leaving in one part is influence because of these to visit other part. It increase the opportunities to develop a tourism as a long industry chain to plug it as a weapon of employment creation; economically development, opportunities for wealth distribution, recreation of exhausted mind and by that a tool for peace and not only national but international brotherhood.

If the strategies are used in right direction tourism may prove as a largest and fastest growing, dynamic, multidisciplinary industry grouping. Here Right direction means planning and adopting HRD strategies and capacity budgeting concern to today's scenario tourism industry is flourishing and looking towards trend it may continue in future also. To in-cash all this opportunities there is stronger need of capacity budgeting by providing supply and demand of tourism growth. To motivate the personals how are they playing different roles with different responsibilities, need to bring the human resource development in tourism industry.

### 2. Strategy for Integrating India with the World:

Tourism in the past had been major source of buoyancy for invisible earnings. It makes a significant contribution to the economies of the nation. Tourism will help to earn foreign currencies and reduce balance of payments deficit. There is considerable potential for much higher direct foreign Investment, provided we maintain positive stance towards FDI. However, more recently, growth of tourist arrivals and earnings has not been so healthy. This has occurred despite efforts at the Central and State levels to accelerate the growth of tourism in India. These efforts need to be intensified. Airport system, transit route, tourist agents, Tour group, the Internet, travel companies, lodging and restaurants, local communities need to be greatly improved.

### 3. Impact on Quality of Life:

Tourism may impose significance costs on a destination if it

reduces quality of life. This sometimes happens when a destination is not prepared for a large number of visitors. Some of these negative effects include traffic congestion, increased crime rates, noise and air pollution, vandalism, excessive demand on public facilities and water supplies as well as overcrowding of beaches, forests, and parks that results in the destruction of plants and wildlife and re-education in visitor and resident enjoyment.

Yet quality of life is highly subjectively matter. It can be viewed from many perspectives- number of entertainment options available to residents, ease of movement in and around the area, presence or absence of smog & advertising signs, availability and crowding of public transportation, road congestion, and so on.

### 4. Capacity Budgeting Through analyzing Cost and Benefits of Tourism:

Large cities depend extensively on tourism. However, the benefits of a large tourism sector are debatable. Using resources to build a tourism sector means fewer resources for other sector. These costs must be included when estimating tourism's effect on a city, region, state, or nation. As said earlier, tourism is a source of invisible earnings. Related to it to achieve the positive benefits to tourism industry it is essential to determine the capacity of tourism places by setting the preliminary standard for the performance which may be termed as capacity budgeting to rate the capacities SWOT of the tourist places may be performed.

One method to determine the net effects of the tourism sector is called a cost-benefit analysis. The basic questions asked in a cost-benefit analysis are, "Do the short-term economic benefits of providing this services outweigh the economic cost?" and "what are the effects on long-term growth?"

It is clear that cost for tourism as well as income from tourism is huge, though the earnings may be invisible but it can be analysed by supply and demand of the tourism in nation. The amount, however, are subject to definitions and to reliability and interpretations of the data collected. We look at some way to measure the costs and benefits of tourism, how to increase income and we attempt to discover who benefits and by how much.

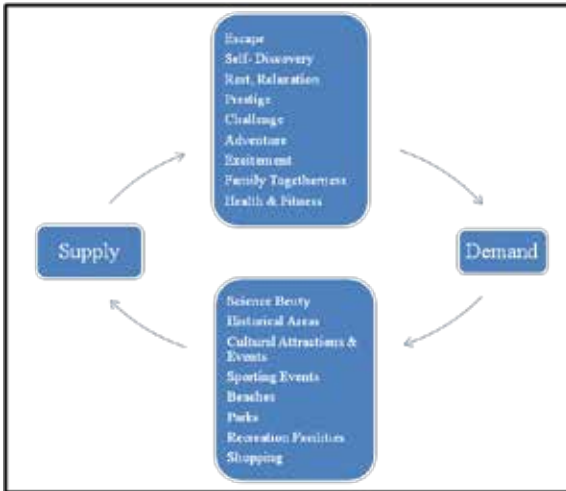


Fig 1: Supply & Demand for Capacity Budgeting

**5. Opportunity Cost & Tourism:**

When calculating the costs of tourism, it is important to include the opportunity cost. The opportunity cost of a resource is its value in its next best use. If you have to use it for a resource, and you can only choose one, the opportunity cost is the value of the resource in its second use, the one you did not choose. To give an easy example: you either have the option to go to class tomorrow morning or to sleep in. If you choose to go to class, you do so at the expense of for-gone sleep. If you choose to sleep in, then your opportunity forgone is learning something in class.

Opportunity cost is one of the most important concepts in economics, yet it often overlooked when "running the number" because it is not an expense. Travel and Tourism Consumption represents the value of products and services that

has been consumed by visitors. It is the basic demand side aggregate used to construct an explicitly defined production side "Industry" equivalent for comparison to other industries. Travel and tourism consumption includes the following: personal travel and tourism, business travel, government expenditure for visitor services such as cultural (art museums), recreational (national park), or clearance (immigration/ customs) to individual visitors, visitors exports, which include spending by international visitors on goods and services. As shown in Fig:2, utilization (stands for the money spent by consumers on goods and services, direct utilization or indirect), Investment (from individuals or businesses who invest for profitable return), Government Spending (Spend money on developing tourism in a region, spending for employment opportunity, promotion, planning and regulation, infrastructure HRD etc.), Inbound tourism (it is an export because it involves the flow of money into the national economy from outside), Imports (part of national income that is not spent on domestically produced goods or services and tourist and tourism businesses imported buying goods and services, the indirect generation of tourism is not achieved locally) all these five heads are necessary to evaluate for estimating the optimum opportunity cost for capital budgeting.



Fig 2: Computing Components for opportunity cost.

Strengths	Opportunities	Weakness	Threats
<ul style="list-style-type: none"> <li>• Location</li> <li>• Destinations serviced</li> <li>• Facilities</li> <li>• Amenities</li> <li>• Excellent price/value perception</li> <li>• Brand/ Image</li> <li>• Reputation</li> <li>• Product positioning</li> <li>• Human Resource</li> <li>• Financial resource</li> <li>• Technological resource</li> <li>• Customer loyalty/ repeat</li> <li>• Business</li> </ul>	<ul style="list-style-type: none"> <li>• New demand generator entering into the market</li> <li>• Current demand generators expanding their operations within the market.</li> <li>• An upswing in the economy</li> <li>• New technological Advances</li> <li>• Increased consumer propensity to spend</li> <li>• New opportunities for segmentation</li> <li>• Increased demand for newer products and greater services</li> </ul>	<ul style="list-style-type: none"> <li>• Location</li> <li>• Destinations Serviced</li> <li>• Facilities</li> <li>• Amenities</li> <li>• poor Price / Value perception</li> <li>• Poor brand / image</li> <li>• Poor Reputation</li> <li>• Poor or incorrect positioning</li> <li>• Weak Human Resources</li> <li>• Low Financial Resources</li> <li>• Inadequated or out dated technological resources</li> </ul>	<ul style="list-style-type: none"> <li>• Terrorism</li> <li>• Fear of Travel</li> <li>• Cost of Fuel</li> <li>• Weather</li> <li>• A downturn in the economy</li> <li>• Political up heaval</li> <li>• The devaluation of currency ( Country Specific)</li> <li>• Changing consumer behaviour</li> <li>• Changing demographics</li> <li>• Changing tests and trend</li> <li>• Changing cultural value and more</li> <li>• Other goods and services competition</li> <li>• Bird flue pandemic.</li> </ul>

Fig 3: SWOT in tourism Industry

## 6. HRD policies for the development of Tourism Industry:

1. **Performance assessment:** Performance assessment of the human resource as per the need of tourism development. It consists of a formal procedure used in the organizations to evaluate personalities, contributions and potentials of employees. In similar way, to know the potential or capacity of the tourist places with respect to its location, facilities, amenities, brand, reputation, etc. method of performance appraisal in human resource development (HRD) can play a vital role.
2. **Potential Appraisal:** Potential This technique aims at development of latent abilities. This is the process of developing in the employees, capacities to perform new roles and responsibilities. In tourism industry continuous potential appraisal of tourism places is very essential to increase customer loyalty / repeat. A sound human resource and financial resource required proper estimate of capacity of place. The main objective of potential appraisal is to ensure good match between the job and employees. We can say it proper capacity budgeting
3. **Counseling and monitoring:** Performance counseling and monitoring means the help given by a superior to his subordinate in improving the latter's performance. Tourism industry can be divided into two types developing tourism and developed tourism. Here developed tourism country, nation, state, etc. can play a role of superior to counseling and for monitoring the developing tourism country, nation, state, etc. to ensure the proper development of tourism industry. Here the need of tourism businesses merger acquisitions, agreements foreign tourism agencies are required to invite the Foreign Direct Investment (FDI).
4. **Education:** Education is an investment in the tourism development process which gives dividends both in short and long run. The ultimate goal of education is improving competence of the employees, businessmen's and of local communities for raising the standards of tourism in the nation. These efforts need to be intensified on the areas like viz. airport system, transit route, tourist agents, tour group, the Internet, travel companies, lodging and restaurants, local communities need to be improved significantly.

5. **Building Morale and Motivation among the Employees of an Organization:** The organization must give constant evidence to the belief that human resources in the organization are the key to development. This requires proper motivation of the employees which provides a base for the management functions of planning and organizing. This HRD plan is best suitable for the residential at the tourist places. Their morale and motivation is very essential for the development and increase the capacity of the tourist place. Leiper in his research strongly advises a holistic approach to tourism. A system approach to tourism includes local communities and residents of areas receiving tourist.
6. **Quality Circle:** In the language of human resource development, a quality circle is a small group of employees doing similar or related work who meet regularly to identify, analyze and solve product related problems and to improve general relations. This kind of quality circles plays a vital role for the sustainability of rural tourism. By providing the proper knowledge they can help to shift the unproductive rural tourism into a significant foreign income earning avenue.

## 7. Conclusion:

Looking towards the opportunities beneath in tourism industry it becomes hourly need to develop strategies on capacity budgeting and human resource development. Their by the national balance of payment, foreign exchange trade, FDI can improve and the people may motivate to utilize their capacities for completing their responsibilities to bring the development in tourism industry which robotically results in healthier economic state.

It is also a need to recognize the various scientific and statistical tools of financing and capacity budgeting of tourist places, so why there may be adequate utilization of the same by avoiding drawback's of under or over utilization of the capacity of place.

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