CHAPTER FOUR

ROLE OF TRAVEL AGENCIES IN THE DEVELOPMENT OF INDIAN TOURISM
HISTORICAL BACKGROUND OF TRAVEL AGENCY

Travelling is a very old phenomenon. In the previous days the people used to go to other places in search of food, pilgrimage or visiting new places by carts, bullock carts, camels and dolis. They stayed at sarais and dharmshalas and also some times in temples and other places they were provided food by the priest of the temple. In modern time they all are converted into modern star hotels and transport operators providing luxuries facilities.

The travel agency business started first by Thomas Cook and American Express Company. Travel agency does not have a long history. On June 9, 1841 Thomas Cook walked fifteen miles to a temperance meeting at Leicester. On this journey he concieved the idea of hiring a train to take his fellow members of the temperance society.

Thomas Cook put his idea into operation and he organised a trip of 570 passengers by train. It was the first time that an agent bought the railway tickets in bulk and resold them to the members of his group. This venture was soon followed by excursions to various other places and in 1843, 3000 school children were taken to a trip from Leicester to Derby in England.
Thomas Cook started a full time excursion agency in 1845. Cook diversified his business in other directions and became a tour operator, besides being an excursionist. Cook started making his tours interesting. He arranged the first all inclusive tour from Leicester to Liverpool in 1845. He also invented hotel coupons. He took 350 people by steamship on a tour to Scotland. He also published a guide book for this tour.

The excursionist invasion of Scotland soon followed in 1846 and 1847. From 1848 to 1863 Cook conducted many circular tours of Europe including visit of different countries. Thomas Cook and sons had established their first official London office in 1865. John Mason Cook now joined his father as a permanent partner and took charge to London office.

In the late 70's of the nineteenth century Cook arranged a deluxe tour of India with the P & O steamship line. On arrival in Bombay, the travellers were moved in spacious compartments on Indian railways to see the Taj Mahal. Meals were served to the travellers in train. In 1874 he provided another services which was the beginning of the present day travellers cheques. It is insured against loss. The issuing company makes little money on selling travellers cheques.
In the year 1880 John Cook left for India and established offices in Bombay and Calcutta and formed the Eastern Princess Department. The management of the company passed on to John Mason Cook's three sons in the year 1898. At the time of John Mason Cook's death the Cooks business included three aspects of travelling selling tours, banking and shipping. The company has now 700 offices and about 13000 employees around the world. The American Express Company is the world largest travel agency comes at second place after Thomas Cook and sons. Besides selling tours the company deals in travellers cheques. The company may be said to have its origin in the same year- 1841.

The American Express Company is the major participant in the international currency transactions, buying and selling about 200 million dollars on each working day. The company also introduced American Express Credit Cards which are perhaps the most popular credit cards in the world. A holder of such credit card can go to any part of the world and pay his hotel bills, eat food in restaurants, buy an international air ticket or any thing else from places where American Express Cards are accepted.
The AMEXO provides facilities of computerised reservations of hotels in major cities throughout the world. If a traveller in United States wishing to make a reservation of hotel anywhere in the world can make a phone call to the American Express Company reservation office at no charge.

In 1928 another big company Exprinter Travel Services appeared on the scene in Los Angeles. It started the whole business of selling tours to small travel agents. There are estimated 44000 travel agencies located throughout the world. Fifty percent of the travel agencies are in the United States.

In India travel agency business is relatively new. At the time of independence there was hardly any travel agency. Organised travel agency business really started after independence and by 1949 six travel agents in India had set up an apex body called Travel Agents Association of India with headquarter at Bombay and headed by a young travel agent Nari J. Katgara. And till now there has been a great development in the business of travel agencies. Travel agency in India is now a major trade activity generating direct employment and also considerable indirect employment by bringing tourists.
THE ROLE OF TRAVEL AGENT IN PROMOTION OF TOURISM

Travel agents play a vital role in the promotion of tourism. Travel agency is a service industry. It depends on the goodwill of the people. Travel agents provide all facilities to the customers. A travel agent arranges travel services from suppliers such as airlines, steamship companies, railways, bus companies, car rental firms, hotels and sightseeing operators. In the modern world travelling is more complicated, especially to foreign countries. The stations reveal that about 75% of people depend on travel agents for planning their journey. A successful journey cannot be operated without the help of travel agents. It is the travel agent who packages and processes all the various attractions of the country and presents them to the tourists.

Before we study about the role of travel agents in tourism promotion, we must understand the concept of travel agency, early history, its functions and role of travel organisation etc.

Travel means to make a journey especially of some length to distant countries. Agent means one who does the actual work. Especially one who represents a person or firm in business. Agency means office of agent-establishment for business purposes. One who does the actual work for another person to enable that person
to make a journey is a drawl agent of the establishment, the agent need not necessarily be an individual. It could also be a firm, company etc.

A wholesale travel agent specializes in putting together tour offerings. It is marketed to the public through a network of retail agents or airlines. He does not directly deal with the consumers.

A number of wholesalers in the USA and Europe do have retail divisions. Wholesalers may contact with a tour operator for all or only certain land arrangements.

A wholesale travel agent desires tour packages under the agency’s name. He may take land packages already assembled by a ground operator and combine them with or surface transportation to form new packages. The latter practice is more common in international tourism rather than negotiating directly with individual sellers i.e. hotels, transport operators and guides.

The retail travel agent sells travel services directly to the consumers. He acts as the agent for airlines, steamship lines, railways, hotels, car rental firms or, sometimes, for the wholesale travel agencies. Most of the travel agents hold appointments from IATA and steamship conferences.
ROLE OF TRAVEL AGENCY IN TOURISM

Travel agency is one such organisation in the Private sector which plays a key and crucial role in the entire process of developing and promoting tourism. It is the travel agent who packages and processes all the various attractions of the country and presents them to the tourists.

The scope of the rolls of Thomas Cook company and American Express company were also limited in the beginning as the mass tourism as we know it had not begun. The introduction of the air travel which gave boost to the travel agency business. The introduction of an economy class on aeroplanes, crossing the North Atlantic heralded the era of travel agency and was responsible for their growth.

Continuing development of transport system improved living standards combined with reduction in working hours is the root cause of today's upward surge in travel. The scope of the activities of the travel agents in the context of modern tourism can be described as follows" to give advice to the potential tourist on the merits of alternative destination and to make the necessary arrangements for a chosen holiday which may involve the booking of accommodation, transport and other relevant services".
The retail travel agent provides a direct link between the consumer and the suppliers of tourist services is airlines, transport companies, hotels, autorental companies etc. The travel agency provides informations about tourism.

Tourism is a journey which depends upon the travel agency because travel agencies gives advice to intending travellers on the type of programme which they may choose for their holiday or business travel. Travel agent who is the retailer of the tourism product, the tour operator is a manufacturer of a tourism product. He plans, organises and sells tours. Tour operat-or makes all the necessary arrangements-transport, accomodation, sight seeing, insurance, entertainment and other matters of this package in an inclusi-ve price.

So the travel agency plays an important role in the development of tourism in the country and its promotion is recognised by all the segments of the travel industry. The government works in close collaboration with not only in India but abroad as well, encouraging them to plan an organise package tours for various destinations in the country. In India the Department of Tourism recommends the release of foreign exchange to the travel agents to enable them to open their branch offices abroad to promote tourism.
TRAVEL INDUSTRY DEFINITION

Travel Agent: "A person, firm or corporation qualified to provide tours, cruises, transportation, hotel accommodations, meals, transforms, sightseeing and all other elements of travel to the public as a service".

The scope of the functions of a modern travel agency has widened greatly over the years and specially after the introduction of the jet air travel. The scope of the activities of the travel agent with reference to modern tourism can be described as follows: "to give advice to the potential tourist on the merits of alternative destination and to make necessary arrangement for a chosen holiday which may involve the booking of accommodation, transport or other relevant services. The travel agent accumulates knowledge, expertise and contacts with those who provides services. Thus, this is sometimes an invaluable intermediary.

The need for a travel agency had arisen because travel in foreign countries was complicated and the various components of a trip had to be laboriously assembled to suit the requirements of the traveller. Moreover, the travel agents are helping the tourists in all fields.
The best use of travel agency for a tourist who comes to India or visits any country is in making best use of time and money at its disposal. It is a source of advertisement media for a country. When the tourist will go back to their native lands happily and satisfied, the country will receive more tourists. In result the economic and social condition of the country will improve by earning more foreign currency from tourists.

Travel agency provides other services to the clients according to the travelling need within the country or outside the country. It helps in the booking of air seat, reservation, booking of hotel room, purchasing of railway ticket, arrangements of ground transportations, provide services related to passport, visa, foreign exchange, insurance services etc.

The working of travel agency depends upon the capacity of travel agency. Some times it provides the complete travel services to the clients and some times limited. In holidays masses of tourists move to various destinations, for them travel agency is the best place which provides complete travel informations to the clients under one roof.
Travel agency also prepares package tours of different types like Special Interest Tours, Incentive tours, Educational tours, Conferences, Resort holidays, Motor coach tours, Cruises, Night tours and Excursions.

The travel agency sells the tourism products of the country. Travel agency attracts the tourists by advertising the tourist attractions of the country. Travel agency plays a significant role in the national integration and international understanding. It provides employment opportunities to the people. Travel agency exploits the design of the people, culture and way of life to visit the various attractions present in the country.

FUNCTIONS OF TRAVEL AGENCY

The travel agency provides complex and varied services to the clients. It has a wide range of functions. The functions will again depend upon the scope of activities it is involved in and also the size and the location of travel agency. If the travel agency working in a wide range its activities will be more wide. The travel agency will have specialized departments each having to perform different functions.
The travel agency takes the charge and undertakes to handle the tour throughout the country from the time he sets his foot in our land till the times of his departure. The travel agency provides services to the clients at the airport during the stay and at the time of his departure. In other countries more than 90% clients are availing the services of travel agents. Some of the major functions may be classified as under:

**TRAVEL INFORMATION**

This is one of the prime function of travel agency. The informations are provides relating to destination, climate, modes of travel, prices, time table, visa, currency and health, to those people who wish to travel inside the country or outside the country. This is a very specialised job and the person behind the counter should be specialist having excellent knowledge of various travel alternate plans. He often adjust his travel services to the needs of the clients. If the clients are old man he needs better class services and if he is a young person he may need different advice. The travel agent should be in a position to give upto date and accurate information regarding various services and general information about travel. A good travel agent is a counsellor who knows all
the the details about the travel needs and interest of the clients. He should be able to communicate with the customer in his language. The travel agent is well verse in the knowledge of other foreign languages because of personnel working in travel agency it is essential.

PREPARATION OF ITENARARIES

A travel agent advises people on the type of itenerary which they should select for their holiday or business travel. He also advises them where they should go for a holiday.

Tourist itenerary is a composition of a series of operation that are a result of the study of market. Itenerary is a total tour programme of a person. All the details should be given in an itenerary like transfers, timing and destination. First of all the suggested iteneraries are prepared and then the final itenerary is selected. The travel agent gives advice to intending travellers on the type of programme which they may choose for their holidays or business travel.

There are some basic factors which a travel agent has to keep in mind while preparing an itenerary.
INTEREST

Interest of all the travellers of the group or a particular traveller should kept in mind and places of interest, shopping, excursion should be decided.

NUMBER OF DAYS

First of all the number of days should be decided that for how many numbers of days the itinerary is to be prepared.

NUMBER OF PERSONS

It should be decided at the first hand that how many persons wants to join the tour.

FINANCIAL RESOURCES

The travel agent should provide the services of economy class, luxury class or first class on the basis of financial resources available.

CHOICE OF ACCOMMODATION & TRANSPORT

While preparing an itinerary it should be decided that what kind of accommodation and transport services the clients wants.
CONNECTIONS/TIMING

It is very important point and one who is preparing an itinerary must be aware of all timings and connections of all transports.

PURPOSE OF TOUR

The purpose of the tour should be kept in mind that either it is for leisure, reservation, cultural, education or conference etc.

TICKETING

The travel agency sells tickets to his clients on all modes of travel. He does not charge any thing from the clients for this service, but gets his commission from air carrier, road, steamship companies and hotels. He should have thorough knowledge of schedules of various modes of transports like air carrier, railways, steamship companies etc. Ticketing is not an easy job and the diversity of international air fairs are very complex and varied. He must remain up to date and alert to keep abreast of every new change. A major part of travel agents business is arranging air travel both for business men and vacationers. The travel agent have a through out knowledge of fare construction, writing off tickets, types of tickets and fare of tickets.
INSURANCE

It is yet another activity of travel agency for personal accident risks and of baggage. The services of travel agent in modern times has expanded a great, disablement, loss or damage of baggage. Airlines automatically includes insurance policies for the passengers and is packaged up to an extent specified by the carrier terms and conditions of carriage, but no such insurance is offered by other principals like hotels. The travel agency earn additional revenue by recommending appropriate insurance to the clients.

INFORMATIONS ON DESTINATIONS

At the other end of the airline ticket the travel agency provides informations to the clients for hotels, and other accomodations, its locality, prices and category. He helps the clients in the reservation of seats for theatres, cultural shows and places of entertainments. On arrival at the airport he arranges for the clients to be met by a car and a guide or by self driven car. He also makes proper arrangements for the car on rents.

Every year new destinations appears where people wish to go. For this a sense of geography is part of his
equipment/mind. The travel agency himself is a widely travelled person. They are sent to different parts of the country and outside the country to ensure balanced development of tourism.

PACKAGING AND SELLING OF TOURS

The travel agency sells the readymade packages on behalf of wholesale tour operator. In this case he deducts his own commission and remit the remainder to the tour operator who has marketed this package. The travel agency is free to design its own tours and market them to its clients directly. The travel agent can become the whole seller of the tours if he has resources.

Type of Tours

(I) PACKAGE TOURS

A package tour is designed to fit a particular group of travellers. It is a travel plan which includes most elements of a vacation, such as transportations, accommodation and sightseeings. It is a prearranged tour designed to fit the requirements of a wide variety of travellers. There are many other types of tours. These tours details are printed in the form of the brochures, like prices of tours, type of hotel accommodation and services provided etc.
II) ESCORTED TOURS

It is the tour which normally includes international transportation, meals, sightseeing, accommodation, guide service and even tipping. The tour director maintains the overall schedule of the tour, attends to all problems that might arise enroute and generally ensures that the tour goes off satisfactorily.

III) GROUP INCLUSIVE TOUR

This is the most common form of tours in which people travel in groups of fifteen or more. For this tour group, the escort normally travels free (the airlines provides him with a free ticket and a free hotel room from the host hotel. These types of tours are available for any destination. The minimum terms and conditions are laid down by IATA and the travel agency is free to add their mark up and profit.

IV) FOREIGN INCLUSIVE TOUR (FIT)

These are the unescorted package tours. The traveller does not tour with a tour director or a group but arrange his own programme according to his preference. These tours are more flexible in nature. The organisation of price requires creativity on the part of travel agent coupled with innovation and good management.
Because of bulk business the hotels, airlines and ground transport operators offer special rates to group tours. The travel agencies promote areas which sell easily and where the profit margin is high. Sometimes these packages are even cheaper than a trip to a destination within Japan because of the higher cost of living in Japan.

CHARTERS

Sometimes the travel agencies provide charter facilities to their clients. If the flight is not available they can arrange a charter flight for the group and it is much cheaper than the routine flight prices. It has become a major business for many travel agencies in UK and USA.

EXCURSION/TOURS

Travel agencies operate their own sightseeing tours and excursions. Some facilities are provided to the traveller for visiting historical places, mountains, beach resorts and ski resorts. Some travel agencies have their own luxury coaches and cars and so they offer regular sightseeing tours and excursions at fixed prices on seat in coach and seat in car basis. Excursion including lunches, local entertainment and overnight accommodation where necessary.
FOREIGN EXCHANGE

The travel agency earns foreign currency through foreign tourists. Some of the large travel agencies deals in the provision of foreign exchange. This is an important facility to intending travellers as it saves avoiding to visit regular banking channels. Only those travel agencies which are authorised by the government of India can deal in foreign exchange.

ADVERTISING/PUBLICITY/MASS COMMUNICATION

Travel agency use the best advertising techniques to create favourable image in the minds of travellers. Most of the travel agencies have their own advertising agencies which specialize in planning, creating and placing of advertising. They have artists, copy writers, photographers and experts in printing and publicity.

REPRESENTATION ABROAD

This is the main function of travel agency which is possible by the sub agents. New offices are opened in foreign countries and the Indian head offices should supply the published material to the sub offices and the sub offices should distribute it among the people to create an image of the country in their minds.
Now computerised reservation system in the recent years rather revolutionised the reservation system both for air and rail seats and also room in a hotel. Many large travel agencies are using this system. This system comprises a computer net-work that can be used by the travel agent to reserve an air or rail accommodation as also accommodation in hotel. Through a wide net-work confirmations of reservations are available in a matter of seconds.

Linked with the function of ticketing and reservation of accommodation in a hotel is the settlement of accounts of the clients. Accountancy plays a great part and is one of the important duties to be performed by the travel agency. Dealing with the settlement of accounts in all parts of the world calls for a thorough knowledge of foreign currencies, their cross-values and above all, the intricacies of exchange control regulations, which vary from country to country.

4.4. SOURCES OF INCOME OF TRAVEL AGENCY

The main source of income of Travel Agencies is commission they gets from so many sources. The main source of income of travel agency is as follows:
TICKETING

Ticketing is the main source of income of travel agencies. Indian travel agencies gets the commission from the airlines, transporters and shipping companies. They gets commission on tickets from domestic and international airlines. The commission gives to a travel agent is not uniform. Normal travel agency commission on an international airline tickets paid to a travel agent is 8% to 10% and some times more than that, because the commission of a general sales agent depends on the agreement which they may have with the carrier.

The travel agent provides the facility of getting the air ticket from the airlines through the agent and for this the travel agent don't make any plus charge from the customer. If any person wants to go to Kuwait, he may get the air ticket at his house without making personal contract with the airlines. Domestic ticketing is the source of earning commision for the travel agency. The domestic airlines mostly gives 5% commission to the travel agents. Some time they get more than that because it also depends upon the contract made between the general sales agent and airlines.
Segmentation of the Market

The travel agents provide domestic as well as international airlines, tickets to the following people in different segments of the markets. The following is the segmentation of the market.

- Business market: 40%
- Government market: 20%
- Labour market: 20%
- Holiday: 10%
- Students market: 5%
- Visiting friends: 5%

Discover India Ticket

The travel agents also gets commission after issuing Discover India Tickets. They get 9% commission on issuing this ticket. This ticket is available only for foreigners and can be purchased only against foreign currency. On this ticket, one can visit India. This ticket is not transferable nor the owner of this ticket can repeat the same journey over the same route. It is available for 14 days and its cost is US $ 375. It has validity for 21 days. It is open jaw ticket, one sector cannot be used twice.
Off Season Ticket

This is one of the important source of earning for travel agents. They get 9% commission on this ticket. Only domestic airlines issue tickets and are available within India. These tickets are available in April, May, June, July, September etc.

Railways

Railways were also a source of earning for travel agents till 1984. They get 3% commission on first-class tickets but now the railways don't give any commission to the travel agents. The travel agents also get commission from railways on In-rail pass. On In-rail pass travel agency earn 10% commission. This pass is like Discover India Ticket and can be purchased in foreign currency and for foreigners only. Its validity is for 14 days, 21 days, 60 days, 90 days etc.

Inclusive Tours

It is also the most important source of earning of travel agent on the sale of inclusive tour packages. Travel agents normally get commission of 10% from the whole sale tour operator. The tour operator arranges many
types of tours in bulk quality and sells them to the retailers on the commission basis.

**Hotels**

The travel agents get commission from the hotels on booking of rooms for their customers. Some times the travel agencies books hotel rooms in bulk in different cities and the hotels give them commission. Mostly the travel agents commission which they get from hotels is 10%. Some hotels offer additional incentives commission on bulk bookings. Some times it varies from hotel to hotel which depends upon the personal contracts.

**Domestic Holiday Tours**

The travel agencies arrange many religious tours like honey-moon, cultural tour and others. When the people wants to join they need different services from the travel agents and the travel agents earn commission by providing these services to the clients. So these tours are also the source of earning for travel agencies.

**Shipping**

The travel agents also earn commission from the shipping companies. The clients gets services of shipping
through travel agencies and the shipping companies gives commission to the travel agencies.

**Transport**

Transport companies also gives 10% commission to the travel agencies. Some times this percentage may vary depends upon the contract between them. There is a competition between the transporters so the rate of percentage of commission some times varies.

**Cargo**

Cargo is also an important source of earning for travel agencies. For booking of in-bound and out-bound cargo using any means of transportation through agents, the cargo agencies gives commission to the travel agents.

**Other Services**

There are various other services which a travel agency provides to the clients and earn some amount.
- Visa
- Passport
- Foreign currency exchange
- P.Form
- Car hire
- Insurance
For providing these services the travel agencies earn commission from the customers. Some of the companies still not providing the services of insurance to customers for their luggage safety and for providing this service the travel agent earns some amount of money from the customers. So the above are the some other basic services and sources of income for travel agents.

4.5 SET UP OF A TRAVEL AGENCY

Opening of a travel agency requires a high degree of skill and organisational capacity. A large travel agency have several numbers of departments with several members of staff while a small unit is managed by only a few hands. Some travel agencies may offer complete service including airline ticketing, tour packaging, cargo, shipping and rail booking while other may limit their activities to certain specific areas.

The opening of a travel agency is not an easy job, it involves lot of planning and organisation. In industrially advanced countries of the world where a large number of people engaged in travel, large percentage of them utilize the services of travel agency. In these
countries the travel agencies tend to be large having many specialized departments. On the other hand the services of travel agencies in developing countries are limited making them smaller in size.

Any how the basic organisational set up almost remains the same in all the cases. The main divisions or sections which a travel agency would have to include are sales, research and planning, finance and accounts, destination and services, publicity and public relation. All of these departments plays an important role in the working of a travel agency following is the set up of a travel agency.

<table>
<thead>
<tr>
<th>MANAGING DIRECTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES DIVISION</td>
</tr>
<tr>
<td>RESEARCH &amp; PLANNING</td>
</tr>
<tr>
<td>DESTINATION &amp; SERVICES</td>
</tr>
<tr>
<td>FINANCE &amp; CONTROL</td>
</tr>
<tr>
<td>ADVERTISING</td>
</tr>
<tr>
<td>SALES PROMOTION</td>
</tr>
<tr>
<td>MARKETING</td>
</tr>
<tr>
<td>CONTRACT WITH</td>
</tr>
<tr>
<td>THE AGENTS</td>
</tr>
<tr>
<td>PUBLIC RELATION</td>
</tr>
<tr>
<td>RESERVATION &amp; CONTRACT</td>
</tr>
<tr>
<td>TOURIST PROMOTION</td>
</tr>
<tr>
<td>BRANCH OFFICES</td>
</tr>
<tr>
<td>COST &amp; PRICING</td>
</tr>
<tr>
<td>TECHNICAL HELP</td>
</tr>
</tbody>
</table>
BASIC REQUIREMENTS TO OPEN A TRAVEL AGENCY

A travel agency acquire the following requirements.

A) LOCATION

To open a travel agency the central location is required in the area which is easily accessible to the general public. Ground floor location is preferred.

B) WELL FURNISHED OFFICE

The office of the travel agency should be well furnished and decorated so that the client may attract and comfortably feel.

C) TELEPHONE

Telephone plays a significant role in such modern time and without a telephone the business is impossible to carry. Telephone is essential to contact at any time with airlines, railways, transport and hotels.

D) STAFF

For efficient and quick service of a travel agency the skilled staff is needed to quote fares, make reservations and issue of tickets.
E) GOVERNMENT LICENCES

The travel agency in India offering documentation service like passport, visa etc for which the travel agency have to be on the approval list of the Regional passport office as well as the Reserve Bank of India to release foreign exchange.

A travel agency should have the following other approvals.
- Approval of International Air Transport Association to represent member airlines. Separate recognition is required for passenger and cargo sales.
- Approval of Indian Airlines to sell tickets. Here again separate recognition is needed for selling of passenger tickets and booking of cargo.
- Approval of Department of Tourism to claim publicity and promotional benefits for tour operators handling in bound tourists. Those who are not handling inbound tourists, approval is not required.

ADEQUATE FINANCE

Adequate finance is needed to start a travel agency. In India the cash of one lakh or a property of one lakh is needed. This varies from country to country.
F) MEMBERSHIP OF TRAVEL ORGANISATIONS

A good travel agency should be a member of the different travel organisations like ASTA, UFFTA, TAAI, PATA, WATA, ICCA ETC; though it is not necessary.

FORMALITIES TO BE COMPLETED BEFORE OPENING A TRAVEL AGENCY

These are the types of businesses:
1. Sole Trading
2. Partnership
3. Private Limited
4. Limited
5. Government Undertakings.

First Step:

In sole trading business of travel agency, only one person is solely responsible of the agency. No one will be share holder in the business. One who wish to open a travel agency of this kind may apply directly to the Deptt. of Tourism Govt. of India.

The travel agency business under partnership should be registered under Partnership Act 1932 in which
minimum of partners are 2 and maximum number of partners are 20. If registration is required a person may apply to the registrar with the following:

(1) Application Form F3
(2) Partnership agreement on a stamp paper of Rs.15/-

Application form should be filled up properly with the details like name of travel agency, date of starting, location of head office, name of partners, number of partners etc, and submitted to the registrar office alongwith the partnership agreement. The partnership agreement should have the following details:

(1) Name of travel agency.
(2) Head Office.
(3) Business.
(4) Name and addresses with age of partners.
(5) Capital contributed by each partner.
(6) Profit and loss sharing ratio.
(7) Duties and responsibilities of each partner.
(8) Procedure of admission and retirement.

After the partnership agreement is signed by all the partners it is sent to the registrar alongwith the
application. After registration the person is authorised to carry on the business.

Second Step:

Travel agency must be in business for one complete year from the date of filling the registration, and after one complete year the complete informations should be sent to the Department of Tourism, Government of India with duly certified copies of Profit & Loss account and balance sheet along with all possible annexure.

(1) Receipt from the registrar of partnership.
(2) A format application
(3) Details of foreign exchange earned and payment of foreign exchange.
(4) Details of number of tourist handled, both national and international.

If the travel agency is able to earn US $ 5000 in one year and also the information of one year business is sent by the travel agency to fulfill and satisfy the requirements of Department of Tourism, Government of India then the licence will be given to that particular travel agency. If the travel agency is not able to earn US $
5000 and other requirements needed by the Department of Tourism not satisfied then it should be in business once again to complete one more year.

In case of Private Limited Company and Public Limited Company the travel agency should be registered under 1956 Act. The following documents should be submitted to the registrar before starting the business.

(1) Memorandum of Association (External)
(2) Article of Association (Internal)

The above documents should have the same details as are given in application form F3 and partnership agreement.

A tour operator is approved by the Department of Tourism if he has been in business for at least one year, has a good office and has paid up capital of at least one hundred thousand in his company.

Rules for Recognition as Tour Operators

1. All applications for recognition shall be addressed to the Director General of Tourism, Transport Bhawan, No. 1 Parliament Street, New
Delhi-110 001, who is the authority empowered to grant recognition.

2. The object of recognition shall be to actively engage in promoting incoming tourist traffic and contribute substantially towards the foreign exchange earnings of the country through Tourism.

3. The firm should have a minimum paid-up capital of Rs.1.00 lakh duly supported by the latest audited balance sheet.

4. The turn-over in terms of foreign exchange by the firm should be a minimum of Rs.5.00 lakhs duly supported by banker's certificates.

5. The application for grant of recognition shall be in the prescribed form (copy enclosed).

6. Firms granted recognition shall undertake to maintain an office under the charge of a full time member of their staff, who should be in a position to give up-to-date and accurate information regarding transport and accommodation facilities, currency and customs regulation and general information about travel etc.
7. Firms granted recognition shall undertake to employ only guide approved by the Department of Tourism, failing which the firm liable to be derecognised.

8. The recognition may be extended for the whole of India or be limited to a particular region.

9. All recognised firms shall furnish to the Department of Tourism, and Regional Director/Director, Government of India, Tourist Office of their region if the Government desires yearly statement of their activities and such other information as may be called for by them from time to time in regard to the volume of tourist traffic actually handled and other relevant matters.

10. Application for initial recognition shall be entertained for one year only and thereafter future recognitions will be for a three year period at a time if the Department is satisfied that the firm is complying with all the conditions/ applicable to this recognition.
11. The firm will be required to pay a non-refundable one time fee of Rs.1,000/- while applying for the initial recognition/extension for three years. The fee will be made payable to the Pay & Accounts Officer, Department of Tourism in the form of a Bank Draft.

12. The decision of the Government of India in the matter of recognition shall be final. The Government of India may in their discretion refuse to recognise any firm without assigning any reason.

13. The Government of India reserves the right to cancel or withdraw at any time the recognition already granted without assigning any reasons whatsoever thereof.

14. The recognition to be granted by the Department of Tourism shall not automatically entitle the firm to be appointed agents for the sale of rail, tickets by the Ministry of Railways (Railway Board). The agencies thus recognised shall apply separately to the Railway Board.
15. The firm should be registered under the Local Shops and Establishments Act and must have a well appointed office.

16. The firm should have been in operation for a minimum period of one year before the date of their application.

17. The firm should furnish the latest Income Tax Clearance Certificate from the Income Tax Authority.

Rules for Recognition as Travel Agents

1. All applications for recognition shall be addressed to the Director General of Tourism, Transport Bhavan, No.1, Parliament Street, New Delhi-110 001, who is the authority empowered to grant recognition.

2. The object of recognition shall be to promote the development of tourists industry in India.

3. The application for grant of recognition shall be in the prescribed form.
4. No firm shall be granted recognition unless it has been engaged actively in handling tourist traffic for a minimum period of one year before the date of application.

5. Firms granted recognition shall be entitled to such rights and privileges as may be granted by Government from time to time and shall abide by the several terms and conditions of recognitions as prescribed from time to time.

6. Firms granted recognition shall undertake to maintain an office under the charge of a full time member of their staff, who should be in position to give up-to-date and accurate information regarding transport and accommodation facilities, currency and customs regulations and general information about travel etc.

7. Firms granted recognition shall undertake to employ only guide approved by the Department of Tourism, Failure to employ approved guides will make the firm liable to be derecognised by the Department.
8. The recognition may be extended for the whole of India or be limited to a particular region.

9. All recognition firms shall furnish to the Deptt. of Tourism, and Regional Director/Director, Govt. of India Tourist Office of their region if the Government desires yearly statement of their activities and such other information as may be called for by them from time to time in regard to the volume of tourist traffic actually handled and other relevant matters.

10. Application for initial recognition shall be entertained for one year only and thereafter future recognitions will be for a three year period at a time if the Department is satisfied that the firm is complying with all the conditions applicable to this recognition.

11. The firm will be required to pay a non-refundable one time fee of Rs.1000/- while applying for the initial recognition/extension for the three years recognition. The fee will be made payable to the Pay & Accounts Officer, Deptt. of Tourism in the form of a bank draft.
12. The Government of India reserves the right to cancel or withdraw at any time the recognition already granted without assigning any reasons whatsoever thereof.

13. The recognition granted by the Department of Tourism shall not automatically entitle the firm to be appointed agents for the sale of rail tickets by the Ministry of Railways (Railway Board). The agencies thus recognised shall apply separately to the Railway Board.

14. The firm should have a minimum paid-up capital of Rs.2.00 lakhs only supported by latest audited balance sheet.

15. Applications for grant of recognition by the Department of Tourism will be considered only if the firm;

(i) is approved by LATA;
(ii) has valid licence to book foreign passage issued by the Reserve Bank of India;
(iii) has the valid approval of the Ministry of External Affairs to handle travel documents and to deal with passport offices;
(iv) is registered under the Local Shops Establishments Act and should have a well appointed offices.

4.6 SECTIONS OF TRAVEL AGENCIES

A travel agency either large or small size have the head quarter and its branch offices. The office of the travel agency would have the following sections.

<table>
<thead>
<tr>
<th>SECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESEARCH &amp; PLANNING DIVISION</td>
</tr>
<tr>
<td>MARKET RESEARCH</td>
</tr>
<tr>
<td>RESERVATION &amp; CONTRACT</td>
</tr>
<tr>
<td>COST &amp; PRICING</td>
</tr>
<tr>
<td>RESEARCH AND PLANNING DIVISION</td>
</tr>
<tr>
<td>OPERATION DEPARTMENT</td>
</tr>
<tr>
<td>CONTRACT</td>
</tr>
<tr>
<td>TOURIST PROMOTION</td>
</tr>
<tr>
<td>TECHNICAL HELP</td>
</tr>
<tr>
<td>SALES FINANCE &amp; ACCOUNTS DIVISION</td>
</tr>
<tr>
<td>ADVERTISING</td>
</tr>
<tr>
<td>PUBLIC RELATION</td>
</tr>
</tbody>
</table>

The main section of the travel agency is the Planning Division which plays a significant role in the
over all working of the travel agency. In this division more emphasis is given on the market research. The marketing includes all direct and indirect promotional activities to sell travel destinations.

Marketing effects all the operations of tourism. The description of various planning process or analysis of a plan of tourism development is very essential. The investment in modern tourism are particularly very heavy and the establishment of an adequate infrastructure requires many years. The department of research and planning helps to develop the tourism potential of a country and for this there is a need of well planned tourist marketing policy and market research which have the following:

(1) **Tourist Product**

Unless there is a certain product be it tangible or intangible or a service, marketing is not possible. In case of tourism product the basic raw materials would be countries of natural beauty, climate, history, culture and the people. As far as the tourist is concern the product he buys cover the complete experience from time he leaves home to the time he returns home. All the tourist buy's
either separately or jointly the various component of tourism.

(2) **Market Value**

The main function of research and planning division is to see what are the market demand of the tourist products and concentrate on those which have more value. For example some of the travel agencies running successfully and some are not. The main drawback is that they don't follow the demands of products.

The market demand of the tourist product is possible only by a research and plan which is the function of Research and Planning division.

(3) **Cost and Pricing**

The another function of this department is the pricing and costing. This is the important aspect of planning on which more attention should be given because if the price of the tour will be more as compare to other company then no any new tourist will avail the services of this travel agency.

The tour packages should be prepared at the time when airlines, railway and hotels give concessions so that
many people will be attracted due to concession.

TOUR OPERATION DEPARTMENT

The function of tour operation department is to arrange the tours and promotion work and these works are performed by travel agent. The operation department have the following functions to perform.

1) Answerisng the queries alongwith the suggested itenerary and tour cost.
2) Reciept of advance payment.
3) Booking of hotels, transport, guide etc.
4) Booking of air tickets (if any).
5) Reconfirmation of the above.
6) Payment of advances to the above.
7) Open a file.
8) Issuence of vouchers or exchange orders, usually three copies of exchange orders are typed.
9) Reciept of confirmed vouchers.
10)Special permits (visa, passport, P.Form etc.).

SALES DIVISION

This department is also a very important division which must be informed of the latest facts and figures
both at the head office and branch offices. The department should have the latest and up-to-date knowledge about the different parts of the world, by a mass of literature.

This division also looks after advertising and public relation and sales promotion to attract more tourist and export the advertising material to its abroad offices to expand the business. The following functions are:

1) **Advertising**

It is an activity which is designed to spread information for the promotion of sales. It operates in two ways, firstly by spreading of sales information among the customers about the possibilities of consumption and secondly by seeking to influence their judgement in favour of the particular goods which are the subject of advertisement.

The media space for advertisement can be brought and advertised in newspapers, general books, specialised magazines in posters or bill boards. In addition to the use of paid media space in the form of newspapers,
magazines and radio, television in order to transmit a predetermined message to a predetermined audience.

Advertisement may interest or inaccessibility to salesman. Advertisement may reach such prospects through many types of medias and under a variety of circumstances and may thus attract their attention to arouse their interest. Lower cost is another major advantage.

Advertising may be used to do a variety of selling tasks. A great deal of advertising attempts to win acceptance for the product. Advertising by a travel agency thus directly stimulates sales to customers or retailers. Some direct mail periodical advertising attempts to make sales by requesting reader to forward orders accompanied by the necessary payment. Advertising then became the most economical means of doing the entire sales job.

2) Sales Promotion

Sales division of a travel agency has also to look after sales promotion. In tourism sales promotion is all those promotional activities designed to transmit to the public and to the travel trade specific and detailed
information on aspect like accommodation, transport, attractions and prices concerning the tourist services to be promoted.

3) Public Relation

This division of travel agency is used to create and maintain positive image for a country, a tourist destination in the minds of the people who are in a position to influence public opinion. It is oriented towards creating and maintaining an atmosphere where by travelling public at large is convinced of the advantages of visiting the country concerned.

FINANCE AND ACCOUNTS DEPARTMENT

All the divisions of travel agency are financed and controlled by this division only. So this particular division is the backbone of the whole organisation. All the financial informations are supplied by this department when needed. This department shows the real financial position of the organisation.

Without adequate finance and control no travel agency could reach to a successful end. The profit and loss assessment of capital is done under the supervision of this division only.