1.1 Introduction

The tourism sector is a coming together of various suppliers of services to offer people a complete tourist experience. Travel agents and tour operators play a vital role in the promotion of tourism. Today the travel and tourism industry is one of the biggest and most dynamic industries in the world. If you are planning to be a part of this dynamic industry then you are required to know more about the travel agency operations than just what happens within the walls of the office.
Today, when the world hasn’t become any bigger, the number of people who travel around has certainly gone up several hundred thousand times. This increase in the number of people leaving their place of stay and visiting another place has resulted in the expansion of travel agencies and their linkages with the principal suppliers.

The travel agency is a link between the customers, i.e., traveller or tourist and the principle suppliers, i.e., primary service providers such as tour wholesalers, hotels, airlines, etc. It is the first stop for anyone considering travel, especially to a distant place, i.e., tourist destination, in order to make travel arrangements. The primary job of a travel agency is to provide easy and trouble free travel to the traveller. It is also important for a travel agency to provide enough information to the tourist so that the tourist is not cheated during his or her travel and has a hassle free trip.

### 1.2 Travel Agency Meaning & Types

#### Definition of Travel Agency

“Travel Agencies sell inclusive tours, holiday, transportation tickets and other related products such as accommodations, car rentals, attraction tickets and insurance to the public”.

“A Travel Agency is a middleman - a business or person selling the travel industry’s individual parts or combination of the parts to the consumer”.

In legal terms “Travel Agency is an agent of the principal – specifically, transportation companies. The agency operates as a legally appointed agent, representing the principal in certain geographic area. The agency functions as a broker for the other suppliers, such as hotels, car rentals, ground operators and tour companies”.

“A business that attends to the details of transportation, itinerary and accommodations for travelers. The agency acts as a broker, bringing the buyer and seller together. They do not substitute the service providing information and access to the visitor and are the middlemen in the purchase of certain services”.

In this business the services primarily provided to the tourist or traveller includes transport (road, rail, air and/or water), accommodation, passport and visa procuring facilities, foreign exchange and also guidance and information regarding the place of travel. Many travel agencies also sell the packages offered by inbound tour operators. The leading travel agencies of India are as.

1. SOTC Tour and Travels
2. Cook & Kings Tours
3. Kuoni Travels
4. Thomas Cook India Pvt. Ltd
5. Rao Travels
6. CSR Tours and Travels
7. Southern Tours and Travels Pvt. Ltd.

**Travel Agency Types**

According to the international institute for the unification of private law (UNIDROIT), travel agency can be of two categories.

1. An Intermediary Travel Agency
2. An Organising Travel Agency

**Intermediary Travel Agency**

It undertakes as intermediary to act for another, in obtaining either a journey or a sojourn possible in return for the price for the services.

**Organising Travel Agency**

An organising Travel Agency undertakes to organize for the public, a journey or sojourn comprising a series of services.

These two categories also known as travel agent and tour operator. Another nomenclature for travel agency could be as:

1. **Wholesalers**

   - A wholesaler as he called specializes in putting together tour offerings, which marketed to the public through a network of retail agents or airlines. He does not deal directly with the consumer unless he is also operates at retail level.

   - A wholesaler travel agent may design tour packages marketed under his agency’s name, or he may take land packages already assembled by a ground operator and combine them with air or a surface transportation to form new packages.

2. **Retail travel agents**

   - The retailer travel agent or retailer sells travel services directly to costumers. He acts as agent.

**Forms of a Travel Agency**
As like any business firm or company, the travel agency can of as following:

**Proprietorship** : It is a business owned by an individual. Its debt, obligations and taxes, known as liabilities are the owner’s personal liabilities, and income from a proprietorship is considered the owner’s personal income. The owner must report all the income on his or her individual income tax return. Expenses such as advertising, bank charges, equipment, depreciation, insurance, office supplies, rent, utilities and other costs of doing business may be deducted from income before taxes are paid.

**Partnership** : Travel agency being seen on a partnership basis is jointly owned by two or more individuals. The cash, possessions, and other items of value, known as assets; and all the obligations (liabilities) are shared equally by each partner. Each owner is taxed according to his or her share of profits.

**Corporate** : A corporate travel agency is owned by shareholders/stockholders who are represented by a board of directors. Unlike a proprietorship or partnership a corporation is considered to have its own identity, separate from that of its owners. Legally, it is a ‘person’ by and of itself.

### 1.3 Travel Agency Role and Importance

#### Role of a Travel Agency

(a) **Inbound Tourism**

Most of the travel companies are in private sectors and their main objectives is to earn profit; in spite of this they play a key role in the promotion and development of international tourism. In India about 50 percent the established travel companies handle foreign tourists and other visitors make their own independent arrangements.

(b) **Outbound Tourism**

Since the deregulations of air industry the outbound tourism has been increasing rapidly. Today outbound tourist traffic is growing thing at rate of 10 percent. This indicates that India is the second largest county in outbound tourism. The major outbound destinations are Europe, UK, Southeast Asia, Greece, and East Asia, USA, Egypt and Australia.

The fun tours of TCI are the Evidence of quality inclusive outbound package that generally include deluxe class accommodation Indian meals transportation by deluxe couches Experienced tour escort sightseeing and interaction with local culture. This will create sound international relationship between the developing and build better relation abroad.
(c) Domestic Tourism

The Indian Travel Companion has offered and continues to formulate flexible and economical packages to popular holiday destinations like Golden Triangle, Goa, Shimla, Kulu-Manali, Darjiling, Bangalore, Hyderabad, Mysore, Ooty, J&K, Lakshadweep and many more destinations. In fact they are contributing to the causes of national instigation.

(d) Employment Generation

No other sector of Indian economy has generated huge employment opportunities like the travel and tourism industry. The travel industry employees over 25000 people directly and thousands of indirectly in India. The world travel and tourism council forecasts that during the next decade more than 10 million jobs will be created by travel and tourism industry along across the world economy.

(e) Earning of Foreign Currency

The foreign exchange brought to India by the travel companies is a vital contribution toward the national economy. It is a major factor on India Balance of payment position. Therefore the government has taken various steps either through collaboration or through their own tourist offices abroad, to maximize the tourist receipts.

(f) Destination Promotion Development

Today many travel companies with the collaboration of state tourism corporations and tourism departments are contributing in promoting and development new destinations even the government has also provided various financial incentives to the private sector to promote tourism in the country. The role and contribution of travel companies have been fully appreciated in advanced countries. But in countries like India the role and contribution has not been appreciated and recognized due to the unorganized sector. Still the travel companies have the greatest impact on account of balance of payment, employment, international understanding and national instigation.

Travel agents help travelers sort through vast amounts of information to help them make the best possible travel arrangements. They offer advice on destinations and make arrangements for transportation, hotel accommodations, car rentals, and tours for their clients. They are also the primary source of bookings for most of the major cruise lines. In addition, resorts and specialty travel groups use travel agents to promote travel packages to their clients.

Travel agents are also increasingly expected to know about and be able to advise travelers about their destinations, such as the weather conditions, local
ordinances and customs, attractions, and exhibitions. For those traveling internationally, agents also provide information on customs regulations, required papers (passports, visas, and certificates of vaccination), travel advisories, and currency exchange rates. In the event of changes in itinerary in the middle of a trip, travel agents intercede on the traveler’s behalf to make alternate booking arrangements.

Travel agents use a variety of published and computer-based sources for information on departure and arrival times, fares, quality of hotel accommodations, and group discounts. They may also visit hotels, resorts, and restaurants themselves to evaluate the comfort, cleanliness, and the quality of specific hotels and restaurants so that they can base recommendations on their own experiences or those of colleagues or clients.

Travel agents who primarily work for tour operators and other travel arrangers may help develop, arrange, and sell the company’s own package tours and travel services. They may promote these services, using telemarketing, direct mail, and the Internet. They make presentations to social and special-interest groups, arrange advertising displays, and suggest company-sponsored trips to business managers.

**Importance of a Travel Agency / Agent**

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Today, Travel Agencies have been recognised as a vital component of travel and tourism and have become an integral part of travel and tourism industry at global. They Account for more than 90% of international and 70% of domestic tourist traffic. Further, more than 60% of all travel agency revenues are derived from the business travel. Most travel agencies sell both commercial and leisure travel but there is many travel agencies which only specialize in one sector or the other.

The operation of each travel agency is based on the scope of its activities and organisational size. In this chapter we will discuss the functions of a large scale travel agency that performs all types of activities such as retail TA, whole selling and tour operations etc.

1.4 Online Travel Agency

Travel Agency which provides travel information through online mode by own websites are known as online travel agency. As more and more people have the access to the internet nowadays, the need for travel agencies has declined as the airline companies have started to sell products directly to the customers online. As a result, many agencies have started their own website with details of the travel information. These websites use high end technology travel solutions which help them to deal with the latest updates and details of thousands of hotels, flights and car rental services.

Some of these websites also provide options that allow the users to compare flight and hotel rates with other companies. The travel agencies have used dynamic packaging utilities, which has helped them provide services that are fully bonded at the same prices and sometimes even lower than the online booking sites. All the online sites work with different travel agencies, which provides them with more efficiency once a customer orders a ticket or books a hotel.

Online travel agencies do not have an office or overhead, they can generally get better deals on airfare and hotel accommodations than travel agents with offices and overhead. Online travel agents usually work from the comfort of their own homes and are fortunate enough not to have to go into an office. The savings that the company receives by not having an office can often be
passed on to the customer. There has never been a better time to travel, both on an international and domestic level.

Online travel sales in India have crossed $2 billion in 2010. The online travel market is growing in several Asian countries, because of rising Internet use in large cities. India is showing great potential for online businesses and as a result, great potential for online travel retail. Leading top 10 Online Travel Agency of India are as:

1. Makemytrip.com
2. Yatra.com
3. Cleartrip.com
4. Ezeego1.com
5. Arzoo.com
6. Travelguru.com
7. Travel.indiatimes.com
8. Ixigo.com
9. Travelocity.co.in
10. Desiya.in

Summary

In the tourism and travel business, aggregator plays a vital role. They assist individual or group wishing to take trips, planning itineraries, making transportation, hotel and tour reservations, obtaining or preparing air tickets and performing related services. The travel agency provides a retail service and tour operator is wholesale business in the travel market. A wholesaler business buys products from a vendor and resells them to another business.

A wholesaler does not sell products to the general public. The tour wholesaler assembles the package vacations and offers it to retail travel agency to sell it to the public. Travel agency can be viewed as an organized set of activities for coordinating and integrating the use of resources to accomplish the organizational purpose of selling travel.

Short Answer Types Questions

1. Give the definition of a travel agency.
2. Write any four famous travel agency’s name of India.
3. What are the two main role of a retail agency?

Long Answer Type Questions

1. What need market has opened up to commercial travel agencies in recent years?

2. Define the role of travel agency in current retail business environment.

3. Describe briefly the various functions of a travel agency.
History of Travel and Tour Operation

Structure

2.1 Introduction
2.2 Origin
2.3 First Travel Agent
2.4 Travel Business in America

Learning Objectives

After going through this Unit you will be able to explain the:

- Growth of Travel Agency Business
- Growth of Tour Operation Business
- History of Indian Travel Trade

2.1. Introduction

Wealthy people have always traveled to distant part of the world to see great buildings or other works of art, to learn new languages, to experience new culture, or to taste new cuisine. The Travel Agency business does not have a long history. Although one of the largest in the world volume sales, it was a sheer coincidence that brought this business into being. Thomas Cook is considered the “Pioneer of the Travel Agency”. It was with the arrival of scheduled airlines that the face of travel agency business began to change rapidly. Following World
War-II, when the travel urge broke loose, a large number of people set themselves up in business as travel agents.

Initially, teachers, clerks and housewives worked out of their homes as part time travel agents, though such an arrangement would be almost impossible today. Until the nineteenth century, discretionary travel was limited to a very small percentage of the people. This changed dramatically as the industrial revolution gave millions of people in North America and Europe some discretionary income.

More importantly, the railroad made travel comparatively cheap and convenient. In response to travel demand, intermediaries, such as, Thomas Cook, Cox and Kings, etc., helped to promote and make travel arrangements easier for mass tourists. This Unit deals with the development in travel agency and tour operation business. This Unit also intends to apprise you with the historical development of travel and tour operation in India.

2.2. Origin

The British company, Cox & Kings is sometimes said to be the oldest travel agent in the world, but this rests upon services that the original bank (established in 1758) supplied to its wealthy clients. However, the modern travel agent first appeared in the second half of the nineteenth century. In 1822, Robert Smart of Bristol, England announced himself as the first steamship agent. He began booking passengers on steamers to various Bristol Channel ports and to Dublin, Ireland.

The first specialist in individual inclusive travel was probably Thomas Bennet 1814-1898, an Englishmen who served as secretary to the British consul general in Oslo, Norway. He frequently arranged individual scenic tours in Norway for visiting British Nobles.

Thomas Cook, in addition to developing the package tour, established a chain of agencies in the last quarter of the nineteenth century, in association with the Midland Railway. These not only sold their own tours to the public, but represented other tour companies. Other British pioneer agencies were Dean and Dawson, the Polytechnic Touring Association and the Co-operative Comprehensive Society.

Travel agencies became more commonplace with the development of commercial aviation starting in the 1920s. Originally, the agencies largely catered to middle-class customers, but the post-war boom in mass-market package holidays resulted in travel agencies on the main streets of most British towns, catering to a working class clientele looking for a cheap overseas beach holiday.
2.3. First Travel Agent

In 1841, Thomas Cook began running a special excursion train from Leicester to Loughborough in England, a trip of 12 miles. On July 5th, Cook’s train carried 570 passengers at a round trip price of 1 shilling per passenger. This is believed to be the first publicly advertised excursion train. Thus Cook can rightfully be recognized as the first rail excursion agent; his pioneering efforts were eventually copied widely in all parts of the world. Cook’s company grew rapidly, providing escorted tours to Continent and later to the United States and around the world. He started a full-time excursion agency in 1845. The railway company agreed to give him 5% commission, which, however, was not enough to make the business worthwhile. Cook had, therefore, to diversify his business in other directions and he became the first tour operator in this world.

Cook started making his tours interesting. In 1845, he arranged the first all-inclusive tour from Leicester to Liverpool. For the purpose of his tour, he invented hotel coupons, which are now a common phenomenon in travel agency business all over the world. In 1846, he took 350 people by train and steamship on a tour of Scotland. Cook also published the first guidebook on this tour. He later moved to London. In 1851, over 1,50,000 people used Cook’s Lodging and Transportation services to go to London for the world’s first Exposition at Crystal Palace. This was followed by a number of grand circular tours of Europe including visits to different countries. In 1882, Cook started his first Around-the-World tour. The tour took 220 days. It inspired Jules Verne to write his famous book Around the World in Eighty Days.

Cook’s tours went everywhere—to Egypt, to see the Pyramids, to the Holy Land for a Pilgrimage. Cook was hired by the British Government to transport 18,000 men up to Nile to relieve General Gordon at Khartoum. In the late seventies of the nineteenth century, Cook arranged a deluxe tour to India with P&O Steamship line; the tourists saw Bombay and Kashmir. In 1847, he provided another service, which was the beginning of the present day traveler’s cheques. These coupons were called the “circular notes” and were valid at Banks, Hotels, Restaurants and Shops. Later these circular notes came to be known as “traveler’s cheques” and were adopted by the American Express Company. The traveler’s cheques have been a unique phenomenon, which greatly helped the development of tourism in the world. It is insured against loss.

At the later stage, Cook’s son John Cook inherited his father business and continued to provide the service his father did. They realized that a bulk use of transport and accommodations could reduce the cost of travel and thus increase the demand. They provided the personalized services. The Cooks tour throughout the Second half of the nineteenth century was quality tours escorted by a tour leader.
In 1898, the management of the firm passed on to John’s three sons. At the time of his death, the Cook’s business included three major aspects of travel – selling tours, banking and shipping. The Cook’s tour became sophisticated and more and more easy for travelers. The travelers were met on arrival by car. Cooks agents assisted the travelers through all formalities and to arrange their sightseeing tours. Most of the tours were group tours. The era of all-inclusive tours had started. After the World War II, the British Government acquired principal interest in Thomas Cook & Sons. The British Government determined the policy of this company. In 1977, the British Government sold Thomas Cook & Sons to Midland Bank Consortium for £ 858.8 million. The company today has over 1,000 offices around the world in 145 countries. The largest of its kind, Thomas Cook & Sons have now business interest in several fields.

2.4. Travel Business In America

The American Express Company may be said to have its origin in the same year – 1841 in America. While Thomas Cook hired his first train that year, Henry Wells started his freight business in USA at the same time. Thomas Cook started as, what we now call as a tour operator, and Henry Wells as a shipper who later began the well-known company of America – Wells Fargo. The American Express Company (AMEXO) is the world’s second largest travel agency. It was an offshoot of Wells Fargo Company of Pony Express and Wild West Frame. By 1968, it diversified to become a travel and financial conglomerate. It also provides service to life insurance and property insurance. American Express Company is a major participant in international currency transactions buying and selling about 200 million dollars in foreign currency on each working day. Their traveler’s cheques business is very profitable.

The company has also introduced American Express Credit Cards, which are perhaps the most popular credit cards in the world. A holder of such credit cards can go to any part of the world and pay his/her hotel bills, eat food in restaurants, buy an international air ticket or anything else at place where American Express Cards are recognized. The American Express today is the world’s largest travel outfit – 2,227 offices in 120 countries.

Summary

Growth of transportation, communication and technology make it possible to people to go virtually anywhere in the world. Growth of modern organized travel started in late 18th century, with introduction of steamship and railway and in 19th century with the starting of air transport, which totally changed the entire travel scenario. In the history of modern organized travel business Sir
Thomas Cook is to be considered as the father of travel agency business. Cox and Kings, American Express, Kuoni Travels and SOTC had also made a significant contribution in travel and tour operation’s business growth. Presently online travel market is overshadowing the traditional business of travel agency as the growth of technology and tourism trends.

Short Answer Types Questions

1. Who is known as father of travel agency?
2. Write any four famous travel agency’s name of India.
3. In which year American Express Agency started?

Long Answer Type Questions

1. Give brief history of travel agency business of the world.
2. Write a brief note upon contribution of Thomas Cook in travel agency business.
3. Throw the light on travel agency history of India.
UNIT 3

Functions and Structure of a Travel Agency and Tour Operator

Structure

3.1 Introduction
3.2 Functions of a Travel Agency
3.3 Travel Agency Structure
3.4 Travel Agency Revenue and Linkages
3.5 Tour Operator Functions and Role
3.6 Tour Operator Revenues

Learning Objectives

After studying this Unit, you will be able to:

- Define the travel agency functions
- Revenues of travel agency/tour operator
- Know about tour operator and their functions
- Know the current trends in retail operations

3.1 Introduction

Today, Travel Agencies have been recognised as a vital component of travel and tourism and have become an integral part of travel and tourism industry at global. They Account for more than 90% of international and 70% of domestic...
tourist traffic. Further, more than 60% of all travel agency revenues are derived from the business travel. Most travel agencies sell both commercial and leisure travel but there is many travel agencies which only specialize in one sector or the other.

The operation of each travel agency is based on the scope of its activities and organisational size. In this chapter we will discuss the functions of a large scale travel agency that performs all types of activities such as retail TA, wholesale selling and tour operations etc. The main functions of a large scale travel agency.

### 3.2 Functions of a Travel Agency

The main function of a travel agency could be summarized as follows

- **Advisory**: The agency advises potential travelers on resorts, carriers, travel companions and travel facts worldwide.
- **Reservation**: The agency makes reservations for all the travel requirements
- **Planning**: It plans itineraries of all kinds including complex multi stop over independent tours.
- **Computation**: It computes accurate airline and other fares and does costing of tours and ticketing
- **Correspondence**: It correspondences by telephone, letter, telex, fax etc, with travel principals and customers.
- **Records**: It maintains accurate files on reservation.
- **Travel brochure**: It maintains and displays stock of travel brochures
- **Complaint handling**: It intercedes with principals in the event of customers complaints
- **Insurance**: It arranges insurance facilities for the customers
- **Liaison**: It maintains liaison with providers of the services
- **Foreign exchange**: It provides foreign exchange facilities for customers
- **Miscellaneous**: It arranges any other special services ordered/required by the customer

### Rights And Duties Of A Travel Agency

In many countries, the activities of travel agencies are authorized, controlled and limited by the state. Such regulations have often been enacted for
protecting customers and guaranteeing professional standards. Thus a travel agency.

- Must look after the rights and interests of its customers;
- Must hand them a dated and stamped ticket;
- Must see to it that the customer compiles with frontier regulations, such as personal documents, passport, visas, custom declarations etc.
- May terminate the contract in certain cases and in certain conditions stipulated before hand in which case the customer may be entitled to manage up to a certain amount.
- Recognize the traveler’s right to terminate the contract provided he pays the agency for all the expenses incurred and waive the deposits made in advance.

The public resorts to the services of a travel agency in the following cases, in particular.

- For taking part in tours with an involved program where there are numerous stages and various means of transport used.
- For stays in highly popular tourist resorts where it is difficult to book rooms.
- For prolonged stays for which the tourist wishes to leave nothing to change and to profit from the lower rates.
- For taking part in certain types of tourism which are not available otherwise (curious, safaris, etc).

### 3.3 Travel Agency Structure

The system of working of a travel agency varies from unit to unit and depends largely upon the size and type of business handled by it. The basic organizational set up almost remains the same in all the cases.

In a small travel agency there are two to five employees who deal with sales and finance and accounting. They all work under the general supervision of the manager/owner.

In a medium size travel agency, the number of employees may be up to 12. The general manager reports to the president or owner. He is responsible for daily operation of the agency. The finance and accounting specialist or a small finance and accounting department handle all the accounting and automation
tasks. In case the agency is dealing with the outside sales more financial and accounting executives may be needed.

Generally a large brand agency with branch operations has separate divisions for operation and marketing, each reporting to division head/vice-president. Each branch has its own manager and sales agents. Finance and accounting department performs all functions relating to bookkeeping, filing and automation. Sales agents are divided into two departments – commercial and leisure, with an agent supervisor and training supervisor for both departments. The marketing division employs advertising director in addition to finance and accounting executive who handle outside sales.

Managing a travel agency ensures number of activities and responsibilities, such as.

- General Management
- Financial Planning and Reporting
- Advertising and Public Relations
- Sales and Marketing
- Customer Services and Ticketing
- Book-Keeping, Invoicing and collections
- Purchasing, Inventory Maintenance and Control
- Personnel Recruitment, Orientation and Training

**Staff organization of a Small Travel Agency**

```
   Owner / Manager
     /       \
    /         \
Sales     Finance and Accounting
     /       \
    /         \
Sales Agent   Finance and Accounting Specialist
```
3.4 Travel Agency Revenue and Linkages

A travel agency runs on the commission received for providing travel and travel related services to its customers. Some of the incentives estimated as receivable a IATA agent is.

- Sale of International tickets – 5%
- Sale of Indian Airlines tickets – 5%
- Sale of other domestic airlines tickets – 5% (could vary from airline to airline)
- Sale of Indrail pass in Indian Railways to foreigners – 10% (if you are authorized Railway booking agent)
- Hotel bookings - 10% on room rates only (depending on your tie-up with hotel groups and individual hoteliers)
- Cruise booking (10% to 20%)
- Car / Coach hire - approx – 10%
- Inbound tours - Quotations are normally given with hike up between 10 – 20%
• Package tours - 10%

• Foreign package tours offered by local travel agents commissionable to other travel agents are either a fixed sum per head or a maximum of 10%.

The profitability of the agency will depend on how much the above commissions are passed on to the client. Due to very stiff competition nowadays, the travel agencies have to part with a significant part of the commission earned and so the margin of profit is very small. This makes it doubly important to ensure that the agency is run efficiently and all unnecessary expenses be curtailed.

Linkages Of A Travel Agency

(a) Airlines

International Air Transport Association operates a network by which travel agencies sell airline tickets and receives Commission thus the sale of airline tickets is highly regulated and strictly controlled. The agency commission range from 5 to 11 percent but most major airlines offer additional incentives i.e. cash bonuses and over ride commission. However in some cases when a travel agency purchases air tickets in bulk the margin of commission will be high. This largely depends on relationship between the two organizations. The producer of sale of domestic airline tickets is different from country- to country and even the rate of commission also varies. Today airline ticketing and reservation is almost entirely automated.

(b) Accommodation Companies

Most hotels and other lodging companies including major Indian and international hotel chains pay commission to the travel agencies, (the rate varies from hotel to hotel) however hoteliers in dealing with travel agencies are more information and less regulated than the airline companies Interestingly many hotel and hotel chains participates in computer reservation system permitting hotel reservation to be made at the same terminal, which is used to sell airline tickets. The commission received from hotels is the second largest component of total agency revenue. But if the purchase is made in bulk than the profit is based on the negotiated prices and accordingly the profit may be higher or lower.

(c) Cruise Companies

The cruise companies are informally regulated by its Own governing body i.e. cruise lines association which must approve any travel agency that. Desires to sell booking on behalf of any member of a cruise company the raise companies also offer a complete package including sea travel accommodation food entertainment and sometime air travel also. The commission varies room
10 to 20 percent. However most cruise package tour are sold to the public through travel agencies. It was Thomas cook who brought first group of foreign tourist in India through sea rout.

(d) Insurance Companies

Today many travel companies have included travel insurance in their package tour like Thomas cooks. The company insured the travelers to protect them against accident, loss of baggage and missing flights. Successful travel agency management has to make close contact with Insurance companies to obtain insurance polices for its clients. Recently the Oriental Insurance Company has introduced two new travel policies for domestic as well foreign tourist i.e. ‘Suhana Safar’ for domestic travelers And ‘Videsh Yatra Mitra’ for foreign travelers. Incidentally the foreign policy is an upgraded version of overseas medical insurance.

(e) Banking Companies

Travel agencies offer banking facilities to the traveler like clearance of traveler cheques and arrangement of foreign currency. Only those travel agencies, which are authorized by the reserve bank of India under Foreign Exchange Regulation Act 1973, can deal with foreign currency. Banking companies give commission to travel agencies on traveler cheques and currency exchange.

(f) Educational Institutions

An agency’s success depends almost entirely on the competence of management and expertise of the staff. It develops manpower planning in such a way that will help to conduct on campus selection and match the student to the requirements of the company. The linkage between travel Companies and tourism education institutions will solve the problem of human resource requirements of present and future. Therefore a travel company needs to maintain close contact and interface with tourism Education intuitions. Many chief executives from the industry are the members of the advisory board of the intuitions.

(g) Travel Trade Associations

These associations provide a common platform to solve many problems of the members such as training, common code of conduct airlines commission to any other. There are a number of travel trade associations like TAAI, ICAO, ASTA, IATA, and PATA, WTO, that are quite active in the Promotion of travel trade at global. Essentially every travel company should be this association to avail financial and non-financial incentives and commissions from the airlines, hotels, railways etc.
(h) Other Organizations

The travel agencies need to maintain close ties with many other organizations offering travel related service like cultures and entertainment organizations, foreign tour companies’ regional passport office, department of tourism both at center and states, sports operators, transport operators, food and beverage business etc. in fact these organizations play a vital role in making travel a complete product. Travel companies provide business to above cited organization and in return receive commissions. However there are few other originations that help the agency to run travel business smoothly and promote India as a tourist Destination. Technically a Travel Company cannot work in isolation but is interdependence with other travel related enterprises.

3.5 Tour Operator Functions and Role

Tour Operator

Tour Operators buy a range of tourist products in bulk – airline’s seats, hotel rooms, coach services. They ‘package’ them for subsequent sale to retailers or consumers. Their product is also called as Inclusive Tour Packages.

Tour Operator is one who buys the individual elements in the travel product on his own account and combines them in such a way that he is selling a package travel, the tour, to his clients. He is remunerated by a reasonable mark-up on the prices he had paid to the providers of the services – which make up the packages.

Tour Operators may be classified into different categories based on the nature of their work, i.e. the market area being handled and specialized by each one.

They are as follows

- Mass Market Operators
- Specialist Operators
- Inclusive tours for particular destination
- Inclusive tours for specific generating area
- Inclusive tours for specific accommodation (campus, holiday villages)
- Inclusive tours for specific transport
- Inclusive tours for special interest (game or safaris, self rail cruising, business training etc)
• Domestic Operators (assemble and sell inclusive tours to a destination within a country.

• Incoming Tour Operators.

These operators are based in the destination selling only for that destination, but they may be selling in many different tourist-generating countries. In many countries these operators are provided help from the national tourist office, as they play an important role in the development and promotion of new tourist facilities in the country.

Functions

| Production | • Developing, Planning, Reservation, Consultation, Guiding  
|           | • T.O. delivers value added to the customer better product, easier to organize, cheaper than own organization by customer |
| Marketing / Sales | • T.O. acts as hinge (Scharnier) between service providers and demand  
|                 | • T.O. buys part of service providers offers over specific period of time for specific price  
|                 | • Product standardisation precondition for T.O.s work  
|                 | • Bundling/Packaging of several offers into a one-stop package |
| Risk | • T.O. has to bear the merchandising risk (not selling products bought) and the quality risk |
| Information | • Information about possible destinations and activities |
| Social function | • T.O. offer national and international tours for persons, who would otherwise would not dare to travel  
|                 | • T.O. can offer affordable tours, who otherwise could not travel for economic reasons |
### Destination development

| Destination development | • T.O. support the touristic development of destinations  
| | • T.O. offer predictable demand, enabling investment in touristical infrastructure |

### Destination changes

| Destination changes | • T.O. help to give value to otherwise economically valueless resources (traditions, nature)  
| | • But T.O. need resources in a predictable, consummable, standardized, cheap, preferably all-year-round form  
| | • Packaged tours have a bigger influence on changing the local situation compared to non-package tourism |

### 3.6. Tour Operator Revenues

The rates of tour operator lie in his ability to secure discounts through bulk purchases and to assemble a very convenient and well-made package. The main source of revenue of tour operations may be divided into following heads.

1. Summer Inclusive Tour Programs
2. Winter Inclusive Tour Programs
3. Minimum rated Packages (involving transport with nominal accommodation)
4. Holiday Insurance
5. Excursions and Destinations
6. Interest on Deposits and Currency Speculations

### Summary

In India Travel Agency offers an unparallel service to the tourists, which make their tour, a luxurious one. It provides the freedom to select the best tour packages, which suits the budget of the traveler. It also helps in the exploration of the new places, which can be one of the most rewarding experiences in life. Travel Agency organizes various quality travel arrangements including escorted tours, discount in the hotel booking, incentive travel and much more.
Travel agencies provide information regarding the exotic land of mountains, beaches, forts, monuments and historical buildings to make the touring a bit easier for any unknown person.

Package vacations or package tour or tours are a significant segment of the travel industry. The role of tour operators unlike the travel agencies who sell holiday and a range of other travel products tour operators actually assemble the component parts of a holiday, package holidays i.e. the means of travel, accommodation, facilities, transfers, excursion and other services. If we consider that the travel agents are the retailer arm of the travel business, then the tour operators can be linked to wholesalers, since they buy in ‘bulk’ from the providers of travel services, such as the hoteliers and airlines, break the ‘bulk’ into manageable packages and offer the finished product the inclusive tour for sale to the travel agencies or direct to the consumer. Principles are organisations that provide a service and a product, which make up the package holiday.

**Short Answer Types Questions**

1. Give the definition of a Travel Agency.

2. Write the technical definition of a Travel Agent.

3. What are the main three types of a Tour Operator?

**Long Answer Type Questions**

1. Explain the organizational structure of a large and medium type of a travel agency.

2. Write a brief note upon the functions of a travel agency.

3. Throw the light on the tour operator business.
UNIT 4

Recognition of Travel Agencies and Tour Operators

Structure

4.1 Introduction
4.2 Setup for a Travel Agency
4.3 Travel Agency Approval by MoT
4.4 Travel Agency Approval by IATA
4.5 Setup for a Tour Operator
4.6 Tour Operator Approval as Domestic Tour Operator by MoT
4.7 Tour Operator Approval as Inbound Tour Operator by MoT

Learning Objectives

After studying this Unit, you will be able to

- Know the setup of an organized travel agency
- Rules and regulations for approval of a travel agency and tour operator
- How to get MOT approval for travel agency and tour operator
- How to get IATA approval
4.1. Introduction

A travel agency can be a small set up with a few staff or a large organization with several employees. An agency can offer the entire range of travel related services or specializes only in tours. There are certain basic requirements needed to start travel agency, as under.

• Capital - a sound financial base.

• Premises - adequate place with suitable location and easily accessible to public

• Competent, Qualified and Trained Personnel - to take care of the need of the customers.

• Licenses - the necessary licenses or registrations required to carry on the business.

• Recognition – by airlines / IATA, hotels and other suppliers of services, which will enable them to sell the products on their behalf and earn commission on such sales.

• Communication network -good telecommunication facilities to contact airlines, hotels etc for speedy reservations and confirmations.

• Equipments and Machines - necessary to carry out all travel related services.

In order to provide the various services, it is beneficial for a travel agent to have formal recognition from airlines, IATA, hotels and other Government Organizations. One of the most important recognition is the IATA (International Air Transport Association) recognition, which is recognized world-wide. This enables an agent to issue tickets for most international airlines throughout the world. The Ministry of Tourism also grants recognition to travel agents to act as tour operators and excursion agents.

4.2 Setup for a Travel Agency

Setting up a travel agency in India requires a high degree of skill and organizational capacity. It is necessary to obtain a number of recognitions and approvals to start a travel agency. For getting the recognitions easily, the following conditions need to be followed:

• Experience in travel industry and love for travel.

• The agency is centrally located, preferably in a business area and easily accessible to the general public. A ground floor location is preferable.
• Should have been in business for at least one year and must
demonstrate its desire and ability to promote travel in professional
manner.

• Have competent and experienced staff to quote fares and schedules,
make reservations and issue tickets.

• Attractive and appealing tourism office environment.

• Have adequate finances.

• Maintain ethical standards of business in its dealings with passengers
or the principals.

• Be able to obtain the required Government licenses where applicable.
The travel agents in India offering documentation services, like passports and
visas, have to be on the approval list of Regional Passport Office of the Ministry
of External Affairs as well as on the Reserve Bank of India for release of foreign
exchange and for eligibility of passengers to travel.

• Have the approval of International Air Transport Association to
represent member airlines. Separate recognition is required for passenger and
cargo sales. This recognition is granted only for at least one year. The airlines
insist on certain minimum financial guarantees for IATA approval. Similarly, Indian
Airlines demands separate bonding for its approval. Private Airlines in India
accept IATA approved travel agents for their sales distribution.

• Have the approval of Indian Airlines to sell Indian Airlines tickets.
Here again, separate recognition is needed for selling passenger tickets and
booking air cargo on Indian Airlines

• Have the approval of the Department of Tourism to claim publicity
and promotional benefits for tour operators handling inbound tourists.

4.3 Approval for Travel Agency From Ministry of
Tourism, Government Of India

Guidelines For Recognition / Renewal As An Approved Travel Agent

1. The aims and objectives of the scheme for recognition of Travel Agent
are to encourage quality standard and service in this category so as to promote
tourism in India. This is a voluntary scheme open to all bonafide travel agencies
to bring them in organized sector.

2. Definition: A Travel Agent is one who makes arrangements of
tickets for travel by air, rail, ship, passport, visa, etc. It may also arrange
accommodation, tours, entertainment and other tourism related services.
3. The application for recognition shall be addressed to the Additional Director General, Ministry of Tourism, Transport Bhawan, No.1, Parliament Street, New Delhi-110001.

4. The recognition as an approved Travel Agent shall be granted by the Ministry of Tourism, Government of India, New Delhi initially, for five years, based on the Inspection Report / Recommendations of a Committee comprising of concerned Regional Director and a member of TAAI.

5. The application for renewal/extension shall be addressed to the Regional Director of the concerned region as per the following addresses.

   (a) The Regional Director (East), India Tourism, “Embassy”, 4, Shakespeare Sarani, Kolkata

   (b) The Regional Director (West), India Tourism, 123, M. Karve Road, Opp. Church Gate,

   (c) The Regional Director (North), India Tourism, 88 – Janpath, New Delhi

   (d) The Regional Director (South), India Tourism, 154, Anna Salai, Chennai, Tamil Nadu.

   (e) The Regional Director (North – East), India Tourism, Asom Paryatan Bhawan, 3rd Floor, Near Nepali Mandir, A. K. Azad Road, Paltan Bazar, Guwahati

6. The renewal / extension, thereafter, shall be granted for five years after Inspection conducted by a Committee comprising of concerned Regional Director and a member of TAAI, on an application made by the Travel Agent along with the requisite fee / documents.

7. The documents received from applicants after scrutiny in all respects will be acknowledged by the Travel Trade Division in respect of first approval and by the concerned Regional Director for renewal. The inspection for first approval / renewal shall be conducted by the Inspection Team within a period of sixty working days from the receipt of complete application.

8. The following conditions must be fulfilled by the Travel Agency for grant of recognition by Ministry of Tourism.

   (a) The application for grant of recognition / renewal shall be in the prescribed form and submitted in duplicate along with the required documents.

   (b) The travel Agency should have a minimum Paid up Capital or (Capital employed) of Rs.3.00 lakh duly supported by the Audited Balance Sheet/Chartered Accountant’s Certificate.
(c) The Travel Agency should be approved by International Air Transport Association (IATA) or should be General Sales Agent (GSA) / Passenger Sales Agent (PSA) of an IATA member Airlines.

(d) The Travel Agency should have been in operation for a minimum period of one year before the date of application.

(e) The minimum office space should be at least 150 sq. ft for rest of India and 100 sq. ft for hilly areas which are above 1000 meters from sea level. Besides, the office may be located in a neat and clean surrounding and equipped with telephone, fax and computer reservation system etc. There should be sufficient space for reception and easy access to toilet facilities.

(f) The Travel Agency should be under the charge of the Owner or a full time member who is adequately trained, experienced in matters regarding ticketing, itineraries, transport, accommodation facilities, currency, customs regulations and tourism and travel related services. Besides this, greater emphasis may be given to effective communication skills, knowledge of foreign languages, other than English.

There should be a minimum of four qualified staff out of which at least one should have Diploma / Degree in Tourism & Travel Management from a recognized University, IIITM or an institution approved by AICTE. The owner of the firm would be included as one of the qualified employees.

The academic qualifications may be relaxed in case of the other two staff members who are exceptionally experienced personnel in Airlines, Shipping, Transport and PR agencies, Hotel and other Corporate Bodies and those who have worked for three years with IATA / UFTA agencies and also those who have two years experience with Ministry of Tourism approved Travel Agencies.

For the agencies located in the North – Eastern region, remote and rural areas, there should be a minimum of two staff out of which one should be a qualified employee with a Diploma / Degree in Tourism & Travel Management from a recognized University, IIITM or an institution approved by AICTE. The owner of the firm would be included as one of the qualified employees.

(g) The Travel Agency should be an income-tax assesses and should have filed Income Tax Return for the current assessment year.

(h) **Disclaimer**: The Travel Agency should employ only Regional Level Guides trained and licensed by Ministry of Tourism, Government of India and State Level Guides approved by the State Governments. The implementation of this clause would be subject to the decision of Hon’ble High Court of Rajasthan in Writ Petition No. 5607 / 2004 and other Hon’ble Courts.
(i) For outsourcing any of the services relating to tourists, the travel agencies shall use approved specialized agencies in the specific field of activity.

9. The Travel Agency will be required to pay a non-refundable fee of Rs.3,000/- while applying for the recognition and renewal of Head Office as well as each Branch Office. The fee will be payable to the Pay and Accounts Officer, Ministry of Tourism, in the form of a Bank Draft.

10. The recognition/renewal will be granted to the Head Office of the Travel Agency. Branch Offices will be approved along with the Head Office or subsequently, provided the particulars of the Branch Offices are submitted to Ministry of Tourism for recognition and concerned Regional Director for renewal and accepted by it.

11. The Travel Agency so granted recognition/renewal shall be entitled to such incentives and concessions as may be granted by the Government from time to time and shall abide by the terms and conditions of recognition as prescribed from time to time by the Ministry of Tourism, Government of India.

12. Even though the scheme of granting approval of recognition to service providers of Travel Trade is voluntary, in nature, there is a need to have a pro-active role of Ministry of Tourism and Travel Trade to ensure that more and more service providers seek approval and then service the tourists. There is also a need to educate the stakeholders as well as consumers against the potential risk of availing services through the unapproved service providers.

13. It shall be mandatory for an approved service provider of Travel Trade to prominently display the Certificate of approval of recognition given by Ministry of Tourism in the office by pasting it on a board or in a picture frame so that it is visible to a potential tourist.

14. The decision of the Ministry of Tourism, Government of India in the matter of recognition/renewal shall be final. However, MOT may in their discretion refuse to recognize/renew any firm or withdraw/withhold at any time recognition/renewal already granted with the approval of the Competent Authority. Before such a decision is taken, necessary Show Cause Notice would invariably be issued and the reply considered on merit. This will be done after careful consideration and generally as a last resort. Circumstances in which withdrawal is affected would also be indicated.

### 4.4 Approval for a Travel Agency From IATA

The most important recognition a travel agent should possess is the IATA recognition. This enables an agent to make reservations and issue tickets on IATA member airlines. It also enables the agent to claim his commission of 7% from the respective airlines, for issuing such tickets. There are about 130
airlines, which are members of IATA. The agency seeking IATA recognition has to meet stringent requirements and qualifications.

Before a travel agency applies for IATA recognition, it should be functioning as a full-fledged travel agency for a minimum period of 9-12 months. An application has to be submitted to the Area Headquarters of IATA in Mumbai with detailed information regarding the company such as:

- Background of partners or directors of proprietor and their staff.
- Financial standing/ Capital, investments etc. Location and area
- Security measures
- Present turnover
- Balance sheet, profit and loss account, names of bankers
- Sales figures.

The application is screened by a panel of airlines. If the panel is satisfied with all the requirements and conditions, the agency qualifies for recognition. The processing of the application could take anything between 1-4 months. After approval has been granted, there is an annual review and the agent has to keep up the minimum level of productivity as stated by the panel. In the event of its inability to meet this level continuously for 3 years, the agency could run the risk of losing its recognition.

4.5. Setup for a Tour Operator

An accreditation policy for tour operators primarily for two reasons: demand for recognition of tour operators in order to convince clients about the quality of products and services offered and need for the government to maintain the quality of services and image of the destination. The international tourism industry (which is where many potential clients come from) is extremely wary of “fly-by-night” operators who open their businesses only to disappear within a year or so.

It is important to establish a reputation as being reliable. It must be clearly understood by anyone wishing to enter tourism as a tour operator that very hard work is essential in order to succeed. International clients need & expect service at almost any time of the day or night. For a tour operator trying to establish a business, therefore essential to recognize by any governmental, national or international tourism organization.
4.6 Approval By MoT as a Domestic Tour Operator

Guidelines For Recognition As An Approved Domestic Tour Operator

1. The aims & objectives of the scheme for recognition of Domestic Tour Operator are to encourage quality standard and service in this category so as to promote tourism in India. This is a voluntary scheme open to all bonafide tour Operators to bring them in organized sector.

2. **Definition**: A domestic tour operator is one who makes arrangements for transport, accommodation, sight seeing, entertainment and other tourism related services for domestic tourists.

3. Applications for recognition shall be addressed to the Additional Director General, Ministry of Tourism, Transport Bhawan, 1, Parliament Street, New Delhi- 110 001.

4. The recognition as an approved Domestic Tour Operator shall be granted by the Ministry of Tourism, Government of India, New Delhi initially, for five years, based on the Inspection Report / Recommendations of a Committee comprising of concerned Regional Director and a member of ADTOI.

5. Applications for renewal/extension shall be addressed to the Regional Director of the concerned region as per the following addresses.

   (a) The Regional Director (East), India Tourism, “Embassy”, 4, Shakespeare Sarani, Kolkata

   (b) The Regional Director (West), India Tourism, 123, M. Karve Road, Opp. Church Gate,

   (c) The Regional Director (North), India Tourism, 88 – Janpath, New Delhi

   (d) The Regional Director (South), India Tourism, 154, Anna Salai, Chennai, Tamil Nadu.

   (e) The Regional Director (North – East), India Tourism, Asom Paryatan Bhawan, 3rd Floor, Near Nepali Mandir, A. K. Azad Road, Paltan Bazar, Guwahati

6. The renewal / extension thereafter shall be granted for five years after Inspection conducted by a Committee comprising of concerned Regional Director and a member of ADTOI, on an application made by the Domestic Tour Operator along with the requisite fee / documents.
7. Documents received from applicants after scrutiny in all respects will be acknowledged by the Regional Director concerned. The inspection for renewal shall be conducted by the Inspection team within a period of two months from the receipt of complete application, failing which it will be deemed as renewed.

8. The following conditions must be fulfilled by the Domestic Tour Operator for grant of recognition by Ministry of Tourism.

(a) The application for grant of recognition shall be in the prescribed form and submitted in duplicate.

(b) The Domestic Tour operator should have a minimum paid up capital (or capital employed) of Rs.5.00 lakhs duly supported by the latest audited balance sheet/Chartered Accountant’s certificate.

(c) The turn-over of the firm from tour operation business only should be a minimum of Rs. 20.00 lakhs duly supported by Chartered Accountant’s certificate.

(d) The Domestic Tour operator has an office under the charge of a full time member of their staff, who is adequately trained/ experienced in matters regarding transport, accommodation, currency, customs regulations and general information about travel and tourism related services. However, greater emphasis may be given to effective communication skills in Hindi and English. There should be a minimum of four qualified staff out of which at least two should have Diploma/Degree in Travel and Tourism from recognized university, IITTM or an institution approved by AICTE.

The academic qualifications may be relaxed in case of experienced personnel in Airlines, Shipping, Transport, PR Agencies, Hotels and other corporate bodies and those who have 2 years experience with Ministry of Tourism approved tour operators. Similarly, for the agencies located in North-east, religious, remote and rural areas, there should be a minimum of two qualified staff.

(e) The Domestic Tour Operator should have been in operation for a minimum period of one year before the date of application.

(f) The minimum office space should be of 250 sq. ft besides the office may be located in neat and clean surroundings and equipped with telephone, fax and computer reservation system etc. There should be sufficient space for reception and easy access to toilets.

(g) The Domestic Tour operator should be an income tax assesses and should have filed Income Tax Returns for the last or current assessment year.
They should have registered for Service Tax and made full payment of the assessed service tax for the preceding year.

(h) The Domestic Tour Operators should employ only Regional Guides trained and licensed by the Ministry of Tourism, Government of India and State level Guides as well as local guides approved by the State Governments.

(i) The Domestic Tour operator shall contract/use approved specialized agencies in the field of Adventure Options and related services for the tourists.

9. The Domestic Tour operator will be required to pay a non-refundable fee of Rs.3,000/- while applying for the recognition and renewal of Head Office as well as each Branch Office. The fee will be made payable to the Pay & Accounts Officer, Ministry of Tourism in the form of a Bank Draft.

10. Recognition will be granted to the Head Office of the Domestic Tour Operator. Branch offices will be approved along with the Head Office provided the particulars of the Branch offices are submitted to Ministry of Tourism and accepted by it.

11. Domestic Tour operator, granted recognition, shall be entitled to such incentives and concessions as may be granted by Government from time to time and shall abide by the terms and conditions of recognition as prescribed from time to time by the Ministry of Tourism, Government of India.

12. The decision of the Government of India in the matter of recognition shall be final. However, the Govt. of India may in their discretion refuse to recognize any firm or withdraw/withhold at any time recognition already granted with the approval of the Additional Director General of the Ministry of Tourism. Before such a decision is taken, necessary show cause notice would be issued and the reply considered on merit. Circumstances in which withdrawal is affected would also be indicated.

### 4.7 Approval By Mot As An Inbound Tour Operator

**Government Of India Ministry Of Tourism Guidelines For Recognition / Renewal As An Approved Inbound Tour Operator**

1. The aims and objectives of the scheme for recognition of Inbound Tour Operator are to encourage quality standard and service in this category so as to promote tourism in India and abroad. This is a voluntary scheme open to all bonafide tour operators to bring them in organized sector.

2. **Definition**: An Inbound tour operator is one who makes arrangements for transport, accommodation, sight seeing, entertainment and other tourism related services for foreign tourists.
3. The application for recognition shall be addressed to the Additional Director General, Ministry of Tourism, Transport Bhawan, 1, Parliament Street, New Delhi - 110 001.

4. The recognition as an approved Inbound Tour Operator shall be granted by the Ministry of Tourism, Government of India, New Delhi initially, for five years, based on the Inspection Report / Recommendations of a Committee comprising of concerned Regional Director and a member of IATO.

5. The application for renewal/extension shall be addressed to the Regional Director of the concerned region as per the following addresses:-

(a) The Regional Director (East), India Tourism, “Embassy”, 4, Shakespeare Sarani, Kolkata

(b) The Regional Director (West), India Tourism, 123, M. Karve Road, Opp. Church Gate,

(c) The Regional Director (North), India Tourism, 88 – Janpath, New Delhi

(d) The Regional Director (South), India Tourism, 154, Anna Salai, Chennai, Tamil Nadu.

(e) The Regional Director (North – East), India Tourism, Asom Paryatan Bhawan, 3rd Floor, Near Nepali Mandir, A. K. Azad Road, Paltan Bazar, Guwahati

6. The renewal / extension, thereafter, shall be granted for five years after inspection conducted by a Committee comprising of concerned Regional Director and a member of IATO, on an application made by the Tour Operator along with the requisite fee / documents.

7. The documents received from applicants after scrutiny in all respects will be acknowledged by the Travel Trade Division in respect of first approval and by the concerned Regional Director for renewal. The inspection for first approval / renewal shall be conducted by the Inspection Team within a period of sixty working days from the receipt of complete application.

8. The following conditions must be fulfilled by the Inbound Tour Operator for grant of recognition / renewal by Ministry of Tourism.

(a) The application for grant of recognition / renewal shall be in the prescribed form and submitted in duplicate along with the required documents.
(b) The Inbound Tour operators located in rest of India should have a minimum Paid up Capital (or Capital employed) of Rs.3.00 lakh and Rs. 50,000/- in the case of North – Eastern region, remote and rural areas, duly supported by the latest Audited Balance Sheet/Chartered Accountant’s certificate.

(c) The turn-over in terms of foreign exchange earnings by the firm from inbound tour operations only during the preceding financial year or calendar year should be a minimum of Rs. 25.00 lakh for rest of India and Rs. 5.00 lakh for the North – Eastern region, remote and rural areas duly supported by Chartered Accountant’s certificate. However, for the North – Eastern Region, the Chartered Accountant’s Certificate regarding turn-over of the firm in Rupee earnings would be treated as Foreign Exchange earnings, provided there is documentary evidence that such earnings are from inbound tour operations only.

(d) The Inbound Tour operator should have an office under the charge of the owner or a full time member of their staff, who is adequately trained / experienced in matters regarding transport, accommodation, currency, customs regulations and general information about tourism and travel related services. However, greater emphasis may be given to effective communication skills and knowledge of foreign language other than English. There should be a minimum of four qualified staff out of which at least one should have Diploma / Degree in Tourism & Travel Management from a recognized University, IITTM or an institution approved by AICTE. The owner of the firm would be included as one of the qualified employees. The academic qualifications may be relaxed in case of the other two staff members who are exceptionally experienced personnel in Airlines, Shipping, Transport, PR Agencies, Hotels and other corporate bodies and those who have two years experience with Ministry of Tourism approved tour operators. For the agencies located in the North – Eastern region, remote and rural areas, there should be a minimum of two staff out of which one should be a qualified employee with a Diploma / Degree in Tourism & Travel Management from a recognized University, IITTM or an institution approved by AICTE. The owner of the firm would be included as one of the qualified employees.

(e) The Inbound Tour Operator should have been in operation for a minimum period of one year before the date of application.

(f) The minimum office space should be at least 150 sq. ft for rest of India and 100 sq. ft for hilly areas which are above 1000 meters from sea level. Besides, the office may be located in neat and clean surroundings and equipped with telephone, fax and computer reservation system etc. There should be sufficient space for reception and easy access to toilets.
(g) The Inbound Tour operator should be an income tax assessee and should have filed Income Tax Returns for the last or current assessment year.

(h) **Disclaimer**: The Inbound Tour Operator should employ only Regional Level Guides trained and licensed by Ministry of Tourism, Government of India and State Level Guides approved by the State Governments. The implementation of this clause would be subject to the decision of Hon’ble High Court of Rajasthan in Writ Petition No. 5607 / 2004 and other Hon’ble Courts.

(i) The Inbound Tour Operator shall contract / use approved specialized agencies in the field of adventure options and related services for the tourists.

9. The inbound tour operator will be required to pay a non-refundable fee of Rs.3,000/- while applying for the recognition and renewal of Head Office as well as each Branch Office. The fee will be made payable to the Pay & Accounts Officer, Ministry of Tourism in the form of a Bank Draft.

10. The recognition / renewal will be granted to the Head Office of the Domestic Tour Operator. Branch offices will be approved along with the Head Office or subsequently, provided the particulars of the Branch offices are submitted to Ministry of Tourism for recognition and for renewal to the concerned Regional Director and accepted by it.

11. The Inbound Tour Operator so granted recognition / renewal shall be entitled to such incentives and concessions as may be granted by the Government from time to time and shall abide by the terms and conditions of recognition as prescribed from time to time by the Ministry of Tourism, Government of India.

12. Even though the scheme of granting approval of recognition to service providers of Travel Trade is voluntary, in nature, there is a need to have a pro-active role of Ministry of Tourism and Travel Trade to ensure that more and more service providers seek approval and then service the tourists. There is also a need to educate the stakeholders as well as consumers against the potential risk of availing services through the unapproved service providers.

13. It shall be mandatory for an approved service provider of Travel Trade to prominently display the Certificate of approval of recognition given by Ministry of Tourism in the office by pasting it on a board or in a picture frame so that it is visible to a potential tourist.

14. The decision of the Ministry of Tourism, Government of India in the matter of recognition / renewal shall be final. However, MOT may in their discretion refuse to recognize / renew any firm or withdraw / withhold at any time recognition / renewal already granted with the approval of the Competent Authority. Before such a decision is taken, necessary Show Cause Notice would
invariably be issued and the reply considered on merit. This will be done after careful consideration and generally as a last resort. Circumstances in which withdrawal is affected would also be indicated.

15. The guidelines including application form may be downloaded from website www.tourism.gov.in.

Summary

To be able to sell various types of transportation and other benefits, the travel agency or tour company must be approved by the conferences of carriers involved such as department of tourism, air traffic conferences, IATA, PATA and rail. Each conference maintains requirements or standards that an agency or tour company must meet in order to be approved. While an agency or tour company needs the approval of all conferences, it should concentrate on meeting the Department of Tourism first. By satisfying the DOT, the agency is likely to satisfy the other conferences. There are official booklets which details rules and regulations for setting up a travel agency or get approval as domestic or inbound tour operator, as well as many other procedures for selling air transportation. These requirements are modified from time to time. All the information regarding the rules and regulations are available online on concerned departments and conferences.

Short Answer Types Questions

1. Give the definition of a Travel Agency given by Ministry of Tourism.

2. What are the two main type of Tour Operator approval given by Ministry of Tourism ?

3. What is the definition of a Domestic Tour Operator given by Ministry of Tourism ?

Long Answer Type Questions

1. Explain the procedure of approval of a travel agency by Ministry of Tourism.

2. Write a brief note upon the approval of a travel agency by IATA.

3. What procedure is followed in getting Inbound Tour Operator approval form Ministry of Tourism ?
References


4. Chand, M., ‘Management of Travel Agency and Tour Operation’, Anmol, New Delhi