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UNIT-1 TRAVEL TRADE SECTOR – ORIGIN, DEVELOPMENT HISTORY AND PRESENT STATUS IN INTERNATIONAL CONTEXT

Structure

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Evolution of Travel Agency
- 1.3 Early Stage of Travel Agency Business
- 1.4 Landmark Period
- 1.5 Period of Innovation
- 1.6 Intra-Continental Tour
- 1.7 Intercontinental Tour
 - 1.7.1 Second Generation Thomas Cook Business
 - 1.7.2 The Great Episode of John Mason Cook
 - 1.7.3 Merger and Acquisition
 - 1.7.4 Technology Driven Period
- 1.8 Summary

1.0 OBJECTIVES

After reading this unit, you will be able to:

- discuss the evolution of travel agency business in the world;
- explain the contribution of Thomas Cook to the growth of world travel agency business;
- describe the comprehensive overview of the contemporary travel practices since Thomas Cook travel agency; and
- explain the various stages and turning points in the history of global travel agency business.

1.1 INTRODUCTION

The business of travel agency has witnessed a buoyant growth in the recent years. This upbeat sector provides enormous income and employment opportunities and offers complete travel solutions to the new age travelers. While making such study on travel agency and its development in different stages can enlighten learners to a great extent in gaining extensive ideas and knowledge. Therefore, it is essential to have an insight of the origin of travel agency business in the world.

In this unit we shall study the history of travel agency and the early stages of travel agency business. We shall also discuss the landmark period, period of innovation, intra and inter-continental tour, Second Generation Thomas Cook Business and so on.

1.2 EVOLUTION OF TRAVEL AGENCY

In the beginning, the travel agency business was in a state of experimentation and community help. Gradually, the business grew up in such a scale that competitive travel companies around the world forged into the sophisticated business. The nature of the business was a sort of intermediary role to cater holiday related services to those who were away from home. Travel agencies made all possible efforts to ensure the service quality for enhancing the level of satisfaction. In practice, travel agencies were principally driven by the needs of the customers. It is very strange to see that travel agency business in those periods were run with reasonable investment and used to make reasonable amount of profit amidst certain risks such as confirmation of hotel rooms, security of customers, quality of foods, frontier formalities, political system, ethnic difference, long traveling hours, language, etc. Despite of confronting with all impediments, traveling to places other than the place of own domicile was a status symbol of society that pushed people in Europe to undertake travel. The invention of railways and sophisticated steamship also motivated people to travel because travelers urged for comfort and relaxation in the tour. Thus, Thomas cook's voluntarism to experiment his noble idea to assist people to reach at their destinations is really a matter of great contribution to the history of travel agency. Several travel simplification mechanisms were successfully experimented and proved to be the best options till today in the travel world. Thomas is credited to have rekindled interests among the people in England to plan holidays in advance. On 9th June 1841, a 32-year old cabinet-maker, evangelists and Baptist book seller named as Thomas Cook walked from his home in Market Harborough to the nearby town of Leicester to attend a temperance meeting. It was a milestone day in the annals of world travel history. A former Baptist preacher, Thomas Cook was a religious man who had a firm opinion that most Victorian social problem revolved around the consumption of alcohol and that the lives of working people would be greatly improved if those people were refrained from drinking alcohol. They can be better educated. As he walked along the road to Leicester, he later recalled his thoughts, "The thought suddenly flashed across my mind as to the practicability of employing the great powers of railways and locomotion for the furtherance of this social reform".

The introduction of pleasure travel and continental travel round the world by Thomas Cook and other contemporary travel agencies ushered a new

horizon in the international tourism. Travel coupled with hotel coupons, circular notes, credit cards, advance reservation of all required services for visitors were some of the travel innovations of those periods. Although, certain modifications have taken place today but the origin of the concept has certain significance in the study of history of travel business in the world.

The history of professional travel agency may be traced back to 1841 when Thomas Cook organised his first excursion tour for his own friends to attend a temperance meeting held in Leicester. To make the journey more comfortable and relaxed, he devised a creative method of engaging a special train hired from the British Railway to transfer his friends from Leicester to Loughborough and back to attend a rally. A group of 570 participants were signed of at the rate of one shilling per person for a twenty-two mile round trip. The tour gave birth to the idea of all-inclusive packages. Thomas Cook was so articulate and enterprising that the trip embraced a band to play typical hams, a picnic lunch of hams as well as the afternoon tea for refreshment. During the next three summers, Thomas Cook arranged a series of trips between Leicester, Nottingham, Derby and Birmingham on behalf of local temperance societies and Sunday schools. Within these limits many thousands of people experienced rail travel for the first time, and Thomas Cook was able to assess his strength to expand the areas of operations within the country. That brief success gave him ample solace to think for deepening his aim and interest to enlarge the scope of travel business in Europe. This turnaround has laid foundation of his future travel business. He later described this period as one of 'enthusiastic philanthropy' since, beyond the printing of posters and handbills; he had no financial interest in any of these early excursions.

It may be the grace of almighty to make the coincidence of the existence of the two giant travel companies in the world. The opening up of the American Express, a Travel Agency Company in USA in the year 1841 brought about a significant change in the system of banking transaction. The company was contemporary to Thomas Cook Travel Agency and both in the initial period operated the business in their own continents. In its early years, the American Express was focusing on freight business and gradually penetrated into other areas of travel and financial services. Its largest and most consistent clients were banks. The core business of the company was revolving around the supply and delivery of small parcels like stock certificates, notes, currency and other financial instruments to the banks across the USA. The company was giving considerable priority to small parcels services rather than transporting larger freight. Over the periods, the company shifted to other financial and travel solutions.

One of the early travel agencies is Cox & Kings, which has a special distinction of having the longest established travel company in the world. The company was drafted for making travel arrangements for the regiment in India. The company did not have diversified travel business as Thomas Cook used to operate in the beginning period. The notable history of the year of establishment of Cox and Kings started in 1758 when it was appointed as general agents to the regiment of Foot Guards in India under the command of Lord Ligonier. Cox & Kings is the longest established travel company in the world. By 1878, they were agents for most British regiments posted overseas, including the Royal Cavalry, Artillery and Infantry, as well as the Royal Wagon Train and the Household Brigade.

The first German Travel agencies in the line of modern travel agencies were known as immigration agencies. These agencies were engaged in booking ship's passages and sometimes group journeys from a collection point to the point of embarkation. The oldest of such agencies was Reiseburo Rominger in Stuttgart in 1842. This agency subsequently extended its activities to the whole range of travel services in Europe. To make traveling simple for the individual, the concept of tickets for means of transport were introduced and issued by these larger agencies in Europe.

1.3 EARLY STAGE OF TRAVEL AGENCY BUSINESS

The successful execution of the tour marked the beginning of the establishment of modern travel agency in the world. In 1845, Thomas Cook conducted the first large scale tour inside England by adding some entertainment activities in the tour package. The objective was to enhance the value of package and create certain appeal. That railway journey to Liverpool from Leicester, Nottingham and Derby was the first trip for making some profit. As long back as 1880s, certain travel companies in Germany were accredited to sell train tickets. However, the railway administrations didn't make any provision for offering commission to those agents that means those agencies book the train tickets for the passengers for which additional service charges over and above the printed fare of the tickets. In 1910, for instance, a well organized travel agency in Germany could issue tickets for a round trip on the Lake Victoria and organized a journey from Cairo via Aswan to Khartoum. Hence, the ticket included the cost of the porters and tent age in order to trek to reach at the origin point of the river Nile. In 1851, Thomas Cook promoted trips to the Great Exhibition in Hyde Park for 150,000 people from Yorkshire and the Midlands. In 1855, Thomas Cook's first continental tour was conducted. He himself conducted two group tours from Harwich to Antwerp, then on to Brussels, Cologne, Frankfurt, Heidelberg, Strasbourg and, finally, to Paris for the International Exhibition.

1.4 LANDMARK PERIOD

Thomas Cook & Son Ltd got benefited from the post-world war holiday boom, which witnessed one million British nationals travelling abroad by 1950. The company set up a Business Travel Service (BTA) and renovated the holiday camp at Prestatyn (which had opened shortly before the outbreak of war). Although Cook's remained the largest and most successful company in the industry, but its dominance in the travel market was subsequently being contested by the emergence of new travel firms. Those travel companies were able to quote lower prices than the Cook's package prices and crafted new strategy to offer cheap package deals. It is considered to be the first challenge to the Cook's unrivalled travel business in Europe. It was a big turnaround for Thomas Cook Company in 1965 when the company's net profits exceeded £1 million for the first time. That was really remarkable in achieving a huge turnover and profits when there was an increasingly cut-throat competition. Subsequently after, the Thomas Cook travel agency was chased by the new rival travel agencies in the organized package tour market and company trailed behind them in terms of market share and profit. The vision of Thomas Cook to open potential areas of business opportunities was beyond the imagination of his competitors. By the end of 1850, having already visited Wales, Scotland and Ireland were explored by Thomas Cook towards the last of the year 1850, and he gained confidence to conduct inbound tours in Europe. He could not succeed in the mission of bringing foreign trips to the Europe, the United States and the Holy Land in the first attempt. He shafted his business expansion plan and got motivated with the suggestion of Sir Joseph Paxton, architect of the Crystal Palace, persuaded Thomas Cook to devote himself to bringing workers from Yorkshire and the Midlands to London for the Great Exhibition of 1851. The untapped opportunity was grabbed by Thomas Cook with a lot of determination and enthusiasm. There was no such ways that could communicate about the concept of package to the potential buyers or takers. He himself envisioned the printing of newspaper named as Cook's Exhibition Herald and Excursion Advertiser. He had sleepless nights from June to October to produce newspaper that would give platform to promote tours. He finally made the effort to write exclusive page on various places of tourist interests around the world. By the end of the season, Thomas Cook had taken 150,000 people to London to participate in the exhibition and 3000 children were also transferred to London to take part in the merry making function from Leicester, Nottingham and Derby. With the co-operation of the Paris, Lyons and Mediterranean Railway, Thomas Cook began to issue circular tickets (in both English and French) between Paris and the Alps.

Money transfer was certainly an unimaginable thing in the 19th century. There is no point of discussing the issue of punctuality and safety of transferring money. It remained an area which was not explored by the travel agencies citing the reason of impossibility and unacceptability. All uncertainties and threats tied up with the issue were eliminated by the innovative works of the American Express Company in 1882 when it took initiative by launching money order business in the USA. The noble idea got clinched in the USA market and people were more reliable with the money order scheme launched by the America Express Company. This proved to be an instant success. The settlement of business transactions and payment by the customers were main nature of these transactions. Propelled by the colossal success of money order business, the company introduced the world's first traveler's cheque in 1891. The traveler's cheque got accepted and appreciated all across the people in the USA cities. The volume of business achieved the annual sale up to \$6 million within a decade since the concept was introduced. Overwhelm success in money order business and traveler's cheque opened much scope for the company to establish its network amongst major European Banks. This expansion plan made the company to gain visibility in entire European market. The success in freight coupled with the financial transactions helped the company to capture the huge untapped travel market in Europe including Paris in 1895 and in London in 1896, American Express had expanded to Southampton, Liverpool, Hamburg, Berlin, Bremen, Antwerp, Rotterdam, Copenhagen, Naples and Genoa by the end of 1910. Initially foreign exchange transactions were conducted in France in 1895, the company's overseas banking operation took place in 1904 when the Rotterdam office opened in the Netherlands and where the company also started conducting commercial banking services.

CHECK YOUR PROGRESS - I

Answer the following question.

1. Write five lines on the early stage of the travel agency business in the world.

2. What are the major turning points of travel agency business in the landmark period?

Check your answer with the one given at the end of the unit.

1.5 PERIOD OF INNOVATION

It is quite natural that satisfaction of customer needs was the sole motto of the Thomas Cook Travel Agency for which the company introduced a system called Hotel coupons for the clients in 1868. The system of hotel coupons facilitated largely to both the customers and accommodation service providers. That noble idea worked effectively in reducing the cumbersome procedure of payments through cash and increased a kind of confidence and trust for the customers at a large. Accommodation providers were greatly benefited with the exchange of hotel coupons for rooms and other allied services such as food, entertainment, transport etc. Finally the company successfully made the system more familiar with hotel operators with the intention of getting fixed room tariffs at selected hotels in all major cities in Europe. A significant contribution of Thomas Cook by introducing the Circular note drastically reduced a lot of tension and risk. Thus at the beginning of the last quarter of 19th century, the concept of circular note was successfully launched. The year of introduction of the circular note was 1874 during which the company had achieved a larger presence both in the Europe and the USA. The introduction of Cook's circular note in New York was treated as an early invention of traveler's cheque in the world.

The growing industrialization in the mid 19th century enhanced the per capita income and consumption of the people and created a reasonable bigger size of middle class community who had much disposable income and mind set to undertake travel on a regular basis. It was a great opportunity for Thomas Cook to design larger varieties of package tours for the particular class of people. As Thomas Cook was geared up to capture the outbound travel market in England and set a target of selling customized tour packages to the growing middle class who demanded for better accommodation and sojourn. There were many middle class clients to visit to Switzerland and Italy and the company shifted from the working class customers to the middle class customers. To add certain features to these places, Switzerland was popularly known for wellness activities and pleasant climate whereas Italy used to be a focal attraction for religious and educational purpose. He therefore set out to negotiate with innkeepers and hotel proprietors to provide rooms and meals at good prices. His professional business relationship with hoteliers was so friendly and cordial in short span of the time that most of the hotels in the popular destinations were happy to honour his bookings and payments. This relationship with hotels became stronger and deeper when Thomas Cook created two wonderful exchange processes, one was hotel coupon and another was circular note. The former was launched in 1868 to help the clients in the payment of accommodation and food tariff at the destinations and the later was circular note in 1874. More particularly, the circular

notes were easily exchanged against the local currency that provided much relief to the travelers in meeting the contingency expenditures for example shopping, tips, extra service, etc. It is indeed to mention here that Thomas Cook was the forerunner of the travellers cheque which were issued in the form a paper note. The period of innovation is said to be the glorious period in the history of modern travel agency business in the world. The innovation in the travel documents by Thomas Cook and the American Express Company enabled the travellers to plan a safe and hassle free journey and ensured the service providers to offer quality and homely services to the travellers.

1.6 INTRA-CONTINENTAL TOUR

Thomas Cook continued to expand his business in Britain, but he was determined to develop it in Europe too. In 1855 an International Exhibition was held in Paris for the first time and Thomas seized this opportunity by trying to persuade the companies commanding the Channel traffic to allow him concessions. They refused to work with him, however, and the only route he was able to use was the one between Harwich and Antwerp. This opened up the way for a grand circular tour to include Brussels, Cologne, the Rhine, Heidelberg, Baden-Baden, Strasbourg and Paris, returning to London via Le Havre or Dieppe. By this route, during the summer of 1855, Thomas Cook escorted his first tourists to Europe. During his first familiarization tours to Switzerland in June 1863, it was a trip for developing familiarity with the places of interest, contacting hotels and innkeepers. At the same time, he accompanied sixty elite class clients and conducted the tour as far as Geneva. It is very interesting note that Jemima Morrell was one of the tourists escorted by Thomas Cook and she was so fascinated with the superb arrangements of the tour that she used to record travel accounts of all activities and events through out the tours in her diary. These rare original hands written documents donated by the young women can be seen and read in the Thomas Cook's Archives. More can be felt and believed if one can see the documents in the archives.

Thomas Cook gradually organized more such trips in the Northern and Western Europe in 1863. It was estimated that the company successfully handled the package tours for nearly 2000 tourists to Paris towards the end of the season in the same year. As it is mentioned in the above, Like Rome in Italy, Paris in France was a bustling cultural and educational city. A sizable number of people from the Western part of Europe especially had a great fascination and urge for learning and enjoying the cultural events in Paris and Rome. Some 500 tourists who visited Paris extended their trips to Switzerland. With the co-operation of the Paris, Lyons and Mediterranean Railways, Thomas Cook began to issue circular train tickets (in both English and French) between Paris and the Alps. He then

conducted the first circular tours to Switzerland, after having made an immediate success; he was so confident that the arrangements for the package tour were extended across the Alps. The first Italian tours organized in the summer of 1864 during which Thomas Cook escorted two large groups were escorted by Thomas Cook. One group was taken to Florence and parts of central Italy and the other one was accompanied to Rome and Naples.

1.7 INTER-CONTINENTAL TOURS

As an expansion plan of the company to the USA in the North America continent, Thomas Cook took leverage of crafting strategy to offer the company's ready made package tour to Europe , more particularly to London, Paris, Rome and Geneva. He also examined the plan of action minutely to popularize and promote various package tours across the North America. The USA was a rich country in terms of the growth of GDP and national income. A sizable number of people having much disposable income were tempted to spend for leisure and recreation purposes. There was no such privileges before them to utilize the spill over income. The great visionary Thomas Cook employed his all experiences and network to exhibit places of tourist interest in the USA as holiday product for the elite class in the UK. As a result, the Thomas Cook crossed the Atlantic Ocean for conducting outbound tours to North America. This particular tour was led by John Mason Cook (son of Thomas Cook) who conceived the operation and management of the first ever American tour. In order to cater to the long demands for visiting the world famous wonders pyramid in Egypt and religious visit to Jerusalem – the birth place of Jesus Christ, the Company extended its operation to Egypt and Palestine in the year 1869. Travelers used to encounter a lot of inconvenience and difficulty in carrying hard currencies with them and in most cases travelers had to face certain kinds of robberies and miscreants. This was one of the major hindrances to undertake travel to places other than their domicile.

Going by his long experience and knowledge in the travel trade business in the Europe, Thomas Cook undertook an exploratory trip to the North America in 1865 for the sake of gathering information about the transport, accommodation, food, sightseeing, safety and security, etc. Finally, he managed to develop a system of tours that covered 4,000 miles of railways journey. The objective of aligning with the AMTRK was to conduct a safe and affordable package tour in the USA.

In 1869, he hired two steamers and conducted his first party up the river Nile. The climax of his long travel trade career happened at the age of 63 in 1872 when he departed from Leicester on a tour of the world that would keep him away from home for almost eight months. It had long been his ambition to travel "to Egypt via China". However, such a trip only was

practically possible at the end of 1869 following the opening of the Suez Canal and the completion of a rail network linking the East and West coasts of America.

Thomas Cook and his small party manage to travel across the Atlantic Ocean by steamship to discover a new route of world travel as it was his long cherished dream. They made their journey through the United States from New York to San Francisco by rail. They cruised by Pacific steamer to Japan, then across the Inland Sea to China, and afterwards visited Singapore, Ceylon and India. While leaving Mumbai, they crossed the Indian Ocean and the Red Sea to Cairo, from where most of the party travelled back to London. However, Thomas Cook himself set off on an extended tour of Egypt and Palestine. Finally he reached back home after traveling through Turkey, Greece, Italy and France. The total duration of the tour was estimated to be 222 days. The successful completion of the world tour was a great achievement for future expansion of the business. He himself gained confidence and convinced about the people, culture, political systems, economic systems, facilities, amenities, transport connectivity, etc in each stop over. So, his long awaited dream got transformed in to reality when he himself witnessed the Great Wall of China, The Taj Mahal, The Pyramid, Jerusalem etc and reinforced his efforts to sell world tours to the European tourists. The world travel was termed as pride cum adventure travel as many medieval travellers **like Marco Polo, Iban Batuta, Benjamin of Tudela, Columbus, and** others explored orient countries with much difficulties, pains and nightmares. To experience those mysterious lands and cultures, the company conducted world tour on a priority basis as the duration of tours was much longer as compared to other package tour. Soon after the operation of world tour became a successful annual event. It is to know that the concept of Free Independent Traveler (FIT) is believed to have emerged in the then travel trend. There were more demands of FITs to buy round the world package tour than the group traveler. Many additional tickets were issued to independent travellers to visit those places explored by Thomas Cook and his party. Some of them traveled to Asia via Australia and New Zealand rather than China and Japan.

1.7.1 SECOND GENERATION THOMAS COOK BUSINESS

Thomas Cook was very fortunate to have a dynamic successor to manage company affairs. His Son John Mason Cook was capable of operating the business in his absence. More particularly, during the World Tour of 222 days, his son was tactfully and painstakingly managing the promotion, operation of package tour and other allied services for the clients. While Thomas Cook was traveling round the world, his business firm was shift to a new head office at

Ludgate Circus and the whole exercise of shifting were executed under the direct supervision of his son. There was a sharp difference of opinion on the company's expansion plan between his son and him that resulted in breaking the historic partnership in 1978. The difference occurred when Thomas Cook disagreed in principle with the international expansion plan mooted by his son. Before the rifts with his father, he acquired proficiency and adequate knowledge to float an independent outfit on his own. Finally, John translated his vision into action and proved to be a true successor and a better businessman than his father. He set about expanding the company across the world in an age when telegraphy was in its infancy and there were no telephones or fax machines to support operation of the business. This was far from easy. John set up Overseas Editions of The Excursionist, the newspaper launched by his father in 1851, to inform and apprise customers about the places such as France, Germany, India, Australasia, America and the Far East in the package tour. The newspaper was circulated across the world to portray the inclusive services offered to the customers in the package tour. Subsequently, the newspaper was renamed as The Traveller's Gazette in May 1902 and continued to be published until 1939. He also kept up a continuous stream of correspondence with his offices abroad, checking on their work and complaining if anything went wrong. Like many successful businessmen, John Mason Cook combined a flair for grasping business opportunities with a remarkable memory for small details.

CHECK YOUR PROGRESS – II

Answer the following questions.

1. Justify the title of 'Period of innovation' by highlighting major Innovations in the period.

2. Write various places connected in the intra and inter continental tours conducted by Thomas Cook and others?

Check your answer with the one given at the end of the unit.

1.7.2 THE GREAT EPISODE OF JOHN MASON COOK

The Gordon Relief Expedition was an outstanding contribution of John Mason Cook to the British Government and that was considered as a biggest social service to the nation. In 1884, the British Government appointed John Mason Cook to organize a relief expedition up the Nile to rescue General Gordon from Khartoum. Arrangements were made for the movement of 18,000 troops, nearly 40,000 tons of supplies, 40,000 tons of coal and 800 whale boats. To transport the coal from Tyneside to Boulac and Assiout via Alexandria, 28 large steamers and 6000 railway trucks were required. An additional 7000 railway trucks were needed for the military stores, while on the Nile 27 steamers and 650 sailing boats were used to carry the troops and supplies. John and his Egyptian managers acted as overseers of the entire operation, which relied on the labour of 5000 local men and boys, and completed their side of the contract in November 1884. Despite all the efforts, however, and Gordon was killed.

1.7.3 MERGER AND ACQUISITION

It was a matter of big loss to the travel trade fraternity that both Thomas Cook and John Mason Cook died successively during the 1890s. A long innings of professional career and lives of two legendary personalities came to an end when company was internally recognized. The company was truly in state of upbeat. Thanks to Almighty, the business was successfully inherited by John's three sons: Frank Henry, Ernest Edward and Thomas Albert ('Bert'). During the first quarter of the twentieth century, - a period which witnessed the introduction of winter sports holidays, tours by motor car and commercial air travel. The Travel Company of Thomas Cook and Son dominated the world travel scenario. The company was incorporated as Thomas Cook & Son Ltd in 1924, and in 1926 the office headquarter was shifted from Ludgate Circus to the aristocratic residential area at Berkeley Street in Mayfair. Later, the headquarter of Thomas Cook and Son Ltd was used as the Centre of London Society.

The World's pioneering Travel Company Thomas Cook was sold to the Belgian Compagnie Internationale des Wagons-Lits et des Grands Express Européens after the death of the surviving grandsons, Frank and Ernest (Bert having died in 1914) in 1928. The Wagons Lits was a leading operator of most of Europe's luxury sleeping cars, including the Orient Express.

Shortly after the outbreak of World War II, the Wagons-Lits headquarter in Paris was seized by British forces, and Cook's British assets were requisitioned by the British Government. To save the legendary company

from complete financial collapse in its centenary year, a deal was negotiated and, appropriately, the organization was sold to Britain's four mainline railway companies. Thomas Cook & Son Ltd settled its affairs with Wagons-Lits on the basis of retaining a 25% share in Cook's overseas business, what happened that immediately after the end of the world war-II, and subsequently in 1948 the firm was fully owned by Government as the state-owned company and the functioning of company was handed over to the Nationalized British Railways.

In 1972, Thomas Cook & Son Ltd was taken over by a consortium private ownership. The profit making Travel Company was fully acquired by a consortium of Midland Bank, Trust House Forte and the Automobile Association. There was a radical change in the organization structure and operation and a new standardized corporate logo (the words 'Thomas Cook' in 'flame' red) was conceived and introduced. The world Travel and Tourism Industry got a massive setback due to the world economic recession in 1970. It was Thomas Cook that managed to overcome that period and survived the recession. On the other hand, several travel firms were badly affected and many of them were bankrupt. The survival of Thomas Cook enhanced its reputation for providing excellent service by launching a Money Back Guarantee scheme in 1974.

Thomas Cook was also a victim of the 1970s recession and the company underwent many changes that included the sale of its holiday camp at Prestatyn and the relocation of its administrative headquarters from London to Peterborough. The firm also became a wholly-owned subsidiary of the Midland Bank Group. In the 1980s, Thomas Cook began to concentrate on its long-haul tours program by acquiring Rankin Kuhn Travel in 1982. Thomas Cook shifted its core business from the short-haul package tours to the long haul package tour and closed the operation of short haul travel market in 1988. The company made a comeback to the core short hauls package tour market in 1996 after it acquired Sun world.

Thomas Cook's prolonged existence was celebrated in 1991 and that year happened to be the 150th anniversary year of existence in the travel trade. The company's continued to register much growth and the company was again acquired by Westdeutsche Landes bank (West LB), Germany's third largest bank, and LTU Group, Germany's leading charter airline, in 1992. The acquisition had assured the employees and the shareholders to remain as the leading global player in the corporate and leisure travel, banking and travel insurance sector. Thomas Cook Ltd. became a wholly owned subsidiary of West LB in 1995. During the period of expansion, the company ventured into the acquisition of Sun world, Time Off and Flying Colours in quick succession and the expansion and acquisition plan was culminated with the merger with Carlson Leisure Group's UK travel interests. In the later time, the company saw the formation of **JMC** in

1999. In 1981, Thomas Cook introduced 'Holidaymaker', a view data system allowing travel agents to access its reservation system. In 1990, Thomas Cook became the world's leading foreign exchange retailer through acquisition of Deak International Inc. In 1994, Thomas Cook acquired Inter payment Services Limited to become the world's largest supplier of travellers cheques outside the US. 1995 - Thomas Cook became a wholly-owned subsidiary of West LB. and launches www.thomascook.com 1997. Thus Thomas Cook became the first UK travel retailer to offer online booking.

1.7.4 TECHNOLOGY DRIVEN PERIOD

By 1920s till 1940s the airlines were confronting with numerous challenges of booking airlines tickets and scheduling flights. In these early days of commercial aviation, and passengers were relatively less in numbers with each airline routes were being tightly regulated along with the fares. The system for booking flights was totally managed by the manual method. The American Airlines developed a manual booking system at their Little Rock, Arkansas reservations center in the 1920s. This system employed a rotating file with cards for every flight, which was operated by a team of eight members. Like present manual coach booking, a mark on the card was endorsed when a seat was booked by some passenger. Therefore, the status of booking was called as manual way of booking. It was an obvious choice of airlines to operate the reservation and issue of tickets. That the process was comfortable and easy when there were limited number of planes. However, the complete procedure in searching for the availability of a flight, reserving a seat and then issuing the ticket was taking prolonged time and it could take up to three hours in some cases, and 90 minutes on average. The situation became worse when the numbers of airlines were gone up and the frequency of air services was also increased. The demand for air travel was also increased. As a result, the system could accommodate only eight operators as that was the maximum number that could fit around the file. Attending many queries was cumbersome situation with the only solution to add more layers of hierarchy to categorize requests into batches. In the United States, the Civil Aeronautics Board in 1940 published a volume entitled the Official Airline Guide, with that publication, the process of dealing with airlines reservation became simpler and made easier to work out air travel itineraries for both travel agencies and corporate customers. Travel agents or consumers could prepare tentative air itinerary and send the itinerary to airlines either by taking the help of phone or telex and airline agents on receipt of information would mark the reservation on a card and file it. However, the then OAG had similar problems like the manual systems of catering to the needs of a larger number of users. As

the demand for and complexity of air travel got expanded, the existing system not only turned to be expensive but also became obsolete to a larger extent.

There was a big boom in travel trade after the world war-II and the flow of foreign currency across boundaries and technological evolution was very much significant. In order to meet the growing money transactions, an innovative worldwide credit scheme was introduced to cater to the travel and related services in 1959. The innovation of the credit scheme provided an opportunity to the service providers in streamlining the payments and reduction in cost of transaction. Service providers subsequently were able to make standardized payments at a regular interval towards the settlement of all intermediate transactions.

The history of automated booking system may be dated back to 1946 when, American Airlines installed the first experimental automated booking system named as the electromechanical Reservisor. The early stage computers in this system used magnetic drum for temporary storage which was soon reinstated by Magnetric Reservisor. This replacement was considered to be a great aid to the airlines industry. The development struck the beginning of ever-changing technological era. This system proved fairly successful and was rapidly adopted by a number of airlines. In the accommodation sector, Sheraton Hotels also adopted for inventory control of sale of rooms. However, the major drawbacks of the systems were the need for local human operators to ensure and update the ground reality. In addition to this, ticketing agents were required to call into the booking office to make request for booking and in turn operators would enquire to a small team operating the Reservisor and then inform the agent over the telephone. The system was directly accessed by the agents for the booking or enquiry about the airlines schedule and availability.

The University of Toronto invented a software system with remote terminals which attracted the attention of Trans-Canada Airlines (TCA) in 1953. Although it was a major development in the process of making book, but the system itself found certain major input/output related problem. An agency called Ferranti Canada got involved in the project to enhance a new system by using Punch Cards and launched a transistorized computer system in place of the unreliable tube-based Mark I. The consequential system Reser Vec, got into its operation in 1962 and captured all booking operations in 1963. Finally, a long cherished attempt was realized by establishing some terminals which were fitted in ticketing offices of TCA's, where all reservation queries and bookings were performed in one second without the help of remote operators.

The invention of innovative technology to simplify the reservation procedures was deeply realized by major airline industry players in the world. It was American Airlines which later was inclined to invest in the product innovation by giving maximum priority to technology. The project was undertaken by the sheer interest of the American Airlines in 1953. The CEO of American Airlines C. R. Smith got an opportunity to consult with the R. Blair Smith, a senior IBM sales representative as IBM was the then leader and pioneer in the invention of numerous software technologies in the world. The need for using the technology was felt when other airlines got an edge over the American Airlines in terms of having a provision of carrying out bookings through the computer. Thus, subsequently the airlines laid stress on adopting the technology from the IBM. Both of them nourished an idea of an automated airline reservation system (ARS) that would provide best solution in regards to the complex airline bookings and resulted in bring about significant development in the airlines booking system. In 1959, the American airlines ventured into using the reservation system popularly known as the Semi-Automatic Business Research Environment, or SABRE. The SABRE was recognized as the largest non- governmental providers of automatic airlines booking system and data processing system for delivering flawless outputs in the North America and in the Europe.

The use of automated airline booking system had a tremendous impact on the world aviation industry. Consequently other international and domestic airlines were keen on inventing their own systems. For example, Delta Air Lines launched its DATAS in 1968. United Airlines and TWA followed in 1971 with Apollo and PARS respectively. In the same period, many travel agents which were approved IATA agents began pushing for a software system that could automate their side of the process by accessing the various Automated Reservation Systems of airlines (ARSs) directly to make reservations.

In 1976, United Airlines began offering its Apollo system to travel agents; while it would allow the agents to book tickets on United Airlines's competitors, the marketing value of the convenient terminal proved indispensable. Gradually, the SABRE, PARS, and DATAS were soon released to travel agents as well. Following airline deregulation in 1978, an efficient CRS proved particularly important; by some counts, Texas Air executive Frank Lorenzo took over bankrupt Eastern Air Lines with a specific objective of gaining control of its System One CRS.

European airlines also began to invest in the field in the 1980s, propelled by growth in demand for travel as well as technological advances which allowed the GDS to offer ever-increasing services and searching power. In 1987, a consortium led by Air France and West Germany's Lufthansa developed Amadeus, modeled on Eastern's System One. In 1990, Delta,

Northwest Airlines, and Trans World Airlines formed Worldspan, and in 1993, another consortium including British Airways, KLM, and United Airlines among others formed competing company, Galileo International, based on United's Apollo network. Numerous smaller companies have also been formed, aimed at geographic, industry, or language niches inadequately served by the "big four."

MODERN RAILWAYS

The concept of Eurail was started in the year 1959, which included 13 countries also had the same popularity in Europe like AMTRAK in the North America. AMTRAK, world's largest railway network started its operation on 1st May 1971. One of the fastest trains of the world helped in transporting passengers in the North American region in less time. Online booking, discounted fare, in addition to familiarization trip to the agents motivated travel agents and tour operators to promote AMTRAK products.

So far the tours conducted by major travel agencies were for business, meeting friends and relative or for attending important meeting and congress. The concept of travel for pleasure and recreation conceived by the Thomas Cook in the year 1919 when it offered a pleasure trip by air. Subsequently other specialized attractions and events were recognized for the conduct of tour. In the year same Thomas Cook conducted an air tour from New York to Chicago for a boxing contest.

Check Your Progress - III

Check your answer with the one given at the end of the unit.

Answer the following questions.

1. Give a small account of innovations made during the technological driven period?

2. Write five uses of information technology in the modern travel agency business.

1.8 SUMMARY

The modern travel agency business has got its origin from the setting up the legendary Thomas Cook Travel Company in the mid of the 19th century. In the succeeding periods, Thomas Cook, Cox and Kings and the American Express Company had made massive contributions to the growth of travel trade in the world. Many of their travel innovations and solutions are being largely used and practiced in the present world. The contributions made by Thomas Cook in terms of hotel coupon and service voucher are very remarkable features for the travel trade.

In this unit you read about the evolution of travel agency in various stages in the world. The unit also presented to you how Thomas Cook Travel Company and other contemporary travel companies were successful in designing and operating package tours in the Europe in the beginning and in the later to the whole world. This unit also unfolds various innovative measures undertaken by those travel companies in enhancing the service quality of the travel products and sustaining their business growth. In order to demonstrate certain key elements in the historical records of travel agency, this unit further clarifies the growth of travel agency and tour operation by citing mostly the examples of Thomas Cook travel agency and its major strategic shifts in different periods.

1.9 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress – I

1. Your answer should focus on functioning of the agency. (See section 1.4)
2. The answer must highlight the major events in that period. (See section 1.5)

Check Your Progress – II

1. Your answer should include major innovations of the period. (See section 1.6)
2. The places which were connected in the 'inter and intra continental tour' should be included in the answer. (See section 1.7 and 1.8)

Check Your Progress – III

1. Your answer should include the innovations made during the period. (See section 1.10)

2. The answer should include any five uses of information technology in modern travel agencies. (See section 1.10)

1.10 SUGGESTED READINGS

1. Chand Mohinder, "Travel Agency Management – An Introductory Text", Anmol Publications Pvt. Ltd., New Delhi, 2006.
2. Sinha P.C., "Tourism, Transport and Travel Management", Anmol Publication Pvt. Ltd., New Delhi, 2006.
3. <http://www.hindu.com/thehindu/2001/08/02/stories/0602000n.htm>
4. <http://www.ttsvisas.com/visas.aspx?page=FAQ>

1.11 REVIEW QUESTIONS

1. Write a short note on 'evolution of travel agency'.
2. Differentiate Intra-Continental and Inter-continental tours.
3. Explain the role of Thomas Cook in travel agency business.
4. Describe the landmark period in the history of travel agency.



UNIT-2 TRAVEL AGENCY AND TOUR OPERATIONS SECTOR- INTRA AND INTER-SECTORAL LINKAGES

Structure

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Tourism through ages
- 2.3 Components of Tourism
- 2.4 Sectoral Amalgamation
- 2.5 Summary
- 2.6 Answer to Check Your Progress
- 2.7 Suggested Readings
- 2.8 References

2.0 OBJECTIVES

After reading this unit, you will be able to:

- define the tourism system;
- explain the elements of travel operations; and
- describe the coordination of various elements in tourism operations.

2.1 INTRODUCTION

Tourism Operations have created a space for themselves in the economy of each country, region or destination- small or big. Various sections of each economy work in a closely-knit fashion. Tourism operations, however, are not an exception. They have given rise to the inter-sectoral linkages as an important phenomenon at a point of time when tourism has been acknowledged as the world's fastest growing economic activity. Operating



such an activity calls for close linkages between all the players and also all those who have stake in it. This unit attempts to provide an understanding in this regard along with highlighting certain operational issues.

In this unit the main emphasis is on the operational linkages of stakeholders with the rest of the components and the functional aspects of travel agents and tour operators. For successful operations in hospitality and tourism industry, one has to co-ordinate with many other organizations or persons providing the required products and services. For example, a tour operator is dependent upon an hotelier for accommodation, a transporter for taxis and coaches and shopkeepers for souvenirs. As a matter of fact these all have to depend upon the tour operator to ensure optimum business. Now all these have to maintain cordial and effective relations to achieve their objectives. This relationship is termed as Linkages and the same has been discussed in this unit.

2.2 TOURISM THROUGH AGES

In recorded history there have been instances where by one is able to know that man has been traveling throughout the ages. Much of the travel in the beginning was largely unconscious and a simple affair. There were no travel procedures and formalities as there were no frontiers. All human activity focused upon day to day survival, they were busy in search of basic necessities like food, water and shelter but it was very difficult and unsafe.

It was however, in the Neolithic age that several innovations were made which changed the nature of travel. Around 4000 B.C. sailing vessels were built in Egypt. It was also during this period that animals were domesticated and trained to carry and transport community members, tools and agriculture supplies. Invention of wheel during this period was also an important landmark which made movement of people to distant lands possible.

Most early travel, however was not undertaken for the purposes of pleasure, the primary motive for which the travel was undertaken was related to trade, exchange of goods, commerce and the activities associated with it. The traveler in the ancient past was thus a trader and a merchant looking for merchandise and engaging in trade and commerce. There was, however, another type of traveler and this traveler was pilgrim, a scholar in search of ancient texts and a curious wayfares looking



forward to new and exciting experiences. Seeking knowledge was his primary purpose for undertaking travel.

2.3 COMPONENTS OF TOURISM

The Basic Components: Tourism is a complex activity with wide range of relationships. In order to understand tourism systematically, it is necessary to know the various components. Three of these are considered to be basic:

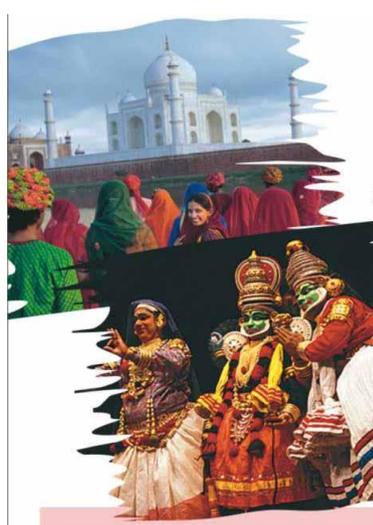
- a) Transport
- b) Attractions/Locale
- c) Accommodation

1) Transport: There can be no travel if there were no transport. Travel involves movement of people and this is possible only if there is some mode of transport. Connectivity is very vital for tourism development. This could be possible only if adequate transportation infrastructure and access to destination is efficient, comfortable and inexpensive. A tourist, in order to get to his destination therefore, needs some mode of transport.



This mode of transport may be a motor car, a coach, an aeroplane, a ship or a train which enables a traveler to reach his pre-determined destination.

2) Locale: The locale may include the holiday destination and what it offers to the tourist. The holiday destination may offer natural attractions like sunshine, scenic beauty or sporting facilities, etc. The locale, with its attractions and amenities, is the most important as these are very basic to tourism. Unless these are there the tourists will not be motivated to go to a particular place. Tourist demands also change very fast due to change in fashion. Fashion is an important factor in the demand for various tourist attractions and amenities. The tourists who visit a particular place for its natural beauty may decide to visit some other attractions due to change in fashion.



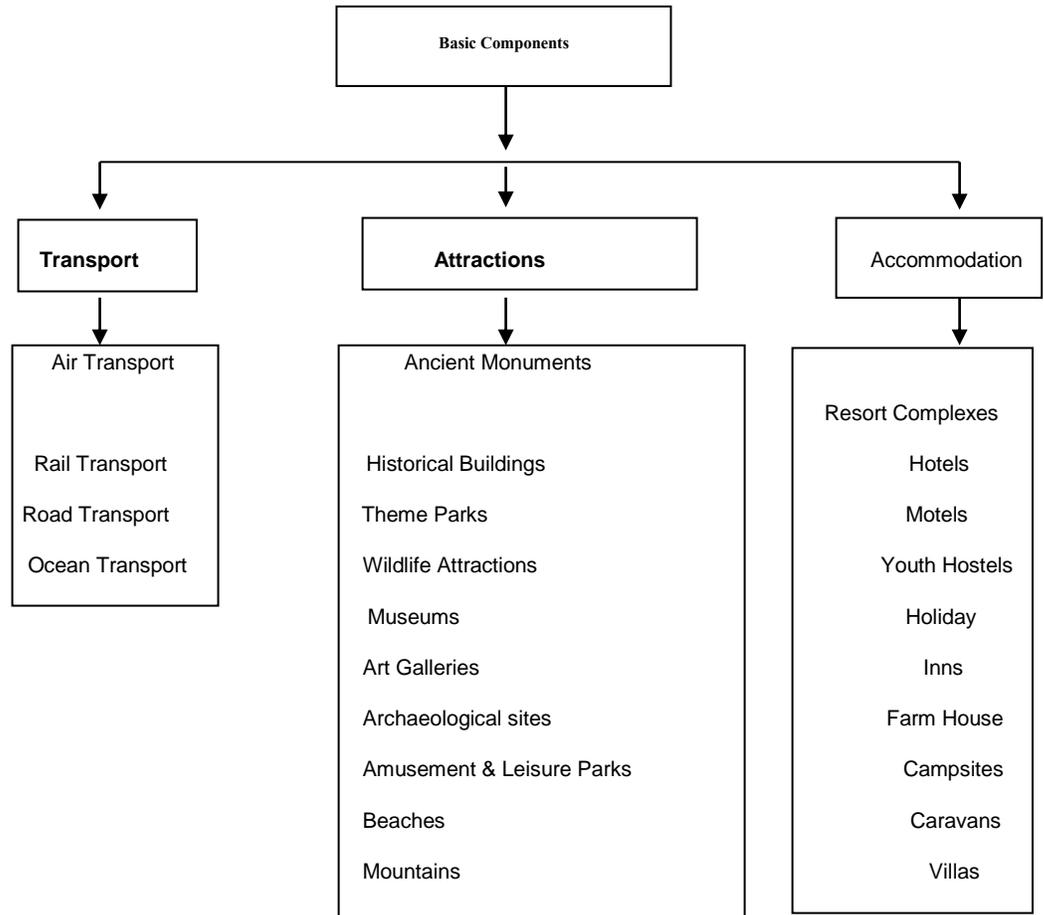
3) Accommodation: Accommodation plays a central role and is very basic to tourist destinations. World Tourism Organisation in its definition of a tourist has stated that the tourists must spend at least one night in the destination visited to be qualified as a tourist. This requires availability of some kind of accommodation.

Accommodation may in itself be an important tourist attraction. Infact, a large number of tourists visit a particular destination or town simply because there is a first class luxury hotel or a resort which provides excellent services and facilities.



There has been decline in the use of boarding houses and small private hotels. Large hotels are increasing their share of holiday trade in big metropolitan areas and popular tourist spots.

Table: Basic Components of Tourism



The various principal elements in tour operations and linkages involved therein, to a large extent are common to all tourism businesses. However, there are problems that need attention e.g. initially, airlines were not ready to become a part of inter sectoral linkage structure, but when they realized that tour operators can fill their vacant seats, they started offering special fares for use exclusively for tour operators for combining them into all inclusive tour. But here also situations vary from country to country and destination to destination. These fares may be offered on selected sectors only. We have witnessed that as a result of globalization, when certain countries opened their economies the number of business travelers increased manifold. The hotels jacked up their prices and airlines withdrew discounts or incentives that were available to tour operators. The sufferer was tourism and the tourists. Tensions emerged within the tourism industry sector against the other with each sector's association taking up its cause. This infact was an example to illustrate that the linkages are not necessarily always smooth and many a times you have to depend upon the collective strength of the association to determine the nature of linkages.

To base future growth purely on the availability of willing bodies should not be the sole strategy in this business e.g. in search for a special quality-USP-of a product the tour operators sought exclusive properties, quality airlines etc. but they later on realized that they have no patent on these facilities or standards and they aren't difficult to emulate. Through such practices, there can only be short-term advantage that can be gained. Therefore they had not only to satisfy the changing demand of tourists but also to coordinate the outside variable, which make up an attractive package. It was acknowledged that they are operating and trying to dominate an industry where most of the ingredients that go to make up the product are outside their control. These may include:

- Price
- Volume
- Brands
- Airlines
- Uncontrollable costs and
- Computerizations and use of technology etc.



Let us discuss briefly, the mentioned factors in relation to tour operators business as a case study though they are applicable to other businesses also.

Price: This is obviously the area, which concerns most to tourists. Cutting prices is easiest of all marketing tasks. Reducing the price of a holiday can be done with a stroke of pen but its advantages would only be short term. Your strategy should be to control costs and to deliver a holiday sale at a profit. This calls for a well directed and well targeted strategy while focusing upon the following areas:

-
- Volume of customers (tourists)
 - Frequency of purchases (by tourists)
 - Distribution channels of your product.
 - Foreign currency regulations, and
 - Overhead controls and product/services analysis

In a highly competitive business like tourism pricing decisions are not easy and further operating price decisions are even harder to take e.g. while pricing your package the approach of price cutting should not only out rightly be adopted but it should be given a more corrective approach. Since value is the key consumer watchword defined not just by price but also by product image, both above and below the line, it is the expression and presentation of values that counts. This is why holidays need to be packaged to offer high-perceived value even if the basic package has not been altered. This, in fact is done by some value additions. The tourists perceive the price cut with a different perspective.

Volume: Any knowledgeable tour operator will apprehend the fact that there are certain fixed/base costs which are not volume related like MD's salary, computer technicians, office rentals etc. These costs however are required to be spread over a large number of customers if your cost input is to remain competitive As a strategic tour operator you should know that higher volume of business can be achieved by large scale advertising and publicity of company It not only gives better ability to your customers to buy at competitive price but it will also allow your advertising cost to be more meaningful. Therefore volume shall be seen as a vital ingredients and factor in deciding the per passenger cost input.

Brands: Concepts and objectives of branding, mainly serves two purposes:

- a) Achieves more speedily the proper economic volume levels, and
- b) Service the changing requirements of tourists more readily

As a small tour operator you can make your own identity

Airline seats: The one important component of your product, which in every sense of the world is a commodity, is the seat on an aircraft. Of course there is a choice/preferred carrier, and yes it is worth for an airline to maintain high standard and reputation, but it is also true that only a small percentage of passenger carried by these airlines even would know the name and type of aircraft they are booked on to travel. The cost of airline seat, and therefore the profit of an airline will largely depend upon the relationship between the airline and the tour operators.

Uncontrollable costs: Tourism industry is probably the only industry, which has bent under so many pressures, like pressure of consumer bargaining, frequent fluctuation in currency value. That it should pre judge the cost of fuel and prejudge the whim of the govt. to increase local taxes and levy increased landing charges etc, To overcome this, the principal service providers, be it an airline or a hotelier, give no guarantee for surcharges. A tour operator sets the prices of his products fourteen or more months before the arrival of his clients at destination. Therefore, when the principal supplier gives no guarantee on surcharges and tour operator has to sell his package so much in advance, linkages are bound to be stronger so as to avoid any confrontation related to price, quality or standard of services.

Linkages with technology providers: If a person wants to travel by air he/she will need a ticket; which provides him/her right of passage and in return the airline needs to reserve a seat in his/her name. The person also needs to book himself/herself for a hotel room at the destination and hence, the hotel ought to really expect him/her. It is very difficult to imagine these economic transactions in a better-suited business environment related to the wonders of modern technology. To solve many travel and reservation related problems tour operators must develop and maintain linkages with manufacturer/suppliers of computers and designers of software required by them. Development and regular updating of Amadeus and Galileo are remarkable examples of these linkages.

Quality management operations: In the present globalized competitive business environment quality management is the key word for success in any business and tour operation if this element of quality control or quality assurance is missing you cannot sustain in the market. Quality

management is advised to begin with product design and shall remain as a continuous process all through the stages of product development up to post consumption stage. For instance, if you are manufacturer or supplier of airline seats it is important for you to control the quality of your product not only in terms of its comfort, location, and convenience but also in terms of its sale, and related facilities and services like emergency landing facilities to combat terrorist or hijack situation, so on and so forth.

In your operations you shall ensure a high degree quality while preparing and presenting your products or services; failing which the result is dissatisfaction of passengers. This dissatisfaction will lead to multiplication of lost passengers through word of mouth bad publicity. Therefore, significance of quality management cannot and shall not be ignored in tour operation business.

Value Addition in Operations: Gone are the days of monopolistic market conditions. Today, customer is well aware of the existence of alternative products and alternative suppliers. Therefore, to be a successful tour operator or manager in tourism business you must lay emphasis upon value addition to your operation. For instance, if you are a tourist transport operator and if you provide cold drinks to your passengers after every stopover for sightseeing or if you are a hotelier and you provide free transport for transfers of your groups, or if you are an airline operator you decide to add some recreational activities, e.g., fashion show, magic show, etc., on board all this will add to the satisfaction level of your customers. All such value added activities offered by you will provide you with repeat as well as referred business.

Hence, value added services can be integrated both horizontally and vertically within other sectors of the tourism trade.

Trained Service Providers: Tourism and hospitality being important components of travel trade are characterized by a common characteristic, i.e., man served by another man. This characteristic has overemphasized the significance of trained service providers. For instance, if you are a provider of tourist transport services, it is essential for you to provide a trained driver, assistant as well as trained escort with the group. It is true that this trade is so diversified as are the training needs, but as a professional operator you shall assess the needs for training and must train your workforce accordingly to provides best services to your customer. If you practice this advice nothing can prevent you from becoming a successful entrepreneur in tourism trade.



CHECK YOUR PROGRESS

Put (√) against the correct statement and (x) against the incorrect statement

1. In a highly competitive business like tourism pricing decisions are very easy
().
2. Amadeus and Galileo are remarkable examples of linkages with technology providers ().
3. Tourism and hospitality being importance components of travel trade are characterized by a common characteristic, i.e. man served by another man
().
4. Significance of quality management can be ignored in tour operation business
().

Check your answer with the one given at the end of the unit

2.4 SECTORAL AMALGAMATION

It is conventional wisdom that industry and commerce will boom at each end of any route, no matter, where it starts or finishes. Evidences of this were seen in the boom tours of early railway bonanza. The same applies to holiday charter business. At the sunny end of the developing charter routes, coaches, hotels, bar-be-ques, beach bars, and taxi firms and of course airports flourished, and the support industry was quickly born. In those early days mystified and even frighten people looked at tour operator when they were explaining mysteries, dangers and wonders of far away places. It is probably the advent of all-inclusive tour, which necessitated the existence of linkages among different components of this sector. An all-inclusive tour is a package of transport and accommodation and some other services, which are sold as a single holiday at a single all-inclusive price. This price is obviously lower than could be achieved by conventional methods of booking transport and accommodation separately from hotels and other suppliers.



Traditionally only one destination was involved in a tour package. However things have been changing as per the tastes and needs of the consumer (tourists). Today, not just special but very special tours are packaged for different market segment under various types of tourism brands-from traditional culture tourism to the most recent health tourism. Then there can be sub type also. For e.g. Health tourism can be for Yoga, for Ayurveda or a resort for meditation. The linkage thus goes on expanding and the interdependence increases this also makes quality management more difficult.

Even if you look at all the components which make up a conventional package tour and ask yourself to what degree, outside of choice, does a tour operator control the standards or quality that make up a package holiday, you will find that following factors in the line of conventional package tour designing are beyond your control:

- Time spent at airport and services client receives there.
- Time spent on air craft, and the operating standards and services
- The transfer to the hotel and back to airport
- Services at the hotel itself.
- The surrounding environs- bar, Café etc
- The weather, and
- the local conditions

Of course one can argue the finer points of tour operator's role in these services and obviously a wise tour operator will have some control on their quality. The difference or USP is largely due to the kind of linkages you have with other components. In today's time survival is no less competitive but those who are in *winning positions know-how to harness their resources innovatively against the bottom line*. Undoubtedly, such people have turned India into a year round destination, offering a variety of tastes for different segments.

Innovations, value additions, product differentiation, and positioning, branding pricing etc have further expanded the line of linkages in tourism. These linkages are no longer confined to packaging but are required for product development as well as selling etc. New concepts in business like customer care, quality management and concern for guest's aspirations have added to the managerial responsibilities in operating linkages.

2.5 SUMMARY

Different components of the tourism industry which encompass almost every segment of the economy need to be in close coordination with each other. This unit therefore, has focused upon various intersect oral factors which prove to be complementary and competitive to each other. For example: if tour operator while executing their job do not harness a harmonious relationship or linkage with other segments, selling and delivery of a satisfying and cost effective package will be a difficult task. Therefore a good operation manager of tourism must try to develop a healthy relationship with other segments of the industry. This is all the more true when you talk of providing quality controlled services acknowledge that you alone can not move in this sector, you need to carry along with the other players, in both horizontal and vertical directions. You must take on competition with healthy feelings and shall not try to overcome it through price-cutting but rather offer some value added services within the same price level, taking certain other elements into consideration.

2.6 ANSWER TO CHECK YOUR PROGRESS

1. (x)
2. (√)
3. (√)
4. (x)

2.7 SUGGESTED READINGS

1. Chand Mohinder, "Travel Agency Management – An Introductory Text", Anmol Publications Pvt. Ltd., New Delhi, 2006.
2. Sinha P.C., "Tourism, Transport and Travel Management", Anmol Publication Pvt. Ltd., New Delhi, 2006.
3. Seth P.N., "Successful Tourism Management", Sterling Publications Pvt. Ltd., New Delhi.1997.

2.8 REVIEW QUESTIONS

1. What do you understand by linkages in tourism?
2. Describe various components of tourism?
3. Elucidate the significance of linkage in tourism.
4. What are the components of tourism?
5. Describe the sectoral amalgamations.
6. Define the uncontrollable costs in tourism.

UNIT-3 TYPES OF TRAVEL AGENTS AND TRAVEL OPERATION

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Concept of Travel Operations
- 3.3 Different Types of Tour Operation
 - 3.3.1 Inbound Tour Operations
 - 3.3.2 Outbound Tour Operations
 - 3.3.3 Domestic Tour Operations
 - 3.3.4 Destination Management Companies/ Ground Operations
- 3.4 Integration and Linkages in the Travel Operation
 - 3.4.1 Integration in Travel Operation
 - 3.4.2 Travel Agency/ Tour Operation – Linkage
- 3.5 Different function in Travel Operation
- 3.6 Travel Technology
- 3.7 Summary

3.0 OBJECTIVES

After reading this unit, you will be able to:

- define the concept of travel operation;
- discuss the difference between travel and tour operation;
- describe the different types and forms of travel operation; and
- explain the linkages in travel operations.

3.1 INTRODUCTION

The concept of organized tours is quite old in this world even though the business travels have started quite late and the economic benefits from tourism are considered and appreciated much later to be the strong tools for revenue generation. Travel operations generally means by handling related arrangements with a travel schedule of a tourists inside the travel agency which includes his air tickets and rail tickets to a particular destination of tour. Ticketing is the most important part of the travel operations which starts right from the demand generated by a client for travel to a particular destination. There are several courses which are offered to understand the techniques of ticketing including the courses run

by IATA too. In brief, the arrangements related with movement from one place to another place of a client are called travel operations. In wider forms, to fulfill the motive of traveling and to arrange accommodation and guides in the destination for a tourist is called tour operation.

In this unit we shall discuss the different types of tour operation, integration and linkages of in the travel operation, different forms of travel operation and tourism techniques.

3.2 CONCEPT OF TRAVEL OPERATIONS

A travel agency arranges for travel services from suppliers such as airlines, hotels, car rental companies, and cruise lines. Typically, travel agencies operate at the retail level, the wholesale level, or both. Retail agencies sell services directly to the consumer; it may be helpful to view them as commissioned middlemen for numerous



suppliers of travel services. Most agencies provide information and reservations services at no charge to the customer; but in some locales, retail agencies are considering a fee structure for these services. The "consumer" is often thought of as an individual seeking transportation services or a tour booking. For many agencies, however, the more important "consumer" may be the business accounts. The income reported on the agency's tax return does not indicate the relative importance of the business accounts, but to the excise tax examiner, it provides valuable information about the point of collection of excise tax.

A wholesale agency primarily assembles and sells "packages" of services, such as air and land arrangements to Alaska or Hawaii. Although some wholesale agencies specialize in only one type of service, such as air passage to South America, they do not usually provide these services themselves; rather, they secure them from suppliers. The consumer is the individual traveler, and the traveler must normally purchase the package through a retail agency. A wholesale agency earns its income by securing blocks of reservations and reselling them at a markup. Suppliers deal with wholesalers instead of selling only to the public directly because wholesalers generate advance sales to the suppliers.

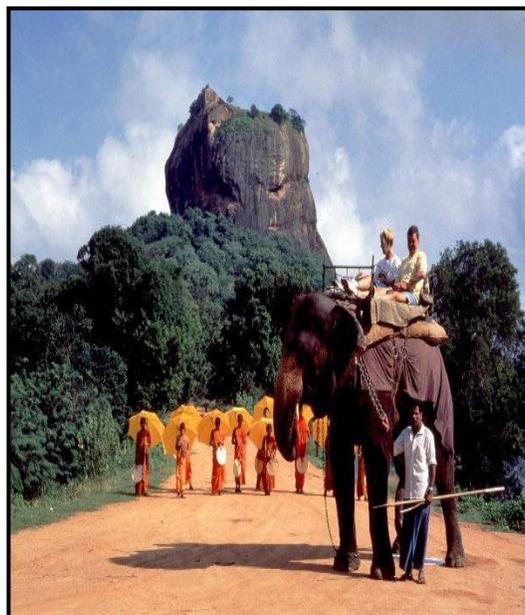
When selling the tour packages directly to the paying public, the tour operator has the responsibility for the collection and remittance of the excise tax. It is incumbent on the operator to maintain adequate records in order to determine the basis on which to apply the tax. In other words, a distinction is required to split the air transportation component (actual taxable flight and related services) from the nontaxable, non-air transportation components. Such nontaxable items are:

- Ground transportation;
- Baggage handling, storage, and transfer; and
- Charges for admissions, guides, meals, hotel accommodations, and other non transportation services.

3.3 DIFFERENT TYPES OF TOUR OPERATIONS

3.3.1 INBOUND TOUR OPERATIONS

These are also known as incoming tour operators. Technically, the operators who receive guests / clients/ tourists and handle arrangements in the host countries are called inbound tour operators. For example a group of American tourists is coming through TCI limited to India and the company makes arrangements and handles the group in India then TCI is called an Inbound Tour Operator. Incidentally the inbound traffic to the country for the last two decade has been increasing. Essentially the tour operators need to adopt innovative marketing strategies and should introduce special interest tours to cater the special needs of Japanese, Americans, French and British tourists.



3.3.2 OUT BOUND TOUR OPERATIONS

Tour operators who promote tours to foreign destinations may be business tours or leisure tours are called out bound tour operators. Indian out bound tourist traffic is growing at the rate of 11% annually and this makes India as the second largest country in the world with regard to the traveling population. However India's out bound tourism is not holiday oriented only

but it is business oriented too. There are many travel companies which offer outbound packages such as Raj Tours Travels, SOTC, TCI, Thomas Cooks and sons etc.

3.3.3 DOMESTIC TOUR OPERATIONS

Domestic tour operators are those who assemble combined tourists components into inclusive tours and sell it to the domestic travelers. In general these tour operators provide travel services in the tourist's native home country. Domestic tour operators operate within the boundary of home country and offer package tours to the travelers viz., domestic inclusive tours or independent tours.

CHECK YOUR PROGRESS

Answer the following question.

1. The operators who receive guests/ tourists and handle arrangements in the host countries are called
.....
2. Tour Operators who promote tours to foreign destinations are called
.....
3. ----- operate within the boundary of home country and offer package tours to the travelers viz., domestic inclusive tour or independent tour.

Check your answer with the one given at the end of the unit.

3.3.4 DESTINATION MANAGEMENT COMPANIES/ GROUND OPERATIONS

These are commonly known as handling agencies and their main function is to organize tour arrangements for incoming tourists on behalf of overseas operators. When a tour operator himself promotes beach holidays, wildlife holidays, adventure and heritage tours, cultural tours at different places then the role of ground operator become effective. It is the ground operator who by handling the incoming travelers at different places makes the tour successful.

3.4 INTEGRATION AND LINKAGES IN THE TRAVEL OPERATION

3.4.1 INTEGRATION IN TRAVEL OPERATION

Today, the travel and tourism industry is becoming more and more competitive at globe level. Such competition is often encouraged by government policies like deregulation of airlines, transportation, communication and other sectors of the economy. But it has been noticed that no other factor is more influential than the political unrest, social conflicts and other world events which have a profound impact on the travel agency business.



The competitive forces compel the travel companies to seek ways to become more efficient and profitable in this context. Integration means to grow by enabling a travel company to increase its market share and simultaneously reduce the level of competitive forces. In other words, it is a concept used in economics to describe formal linking arrangements between one travel agency organization and the other. It is of two types:

- **Horizontal Integration**

Firstly, Horizontal integration means two tour operators or two travel agencies or two hotels or two airlines which are offering competitive products amalgamate either through merger or through take over. For example, Thomas Cook, one of the best known names in the global travel industry, strengthened its hand in the British market on October 6, 1998 when it announced plans to merge its worldwide business with US owned Carlson companies. Secondly, Horizontal integration occurs between companies offering complementary rather than competitive products like hotels and travels agencies and other sectors.

- **Vertical Integration**

When an airline company or hotel company establishes its own travel division or agency like British Airways, Lufthansa, ITDC and SITA it is called vertical integration. Today many multinational companies are sought to own and operate their own travel agencies, hotels, resorts in key destinations in order to secure trading advantage over their rivals.

Benefits of Integration

- Economics of Large Scales
- Eliminates Middlemen
- Protects the Market Position
- Secures the Supply and Increases the Buying Power.

3.4.2 TRAVEL AGENCY/ TOUR OPERATION – LINKAGES

Basically, travel agencies serve *Business travelers and leisure travelers clients*. Incidentally, the requirements of these tourists are different and agency has to assemble or purchase related components for the principal suppliers to cater their needs. Thus, travel agencies, maintain close ties with the airlines, hotels, car rentals, banks, insurance companies, railways, government, trade associations, foreign tour operators and travel agents, grounds operators, cruise companies and tourism educational institutes. A brief discussion of these undertaking are as follows:



- **Airlines**

International Air Transport Association (IATA) 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's commission range from 5 to 11 percent but most major airlines offer additional incentives, i.e., cash bonuses and override 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 the relationship between the two organizations. The procedure to 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.

- **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 informal and less regulated than the airline companies. Interestingly, many hotels and hotel chains participate in Computer Reservation System (CRS), 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.

- **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 cruise companies also offer a complete package including sea travel, accommodation, food, entertainment and sometimes air travel also. The commission varies from 10 to 20 per cent. However, most cruise package tours are sold to the public through travel agencies. It was Thomas cook who brought first group of foreign tourists in India through sea route.

- **Insurance companies**

Today, many travel companies have included travel insurance in their package tours like Thomas Cook. The company insured the travelers to protect them against accident, loss of baggage and missed flights. Successful travel agency management has to make close contact with insurance companies to obtain insurance policy for its clients. Recently, the Oriental Insurance Company has introduced two new travel policies for domestic as well



foreign tourists i.e. '*Suhana Safar*' for domestic travelers and '*Videsh Yatra Mitra*' (VYM) for foreign travelers. Incidentally, the foreign policy is an upgraded version of 'overseas mediclaim insurance'.

The '*Suhana Safar*' covers accident and Baggage loses – excluding Money, jewellery, cheques and other costly items. The policy is valid for a period of 60 days and it could be served and claims settled in any one of the 953 officers of the company.

The '*Videsh Yatra Mitra*' contains medical expenses and repatriation cover up to \$ 5 lakh worldwide including US and Canada and up to \$ 2.5 lakh worldwide excluding US and Canada. It also covers a total loss of checked – in baggage by an international airline and a cover of up to \$100 for purchases enforced by the delay of check – In baggage. Even the loss of

passport is covered up to US\$ 250 and personal liability is covered up to US\$ 200,000. Insurance companies allow 20 to 30 per cent commission on insurance policies to travel companies.

-Banking Companies

Travel agencies offer banking facilities to the travelers like clearance of traveler's cheques and arrangement of foreign currency. Only those travel agencies, which are authorized by the Reserve Bank of India (RBI) under Foreign Exchange regulation Act 1973 (new amendment FERM 1998) can deal with foreign currency. Banking companies give commission to travel agencies on traveler cheques and currency exchange.



-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 students 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 institutions. Many Chief Executives from the industry are the members of the advisory board of the institutions.

- Travel Trade Associations

These associations provide a common platform to solve many problems of the members such as training, common code of conduct, airlines commissions or any other. These are a number of travel trade associations like TAAI, IATO, ASTA, IATA and PATA which are quite active in the promotion of travel trade at global. Essentially, every travel company should be approved by these associations to avail financial and no financial incentives and commissions from the airlines, hotels, railways etc.

- Other Organizations

The travel agencies need to maintain close ties with many other organizations offering travel related services like cultural and

entertainment organization, foreign tour companies, regional passport office, department of tourism both at centre 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 organizations and in return receive commissions. However, there are few other organizations 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 interdependent with other travel related enterprises.

3.5 DIFFERENT FUNCTIONS IN TRAVEL OPERATION

Handling queries

In the office of a travel agency there are several business queries that a person receives through emails, fax and telephones. Handling of these queries needs a very special training and experience of the product. Once the business query is received, one needs to read it very carefully and respond it accordingly. In today's world majority of queries are received through email and the time is very important for the sender of the queries, secondly the option for travel through internet is extremely wide which simultaneously increases the competition also. So the swift responses of email queries are highly appreciated and it sustains the business too. To handle the queries in a professional way one needs to have the information of the destination the client is asking, the available facilities at that destination with several options, the prices of the services and a proper liaison with the handling team at the particular destination so the operations move smoothly once the client/group reaches there. It should be taken of good care that the queries have to be responded quickly and the potential client has to be made satisfied as maximum as possible from the first interaction itself. No fake information or approximate cost should be supplied to the client.

Designing itineraries

There would be different kinds of travel queries, the potential clients may ask for a tour which is published by you through your brochures and websites or they can ask for a tour of a particular region by giving the approximate number of days they wish to spend for the holidays or they can ask a customized or tailor made program from your organization. If the tour program is not designed, the concerned person handling the query has to design a feasible itinerary for the clients. The itinerary is a day to day tour program which includes the detail of place, accommodation, distances and meal plan in brief. While designing the

itinerary against any query one needs to keep the spending capacity of the client in mind which can be asked from the client while handling the initial query or can be judged from the occupation, previous travel history and the place of the potential client if he is not interested to mention his budget. Normally today there would hardly be a place which is not explored and the details of all the regions are well mentioned in the numerous websites available on internet and its also quite important that the travel consultants should be a very good travelers in themselves because if the product is experienced by the consultant himself, it would be very easy for him to design the program and put the best price for that.

Sending Quotations

This would be third phase of travel pre operation in a travel agency business. Once the itinerary has been finalized the consultant/ executive or the file handler is expected to send the final quotation to the client. The quotation for the package contains prices for the flights, railways, surface transportation (whatever is applicable according to the program), accommodation and the sight seeing during the tour. If there are monuments to be visited during the tour, it also has to be finalized weather the clients/group will directly pay the entrance fees or the same has to be included in the tour price. Normally the prices for the accommodation are included on the basis of continental plan which includes room plus breakfast but a destination management company has to follow the brochure programs of its foreign agents and if there are any other meals are found included on a group tour, the same has to be included while sending the quotation. If the query is sent by FIT or a individual, the tailor made itineraries will follow the instructions of the client while adding the meals in the package cost. The second essential aspect of quotation is your markup or the profit share on that particular package. The profit share or the mark up is normally included on the net price of the services whereas the travel agencies do have the special prices from the hotels/ transporters on their operational circuits which are absolutely less than the rack rates. It has to be noticed that the quotations should be competitive so the business must remain with you. This is the time of World Wide Web which has several benefits and threats too. To avoid the threats, the god travel agencies have developed the technique of “dynamic packaging” as a very strong tool of travel technology.

3.6 TRAVEL TECHNOLOGY

Travel technology was originally associated with the computer reservations system (CRS) of the airlines industry, but now is used more inclusively, incorporating the broader tourism sector as well as the hospitality industry. While travel technology includes the computer reservations system, it also represents a much broader range of applications. Travel technology includes virtual tourism in the form of virtual tour technologies.

Travel technology was born with the airline industry's use of automation and their need to extend this out to the travel agency partners. It should be kept in mind that there was an online world



before the advent of the world wide web in the form of private and commercial online services. The convergence of industries has forced people to create terminology such as information technology, biotechnology, ubiquitous technology and even cultural technology to explain frequently talked about topics. Tourism Technology is a term that encompasses all social, cultural, managerial, and value-adding activities of the tourism industry. Tourism Technology also incorporates and encourages technological advancements and economic development in the tourism industry.

Tourism Technology: Initially based on the concept of cultural technology, is a more comprehensive term covering knowledge used to add to the value of tourism products on a micro level and the management of the travel and tourism industry on a macro level. New tourism products are also the end result of tourism technology combining with other industries. These include medical tourism, educational tourism, agricultural tourism, marine tourism, and the application of information technology to the travel and tourism industry.

Application of Tourism Technology: The term "technology" can easily call to mind scientific achievements, computer graphic skills, special effects and other engineering-related images. However, "Tourism Technology" encompasses the integrated fields mentioned in the previous paragraph, statistics, managerial and socio-cultural know-how, and skills that the tourism industry can adopt to design, produce, and market various

tourism products. In addition to coordinating various aspects of human resources in the travel and tourism industry, "Tourism Technology" describes a comprehensive field containing but not limited to such widely referred to subjects as entertainment technology, contents technology and creative technology.

Examples of how Tourism Technology can be applied are as Follows.

- Development of tourism products that tell a story
- Convergence with other industries such as medical and film industries
- Application of advanced information technology to provide tourist information via navigation systems or PDAs

The Time of Virtual Tourism

Virtual tourism refers to pre-planning alternative touristic activity before your departure, by integrating multiple digital resources to explore regions of the world without having to physically travel. It helps focus attention onto people, places and exploring changes over time! By using the internet, travel literature (travel guides and



travelogues), Journals, Papers and television a customer gets sufficient information necessary to make an informed decision about which places to visit and explore. It is an economical activity that employs people from several different specific areas, such as journalists and photographers, geographers, editors, cameras, writers, etc... and it is one activity related to promoting nature-based or people-powered outdoor recreation involving adventure-based tourism.

The phrases panoramic tour and virtual tour are often used to describe a variety of video and photographic based media. The word panorama indicates an unbroken view, so essentially, a panorama in that respect could be either a series of photographs or panning video footage. However, of late the phrases 'panoramic tour' and 'virtual tour' have mostly been associated with virtual tours created using stills cameras. The image above is an example of what a virtual tour movie looks like when it has been 'flattened'. This is also referred to as a panoramic image.

Such virtual tours created with still cameras are made up of a number of shots taken from a single point. The camera and lens are rotated around what is referred to as a nodal point (the exact point at the back of the lens where the light converges). These images are stitched together using specialist software; the movies are each resized and configured for optimal on-line use. Travel agents have developed dynamic packaging tools to provide fully bonded (full financial protection) travel at prices equal to or lower than a member of the public can book online. As such, the agencies financial assets are protected in addition to professional travel agency advice.

All online travel sites that sell hotels online work together with numerous outside travel agents. Once the travel site sells a hotel, one of the supplying travel agents is contacted and will try to get a confirmation for this hotel. Once confirmed or not, the customer is contacted with the result. This means, that booking a hotel on a travel website will not get you an instant answer. Only some of the hotels on a travel website can be confirmed instantly (which is normally marked as such on each site). As different travel websites work with different suppliers together, each site has different hotels that it can confirm instantly.

Making reservations

Once your quotations are accepted by the client/ agent; it's the time to forward the reservation according to the hotels you have offered in the itinerary or at the phase of supplying quotations. It should be noted that if the same hotels are not available at this stage, one must try to offer the similar



hotels on same prices. The reservations can be made initially on telephone but latterly it has to be done by email or fax and the hotels/vendors should be requested to acknowledge all your important emails/fax messages and they must reconfirm the services at your earliest so the same can be forwarded to the agent/client if demanded. The same has to be done with the transporters; handling agents and guides/escorts too and one must get the reconfirmations from them also for the office records. There are following main areas where a client/group has to be booked.

Air lines
Hotels

Transportation
Guides/escorts

Issuing vouchers

This is the third step of travel operation to issue the vouchers to concerned hotels/handling agents and transporter on the itinerary. These are the same organizations where the client/group has been confirmed. The vouchers are the printed exchange orders of one travel agency which are issued against services that the vendors have to provide for the clients. There are four copies of the vouchers, one is sent to the hotel/transporter/ handling agent, second is kept with the agency for its office record, third is forwarded to the accounts department and the last one is carried by the client/ tour leader while traveling. The client's copy is the original copy of the voucher that he gives to the hotel/ transporter/handling agent after using their services by making a signature on it. Since the voucher contains the list of services that the hotel has to provide against it and the travel agent is liable to pay for only those services which are mentioned on the vouchers and on every voucher it is always mentioned at the end of leaf that all the extras have to be collected directly from the client. Here the extras mean for the services which are not mentioned in the voucher. Once the services are provided, the hotel sends the original voucher with its bills to the issuing office that's the travel agency and collects the payments. The person who is issuing the voucher must write everything very carefully on it because the services by vendors will only be provided on it.

Payments- Collection and Distribution

The collection and distribution of payments is the next phase of a travel agency working. Normally the payments are received from the client/ agent well in advance, which is before the arrival of the client/ group. The payment to the hotels and transporters are made after they send the bills once the inbound operations are concerned and for outbound tours the payments are send to all the service providers before the arrival of the client/ groups. Generally all the travel agencies do have their separate accounts department which takes care of everything related with the accounts including the adjustments of service taxes and income taxes.

Liaison and coordination

This is the real part of the tour operation. Once the group is arrived till the time of its departure back to origin, it is the responsibility of the file incharge or manager/executive operations to be in touch with the hotels/transporters/ guides/escorts and local handling agents and also

with the client directly or indirectly. This is the way of professionally working conditions so the agency remains informed about the every days' happening with the client/group. The same office is responsible to keep all services reconfirming including the international flight tickets to the origin place which have to be reconfirmed at least 72 hours before the commencement of the flight.

Feedback and remarks

A right and proper feed back and remarks are the basic tools for further research and business development. The liaison and coordination phase too provide important information about the success of any tour and even the negative points are also observed at this stage. The remarks can be obtained once the group/client reach back to the last destination and the same is discussed in the office to get maximum success for the upcoming tours on same circuit.

3.7 SUMMARY

In this Unit you have discussed:

- Travel agency and its working system
- Different Types and Forms of Travel operations
- Retail Agencies and wholesale Agencies
- Different linkages in travel operations
- Bookings and reservations
- Itinerary preparation and its importance
- Tourism techniques and importance in modern travel operations
- Inbound, outbound and domestic travel operations
- Different functions in travel operations

3.8 ANSWER TO CHECK YOUR PROGRESS

1. Inbound Tour Operator
2. Outbound Tour Operator
3. Domestic Tour Operator

3.9 SUGGESTED READINGS

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3.10 REVIEW QUESTIONS

- How many kinds of travel operations are there?
- What is the difference between inbound and outbound travel operations?
- What is domestic travel operation?
- What are the different organizations that a travel agency is linked with?
- Define tourism technique and its importance in worldwide web promotion?
- Write a detailed note on different functions of a travel operation?



UNIT – 4 TRAVEL TRADE BUSINESS-SCOPE, OPPORTUNITES AND CHALLENGES

Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Current Trends in the Management of Travel Organisations
 - 4.2.1 Mergers and Acquisitions
 - 4.2.2 Scarcity of Trained and Qualified Manpower
 - 4.2.3 Constraints of Financing
 - 4.2.4 New Search Engines: A Nightmare
- 4.3 Trends in Modes of Transport
 - 4.3.1 Sophisticated Coach Travel
- 4.4 Consumer Market
 - 4.4.1 Demographic and Attitudinal Shifts in Travelers' Market
 - 4.4.2 Increasing Baby Boomers Market
 - 4.4.3 Travel by Low Cost and No Frill Airlines
 - 4.4.4 Internet Airline Model
 - 4.4.5 Self Managed Individual Tour
 - 4.4.6 Greater Fragmentation of Holidays
 - 4.4.7 Greater Role of Community
- 4.5 Contemporary Practices in Travel Agency and Tour Operation Sectors
- 4.6 Summary

4.0 OBJECTIVES

After reading this unit, you will be able to:

- identify the changes in consumer market which affect travel agency operation;
- explain the recent trends in management of travel organization;
- describe the consumer trends in tourism market; and
- discuss the current practices in travel agency and tour operation sector.

4.1 INTRODUCTION

In the previous units you learned about the factors responsible for growth of travel sector. In this unit, we shall study the current trends in the management of travel organizations, trends in modes of transport, consumer market and contemporary practices in travel agency and tour operation sector.

4.2 CURRENT TRENDS IN THE MANAGEMENT OF TRAVEL ORGANISATIONS

Travel organizations as part of overall economic scenario has been experiencing the dynamism of the economy in the lieu of the competition. However tourism and travel trade have some typical issues which are unique to it.

4.2.1 MERGERS AND ACQUISITIONS

Travel business as any other sector is experiencing an age of merger, take over and acquisition. Reasons may vary from stiff competition, focus on specialized areas to inefficiency and many more. Examples may be drawn from SITA and SOTC being acquired by Kuoni travels, TCI has taken over by Thomas Cook, Orbit travels being separated to Orbitz and Orbit in travel companies. Thus the companies, which fail to adapt to the changed situations are either getting extinct from the market or has been taken over by other successful ventures. Customer orientation in the market is evident from the fact that all stake holders whether vertically or horizontally located, work in cooperation with each other to ensure unhindered and quality service to the customer. This helps in giving a wholesome experience to a customer. The increasing fragmentation in the industry leads agents to aim for profitability by giving specialized, tailor made packages to clients other than aiming at economies of scale. This however is not the case in big companies like Thomas Cook, Kuoni and Cox and Kings who have a larger presence in any country. Their marketing teams from various regions gather business and help the company in organizing group travel with economy price for standard service.

4.2.2 SCARCITY OF TRAINED AND QUALIFIED MANPOWER

Travel industry particularly in IT and ITES era faces a severe skilled human resource crunch. There is a continuing and growing need to increase the supply of personnel and to enhance their professionalism. Tourism professionals do not get equal pay packages, where as employers in industry feel that the industry faces low rate of return on the capital. The World Travel and Tourism Council (WTTC) survey of 13 National Tourism Organisations indicated the skills level of workers to be the most



serious issue over the next ten years. In reviewing the findings of the WTTTC study, approximately 64 per cent of the employers surveyed felt that the current education and training programmes did not address the skill requirements of the positions, indicating that it was very important to make programmes more relevant to actual work place needs. In particular, employers felt that programmes have had difficulty in keeping abreast of changes introduced by new technologies. From the employees' point of view, the question of low salaries is intrinsically linked to that of long working hours. This affects the turnover and dissatisfaction levels in the entire travel and hospitality industry in India.

4.2.3 CONSTRAINTS OF FINANCING

Traditionally all tourism businesses have been facing the sources of finance crunch. Unlike other sectors tourism entrepreneurs have been complaining about the slow turn over. Particularly new entrants in the market may continue to face difficulty in financing their venture initially. Thus all sizes of start-up tourism businesses will continue to face difficulty in spite of low interest rates. Moreover earlier the bookings were done before 6 to 9 months in advance giving sufficient flexibility to agencies in the period between receipt and actual payment to the suppliers. Now the advance payment period has reduced to mere two months before departure which handicaps the agencies in reaping the benefit of extra funds for that period. The result of all these is more reliance on equity investment and non-traditional sources of capital from external sources, including foreign investors.

With the ranging role of government from business runner to a catalyst may affect many government run businesses and attractions. These high-quality public facilities and attractions that have traditionally been supported and/or subsidized by governments will come under serious funding pressures. However there will be new opportunities for innovative financing for mega-projects and mega-developments that enjoy the support of the residents of a destination. Some of them are follows:

- Alliances, mergers and acquisitions
- Companies adopting to market changes which ensures quality levels
- Cooperation amongst all stakeholders to restore tourist confidence
- Greater emphasis on profitability less on volume
- Increased economies of scale and reduce costs – concentration

4.2.4 NEW SEARCH ENGINES: A NIGHTMARE

Search engine in the dotcom era is a popular phenomenon. Travel portal at the beginning has brought out the possibility of success of search engines in travel sector. Recently some of the search engines like Kayak and Mobissimo have made their presence felt through out the world. Started in the U.S., fledgling brands such as Kayak and Mobissimo have been growing leaps and bounds. These new type of travel search engines have opened their operations in India too. Their deployed technology may prove to be a disaster to the whole travel industry.

Both websites with sophisticated shopping capabilities have wide range of alternatives to choose from. For example, Mobissimo claims to search 166 travel sites directly. Kayak has 120 online sites as of now. The services range from air lines ticket, hotel booking, car rental and other activities which returns results of list price, hotel rating, name and address, and provider's name. Mobissimo with a logo of "we search you travel" claims its mission is to, improve the way people seek and discover travel information. The purpose is to search out the best price for the consumer.

The technology is a scary move further move towards commoditizing travel market, where consumers have little regard for product features. Consumers believe that product as are homogeneous and it is only price which matters which may not always be the case. This leads to price war amongst travel providers to maintain market share and fill capacity. As prices are brought down, the weak entrepreneurs are bound to close or merge with their more efficient competitors. This will result in reducing choice and competition which certainly is not good for the travel industry and hence in long term for the consumers too. In future if more of such companies join the race it will surely be a nightmare for the whole travel industry.

CHECK YOUR PROGRESS – I

Answer the following question.

1. List out the name of top countries with their receipts from tourism.

2. Write major issues those impede the success of travel organisations.

Check your answer with the one given at the end of the unit.

4.4 TRENDS IN MODES OF TRANSPORT

Thus there has been a gradual increase in air travel. Travellers no more feel the air travel as unsafe. If we compare the market share of various modes of transport we can see the share of air transport has increased from 26% in 1990s to 30.8% in the year 2000. At the same time all other modes of transport (Road transport 61.1 to 57.0, Rail transport 7.0 to 6.0 and Water transport 5.9 to 6.2) have lost their shares to the Air transport.



Table – 1.3
Shares of different modes of transport

Modes	Share of the total volume	
	1990	2000
Air	26	30.8
Road	61.1	57.0
Rail	7.0	6.0
Water	5.9	6.2

According to a UN WTO statistics, just about half of all international tourists arrived over land by road (45%) or by rail (4%) to their destination in 2004. Air transport represented 43% of arrivals and transport over water accounted for 7%. The road transport hence remains as most popular mode of transport. After three sluggish years air transport rose by 15% in 2004, while transport over water increased by 9% and transport over land by 7%. Thus growth in air transport is highest over other modes of transport which can be reasoned to advent of low cost carriers and competition due to open sky policy.

In India too there has been a steady growth in air traveler as is evident from the table below. Except the year 2001-02 all other years have shown a steady growth in air travel. The reason for down fall in 2001-02 can be due to major accidents like Trade centre attack, Parliament attack in New Delhi and wide spread SARS in Asian countries. The average growth baring 2001-02 is around ten percent which is even more than the growth rate of GDP.

Table – 1.4
Number of passengers traveled by Air

Year	International (in million)	Domestic	Total	Growth rate % age
1999-00	3.7	12.7	16.4	-
2000-01	3.8	13.7	17.5	6.7
2001-02	3.7	12.9	16.6	-3.15
2002-03	4.2	14.0	18.2	9.6
2003-04	4.5	15.7	20.2	11
2004-05	5.3	19.4	24.7	12

Source: Directorate General of Civil Aviation, Government of India

4.3.1 SOPHISTICATED COACH TRAVEL

The advent of luxury Volvo coaches has brought in a major change in travel industry. Despite of a marginal decrease in share of road transportation in total volume of traffic, coach travel has been a favorite mode of transportation amongst travelers. The advantage of coach travel in terms of mobility, availability and luxury attracts passengers especially for sight seeing, short distance travel and pick up and drop.



CHECK YOUR PROGRESS –II

Answer the following question.

1. Calculate rate of growth in domestic and international air passengers from the year 1999 to 2005.

Check your answer with the one given at the end of the unit.

4.4 CONSUMER MARKET

The recent development in the tourism industry can be characterized as a shift of market power from producer to consumer (From sellers' to buyers' market). This increased dominance of consumers is visible from the heavy downfall in prices in the airlines, tour packages and other tourism related services. Other features of the market are as follows.



4.4.1 DEMOGRAPHIC AND ATTITUDINAL SHIFT IN TRAVELERS' MARKET

Consumer needs' world wide is constantly changing. Fast changing social structure, life style, tastes and fashion lead to generate multitude of new demands in market for quality and style of product, vacation experiences that live up to their pitch. Professional and businessmen especially have the ability and interest to travel with less time at their disposal. This "Getaway" Market as a result of a time-pressure is increasingly seeking relief when it is possible. Thus, more frequent, shorter vacations [break-a-tions] are the trend of the day. An increase in short duration trips, with combination of business and pleasure are evident. Till recently the pattern of shorter distance travel has been long distance travel on short breaks. Whether cross-border or within boundary this can be termed as "cross-over" trips.

Since tourists are well informed and have wide range of alternatives, the price and quality are expected to match their expectation. Travellers wait a long time before making a purchase to find the lowest price. Moreover the group booking tendency of corporate clients to book before 6 to 9 months in advance have undergone a radical change to mere two months before departure now. This causes cash problems to a travel agent. The growing consumer expectations clubbed with market knowledge infuse severe competition amongst the suppliers. Particularly in case of airlines booking consumers have been found to be very sensitive to any discounts and reduction in fare. To this, some airlines like British Airways have accepted the trend to directly access the customer overriding middlemen to cut additional cost. Modern technology and efficient safety and security measures also have increased the fear of flying amongst the travelers. In addition to air transport for long haul travel tourists are more interested in coach travel due to invention of luxury Volvo coaches. In many cases tourists are found experienced, mature and informed than the information assistant on the table. However the frequent accidents, terrorist attacks

and calamities have increased the concern for safety and security amongst the tourists. Thus a growing area of tourism development in many destinations may be organized travel that protects tourists from crime, health and security threats. An increased emphasis on "human relationships" may encourage new forms of tourism in which contact between hosts and guests is less superficial. People are becoming as important as places, and the collecting of interactive, novel experiences versus site visits or things is growing in interest. The psychology, hereditary affinity and safety concern result in tourist opting for VFR. Travelers many a times are seeking out unique and diverse experiences that are authentic to the place they are visiting. An increased emphasis on special interest tourism - such as cultural, educational and professional development travel is evident which may greatly strengthen and enrich the meaning of the travel experience. These highly motivated youth seek for thrilling adventure trips where degree of physical involvement is high to a greater extent. The present age travelers normally follow the following travel pattern:

- Wait and See attitude
- Last minute booking – Cash flow problems to Travel agency.
- Sensitivity to price/ Discount at airlines.
- Fear of flying is nil
- Preference to coach travel
- Increased competition/ motivation
- More mature and experienced traveler
- Increased concern for safety and security
- Travel with high motivation factor
- Visiting VFR
- Short haul stay in one place
- Travel as experience

‘Mancation’ (Men only tour):

Increasing number of male affinity groups have been found going for vacations in recent period. This is more evident in industrialized regions where week end holidays are more popular.

4.4.2 INCREASING BABY BOOMERS MARKET

Baby boomers are the elderly generation in USA, Japan and UK who are in 55-75 age group. In the next 20 years these residents of developed nations between the 55-75 age group will increase exponentially. This is a prospect market for Travel and tourism industry with substantial discretionary income, desire to travel and disposable time. These baby boomers in North America, Japan and UK form a lucrative market with a new set of vacation needs and experiences and pricing structures which shows healthier signs with increased disposable income as a retiring

batch. This highly educated, well-traveled baby boomers market will also contribute to the general awareness about vacation in the market which further may increase the overall demand in the market.

4.5.3 TRAVEL BY LOW COST AND NO FRILL AIRLINES

In India low cost carrier age started in the year 2003 when Air Deccan introduced its operation. Since then number of airlines in India have increased from three in 2002 to eleven in 2007. Till then there have been continuous growth of air travelers and reduction of fares in India. Gradually low cost carriers are on roll to acquire market share of full service carriers. Even full scale airlines also have started either floating low cost subsidiaries or keeping some seats vacant in their flights for low frill operation.

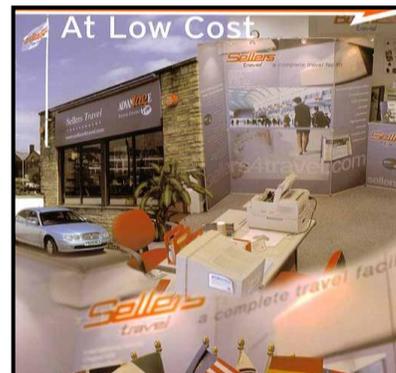
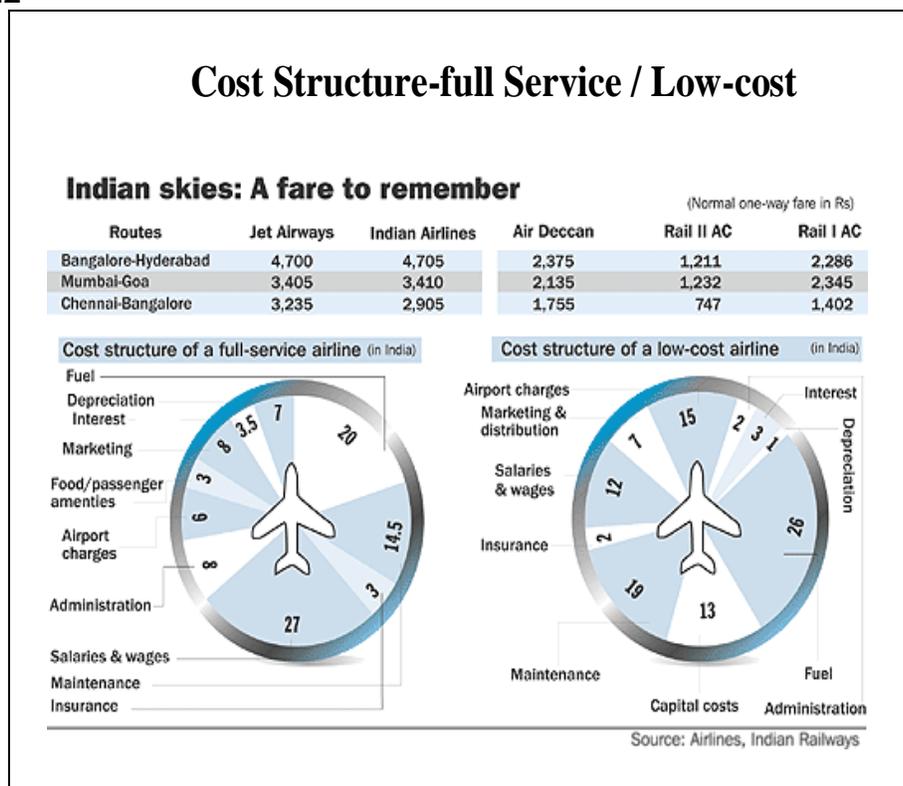


Chart - 1.2



Low cost carriers as is revealed by the above graph have high fuel expenses in the overall cost structure. Since fuel cost is almost same for all in the aviation industry, it is understood that LCCs are very efficient in

other operational expenses as administration, Passenger amenities and salaries and wages.

Despite of a short history of operation, low cost carriers have acquired a significant 23% share of market very quickly. The rate of growth in case of these low cost carriers is so high that by 2010 the market share of these airlines may rise to the half in terms of numbers of passengers fly. The full service airlines also have joined the race by introducing low cost subsidiaries like Jetlite, Indian etc.

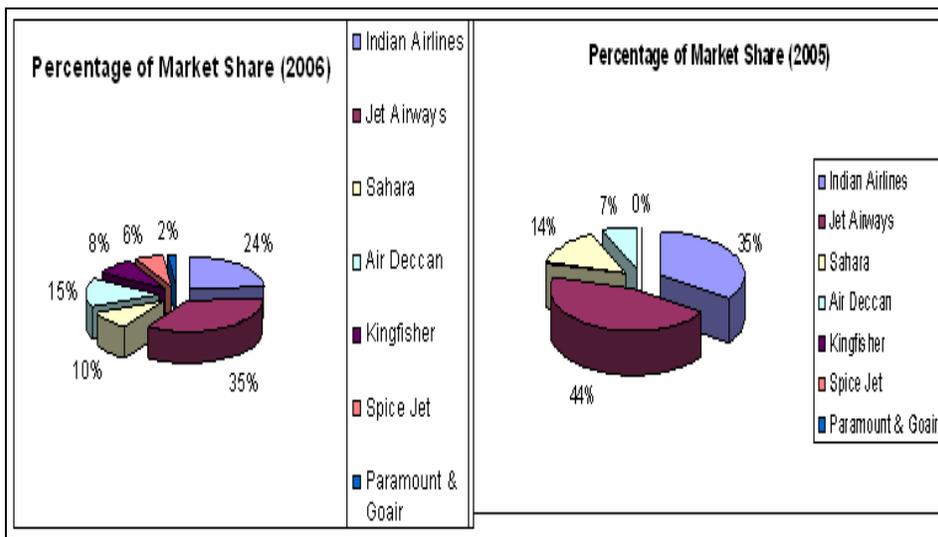
**Table – 1.5
Percentage of Market Share**

Percentage of share in	Indian Airlines	Jet Airways	Sahara	Air Deccan	Kingfisher	Spice Jet	Paramount & Goair
2006	23.9	34.9	9.7	15.2	8.3	6	2
2005	34.7	44.1	14.2	7	0	0	0

Source: Directorate General of Civil Aviation, Government of India

Note: Air Sahara has been acquired by Jet Airways and renamed as Jetlite recently in April, 2007

**Chart – 1.3
Market Share of Different Airlines**



4.4.4 INTERNET AIRLINE MODEL

In recent period some airlines are trying hard to cut costs by overriding middlemen. Especially low cost carriers want to cut all middle-men such

as travel agents, GDSs and online travel portals from the distribution channel. The savings in distribution costs is believed to be the way to compete in the market. Interestingly these Internet airlines are achieving impressively high load factors and online booking penetration. In December 2001, easyJet, a UK based low cost carrier achieved an 82.8% load factor with 89.1% of passengers booking online, while Ryanair achieved a 78% load factor and 91% online bookings.

The low cost carriers normally dominate the short haul market by adopting the internet airline model. The key elements of this model are: Optimum utilisation of aircraft with fast turnarounds; lowering distribution costs by direct selling; minimizing operational costs by using secondary airports, cutting out catering and other frills; adopting simple fare structures. All these principles are possible in case of short haul routes. In Europe this model has been very popular with the low cost airlines offering hop on/hop off bus-like connections. Thus big carriers may find it difficult to compete in the marketplace, because of low aircraft utilisation and high cost operations. Thus big airlines may be forced to withdraw substantially from short haul routes.

4.4.5 SELF MANAGED INDIVIDUAL TOUR

There have been less large group travels. Smaller groups and fully independent travel have been in demand. This market is difficult to identify, develop products to support, and market to. There is an increase in specialized or niche markets that want specific products and experiences. Thus priority of vacationers for large resorts and hotel properties is shifting to more intimate facilities and services such as Paying guest houses, lodges, country inns, bed and breakfasts, and small all-suites hotels. Tour products are becoming more flexible, less structured and customizable. Hence more efficient and trained management and staff are required to meet instant demand of prospective customers

4.4.6 GREATER FRAGMENTATION OF HOLIDAYS

The demand for vacations those provide a sense of regeneration and knowledge will further increase in the market in years to come. Opportunities to experience the outdoors and nature with modern and comfortable facilities will continue to be popular amongst vacation seekers.

Rising health consciousness amongst city dwellers acts as a push factor for tourism products like spa and yoga centres. Especially these centres in natural settings like Kerala will continue pulling tourists to these places.

Concerns with the effects of stress and aging have fueled the spa industry.

A growing number of youth from modern metros and cities will demand fulfilling vacations which are exhilarating, be it adventure, challenge, further education, cross-cultural awareness, or peace of mind.

Local foods and delicacies are very often a sought after component of a travel experience.

Event-based tourism is an important element of the tourist market and is growing faster with more business meets, trade shows, festivals, large concerts, sports competitions, social and cultural events and other events that attract large influxes of people.

Aboriginal tourism: With large migration round the world citizens are interested to learn about indigenous people of the destination to which they are traveling. This finding the route however does not mean they seek only ceremony or superficial contact with people. Some may want to experience their ancestors' lifestyle. Most will want to experience the cultural and historic sites and places of the destination. They may further show interest in meeting and interacting with the people in real setting and buying some art and craft.

4.4.7 GREATER Role of Community

There is a wide spread feeling that there are finite limitations to tourism development. There is a scarce of resources in terms of both physical and social carrying capacity of destinations. Sensitivity towards the scale and design of developments to limit their impact on the environment will be the recommended approach. National park systems in developed nations are adopting ghetto tourism (discouraging mass tourism) where as in developing and underdeveloped Nations, locals demanding their stake in the developmental process. National parks in India are seriously into community participation which forces travel agencies and tour operators to involve locals in the tour planning to these natural areas.

All tourism planning and development process irrespective of nature and ambience will be increasingly mindful of the need for meaningful public involvement and input. Concern for and consultation with people who are immediately affected by new facilities and visitor inflows have been guideline for any sorts of policy formulation. Residents' responsive tourism will be the order of tomorrow. Community demands for active participation in development and management will be reflected in setting up new travel agency and tour operators.

CHECK YOUR PROGRESS – III

Answer the following questions.

1. Compare the cost structure of a full service airline with that of a low cost airline.
2. What is meant by an internet airline model?

Check your answer with the one given at the end of the unit.

4.5 CONTEMPORARY PRACTICES IN TRAVEL AGENCY AND TOUR OPERATION SECTORS

Travel Agency Automation

Travel industry especially the airlines has been forerunner in adopting computer for that matter any technology very fast soon they were invented. Ever since the ENIAC was developed by US army in 1939, it was first used for preparing navigational charts for warships and calculating artillery trajectories. Until the mid of twentieth century airlines reservations were made manually by airline staffs at its counters or over telephone to the airline staffs. It was first in the 1960s; most of the airlines had installed computer reservation system and microfilms were used for storing and displaying flight schedules and fares. However the use of reservation system was limited to airlines office. Travel agents continued book tickets over telephone and issue hand written tickets to its customers. Subsequently after invention of teletype machine connected through telephone lines enabled an agent to issue direct printed tickets in its own office. However booking was done through telephone. The information transmitted from airlines office was received at agents' desk and ticket could be printed by the teletype machine. The first airlines reservation system was developed in the 1970s. But those attempts were purely experimental until 1976 when American Airlines, United Airlines and Trans World Airlines developed a CRS each containing flight information and fares of member airlines. Travel agents could obtain information from CRS via a data terminal consists of a key board and a screen. The data terminal was connected with the CRS through telephone line. TWA named its CRS as PARS an



abbreviation for Passenger Airlines Reservation System. American Airlines named it as SABRE an acronym for Semi Automated Business Research Environment. United Airlines System named it as Apollo. The suit was followed by other airlines like Eastern Airlines developed "System One" in the year 1982 and Delta Airlines developed DATAS in 1984 both having capacity to connect to other CRS. In 1988 DATAS and PARS merged to form World Span System. Till now Travel agencies use GDS for all type of travel solutions like booking air tickets, rail tickets, cruise lines and reserving hotel rooms and making payments through BSP.

However GDS companies are facing competition due to advent of travel portal and travel search engines.



Contemporary Travel Agency Functions

Table – 1.6: Travel agency functions

1	2	3	4	5	6	7	8	9	10
Travel Information		Airline ticketing and	Accommodation Reserve	Reservation of Surface/ Sea transport	Tour packaging and costing	Travel insurance		Organisation of	
Counseling Immigration Passport Visa Custom Clearance and procedure Health and Security Checks Landing permits certificates	Itinerary Preparation	International	Hotel Resorts Others	Cruise Rail Road	Liaison with providers Market Research Costing and pricing Promotion of Package Executives of Tour package	Personal Baggage Travel	Foreign currency	Entertainment Cultural programme MICE Seminars Symposiums Conferences Exhibition Others	Acting as a GSA / Handling Agent/ Ground Operator of parent company

Organisation of Conference/ Convention

MICE business has become a profitable option for travel agencies which is of late tapped by the travel agencies. Some companies have specialised branch to deal in MICE businesses. Target customers for this operation are commercial organizations who intend to hold training programmes, conduct seminars, symposiums, trade shows and conventions. Typical conference related services or package include:

- Allotment of space (sale of space) at the conference centre
- Travel to/ from the venue
- Accommodation at the venue
- Registration fees and facilities
- Facilities for conference like audio-visual equipments
- Secretarial services
- Sight seeing
- Arrangement of cultural show and other entertainment activities
- Shopping

Travel Insurance

Major change travel agency function is the inclusion of travel insurance in the service list. All most all large travel agencies have started offering insurance schemes jointly with some insurance majors. Travel Insurance protects the traveler against the personal, baggage losses and other travel insurance for any loss due to flight delay, major health problem, trip cancellation etc. Bajaj Alliance, American express, Max New York, TATA AIG, Thomas Cook, New India Assurance etc are major players in travel insurance sector.

**Travel Agency Approval**

Travel agencies these days require multiple recognitions to start and operate business. Recognition of Department of Tourism in India is a basic requirement which is mandatory for agents to deal with tourists. This recognition helps the agents in getting other approvals to start and run business in addition to financial and non-financial incentives provided by the government from time to time. The Ministry of External Affairs and Reserve Bank of India authorizes an agent to deal in foreign currency and travel documents of international tourists. As business entities, travel agencies need to be registered and work under the Companies Act 1956 or Partnership Act 1932 etc as the case may be. In order to open an office in a municipality or town, permission from the Corporation or Municipality authority has to be taken. The recognition of IATA authorizes an agent to issue air ticket of international airlines. This helps in making payment through Billing and Settlement Plan (BSP) through Global Distribution System (GDS) network. Further IATA authorization is required to subscribe to any GDS vendors. Approval of Indian Airlines in India is required for issue of IA tickets. In addition voluntary marketing negotiations with individual airlines help Agencies and Operators in operating business successfully. Membership of Hotel and Restaurant Association of India and other State Associations promotes the business of the Operator. However over the years travel agency functions have been diversified. Agencies are diverting from air ticketing to package tour

operation and marketing. Thus recognition and approval from individual airlines is not much sought after.

Computer Reservation System

CRS became very popular since early 1980s works through an interconnectivity of data terminals of agents otherwise called as agents' set with the main super computer owned by the promoters of CRS otherwise called CRS vendors or GDS (Global Distribution System) companies. The super computer is capable of serving many sites with multi functions like retrieving flight availability, fares and passengers records simultaneously. Agents' set is connected via a modem to the Central Processing Unit (CPU) of super computer. The modem (acronym for modulator/ demodulator) transfers computer data into signals for transmission via a telephone line. A printer which is connected by the modem prints the ticket being confirmed by the vendor's super computer. When a travel agency books any ticket it feeds the information to his computer which in turn transmits data and it get stored in the CPU of the super computer. The agent is authorized only to retrieve its reservations and other general information. For special information it needs to seek permission from the CRS vendor. Thus CRS is used for fare display, flight availability, flight booking, storage of passenger's record, advance seat assignments, storage of client profiles, queue functions, ticket and document printing, auxiliary segments and accessing general information.

E-tourism - Travel Portal

E-tourism is about using internet technology in tourism systems and activities like promotion, resort management, online shopping, reservation, destination information services. A travel portal is a gateway in the internet which provides access to specialized and focused information and links. It is customized and acts as a channel between the provider and the audience. These virtual travel agencies and principals create a brand value in the minds of the consumer by designing appealing Web sites, emphasising better service and providing additional product information. The key to success for online travel agencies is to build customer loyalty and reduce dependence on price competition by effectively addressing pressing issues like security and quality. However the ease entry to the markets has made it much simpler for new entrants to get into the market and gain market share quickly thus increasing competition day by day. Worlds leading travel portals are expedia.com, lastminute.com, thomascook.com, firstchoice.com MyTravel.Uk etc. In India MakeMytrip.com, Travelocity.com, TravelGuru.com, Traveljini.com, indianholidays.com, indiainfo.com, yatra.com, ezeego1.co.in etc. With more and more people becoming techno-savvy travel portals are becoming popular medium of booking. In the year 2006 online booking

size has reached US \$523 million mark from US \$ 368 million in the previous year. Online booking is fast becoming a significant portion of Traditional travel agency system which is reflected travel majors like Cox & Kings promoting ezeego1.com, Air Deccan tying up with Travelguru.com, Thomas cook opening its own travel portal by the same name. Most tour operator reservation system suppliers are also offering Web integration so that bookings made on the Web are stored directly in the same system where all other bookings are received. Thus these large vertically integrated travel companies are now taking multi-channel integration very seriously.

Emerging Travel Marketing concept from Selling

The agencies in early 90s were mostly dependent upon sale of air tickets, hotel rooms and renting cars. Subsequently the airlines started cutting commissions and some airlines even stopped giving commissions due to high competition in the market on one hand and rise fuel prices on the other. The advent of internet further helped airlines to directly reach the customers by overriding the middlemen. In the third stage of evolution Travel portals further helped customers to reach their individual suppliers. All these made traditional suppliers shift their traditional style of functioning from sale of tickets and hotel rooms to customized package tours.

Customer Relationship Management

Travel agencies are increasingly investing Customer Relationship Management (CRM) these days to build a brand loyalty. There has been trend of adopting sophisticated CRM technology have the ability to have one-to-one relationships with the customers. Moreover CRM is being regarded as a philosophy or a culture in the industry. A sense of personal care for



customers is created by assuring them as they are not mere numbers in company's computer system, rather they can relax and trust that their travel arrangements will go smoothly. Thus an agent is expected to know the travel preferences of his customer, answer all questions raised by the customer, record all past transactions, suggest ideas to make one's trip more enjoyable, take the feed back after the trip gets over, keep the customer abreast of all happenings in the industry etc. Thus there has been an increasing trend of acquiring CRM technologies in the travel agencies.

The Death of the Brochure

After the evolution of internet and tour operators are increasingly spending on web content development rather than spending on publication of brochures. This is because brochure costs are a massive financial burden on operators. However customers may feel dissatisfied at this moment with being offered so much unnecessary information in the web content. Moreover people inherently like to browse paper-based information rather than computer screen. But once consumers get used to searching for travel on the Internet operators will divert funds from brochure production to content development.

M-Commerce

M-commerce (short form of mobile commerce) in travel products is going to be a big part of travel business. The benefit of it being handy mobile can become a great source of information to tourists. M-commerce probably won't take off for leisure travel now since customers take time to think for their big investment and big screen will their preferred mode. With all this online time, booking the theatre or arranging excursion to the local fiesta, booking a restaurant etc will remain the businesses through mobile.

Destination and Market Research

Tour package before formulation and design need a through research based on analysis and assessment of the destination and market. With changing travel agency functions from sale of air ticket to ground handling and package tour operation, companies are increasingly emphasizing on research and development. The idea of tour executives thus is of greater importance in developing new products as he has a better knowledge about the developments in destination and client psychology. Market research provides the information about the size of tourism market, profile of the potential buyers and clients, details about the competitors in the market, customer expectations of quality and price etc. Once the operator is aware about various components of package tour, distribution channel and market conditions and constraints it can carve out strategies for successful operation.

CHECK YOUR PROGRESS – IV

Answer the following questions.

1. Write the concept of CRS.
2. What is meant by travel portal?

Check your answer with the one given at the end of the unit

4.6 Summary

Travel agency and tour operation in recent ages has undergone a sea change in all the spheres. The business has transformed from manual operation to Global Distribution System and onwards to websites and internet. Industry in general is sensible to technological, socio-economic and political factors. The competition in the industry often results in healthy companies taking over the management and ownership of less competitive and loss making units. In Management of agencies, scarcity of trained and less skilled human resource in addition to constraints of financing is an issue in better performance. Travel portals and travel search engines seem to affect the long term benefit of the industry. However there has been a significant growth in air travel due to online booking and competitive prices offered by low cost airlines. All the developments in the market in recent period have favorably benefited customers. Hence the market can better be characterized as consumer driven market. There has been a significant shift in consumer expectations, preferences and thus behaviour. Consumers are more informed and have a wide range of alternatives which makes marketing more competitive and challenging. Travel agents and tour operators in order to be successful in the market are very receptive to the technological and other changes in the market. The traditional dependence on airlines ticket has been changed to marketing and development of tour package. Intermediaries play a vital role in research and development of innovative products and services and invest substantially in these areas.

4.7 ANSWERS TO CHECK YOUR PROGRESS

CHECK YOUR PROGRESS – I

1. Your answer must reflect all the top five countries with their receipt from tourism. (See Table – 1.1)
2. In your answer you should talk constraints in terms of competition from technology driven search engines, lack of trained manpower and lack of suitable source of finance.

CHECK YOUR PROGRESS - II

1. You should calculate percentage of growth every year from the year 1999 to 2005. Results need to be reflected separately for domestic and international air passengers. (See table – 1.4)

CHECK YOUR PROGRESS - III

1. Your answer should make a comparative study of a full service airline with a low cost airline. (See chart – 1.2)
2. Your answer should mention the concept of internet model of airlines. (See sub section 4.5.4)

CHECK YOUR PROGRESS – IV

1. Your answer must include the concept of computer reservation system. (See sub section 4.6.6)
2. In your answer, you should include all functions of a travel portal. (See sub section 4.6.7)

4.8 SUGGESTED READINGS

1. Directorate General of Civil Aviation, Government of India
www.dgca.nic.in
2. Department of Tourism, Government of India,
www.incredibleindia.org
3. World Travel and Tourism Council (1994) *Gearing up for Growth: A study of Education and Training for career in Asia Pacific Travel and Tourism*, Brussels, Belgium.
4. World Travel and Tourism Council (1999), *Millennium Vision Strategic Economic & Employment Priority*, London.
5. <http://www.genesys.net/article051014.htm>

4.9 REVIEW QUESTIONS

1. Define the various current trends in the management of travel organization.
2. Write a short note on 'Computer Reservation System.'
3. Explain the functions of a travel agency?
4. What is meant by 'M-Commerce'?

UNIT- 5 TRAVEL AGENCY: CORE FUNCTIONS, DEPARTMENTALISATION AND ORGANISATIONAL HIEARCHY

Structure

- 5.1 Objectives
- 5.2 Introduction
- 5.3 Origins of Term Travel Agency
- 5.4 Need for Travel Agency
- 5.5 Meaning & Definition of Travel Agents
- 5.6 Types of Travel Agency
 - 5.6.1 Definition of Retail Travel Agency
 - 5.6.2 Definition of Whole sale Travel Agency & its features
 - 5.6.3 Full Services Travel Agency
 - 5.6.4 Implant Agency
 - 5.6.5 Special interest Travel Agency
 - 5.6.6 E- Travel Agent or online Agents (OTA)
- 5.7 Functions of Travel Agency
 - 5.7.1 Providing Travel Related Information
 - 5.7.2 Planning tour itineraries
 - 5.7.3 Liasoning with the tourism supplier / vendor
 - 5.7.4 Costing of tours.
 - 5.7.5 Marketing & Promotion of tour packages
 - 5.7.6 Ticketing
 - 5.7.7 Travel Documentation
 - 5.7. (A). Passport
 - 5.7. (B). Visa
 - 5.7. C. Provision of Foreign currencies
 - 5.7. (D). Travel Insurance
 - 5.7.8 Settlement of Account
- 5.8 Summary / Lets sum up
- 5.9 Glossary

5.10 Check Your Progress

5.11 Clues to Answers

5.12 References

5.13 Terminal Questions

5.1 OBJECTIVES

After reading Unit 5 on Core Area of Travel Agency Business & Functions (Ticketing, Travel Facilitation , Documentation, Marketing etc. The aim of this unit is two explain the concept of travel agency business and its functions.

- Explain the need for travel agency in the tourism Industry.
- Define the term travel agents
- To Understand the type of Travel agencies
- To understand the benefits of Travel agency/ Travel agent.
- To understand the function of Travel agency in Travel agency business.

5.2 INTRODUCTION

In the Unit 5 learner will understand about the core area of Travel agency business.

In the core are of travel agency we will study what is the meaning of travel agency and its need. In this Unit learner read concept of travel agency and what is the role of travel agency in tourism industry.

In this Unit we will understand the function of travel agency of travel agency organization. In the functions of travel agency learner read how to travel agency provide travel related information to the customer. The second function of travel agency is planning / preparing of tour itinerary in travel agency for prospective customer & how it benefits for customer.

In this unit learner will learn about the function of travel agency how to Liaisoning with tourism supplier in the travel agency. After the third function student read fourth function importance of costing the of tour package. The most important function of travel agency is the marketing and promotion of tour package in the travel agency.

After the marketing learner understand. Ticketing function which most important of travel agency without ticketing we can't make the tour package for travel agency. As learner know document section play a vital role in the international tourism under function learner will understand

passport , visa , travel insurance , hotel voucher , air ticket . Which is mandatory function of travel agent. At the end of travel agency function is final settlement of the customer and management a settlement the account.

Through this unit learner will get the complete information of all functional department of travel agency & its benefits for customer.

5.3 ORIGIN OF THE TERM TRAVEL AGENCY

The Term 'Travel agent coined in the early years of the eighteenth century. At that time was very simple with no formalities that exist today. The different modes of transport available today were also not present in those times. People were more motivated to travel only after the transportation system such as railroads developed and organized travel came into picture.

The rising income due to the industrialization and urbanization is another factor that has helped in the growth of organized travel can be associated with Thomas cook , the founder of Thomas cook group limited , who was not only first organized travel agent in the world but also the invention of the travel and tourism business as it is today.

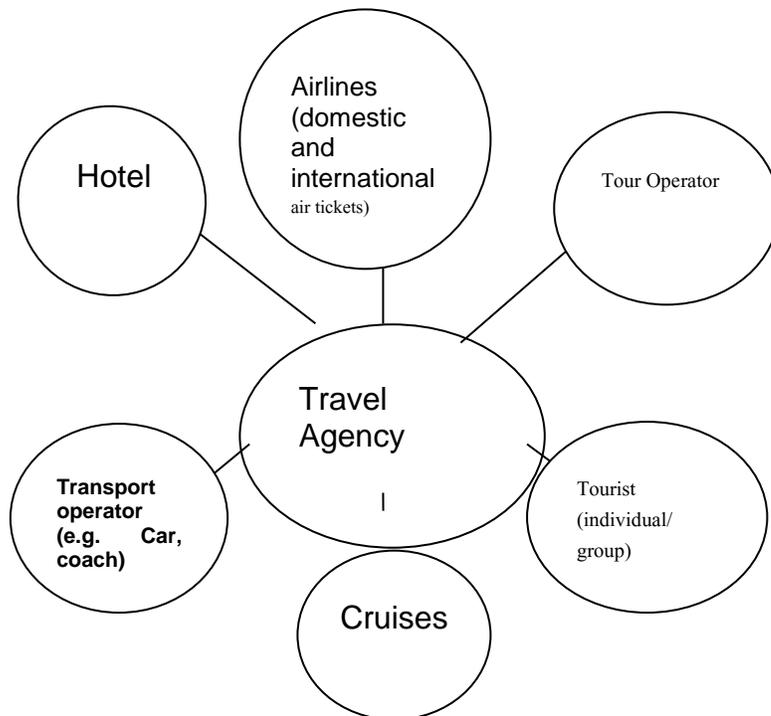


Fig.5.3 Principal Suppliers for a travel agency

5.4 NEED FOR TRAVEL AGENCY IN TOURISM

Tourism require a wide range of tourism related services ranging assistance in procuring a Passport, Visa , airline tickets accommodation , information about the destinations and attraction , local transport & other service.

Tourism supplier of the tourism Industry need to approach their potential customer and need their effectively. so that the task of the travel agent is to link the supplier of tourism service to the consumer therefore the demand of both the supplier and the consumer are fulfill . This link in the tourism system is travel agent means through which the tourism product is sold to the customer or tourist.

They form their channel of distribution. Their role is bring the customer of distribution plays an important link in the tourism system, linking tourism supply and demand.

Travel Agent either working for a travel agency or individual working on their own assist their client in planning their trips, planning tour itineraries , making reservations for airlines, hotels, and other services . They act as intermediaries between the customer and the principle supplier. They sell a variety of travel product and services and help their client in turning their dreams in reality. The Travel Agent/Travel agency sells the principles services and is rewarded by commission.

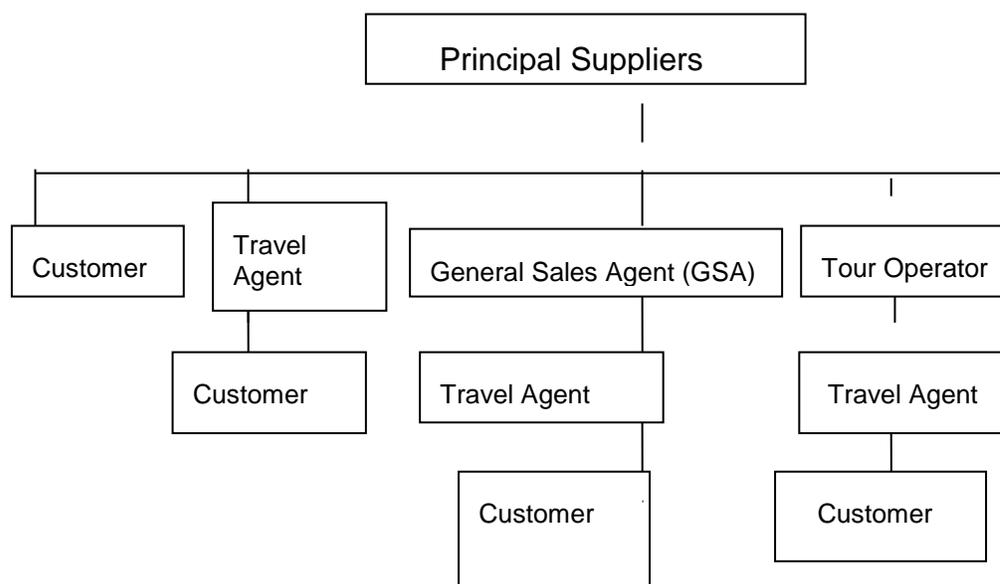


Fig.5.4 Distribution Channels used by suppliers.

5.5 MEANING AND DEFINITION OF TRAVEL AGENCY

Definition of Travel Agency

A Travel Agency may be an individual, a business firm, or company which acts as an intermediary in the sales and promotion of different travel related services, such as accommodation, airlines, railways, road transports, cruise, etc and earn commission received on selling service services to its clients.

A Travel agency can also be referred to as a retail travel agency since it sells the various services offered by the travel supplier directly to its customers.

Meaning of Travel Agency

A **travel agency** mean the intermediaries agency between the tourism service supplier and the customer **or** is a retail business that sells travel related products and services to customers on behalf of suppliers such as airlines, car rentals, cruise lines, hotels, railways, sightseeing tours and package holidays that combine several products. In addition to dealing with ordinary tourists most travel agencies have a separate department devoted to making travel arrangements for business travelers and some travel agencies specialize in commercial and business travel only. There are also travel agencies that serve as general sales agents for foreign travel companies, allowing them to have offices in countries other than where their headquarters are located.

Travel agent of /Travel Agency

An individual who arranges travel for individuals or groups. Travel agents may be generalists or specialists (cruises, adventure travel, conventions and meetings.) The agents receive a 10 to 15% commission from accommodations, transportation companies and attractions for coordinating the booking of travel. They typically coordinate travel for their customers at the same or lower cost than if the customer booked the travel on his/her own.

5.6 TYPES OF TRAVEL AGENCIES

As learner know that in the earlier days travel was mainly by sea and railway; tickets were sold directly at the offices of the steamship companies and the railway stations. But when the airlines and the transport operators started operating, they were unable to earn profit, as they could not sell enough tickets through their own offices. The airlines,

therefore, were forced to identify sales outlets and this started the concept of retail travel agencies.

To boost their sales, the airlines offered higher commission to the travel agent.

5.6.1 RETAIL TRAVEL AGENCIES AND ITS DEFINITION

Retail Travel Agency is one which sells the different travel-related services directly to its clients on behalf of the principal service providers/services, i.e hotels, airlines, cruises, railways, coach operators, etc. and in return earns a commission from them. The retail travel agency may add a markup cost on these travel services. Thus, it earns its income from the commission earned from suppliers as well as from the mark up. **Definition**

According to Airlines Reporting Corporation (1987), a retail travel agency is defined as a business that performs the basic function of quoting fares and rates , books seats for airlines , railways , coaches , makes reservations for hotels , arranges for passport , visa, and , other documentation services, and acts on behalf of the tourism vendors’.

The services performed by a retail travel agency are as follows:

- Preparation of tour itineraries
- Transportation- air, rail and road.
- Accommodation
- Insurance services
- Foreign exchange
- Travel documentation
- Special interest tour.

5.6.2 WHOLESALE TRAVEL AGENCY DEFINITION AND ITS FEATURES

Wholesale Travel agency

A Wholesale travel agency plans, organizes, develops and sells packages tours through a network of travel agencies or directly to the clients if it operates as a retail travel agency. Some travel agencies operate as both retail as well wholesale travel agency, for example, Thomas Cook, Travel Corporation of India, etc.

The Wholesale travel agency is one which assembles the different components of travel and forms a package to suit the needs of tourists. A wholesale travel agency thus designs package tours and sells them under its agency's name.

Feature of wholesale travel agency

The feature of the wholesale travel agency is as follows:

- It serves as a link between the principal travel suppliers and retail travel agency.
- It negotiates with the travel suppliers for best possible rate on the bulk booking.
- It assembles the various travel components such as hotels, airlines, rail and ground transport to form a package tour.
- It conducts research to know the changing preference of tourists.
- It markets and promotes its products through advertising, etc. to increase sales volume.

There are many ways in which travel agencies can be further classified. Travel agencies are generally classified as follows:

5.6.3 FULL SERVICE TRAVEL AGENCY

A full service agency organizes and handles all types of tours for leisure, free individual travellers (FITs), group individual travelers (GITs) , corporate travellers, etc inbound , outbound , and domestic destination. Individual departments work on the different functions of travel agency, for example, leisure department, inbound department, outbound department, trade fairs, accounts, etc.

5.6.4 COMMERCIAL TRAVEL AGENCY

Commercial Agency

Commercial agencies are specialized for meeting the requirements of corporate travelers. Such agencies are mainly located at the business centre and cater only to the business travelers. Walk-in or individual travellers are not served by these agencies. The airline, hotel, car/coach, documentation. etc, are all looked after by the trained staff.

5.6.5 IMPLANT AGENCY

Implant Agency

It is branch office of full- fledged travel agency/tour operator functioning on the premises of a corporate office. It handles all travel arrangements of the corporate office.

5.6.6 SEPCIAL INTEREST TRAVEL AGENCY

Special Interest Travel Agency

Specializes in creating tour programs for special interest groups, such as adventure, wildlife, religious etc. For example, Pug Mark, Pune.

5.6.7 E-TRAVEL AGENTS OR ONLINE TRAVEL AGENTS (OTA)

E-travel agents or online travel agents (OTA)

Also know as virtual/ online travel agents (VTA's) or e-retailers, they are the mew generation travel agents such as MakeMyTrip.com, Yatra.com, ezego1.com, Travelgure.com, and lastminute.com. These web portals allow consumers to access information and make online bookings.

5.7 FUCNTIONS OF TRAVEL AGENCY

The Travel Agency being an intermediary has an active role in providing quality services to the tourist.

The Travel Agency performs a number of function such as:

- Providing Travel Related Information
- Planning tour itineraries
- Liasoning with the tourism suppliers / vendor
- Costing of tours.
- Marketing & Promotion of tour packages
- Ticketing
- Travel Documentation
 - Passport
 - Visa
 - Provision of Foreign currencies
 - Travel Insurance
- Settlement of Account

5.7.1 PROVIDING TRAVEL RELATED INFORMATION

Provide Travel related Information is one of the most important and basic function of travel agency business. When the client or prospective client arrives in the office of the travel agency, he seeks information that could help him undertake the tour. So that travel agency provide necessary information about travel to their client. Therefore the travel agency professional should have deep an detailed knowledge of the tourist destination , major attraction, weather condition , accessibility , culture , location, destination on the distance from the airport /railway station, different categories of hotels and the services provided by them, etc. The staff should well trained & skilled, fluent in local language – English & foreign language if dealing with foreign countries.

5.7.2 PLANNING /PREPARING OF TOUR ITINEARIES

Planning of tour itinerary is secondary mandatory function of travel agency. It is most important aspect for Domestic, Inbound & outbound tours weather group or individual tours.

The tour professionals after receiving the client's preference of destination to be visited his/her approximated date of travel and duration, the mode of transport, routing, hotel, etc. It has to plan the itinerary to suite the client's need. The itinerary is a suit the client's need.

The itinerary is preplanned tour programme in sequential order like day by days description of tour & as per the itinerary identity the origin points to destination points & destination en-routing point , hotel needs , mode of transport , sightseeing , car/ coach and other relevant details related to the tour.

Before planning a tour for his /her prospective customer, a travel agent must answer the following question:

- Who are the potential buyers and where do they come from?
- What are their like & dislikes?
- What are their transport preferences?
- Whether they would mix business with excursion?
- What are their special preferences if they are travelling along with their families, elder's children's, or disabilities etc.?
- When would like to start their itineraries?
- When they would like to end such itineraries?

5.6.3 LIASONING WITH TOURISM SERVICE

The tourism suppliers are the airlines, railways hotels, transport operators, Cruise companies, and tour operator, travel insurance companies, etc. The travel agents, before selling any travel product to their client, they have to contact their service providers on their behalf.

The travel agent have to **negotiate for best possible rate** from the service providers .They suppliers give a certain amount of fixed percentage as a commission to the travel agents for selling their products. Some service providers also give net rate as per their business relationship and business agreement or contract with the tourism suppliers in this regard.

This commission structure, period of contract, and terms and conditions are mentioned in the agreement.

5.7.4 COSTING OF TOURS

As learner will understand about the Costing of tours and most important function of Travel agency. after the Liasoning with tourism supplier /vendors agents go for costing of tours .After planning the tour and negotiation for rates with principal supplier , the next job of the travel agent is to do the tour costing . The costing of tour is done for both the inclusive tours (package tours and individual tours). The tour costs are worked out on per person basis which. In the **domestic tours included** – hotel, Meal charges, airlines airfare, hotel airport transfers charge, sightseeing by Car /Coach, guide fees etc.

In **international tours costing** include - hotel airlines , cab and coach transfers , Visa , passport, travel documents , forex arrange , traveler cheque , guide , local transport .The tries to provide the best facilities at least cost as per the client requirement and budget .Therefore tour arrange by travel agency must be well – planned and cost – effective .

The plans must be made in such manner as to deliver the best possible level of comfort and economy to the traveler and per the economic level of the client.

5.7.5 TICKETING

Ticketing is one of the most common function of a travel agency. The travel department of a travel agency has two sub department – domestic ticketing and International ticketing. Ticketing department is

responsible for handling ticketing query weather it is domestic or international.

The executive at the travel desk should aware of the computer and internet familiar. He have good knowledge of flight schedules' of various airlines and airlines applicable for journey like – Special fare , discounted fare , night fare , classed to travel , classes of travel , special fares , booking and cancellation rules ,booking update , prephone and the city code and airport code and airlines code , reservation code , special service etc.

The travel desk counter executive have good knowledge of Computer reservation system (CRS) is commonly used for making airlines bookings. Travel agent executive should also be familiar with Global distribution system (GDSs) such as Amadeus, Galileo, and Abacus etc.

5.7.6 RESERVATION

An After ticketing reservation is most importance function the travel agents. The travel agent after getting the confirmation and initial payment from the client has to book airlines seat , hotel rooms , transportation arrangement and other services as per the requirement of the clients .

The tour professionals should thus be familiar with the term and abbreviation used for and hotels . The travel agents executive preferably used phonetic alphabet used at the time of making reservation on telephone. Once the booking has been confirmed and payment make by client, travel agent executive confirm the ticket, itinerary, and raise voucher to be handed over to the client.

5.7.7 TRAVEL DOCUMENTATION

As learner understand that after the Reservation another important function of travel agency is to prepare of arrange the travel documentation for the client.

Travel document are the papers associated with the travelling abroad particulars of international journey including – airline ticket , other ticket , hotel voucher, Visa , travel Insurance , foreign exchange (forex) and Passport .

The documentation department helps its clients to providing facilitates Service.

The basic document service is necessary for any passenger are such as:

- a) Passport
- b) Visa
- c) Travel Insurance
- d) The foreign Exchange
- e) Health documents (health certificate)

5.7.7 (A) PASSPORT

The is an official document, which is defined as “ an official document issue by a competent public authority to national or to alien resident of the issuing country ‘

A Country government issue the passport to citizen allowing them to exit and enter their own country and to seek entry into and exit from foreign countries.

5.7.7 (B) VISA

VISA stands for visitor intended stay abroad . when a person wants to visit a foreign country permission has to be sought from the foreign government representation , which permit him/her to enter and stay in a foreign country for a specific purpose .

The VISA issue depending upon the nature of the person's abroad The consulate of the visiting country is authorized to issue a VISA .

5.7.7 (C) TRAVEL INSURANCE

Traveler can face many health related problem at the time of travel to aboard . If a traveler takes a travel Insurance cover hem can make a smooth ride through the problem in term of paying off the expenses through the insurance cover . when a passenger buy a travel insurance cover , the need of cover safety and security or medical contingencies . To avoid such situation a passenger is advised to take a travel insurance cover to help take such problems.

A part from the health , policies are made for covering lost baggage , any financial failure of the service provider s and other misfortunes etc. The travel Insurance policy can be bought from insurance companies clines bank directly through the insurance companies like – ICICI Health , tavellite , Relience Insurance . The Policy vary as per the time period and the rules of different countries . There are different levels of coverage and will vary from policy to policy.

A travel insurance policy generally cover the following:

- **Medical and other related expenses.**
- **Personal liability**
- **Cancellation , missing departure**
- **Hi- Jacking aircraft**
- **Travel trade indemnity (Travel Agency , Bankrupt)**

5.7.7 (D) FOREIGN EXCHANGE

After the documentation foreign currency is the next function of travel agency. If somebody wants to travel abroad he /she need foreign currency. The travel agent provide foreign exchange for travel to abroad . The foreign exchange is given to the traveler in the form of cash or traveller cheque . Which can be exchange any foreign country . The foreign exchange is issued based on the guidelines of reserve bank of Indian (RBI) under FERA (Foreign exchange regulation act).

The different form of foreign currency are:

- **Cash**
- **Credit Card**
- **Traveller draft**
- **Bank draft**
- **Telegraphic transfer**

The money for traveler is entitled to carry while travelling abroad is termed as BTQ , which means basic travel quota .

For Indian traveling abroad

Other than for business purpose is entitled for a BTQ of USD 10,000 per trip & business traveler is entitled to a BTQ of 25,000 per trip . The basic document required for issuing BTQ need BTQ form , a valid passport of the traveler , a confirmed ticket and visa stamped in the passport .

5.7.8 SETTLEMENT OF ACCOUNT

As learner know Settlement of Account with the tourism supplier / client is one of the major function of a travel agency. Settlement of Account –linked with the function of ticketing and reservation of accommodation in hotel for client. Accounts department play an important role in travel agency.

The working in the accounts department should be familiar with and have through knowledge of foreign Currencies , their cross value , exchange regulation etc. which vary country to country.

5.8 SUMMARY / LETS SUM UP

After this Unit now we have understood core area of travel agency business & function Travel agency. Under the core area of travel agency we have understood meaning, definition & type travel agency in travel agency organization. In this unit we also understood what is the role of travel agency function & responsibility of travel organization. Through this unit learner understood concept of travel agency & how to get benefit customer from travel agency. In this unit we also understood how we run travel agency through travel agency function.

5.9 GLOSSARY

Travel Agent – An individual who arranges travel for individuals or groups. Travel agents may be generalists or specialists (cruises, adventure travel, conventions and meetings.) The agents receive a 10 to 15% commission from accommodations, transportation companies and attractions for coordinating the booking of travel. They typically coordinate travel for their customers at the same or lower cost than if the customer booked the travel on his/her own.

Visa - A validating document placed in a passport by a foreign government, indicating that the traveler's passport has been examined and the passport holder may travel to that specific country. Not all countries require visas.

Tour Wholesaler---- A company that doesn't sell to the public but through travel agents and particularly tour and coach operators. They generally rely on low margin, mass market product.

Tour Wholesaler - An individual or company that sells tour packages and tour product to travel agents. Tour wholesalers usually receive a 20% discount from accommodations.

Tourism: the term for the movement of people to destinations away from their place of residence for any reason other than following an occupation, remunerated from within the country visited, for a period of 24 hours or more.

Itinerary – A travel plan or schedule which includes all travel details such as date time, mode of transport, accommodation, etc. for travelers.

Passport - An official document required to travel outside the country which proclaims the citizenship of the holder.

Electronic ticket – An airline ticket in the form of a computer entry. An electronic ticket, or e-ticket, is supposed to function like an actual paper

ticket by reserving you a space on a flight; all you need to do is give an identification number and show an ID at the airport. But you should also bring the written receipt sent by the airline in the event the airline's computer system has crashed or the airline has lost your reservation.

Foreign Tourist: Any person visiting a country, other than that in which he/she usually resides, for a period of at least 24 hours (Committee of Statistical Experts of the League of Nations, 1937).

5.10 CHECK YOUR PROGRESS

1) What is Travel Agency?

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2) What is the need of Travel Agency in tourism Industry?

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3) What do you mean by Travel Documentation?

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4) What are the importance of Travel related Information?

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.....

5) What are the importance of Travel Agency function?

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.....

5.11 CLUES TO THE ANSWERS

1) Refer Sec. 5.5

2) Refer Sec. 5.4

- 3) Refer Sec. 5.7.7
- 4) Refer Sec. 5.5.1
- 5) Refer Sec. 5.7

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5.12 TERMINAL QUESTIONS

- Q1.** What is Travel Agency? How many types of Travel Agencies Are There?
- Q2.** Explain the Function of Travel Agency?

UNIT -6 ORGANIZATIONAL AND MANAGEMENT OF STANDARD TOUR OPERATOR ENTERPRISES.

Structure

- 6.1 Objective
- 6.2 Introduction
- 6.3 Understanding the Departmentalization of Travel Agency
 - 6.3.1 Tour Department division
 - 6.3.2 Ticketing Department
 - 6.3.3 Travel Documentation Department
 - 6.3.4 Foreign Exchange Department
 - 6.3.5 MICE Department
 - 6.3.6 IT Department (Information Technology department)
 - 6.3.7 HR (Human Resource Department)
- 6.4 Organization Structure of Standard Travel Agency
 - 6.4.1 Organization Structure of Small Scale Travel Agency
 - 6.4.2 Organization Structure if large Structure Travel Agency
- 6.5 Summary /Lets Sum Up
- 6.6 Glossary
- 6.7 Check Your Progress
- 6.7 Clues to Answer
- 6.8 Reference
- 6. 9 Terminal Question

6.1 OBJECTIVES

After reading Unit 6 Departmentalization of Travel Agency and Organization Structure of Travel Agency. The aim of this Unit is to explain about the departmentalization of Travel Agency with various department and learner understood what type organization structure in the standard travel agency.

- To Understand the Departmentalization of travel agency.
- To Understand the how various department working in the Travel agency.
- To Understand the Organization Structure of Standard Travel Agency.
- To Understand the term Passport.
- To Understand the term Visa.
- To Understand the Travel Document & its Importance.
- To Understand the Organization structure as per scale of Travel Agency.

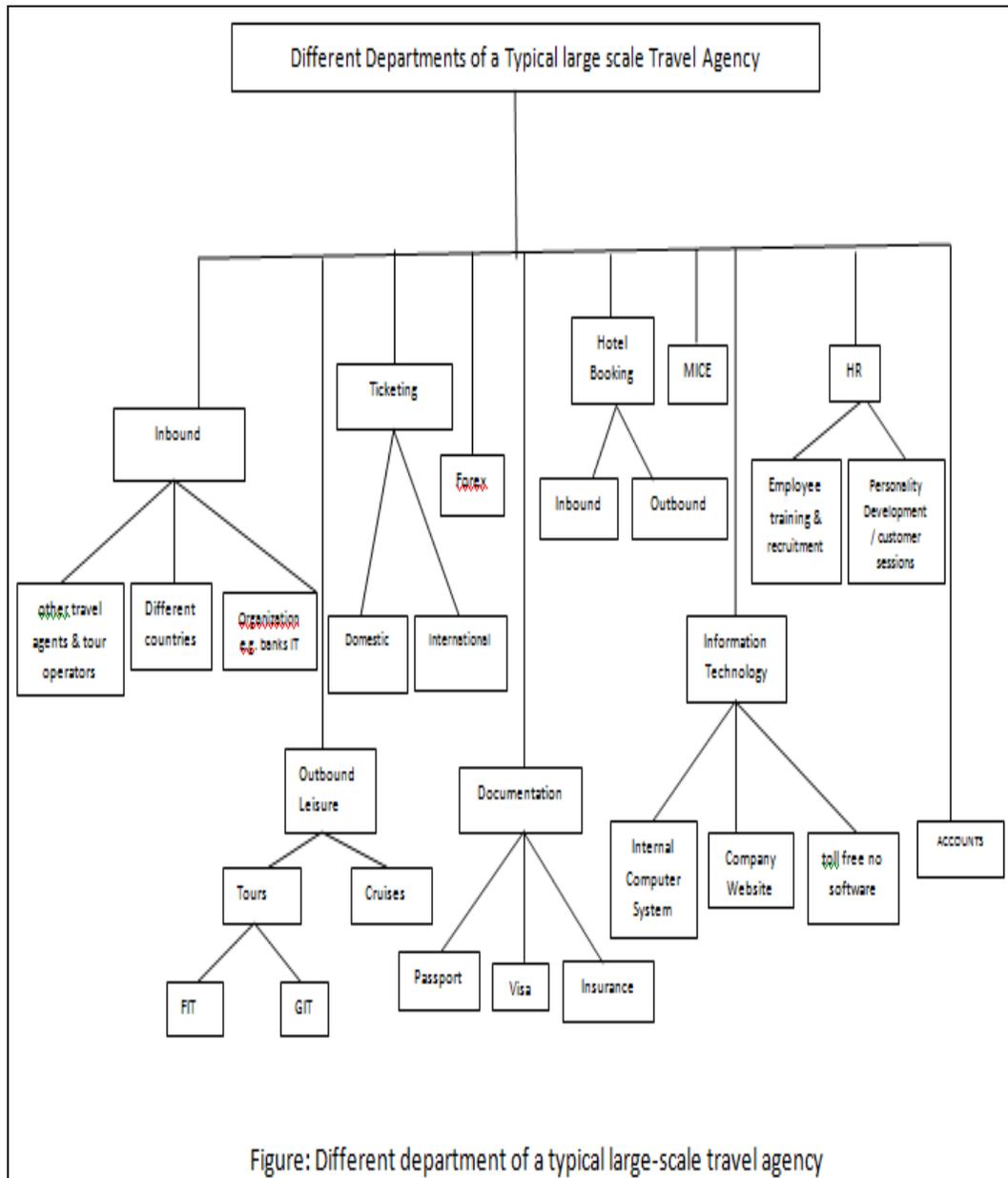
6.2 INTRODUCTION

In this Unit you will read and understand the Departmentalization of travel agency and Organization structure of standard travel agency. In the departmentalization of the travel agency learner read working of various department of the travel agency like – Tour department secondly Ticketing department , MICE (Meeting Incentive Conference Exhibition) department, Information technology department , Human Resource department, Accounts Department . So that after Completion of this unit the learner will know about the role and responsibility of various departments in the travel agency organization and how it benefits the organization and the customer.

In the second phase of the Unit 6 learner will read regarding the Organization structure of the standard travel agency. In the Organization Structure of a Travel agency learner will understand about the hierarchy of the management in the Organization structure of travel agency learner read small level Travel agency Organization Structure of Travel agency.

6.3 DEPARTMENTALIZATION OF TRAVEL AGENCY

As we know that departmentalization of Travel Agency is most important role play in travel agency business. As learner understood the departmentalization is depend upon Size and Volume of operation of a travel agency. So that we can say that responsibility of the manager is to focus the departmentalization for effective functioning of the travel agency. As learner have understood that in the departmentalization of Travel agency we have various department of a travel agency details as under below:



1. Tour Department

(a) Domestic & Inbound Tour Division.

(b) Outbound Tour Division.

2. Ticketing Department

(a) Domestic Ticketing Division.

(b) International Ticketing Division.

3. Travel Documentation.

(a) Passport

(b) VISA

(c) Travel Insurance

(d) Traveller cheque

4. MICE DEPARTMENT

(a) Arrangements for Meeting.

(b) Arrangement for Incentive Tour.

(c) Arrangement for Conference.

(d) Arrangement for Exhibition

5. IT (Information technology) Department

(a) Internal Computer system handling

(b) Handling Company website

(c) Handling company toll free no software

6. HR (Human Resource) Department.

(a) Employee hiring

(b) Providing employee training.

(c) Personality development of employee

7. Accounts Department

6.3.1 TOUR DEPARTMENT

In the large scale Travel Agency have Tour Department & this department is responsible for domestic /Inbound and outbound operation .It divided into two part one is the Inbound tour division second Outbound tour division .

(A) INBOUND TOUR DIVISION

In the large scale travel agency having inbound tour division. Inbound tour department handling inbound tourist. Inbound tourist coming from overseas. This division provide various service for inbound tourist right from their arrival to departure such as – at the time of arrival Air transfer , accommodation , local sight by car / coach , entertainment , guide , escort and other ground service .

The Inbound tour division gets their business directly from individual or through the foreign tour operators. Inbound tour division help in boosting of travel agency company through huge & valuable commission in term of foreign currency earning .

(B) OUTBOUND TOUR DIVISION

Outbound tour division is the second part of the tour department of the travel agency .Outbound tour division operates tours to foreign countries. The Outbound tour division design and marketing of tour package for outbound tourist. Outbound tourists are those tourists those who visit to another country for purpose may be leisure and recreation.

The responsibility of Outbound tour division is all the necessary arrangement and Documentation for Outbound tourist such as - Passport , Visa , ticket , hotel booking , accommodation, transfer , ground arrangement , sightseeing , coordinating foreign tour operator & the earning source of the income is commission for the Outbound tour service supplier company .

6.3.2. TICKETING DEPARTMENT

This department is the most important department of the Travel Agency. This department is support both Inbound and outbound tour division . The travel ticketing department has to subdivision..

- (1)** Domestic department
- (2)** International ticketing division

(a) DOMESTIC TICKETING DEPARTMENT

Domestic ticket is the term used for all travel within the country. With the growing of the airlines network, frequency complication between airlines. It is the most busy department of any travel agency. The responsibility of the domestic ticket desk executive is to provide check flight schedule, to check the status flight, issue of the ticket and hold the air ticket for domestic tourist. The executive desk has good knowledge of city code and airlines code and he is well computer and internet savvy. For the domestic ticketing executive use computer reservation system like-Amadeus, Galileo, Sabre etc.

The domestic ticket desk executive has good knowledge of airlines name, cancellation process, well aware about special service for special passenger.

(b) INTERNATIONAL TICKETING DEPARTMENT

International ticketing division is the second most important ticketing division of the international ticketing department of travel agency. The responsibility of the international department is to handle the query regarding international travel. International ticketing executive should have good knowledge of international airlines schedule, knowledge of country code, city code, airport code, IATA rules & regulations, good knowledge of International airline fare rules, and having a good handling of Computer reservation system.

Therefore we can say that through International ticketing division boost up the Outbound Journey and Outbound Tour promotion of International tourism promotion.

It is the one most important earning source of the travel agency.

6.3.3 TRAVEL DOCUMENTATION DEPARTMENT

Travel Documentation department is one of the most important departments in the travel agency. Responsibility of the travel documentation department is preparation of travel documents for outbound traveler.

This department provides facilitation service to the client such as:-

- Passport
- Visa
- Travel Insurance

Travel Documents are the papers associated with particular Journey including air tickets, Hotel voucher, Visa, Passport, Travel Insurance, foreign exchange etc.

(a) PASSPORT

The Passport is an official Documents which is issued by competent Public authority to nationals or to alien residents of the issuing country.

(b) VISA

Visa stands for “visitor intended stay abroad”. Visa is official confidential document or stamped of visiting country or it show on your passport and it show the permission of foreign government for visit stay abroad. As stamped of visiting country or it show on your passport and it show the permission of foreign government for visit stay abroad.

(c) TRAVEL INSURANCE

Travel insurance is the one of the most important travel Document at the time of travel to abroad. Customer can obtain the insurance through travel agent. Because the traveler can face many health related problem if traveler takes a travel insurance policy cover:

- Medical and related expenses
- Personal liability
- Cancellation, missed departure.
- High Jacking.

6.3.4 MICE DEPARTMENT OF TRAVEL AGENCY

MICE is stand for Meeting Incentive Conference Exhibition. MICE is the one of the most important department of large scale Travel agency. This department handling MICE tourist for business organization & getting huge Commission from travel agency linkages.

6.3.5 INFORMATION TECHNOLOGY DEPARTMENT

It is the most important department of the travel agency because information technology also play vital role of the travel agency. Because world without IT we can't do nothing in the travel agency. In the IT department such thing come under mention below.

1) Internal Computer system

IT department handle & Trouble shoots of the internal computer system.

2) Company Website handle

In the IT department also update the company website & trouble shoot the problem.

3) Handling Toll free no software

Under IT department maintaining and handling the company toll free number software of travel agency.

6.3.6 (HR) HUMAN RESOURCE DEPARTMENT

Human Resource department is one of the most important department any travel agency. Without HR department we can't run the large scale Travel agency. So that responsibility of the Human Resource department is time to time conduct new & existing employment training.

- Recruitment of all the department for Human resource.
- Human Resource department conduct time to time personality development programme for the all department. Whether they are new employ of existing working employee.
- One of the major responsibility of HR department delivered the report for performance appraisal, hiring, firing the employee as per the performance of employee.

6.3.7 ACCOUNT DEPARTMENT

Account department is the backbone of any travel agency. It deals with all the financial transaction matter of the company. Working or Accounts department -

- Maintain the all Income and expenditure Records of company.
- Handle all the revenue either cash cheque or other forms of income.
- Accounts department coordinate with all the supplier and vendors of travel agency like – payment receiving and sending to other travel agent and the service supplier.
- Accounts department is also making the employee salary and handling the financial transaction of with in the travel agency.

6.3.8 FOREIGN EXCHANGE DEPARTMENT

Foreign exchange department handle all foreign currency transaction with the client and other foreign vendors. It provides the foreign currency for

the outbound traveler and make the conversion of the foreign currency. – Like, Dollar, Euro, Diner, and Great Britain Pound.

6.4 ORGANISATION STRUCTURE OF STANDARD TRAVEL AGENCY

Travel agency depends type of client and Volume of business. As per the business segment they divided into the department. And as per the size of business they developed organization structure.

Organization structure of Travel agency. We can divided into two parts-

- (1) Organization structure of large Scale travel agency /standard Travel agency.
- (2) Organization structure of Small scale Travel agency.

6.4.1 ORGANISATION STRUCTURE OF LARGE /STANDARD TRAVEL AGENCY

Large scale travel agency has its own qualified staff and skilled dominated in major cities of the world . Both type of travel agency produced manager of each department accordingly. Each to delivered the enteric product and service package to the tourist

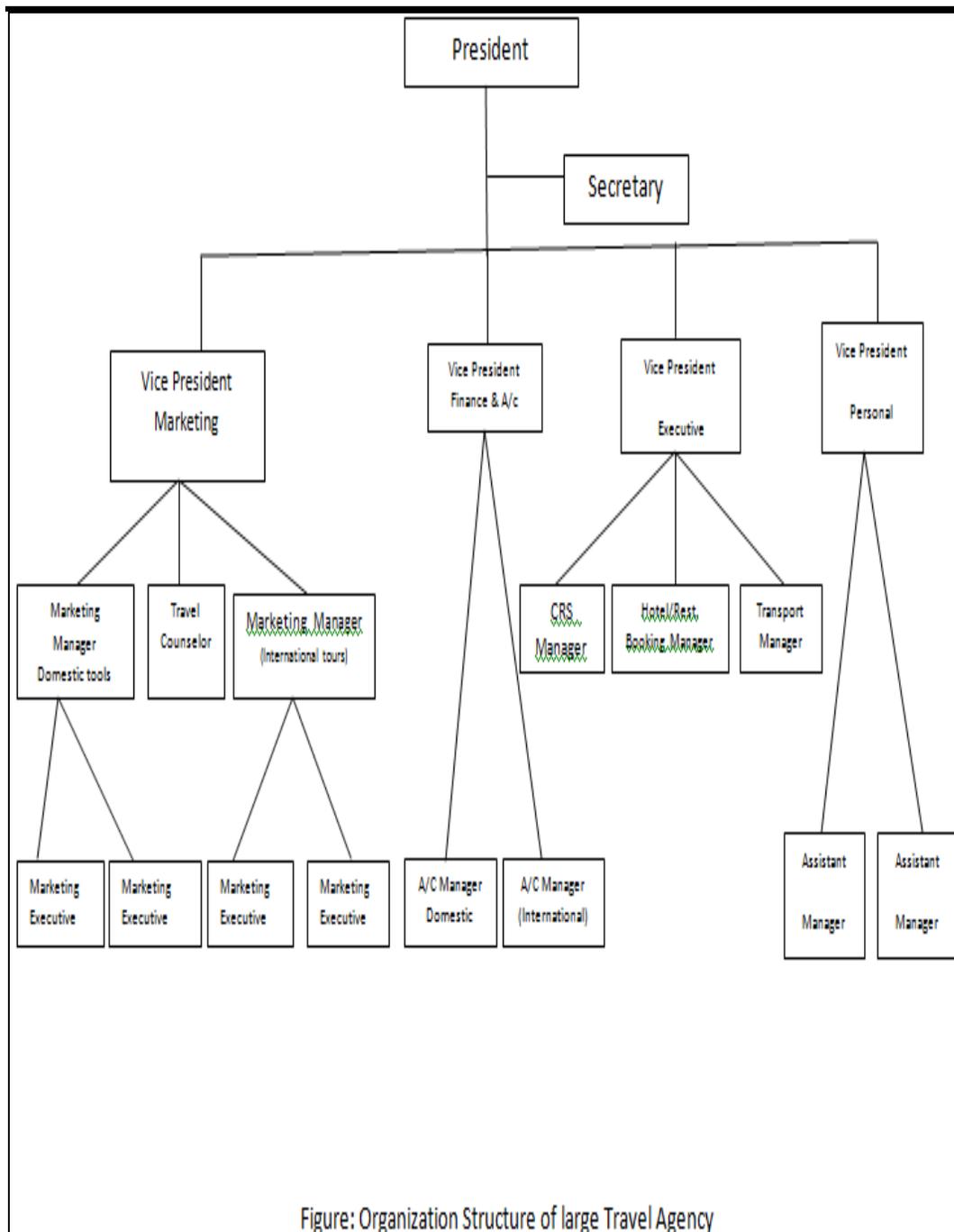


Figure: Organization Structure of large Travel Agency

Fig - 6.4.1- shows the Organization structure of standard / large travel agency . It is public limited company or MNC of the cases. A large travel agency may become a producer of tourism service with the passage of time . In that case , it may acquire hotel , motel , resort , cruise lines etc . Then, it operates as a producer – cum – distribution .

6.4.2 ORGANISATION STRUCTURE OF SMALL SCALE AGENCY

A small level travel agency can have tie-up with other small size of tourism service supplier. Whereas a large scale Travel agency tie up with large or all service supplier according to the business because of large size of business.

Fig 6.4 Organization Structure of Small Scale of a Small Travel Agency

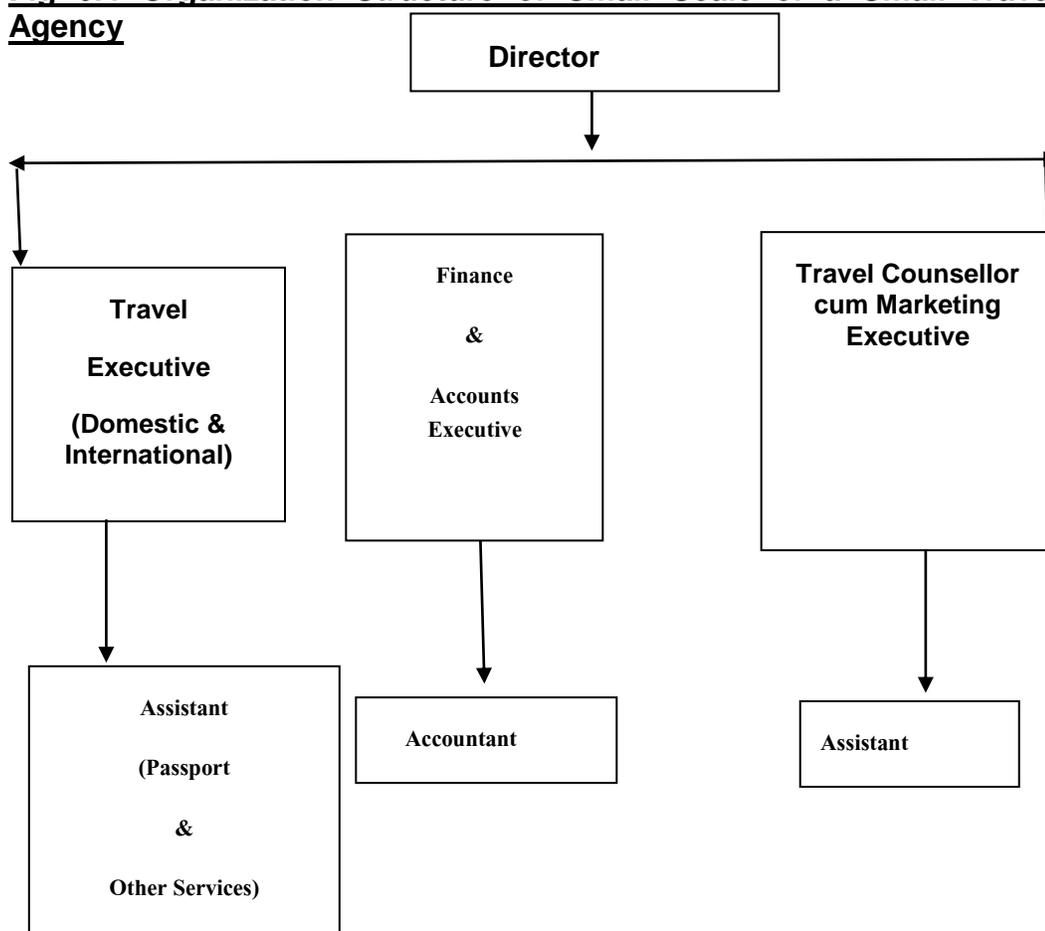


Fig 6.4.2:- Shows the organization structure small travel agency. It is a private limited company in most of the case. A small travel agency can become a large travel agency with the passage of time .

6.5 SUMMARY

After going through Unit 6 learner have understood about the Departmentalization of Travel Agency .Through this learner have understood about the working profile of different department in the Travel agency ,Organization Structure of Travel agency .

In this Unit learner understand the Organization Structure of various level of Travel agency . At the end of this learner understood about the Organization structure of travel agency depend upon the size and volume of business handle the company.

6.6 GLOSSARY

Agent – A person authorized to act on behalf of another, for example , a travel agent is authorized by the provider of services such as airlines , car rentals , tour operators , hotels ,etc to sell travel – related services on their behalf.

Convention – An assembly of people meeting formally to discuss common issues and formulated policies . Conventions are normally annual event and attended by large number of people.

Meeting - In the context of tourism it may be defined as an organized event , which brings people together to discuss a topic of common interest which may last for a new hours or few days and which utilized services of the tourism industry .

Exhibition or Trade fair - It is the display and sale of product or service to an invited audience or to the general public , with an aim to creating awareness and promoting products. They are of importance to the tourism Industry because buyers , sellers and exhibitors travel long distance to visit them.

Incentive Travel - Incentive travel is offered to motivate or reward staff exhibitions are organized to promote corporation. Etc.

Domestic Tourism - Travel undertaken within one’s own country .

Tourism: the term for the movement of people to destinations away from their place of residence for any reason other than following an occupation, remunerated from within the country visited, for a period of 24 hours or more.

Web Fare (also referred to as an Internet fare) - A highly restricted fare the airline offers only on the Internet for a limited period of time.

6.7 CHECK YOUR PROGRESS

- 1) Why do we need to departmentalization our agency as per Operation?
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- 2) What is the job description of ticketing department?

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.....
3) What is the job description of Tour department?

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.....
4) Describe the responsibility of foreign exchange department?

.....
.....
5) Describe the responsibility of Travel documentation department?

6.8 CLUES TO ANSWER

- 1) Refer Sec. 6.3
- 2) Refer Sec. 6.3.2
- 3) Refer Sec. 6.3.1
- 4) Refer Sec. 6.3.4
- 5) Refer Sec. 6.3.3

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6.10 TERMINAL QUESTION

Q1. Briefly Describe the Departmentalization of Travel Agency?

Q2. Describe the Organization Structure of Standard Travel Agency?

UNIT-7 ROLE OF TRAVEL AGENTS IN TOURISM CHAIN OF DISTRIBUTION

Structure

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Components and Elements of Travel Agency and Tour Operation
- 7.3 Importance of Itinerary Development in Travel Operations
- 7.4 Airline Ticketing and its Importance in Travel Operations
- 7.5 Marketing of Inbound and Outbound Tours
- 7.6 Importance of Accounting in Travel Operations
- 7.7 Summary

7.0 OBJECTIVES

After reading this unit, you will be able to:

- to discuss the different components of travel operation
- to describe the importance of itinerary making and the various elements included in itinerary development.
- to discuss the technicalities of airline ticketing and its use in travel operations
- to explain marketing of inbound and outbound tours as strong element of travel operations
- to describe the importance of accounting in travel operations

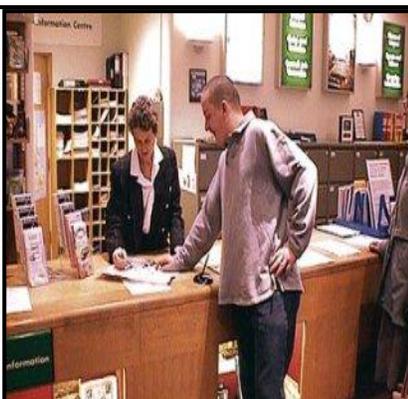
7.1 INTRODUCTION

Today, Travel Agencies have been recognized as a vital component of travel and tourism and have become an integral part of travel and tourism industry at global level. They Account for more than 90% of international of 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 travels but there are 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 organizations size. In this unit, we shall discuss the basic elements and components of travel operation. We shall also discuss the itinerary preparation, airline ticketing, marketing of inbound and outbound tours and importance of accounting in travel operation.

7.2 COMPONENTS AND ELEMENTS OF TRAVEL AGENCY AND TOUR OPERATION

I. Providing Travel information

What ever the size of a travel agency, it has to provide necessary travel information to the tourists. This task is utterly difficult and very complicated. A travel agency must give up-to-date, accurate and timely information regarding destinations, modes to travel, accommodation, sight-seeing, shopping, immigration, passport, visa, custom clearance and procedure health and security rules about various permits required of travel in particular areas etc. further, we can say that travel agencies are image builder of a country. Therefore, they should present an accurate picture of various tourist resources and potentials of a country of the tourists.



II. Itinerary Preparation

The term tourist itinerary is used to identify the origin, destination and all the stopping points in a travelers tours. It is a composition of various elements and designed after detailed study of market. Practically, a travel agency prepares two types of itineraries (a) general itinerary (b) special tourist interest itinerary i.e. Delhi-Agra-Jaipur-Delhi, Pilgrimage tourists, mountain tourists, Buddhist tourists etc. Preparation of different types of itinerary is a very important, function of travel agencies/ tour operators. A prospective travel agent also gives advice to intending tourists in various types of tour programmes, which they may choose for their leisure or commercial travel.

III. Airline Ticketing and Reservation

A travel agency sells variety of tourism products. Airline ticketing and reservation is still a major source of revenue. Today recognized travel agencies and tour operators issue and sell more than 90% of international Air tickets and 60% of domestic tickets in India. Airline ticketing, however, is not an easy job, as the range of international airline fares is very complex, varied and requiring complete up-to-date



knowledge of various schedules and airfares of airlines worldwide.

The Computerized Reservation System (CRS) has changed the entire scenario of travel industry. Today, using this system (CRS) the travel agency may serve a wide variety of clients and fulfill their needs and requirements.

IV. Tour Packaging and Costing

A tour package is a combination of various tourism services/goods like transport, accommodation and other facilities at and en route destinations. However in reality, it has only two basic components (a) travel and (b) ground services. Travel agency prepare a package keeping in view the preference of target market, which is based on different factors like modes of travel, client choice, income, age group, country and region. After the identification of target market the travel agency liaisons with service/good providers and enters into a contact with them.



The costing and pricing to tour packages depend to a large extent on the ability of a travel agent/ tour operator as to how effectively he is able to negotiate with the principals. Thus negotiation is also an important function of the travel agency. The cost of a tour is calculated on the basis of what he has negotiated with the producers. Some extra cost is added for the unforeseen/further contingencies. Thus, costing is done by adding each element of cost i.e. transport, accommodation, and sight seeing, guiding, administrative and fixed expenses. For fixing the price of a tour package, and has to add some percentage of profit margin to the cost (which is based on organization objective, pricing policy and competitiveness of the product).

Once the package is formulated and priced it means that it is ready for sale. The travel agent/tour operator needs to promote its package so that the targeted clients may come to know about it and are motivated to purchase it. Technically, this is known as marketing of tour package, which involves different methods and techniques.

V. Reservation

It is a very important function of all types of travel agencies. A travel agency consistently makes linkage with accommodation sector,



transport sector and other entertainment organizations to reserve rooms, and seats in the cultural programmes and transportations. However, prior to reservation, a successful travel agency must understand the needs and requirements of the individual clients.

Once client may demand a deluxe hotel whereas another may want a two star or a one star or different types of rooms, rates, meals plans and so on. A travel agency makes a reservation for the tourists by giving complete information regarding the number of tourists, date and time of arrival, length of stay and what is required by an individual, travel agencies use different types of reservation techniques. However today CRS is widely used worldwide to make instant reservation.

VI. Travel Insurance

Some large scale travel agencies perform additional functions to serve its clients. Travel insurance protects the traveler (s) against the personal as well as baggage losses resulting from a wide range of travel related happenings or problems. A tourists, who purchases travel insurance (sometimes included in tour packages) receives a contract, called a policy, issued by the insurance company. The policy is based on the client (s) needs, price and type of tour etc. Travel insurance generally covers (a) personal accidents (b) medical and related expenses (c) baggage loss and (d) trip cancellation and interruption etc.



VII. Currency Services

Travel agencies/tour operators which are permitted by the RBI and foreign Exchange Management Act 1973 (FEMA) to deal with Foreign Currency, offer currency services (currency. Travelers cheque and other documents) to the intending clients. This is a very important facility to the tourists as it saves their time and energy. However, for this the travel agencies charge certain percentage of commission.



VIII. Organization of Conference/Convention

Today, organizing conferences convention and seminars have become a profitable business for many travel agencies. Even in some large scale travel agencies we find separate convention and

conference departments to perform this vital function. Whenever, a commercial organization desires to hold a conference/ convention to discuss the future plans and strategies of undertaking or to conduct seminars/ training programmes for its employees or to introduce new product in the market and so on, it contacts the travel agency and asks for the recommendation of suitable destination/venues where such services and facilities are available. Many travel agencies (SITA, COX and Kings, TCI, Thomas Cook) offer a complete convention/ conference package including registration of participants at the venue to be picked up for dropped to the airport/ hotel, overhead projects, slide projectors, TV, VCR information counter available on the venue during the conference/seminar period to ensure rapid and quality services. Technically, when national or international events are announced every travel agency tries to collect all the relevant details on the events such as date, duration, place and other formalities. Once the agency knows about these facts it works out a package plan.

Generally a Conference/ Convention Package includes:

- Travel to and from the venue;
- Accommodation at the venue;
- Registration fees and facilities;
- Conference room with audio – visual devices and other services;
- Secretarial services;
- Sight seeing and cultural entertainment and Shopping.

CHECK YOUR PROGRESS

1. ----- is a very importance function of all types of travel agencies.
2. A travel agency must give up to date, accurate and timely -----.
3. Preparation of different types of itinerary is very importance function of -----.
4. The computerized Reservation System (CRS) has changed the entire scenario of -----.
5. The Indian large scale travel agencies acting as ground operators, for foreign four companies are -----.

Check your answer with the one given at the end of the unit.

TRAVEL AGENCY AS HANDLING AGENCY/GROUND OPERATOR

Industry experience has shown that the reputation, efficiency and profitability of the travel company (Indian or foreign) in its own tourist market largely depends on the performance of its ground operators. A handling agency may be an individual, a firm or a company making ground arrangement on behalf of another travel company. Today, the Indian large scale travel agencies acting as ground operators, for foreign tour companies are TCI, SITA, and Thomas Cook etc.

7.3 IMPORTANCE OF ITINERARY DEVELOPMENT IN TRAVEL OPERATION

Itinerary Development

An itinerary is a key and significant component of a tour package. It may be an initial itinerary or a final itinerary. Basically, it is designed to identify the origin, destination and all the enroute stopping points along with transportation, accommodation and other services on a traveler's trip. An itinerary has various portions and these portions are known as segments as inbound and outbound segments. Practically, these segments are dependent on the type of journey undertaken by the tourists.

Types of Trip/Journey

- One way;
- Circle trip
- Round/Return Trip
- Around the world Trip; and
- Open jaw trips etc.



Let us illustrate these segments with suitable examples. Suppose Mr. and Mrs. X travel a 'round trip' from New Delhi to Japan. In this way the itinerary has two segments.

- New Delhi – Japan (outbound segment)
- Japan – New Delhi (Return segment)

Y travel from Paris to Delhi: the case would be:

- Paris – Delhi (inbound segment)
- Delhi – Paris (Return segment)

In an itinerary one can find air and surface transportation. The segment that represents air transportation is referred to as an air segment and the segment that represents land transportation like road, or rail is known as a surface segment. The tourist itinerary consists of various segments.

We have defined that an itinerary is used to identify origin, stopping points and off points. But what are these points? Actually, the first city in an itinerary is called a board/origin/departure point and it may be an airport in an air segment or any other segment. Each stop – over – point is referred to as a destination point; and the off point is known as the arrival point which makes up a city-pair.

If the travelers do not return to the board point, the itinerary is called a one way itinerary such as the Delhi to Paris itinerary. If the travelers return to the origin point the itinerary is known as a return/round trip as the Delhi – Paris – Delhi itinerary. When one extra stop over point is included in a round trip it is called a circle trip like the Delhi – Paris – Singapore – Delhi itinerary. The main difference between round (return) trip and circle trip is that whereas in a return trip the fare and route for each segment of the itinerary, inbound and outbound, is the same, in a circle trip, both fare and route for each segment of the itinerary are different.

In open Jaw trip, the one segment is interrupted by the other segment and the interrupted segment is known as ARNK Segment such as the Golden Triangle of Delhi – Agra – Jaipur – Delhi.

As an example, let us assume that the international tourists will reach Delhi and will travel by air from Delhi to Agra, but will travel by a deluxe coach (surface) from Agra to Jaipur and will return by air from Jaipur to Delhi. In this case the air segment is interrupted by surface transportation and in order to maintain continuity in the itinerary an ARNK Segment is placed.

Itineraries and their Importance

It has been noticed that most of the tour companies prepare multiple itineraries for the same tour. Why is this done? Perhaps, to cater the needs of tour planners, tour managers, individuals, vendors and tourists industry. In reality a tour company needs to develop/prepare separate and distinctive itineraries for the tourists, tour managers, tour escorts, vendors and tourist guides. However, different itineraries are based upon an individual expansion of the tourist itinerary. The main itineraries are:

- The tourist/ Client itinerary.
- The tour manager's itinerary.
- The vendor's itinerary.
- The bus driver's itinerary.



- The tour escort/country step – on – guide itineraries.
- **The Tourist/Client Itinerary**

The ‘famtrips’ gives a basic idea to the tour planners to draw a rough draft to the projected itinerary. In other words, one of the purpose of the ‘fam trip’ is to prepare an initial client itinerary that will be used to operate first – client – test tour. The ‘fam tour’ identifies itinerary problems that the tour planner may not have perceived in advance.

The tourist itinerary is the starting point in the development process of and itinerary. Therefore, tour planners should undertake various considerations at the time of planners an itinerary, such as the propose to tour, choice of destination (s), tourist budget, accommodation, transportation, legal requirements, tour reference tools and cordial relationship between the host and tourist generating nation etc. Moreover, tour planner familiarised himself with the following itinerary:

- Timetables;
- The official Airline Guide (OAG)
- Air Tour Manual;
- World wide cruise and Ship line Guide;
- ABC Travel Guide;
- World Hotel Guide;
- The official Rail Guide.
- These tools provide ways to develop itineraries and also how the tours can be conducted.



In developing itinerary (inbound and outbound), the tour planner normally considers a number of options and determine whether or not they should be included or made optional for the clients. The tour planners should seriously consider the right kind of destination, sightseeing, transportation, accommodation, quality of food and beverage and proper entertainment in the amount and so on. It is clear that the itinerary planning for a one day tour or a two day tour or for domestic or international tour starts with tour events and then moves to other secondary ingredients.

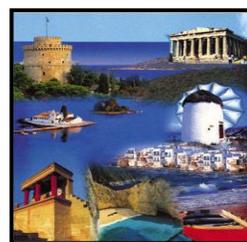
The tourist itinerary is usually a short enough itinerary that can be included in the tour brochure and a separated sheet of the itinerary is given to the client at the beginning to the tour. Basically, it emphasizes on the basic things that the tourist need and want to know relating the transportation, accommodation, sightseeing/destinations to be covered and other services provided during the tour/ trip. Moreover, he wants to see the order in which the various activities are scheduled. Further, the client itinerary provides him the essential information such as departure

points/time, check – in – check – out time and location for the completion to the trip.

- **The Tour Manager's Itinerary**

The key individual in the tour/ travel company is the tour manager. He has to perform various types of functions ranging from tour planning to actual operation of tours. The entire success of the tour company depends on his expertise, skill, capability, capacity and dedication to the job that the tour manager performs. Therefore, for any tour company the tour manager is an extremely important asset, more than the company's clients. He brings to the company the most effective and extensive management style which is the result of his own personality, knowledge, experience and professional qualification. In a large scale tour company the tour manager's functions are:

- Tour planning
- Tour promotion/ marketing
- Control over Costs
- Tour handling.



In order to perform the above functions, the manager needs a comprehensive itinerary. As he has to manage and control all aspects of a tour from the planning to the actual operation, it means that the tour manager's itinerary is the most comprehensive of all the itineraries prepared/planned.

The procedure for preparation of tour manager's itinerary is different from company to company and even from country. In many companies one can find the manager's itinerary in several pages. On the other hand several tour companies prepare tour manager's itineraries on day – to – day basis. Some companies even break each day and devote one separate page each dealing with morning, afternoon or evening schedules and the related accommodation, transport and other facilities. This procedure helps the tour manager as he doesn't need to carry all the itineraries with him. Only the concerned itineraries are carried by the tour manager.

In tour manager's itinerary one will find that all the tour activities are on the left – hand side of the page and the right hand side of the page is left open for suggestions, recommendations, and additional information available before the beginning of a journey or on enroute destinations.

- **The Vendor's Itinerary**

Technically, the travel vendors do not need a copy of the itinerary. However, sometimes they are required to offer Services/Facilities according to the client itinerary such as providing lodging, entertainment, clubs, guides, transportation, and ground services etc. Basically, this

group is responsible in offering sophisticated services and facilities for the benefit of its clients. Therefore these will find specific part of an itinerary more helpful. Moreover, this process will help the tour planner's tour ingredients in the itinerary.

Sometimes, especially the hotels, and resorts takes advantage of having a copy to the tourist itinerary in advance. They make special effort to meet the group/ tour members, deliver welcome speech upon their arrival and other arrangements are also done in advance. Recognizing these very facts, a tour company prepare vendor's itinerary (specific part of the client itinerary) to help the vendors to offer scheduled services and facilities to tourists.

- **The Tour Escort Itinerary**

Today, with the improving economic, social, cultural and educational levels, the traveler (s)/ tourists are becoming more and more sophisticated and demand more professional. The tour escort is recognized as an important individual in the tour company's organization. He is not only a sightseeing guide but his experience, expertise, knowledge, skill, judgement, integrity and personality can make or break a tour. Therefore, the tour company should appoint those as tour escorts who have a vast knowledge and experience and who have traveled extensively in the area (domestic /international destinations) to which he leads the tour.

Sometimes the tour escort conducts the entire tour alone. In a one toe or a multi day tour (domestic as well as international) the tour company often depends heavily on the expertise of step – on – guides. Basically, these tour guides are local experts who are fully aware of the culture, history, language, sights, and the scenery that is being visited by the tour members better than anyone who is an outsider. Experience has shown that many tour operators/travel companies often contract with ground operators or destination management companies for step – on – guides or directly common with the tourist guide so that these professionals can accompany the tour members. When the tour company uses their services/ expertise, the company provides them in advance a detailed step by step itinerary which includes – time, location, accommodation, sights to be visited and so on. This encourages the guides to prepare themselves better for their presentation.

The quality of itineraries is based on itinerary – mix – planning. Generally, the tour planner takes into consideration the various ingredients while preparing an itinerary such as the right type of transportation, accommodation and destination; right amount of sightseeing and quality of meals; professional tour – conductors and a correct marketing approach;

maximum entertainment in the right amount; reasonable free time, documents required and so forth. Combining the right mixture i.e., concentrating the product and understanding the consumers/ clients leads to the success of a tour company. However to develop best possible combination of tour ingredients it is imperative to review and analyse the comment sheet of past tour participants/ tourists and incorporate suggestions received from the current tourists both business and holiday.

7.4 AIRLINE TICKETING AND ITS IMPORTANCE IN TRAVEL OPERATIONS

A travel agency must follow some guide lines at the time of issuing an airline ticket. It is one of the most important functions of a tour/travel agency. The agency is accountable and responsible for ticket stocks and the collection of amount on behalf of the airlines. Generally, a travel agency follows the following basic ticketing procedures:



Confirms seat through a computer or other modes. Does not make duplicate reservations. Checks the travel documents. Select the form of passenger ticket.

Use the identification plate of an area settlement plan of the carrier. At the time of delivery of a complete ticket, detaches the auditor's and the agent's coupons

- All entries in the ticket must be in Block letters.
- Do not erase or 'strikeover' as this makes the ticket invalid.
- Never use ditto marks in any of the box in the ticket.
- Write the full name of each city in an itinerary.
- Enter the stopover codes clearly.
- Enter the fare box and total fare box properly and carefully.
- Be sure about special fares MPM and TPM and ticket validity.

Reservation Sheet

Reservation sheet preparation and completion is the first and the foremost step in airlines ticketing. This sheet vary from one travel agency to another, but all contains detailed travel information for the customers/ tourists such as:

to India through TCI, to visit various places in India like, Delhi, Goa, Bangalore, Mysore and so forth. Suppose X and Y travel company provides services at Goa to these tourists. In this case, TCI is the international inbound tour company and X and Y Travel Company is the domestic inbound tour company. \

In India, a majority of tour companies are specialized in a variety of inbound tours such as group tours, inclusive tours, incentive tours, conference and convention tours, trade fair tours, adventure tours, wild life tours, culture tours and so on. These companies generally work closely with foreign tour companies, international travel trade associations, local travel companies, the chamber of Commerce, Indian Travel Trade Association, local visitor attractions, hotels, ground operators, transport operators, clubs, cultural and entertainment organizations, airlines, railways and others who have an interest in attracting the visitors. Diversifying into the inbound market represents one way to develop a competitive edge and to improve the company's bottom line. Incidentally, it is an area that has hardly been explored by the Indian tour companies so far.

The marketing of inbound tours may be done either by the tour companies or through its branches outside India or through the foreign tour companies. Marketing may be directed to travel trade associations, clubs, business houses and other travel organizations which plan tours for the travelers. Inbound tour marketing is frequently focused around existing clients, maintaining personal contacts, organization of conferences and seminars, requests for proposals, for international conference and conventions of representatives. In some cases Indian tour companies are marketing their tours directly in the foreign countries through media plan. These days web sites are widely used in international Market. However, Indian tour companies are required to adopt integrated marketing strategies which will yield better results.

Marketing of outbound tours is quite different than the inbound tours. In developing the marketing plan for outbound tours, many Indian tour companies have divided the travelers into tow groups – business groups and holiday groups. The strong potential are contracted by salespersons and they is sent to the executive committee i.e., to the concerned company's, Board of Directors and others who have an authority to approve the tour before it can be offered to the employees. This is the way to market business/ incentive tours. Once an organization or a company agrees to offer a tour to its employees, then the tour company marketing personnel designs a targeting sale in an effort to sell tours to individuals which is a more difficult task. The marketing strategy should focus on travel agencies, newspapers, magazines, print media, direct sale,

telemarketing and other organizations through which an approach can be channeled to the interested individuals. Thus, a tour company needs to understand both its product and target market before designing and developing a marketing strategy for inbound and outbound tours.

7.6 IMPORTANCE OF ACCOUNTING IN TRAVEL OPERATIONS

Today, accounting is recognized as an information system and is designed to communicate the right information to the internal as well as external users. It involves recording, classification and summarizing the accounting information directed towards the determination of financial strength and weakness of a travel agency. To manager a travel agency/ tour operator profitably demands accurate recording and preparation of financial statements. These are essential in determining the true and fair status of business and for making strategic plans and decisions.

Accounting System

The basic objective of accounting is to ascertain profitability and financial position of a travel agency operation. To achieve this, every travel agency prepares the following journals and statements:

- Sales
- Cash receipt
- Account receivable
- Cash disbursement
- IATA ledger
- Pay Roll
- General Ledger
- Profit and Loss Account
- Balance Sheet.



Cash Receipt Journal

It is used to record all revenues received by the travel agency during a period. In other transactions concerning cash, cheques, credit cards are recorded in this Journal. For example sole of tour package, commission received from the hotel companies, Airlines, and other vendors are recorded in it.

Account Receivable

When a travel agency purchases tourism products/services from the supplier/ principal on credit, the amount owned to producers/suppliers/ sellers are referred to as an account receivable.

Sales Journal

In this journal all credit sales are recorded. Sometimes, a travel agency provides/extends credit facilities to its clients i.e., leisure and commercial clients. It, in fact, makes a cash loan to its clients. However, it has been noticed that only large sale travel agencies can afford to extend credit to corporate customers, but even then, a thorough credit check is required before a credit account is opened. To maintain up to date record of all credit sale, every travel company prepare a sales Journal.

Cash Disbursement

Cash outflows are recorded in the cash disbursement journal. Cash outflows mean the operating expenses of the travel agency like rent, salaries, telephone expenses, administrative expenses, financial and legal expenses, selling and distribution expenses etc. These are mostly paid by cheques or through bank drafts. Cash disbursement journal is also called cost journal. Thus, cost journal is used to record the payments made by a travel to its employees and other.

IATA Ledger

The IATA ledger is known as 'Chief Book of Accounts' and is the destination point of the entries made in the journals or sub journal. It is used to balance the accounts of the travel agency. In accounting, 'Balancing Accounting' means continuous and consistent check and verifications of the accuracy of a travel's accounting system. The main objectives of IATA ledger are:

- Identification of travel agencies' revenue sources.
- Determination of total sales (credit and cash).
- Determination of total commission earned by the travel agency.
- Find out the total amount owned to IATA.
- Evaluate the performance of each travel agency.

The procedure for posting IATA ledger is very simple and easy to understand. Today, almost every travel agency is using Electronic Data Processing System (EDP) to maintain up – to – date record of each cash as well as credit – card transactions. The procedure of posting Cash and Credit – Card Transaction in the IATA Ledger is:

- Enter the date, items and invoice no.
- Enter the gross amount of cash and credit – card transaction.

- Calculate the commission and enter in the agency commission column.
- Subtract the commission from the gross sale and enter the result in the Net Amount Column.
- If any amount is due then record it in the due column.

Pay Roll Journal

In this journal a travel agency maintains the record of salaries and other benefit (financial) given to its employees like number of employees on the pay roll, total salaries, insurance premiums, compensations, housing facilities, medical facilities and other benefits to the employees.

Practically, total from each journal is compiled monthly and posted to the general ledger. In this ledge all types of accounts are maintained/ transferred from the various individual journals to provide ready information for the preparation of financial statements.

7.7 SUMMARY

In this unit you have discussed:

Travel operations have different components including, information providing, itinerary designing, airline ticketing, visa related services and reservations.

Tour packaging and costing are the main components of travel operation A travel agency takes care of currency handling and organizing the conferences and conventions

The itineraries are of different kind and the travel agency supplies itinerary to different service providers for a particular tour to assure the best quality of its operations.

The airline ticketing is very important element of tourism operations and there are various kinds of tickets. The airfare calculation has also been leant. How important is marketing for a travel agency including inbound and outbound tourism.

7.8 ANSWERS TO CHECK YOUR PROGRESS

1. Reservation
2. Travel information
3. Travel agency/ tour operator
4. Travel industry

5. TCI, SITA and Thomas Cook

The accounting is very important element of travel operation and there are various kinds of account heads which have to be maintained by the accounts department in a travel agency.

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7.10 REVIEW QUESTIONS

1. What do you understand with the travel agency as a ground handling agency?
2. What are the major components of travel operations?
3. What all is included in a conference package?
4. Define the itinerary and its importance
5. Explain various kinds of itinerary
6. What do you understand with airline ticketing?
7. Draw the reservation table and write about airfare calculation
8. Why marketing is important for travel agency business?
9. Describe accounting system in detail.

UNIT -8 FISCAL AND NON FISCAL AVILABLE TO TRAVEL AGENCIES AND TOUR OPERATORS IN INDIA

Structure

8.1 Objectives

8.2 Introduction

8.3 Requirement of Travel Agency

8.3.1 Infrastructure & Financial requirement for Travel Agency

8.3.2. Approvals from Concerned body

8.3.3 Recognition from principle supplier for Travel Agency

8.3.4 Incentives & benefits (Fiscal & Non Fiscal Incentive & benefits provided by the government.

8.4 Sources of Income of travel Agency.

8.4.1 Commission on selling their products to the clients

8.4.2 Incentive overrides.

8.4.3 Income from service charge

8.4.4 Mark-up on tours.

8.4.5 Wholesale fee

8.4.6 Profits for sale of own tours.

8.4.7 Commission from mode of transport.

8.5 LETS SUM UP / SUMMARY

8.6 Glossary

8.7 Check your progress

8.8 Clues to Answer

8.9 References

8.10 Terminal and Model Question.

8.1 OBJECTIVES

After reading Unit 8 learner will understand about the Setting up a travel agency, Fiscal Incentives provided by the Government & Sources of Income. This Unit aim at explaining the concept setting the Travel Agency, Understood the Incentive provided by the Government & Information provide regarding Sources of Income of Travel agent.

- To understand how to set up a Travel Agency.
- To understand the things requirement of setting up the Travel Agency.
- To Understand about Fiscal & Non Fiscal Incentive Provided by the Government for travel Agency.
- To Understand the Sources of Income of Travel agency.

8.2 INTRODUCTION

In this Unit learner will Understand about the Setting up of a Travel agency, Fiscal & Non fiscal Incentive provide by the Government and Sources of Income.

As learner will understand what the important things are at the time of setting up a travel agency we need, various type of approval of concerning authority. At the time setting up of travel agency we also need the recognition from principle supplier of the travel agency like – Hotel Airlines, local transport company etc.

One of the most important things in this Unit is ‘what fiscal & non Fiscal Incentive with benefits provided by the government at the time setting up the travel agency.

8.3 SETTING UP OF TRAVEL AGENCY

In setting up a travel agency business there are no legal requirements. In some countries however, government exercise some kind of licensing control over agencies. Most principals’ license the sale of their service through the issue of an agency contract or agency agreement. In the absence of such a contract or agreement, a travel agency will not get any commission from selling the service on behalf of the principal. The income of a travel agent is derived only from a commission that they receive from the principal after selling their services.

A lot of planning goes into starting and setting up of a travel agency. Any kind of business is risky and the person involved should have proper knowledge of the product he /she is selling. Similarly, for a travel agency

business, the person should have good product knowledge and presentation skills. He / she should be clear about the product which he /she wish to sell / for example , whether the travel agency wants to handle domestic tours , inbound tours , outbound tours , or all of these , has to be decided in advance . This has to be decided by the travel agent at the initial planning state. The staff to be employed should be trained properly to handle the queries asked by tourists. Qualified and trained staff should be hired by the employer to handle the clients.

8.3(A) REQUIREMENT FOR TRAVEL AGENCY

The Travel agency can be successful if it meets the following minimum requirements:

- Enough finance to run the business.
- A centrally located premises or near a business centre.
- Qualified trained staff;
- Approvals from government and other organizations, such as Indian tourism office, Ministry of tourism, IATA, and TAAI.
- Authorization to sell on behalf of principal suppliers, hotels, transport operator.

8.3.1 INFRASTRUCTURE & FINANCIAL REQUIREMENT

For starting a new business in this area the capital requirements are not very high. The requirements in this regard require investment for the following:

- Buying or hiring of office space,
- Office furniture and furnishings,
- Communication equipments (like fax, telephone, Xerox, computers, etc.),
- Salaries for the staff, and
- Office materials (like files, labels, promotional brochures, letterheads, etc.)
- These capital requirements are not too high and because of this we find a number of persons entering this business. (for raising funds to meet capital requirements)

While formulating the business plan or project report for starting the travel agency business an important point to be considered is the **location** of the agency. Most of the travel agents have their offices in big cities with branches in small towns. In small towns also people have been setting up their own travel agencies. Travel agents compete for business in the area

where they are located. Hence, while deciding on the location of your office you should ensure that it is in the market place with close access to business or industry centre, institutions and their offices, or a neighborhood of residents who travel a lot. Hence, some on the spot surveys are required for deciding the location.

8.3.2 APPROVAL FOR CONCERNING BODY

A travel agency requires certain approvals for carrying the business and in this regard an approval from the International Air Transport Association (IATA) which is the World

Organization of Scheduled Airlines is very useful. IATA has worked out International fares and rates and uniform transportation documents (airline tickets and airway bills) to facilitate the carriage of passengers and cargo world-wide. An IATA approved Passenger Sales Agent is an Agent who is capable of receiving commissions on International Air Travel documents. This commission is paid only to approved Agents. To apply for IATA approval, an application has to be submitted, by filling out the requisite forms, and sent to Secretary, Agency Investigation, and Panel No. 9 (AIP-9). In this regard the following aspects are checked:

Ability to generate and procure air passenger transportation, Professional standing, Financial status, Business premises, and Staff ability and experience

8.3.3 RECOGNITION FROM PRINCIPAL

A travel agency must seek recognition from the **Department of Tourism (DOT), Government of India** and also take licenses from the principal suppliers like, the airlines and **Reserve Bank of India** along with recognition from the hotels. This is necessary for earning commissions on the business carried out.

Department of Tourism

The **Department of Tourism, Government of India** has set certain rules for giving recognition to a travel agency and it gives a one time approval. This recognition is given to those agencies only who have been in operation for at least one year. Reserve Bank of India license

In order to receive and deposit foreign exchange earned, with a **Bank** the agency should have a **Restricted Money Changer's Licence (RLM-3)** and proper returns must be filed with the **Reserve Bank of India** every fortnight. According to regulations, Indian Airlines has dollar fares for

foreign tourists and there are incentives given by the Government for foreign exchange earning, **so** this license and record is very important to register your foreign exchange earnings.

Hotel Recognition

Once a travel agency is recognized by the **Department of Tourism**, most hotels (whether they are 1Star, 2Star, 3-Star or Budget) and leading hotel chains will automatically give commission on business handled by a travel agency. The Department of Tourism's recognition gives creditability to the travel agency. It gives a standing in the Industry and the hotels feel reassured that their bills **will** be paid. Depend upon the volume of business, hotels may give 10% commission and credit and sometimes even an over-riding commission.

At times special rates are negotiated keeping in view the volume of business. A good travel manager must know the art of negotiating special rates so as to maximize revenue.

A travel agency should also establish linkages with tour operators, tourist transport operators, tourist cargo operators, etc, along with getting recognized by the railways and state tourism development corporations.

8.3.4 FISCAL & NON – FISCAL INCENTIVES & BENIFITS PROVIDED BY THE GOVERNMENT

The Government of India gives certain incentives and benefits to the tourism industry and a person intending to set up a travel agency should be aware of such benefits. For example:

1. Financial benefits are available under Section 80HHD to the travel agents. Under this 50% of earning profits in foreign exchange are free of income tax and the other 50% are also tax free if they are ploughed back into the development of tourism.
2. The Department of Tourism gives prizes for various categories of travel agencies for foreign exchange earnings. This is an honour that acts **as** an incentive to boost foreign exchange earnings by the travel agency.
3. The **Tourism Finance Corporation of India** gives loans to persons for setting up travel agencies. The Department of Tourism, Government of India provides brochures, tourism related data, etc. to travel agencies for promotional purposes.

4. The Department of Tourism, Government of India also provides assistance to the travel agencies for participation in tourism fairs, travel marts, and in official promotional delegations. Generally such assistance is provided through the **Travel Agents Association of India (TAAI)** and it is advisable that travel agencies should become members of TAAI.

From time to time certain other incentives are given by the Government of India as well as the state tourism departments and a travel agency manager should keep track of these

8.4 SOURCES OF INCOME OF A TRAVEL AGENCY

The travel agency and tour operator 's main source of income is form the commission , which they get from the various travel service providers. The travel agency sells the airline seats, railway seats, hotel rooms, cruise package , car rental services, etc. and in return are paid a commission for each travel product sold by them for the respective airline, railways, hotels , cruise line companies , transport operators, and tour operators . the commission structure differs from suppliers for supplier and also as per the business given by the travel and tour operator to these service providers. It ranges from five percent to 20 percent

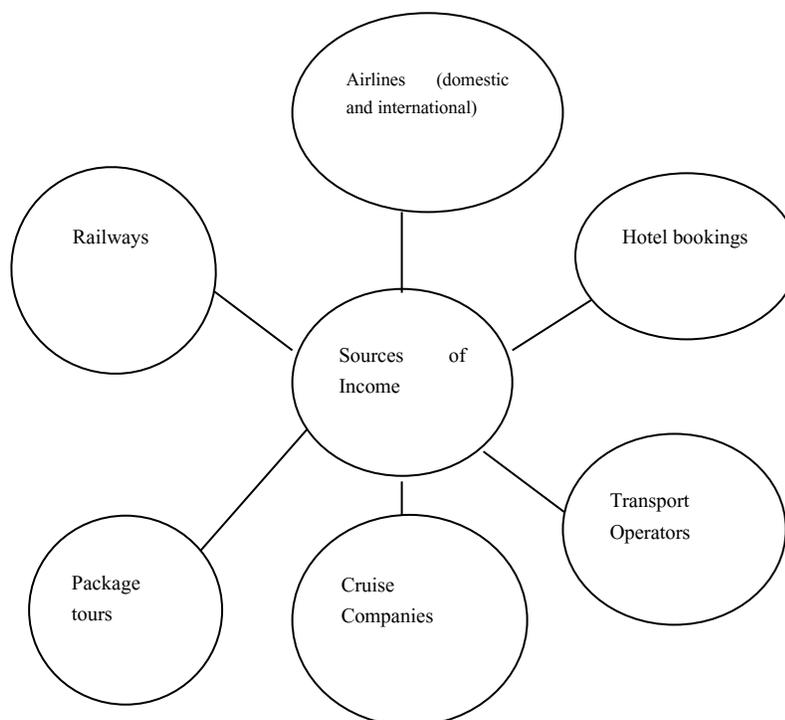


Fig. A travel agency earns revenue from these principals.

8.4.1 COMMISSION ON SELLING THEIR PRODUCT TO THE CLIENTS

The industry suppliers pay these approved agents a commission on the service sold on their behalf. The commission is usually a fixed percentage of the sales prices of the service or the product sold, and is paid to the travel agent /tour operator after the sale of the service or product. The commission is deducted from the final payment and the balance is forwarded to the principal. For example, a client purchases a tour worth Rs 20,000. If the commission for that tour is 10 percent for the tour operator then the travel agent will retain Rs 2000 and forward the tour Operator the net amount of Rs 18,000.

Some service providers such as airline give commission only to officially appointed travel agencies. Officially approved agencies are those agencies which are approved by IATA. To be an IATA approved agency it is necessary that the staff working in the agency is IATA qualified. Non-IATA accredited agents work as subagents for IATA accredited agents and earn a commission of around 4.5 per cent of the basic fare. Commission received from principal suppliers is shared by non-appointed or non IATA travel agents who obtain tickets from IATA appointed travel agents. Such commission is called split commission or shared commission.

8.4.2 INCENTIVES OR OVERRIDE

As learner have understood that, In addition to the commission, some service providers may pay incentives to the travel agents who have given large amount of business in terms of sales volume to them. These incentives are referred to as overrides or bonuses.

The Commissions given by the principal suppliers are normally fixed, but some suppliers offer the agency an override, i.e. higher the sales, higher will be the commission rate. Sometimes a part of this commission may be passed on to the customer as a discount rate.

Travel agency also received incentives from tour operators. If they are able to sell a fixed number of tour packages in a fiscal year, the tour operators gives them turnover incentives. The amounts of such incentives. The amounts of such incentives are mutually decided.

8.4.3 SERVICE CHARGE FOR THE TRAVEL AGENCY

Service charges are another source of revenue to travel agents which are charged for services rendered to the clients. For instance, for getting a passport or a visa the travel agency charges the client as they do not receive any commission on selling these services. Some service providers may give the travel agent very less commission which is insufficient to cover the expenses of the travel agency. Such charges are very high nominal and vary from Rs.100 to 250 per task.

In such cases the travel agent charges the client for services rendered. The service charges differ from travel agency to travel agency and on the nature of service provided. Apart from commission and service charges, the agency gets additional income from other sources. They are as follow.

8.4.4 MARK UP ON TOURS

Travel agents buy the travel products from the principal suppliers in large volume, at net rate or discounted rate, and create his/her own package tour. The travel agent tries to get the best prices for each component of the package tour and then adds a mark up to the tour cost for selling it to the clients directly or through other travel agents.

8.4.5 WHOLESALE FEE

Some wholesalers may not pay the usual 10 per cent commission to the travel agents for selling their tours. Instead, they will pay a flat fee for each reservation made.

8.4.6 REPRESENTATION FEE

The tour operators or airlines may not have their branch offices in all cities of the country or world. In this case, the tour operator or the airline may appoint a general sales agent (GSA), who could be a travel agent, to handle their business in these cities, so as to generate higher sales. The GSA will handle the service of the tour operator or principal service provider to promote the sales. The tour operator will pay a fixed fee on commission and a budget for advertising and promoting their products to the GSA.

8.4.7 PROFIT FROM SALES OF OWN TOURS OF TRAVEL AGENCY

Some travel agencies operate as tour operators in limited areas of tourist interest, called sectors. Thus, they earn profits from the sales of their own tours. We have already stated that some travel agencies graduate as a

tour operators after some time. It is quite natural if their operations expand in the domestic and international markets.

8.4.8 COMMISSION FROM TOURS OPERATOR

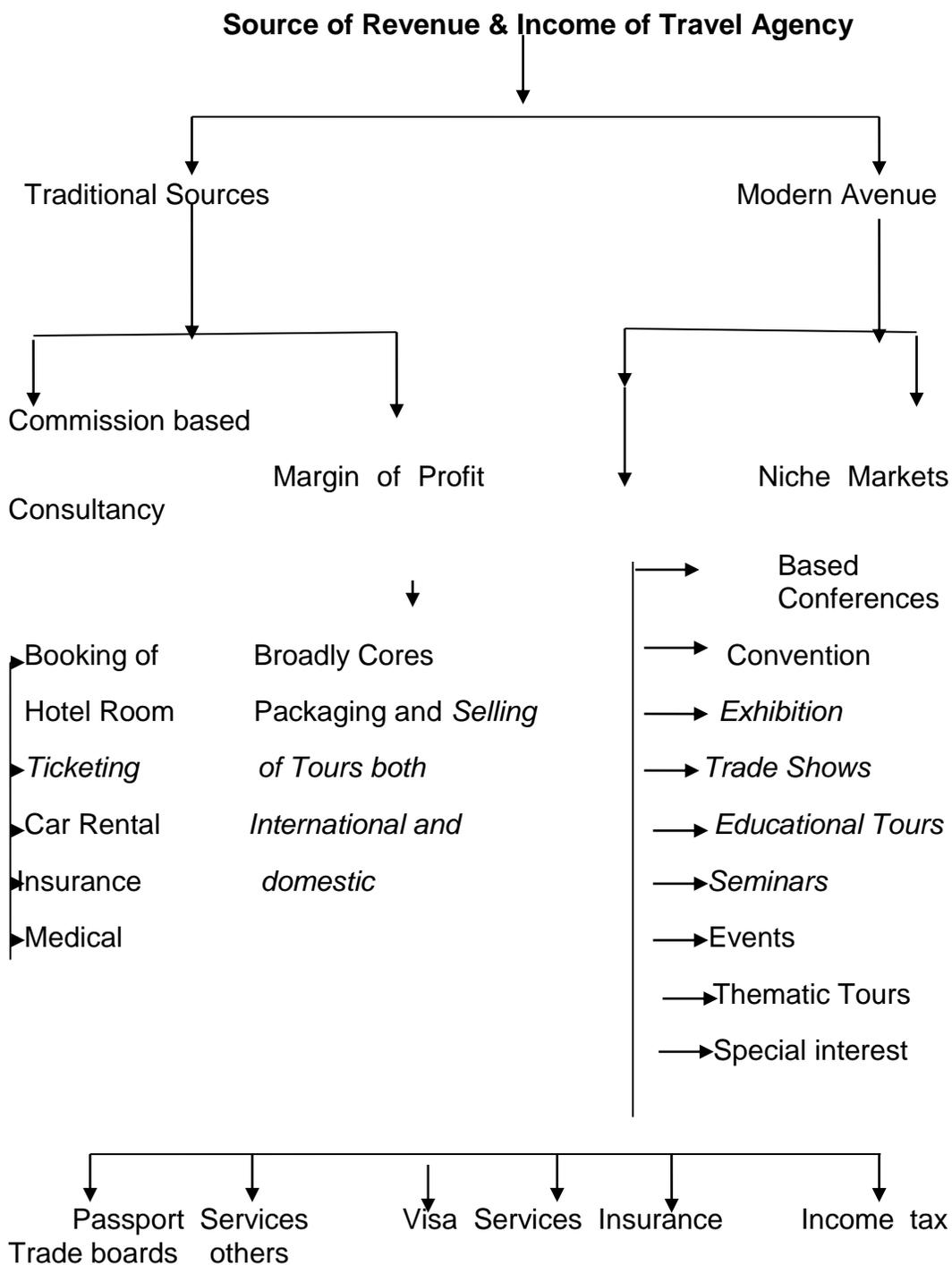
Travel agencies approaches a tour operator for its services on the behalf of its client. It sells This services of a tour operator as a middleman between the tourist and the tour operator. It gets commission, which is also part of its income.

8.4.9 COMMISSION HOTELS & OWN TOURS

Travel agencies books hotels on behalf of their clients, they market and sell the hotel service and get commission in return. Thus, they get certain fixed percentage on sales effected by them.

8.4.10 COMMISSION FROM MODES TRANSPORT

Travel agencies gets commission from various operators of transport operator services such as airlines, AC coaches, cruise lines, ships etc. These transport companies give commission on as certain percentage to the agency that books the packages for its clients. Normally, this percentages varies from 2 per cent to 20 percent.



8.5. SUMMARY

After completing this Unit learners have understood departmentalization of Travel agency, its working profile. In this Unit, learners have understood the role of various departments of a large sized travel agency. After understanding departments of Travel agency, we can easily deal with customer requirements.

8.6. GLOSSARY

Ground operator or ground handler -Company making all arrangements for incoming groups or travellers from overseas, from the moment they arrive in the UK (or other destination) to the moment they leave the country. This may include anything from accommodation booking to transfers and sightseeing. Some ground handlers prefer the term, “incoming tour operator”

GIT (Groups Independent Travel) – Group travel in which individuals purchase a group package in which they will travel with others along a pre-set itinerary.

Package – A fixed price salable travel product that makes it easy for a traveler to buy and enjoy a destination or several destinations. Packages offer a mix of elements like transportation, accommodations, restaurants, entertainment, cultural activities, sightseeing and car rental.

Domestic independent tour: DIT: a custom-made tour of a part of the USA planned exclusively for a client by a travel agent.

Domestic escorted tour: a packaged, pre-planned itinerary, including the services of a tour manager (escort) within a traveler's own country.

Electronic ticket - An airline ticket in the form of a computer entry. An electronic ticket, or e-ticket, is supposed to function like an actual paper ticket by reserving you a space on a flight; all you need to do is give an identification number and show an ID at the airport. But you should also bring the written receipt sent by the airline in the event the airline's computer system has crashed or the airline has lost your reservation.

Travel Protection - A combination of travel insurance benefits and emergency hotline services, designed to provide protection for travel investment, health and belongings while traveling.

FAM tour: an abbreviation for familiarization tour which is often a complimentary or reduced-rate travel program for travel agents, tour

operators, travel writers or others to acquaint them with a specific destination or attraction, thereby helping to stimulate sales

Leisure travel: Travel undertaken for pleasure and unrelated to paid work time.

Override: a commission over and above the normal base commission percentage

Special interest tour - tour designed to appeal to clients with a curiosity or concern about a specific subject. Most special interest tours provide an expert tour leader and usually visit places and/or events only relevant to that interest.

Tour conductor. 1. An employee of or contractor to a tour operator who accompanies and is in overall charge of a tour. 2. A member of a group taking a tour who is designated as that group's leader and who might have played a key role in bringing the group together for the tour.

High season – time of the years at any destination when tourist traffic and as a result rate are regularly maximum.

Low season – time of the years at any destination when tourist traffic and as a result rate are regularly low.

Shoulder period: - It is the calendar period between the peak season and an off peak or lean season for which the promotional rate is adjusted in a manner that it is on the lower side of the peak season and on the upper side of the off- Season.

8.7. CHECK YOUR PROGRESS

1) What are the basic requirements of setting up the Travel Agency?

.....

2) Describe the fiscal & non Fiscal Incentives provided by the Government for Travel agency?

.....

3) Describe Markup of tour?

.....

4) Describe the Commission of mode payment?

.....

8.8. CLUES TO ANSWER

Refer Sec. 8.3

Refer Sec. 8.3.4

Refer Sec. 8.4.4.

Refer Sec. 8.4.8

8.9. REFERENCES

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8.10. TERMINAL QUESTION

Q1. Briefly describe the setting up a Travel Agency?

Q2. Briefly Explain the Sources of Income of a Travel Agency with Suitable example?

UNIT-9. HOSPITALITY: MEANING, NATURE AND PURPOSE

9.1 Introduction

9.2 Objectives

9.3 Meaning, Nature and Purpose

9.4 Types of hotels

9.4.1 Classification on the basis of management

9.4.2 Classification on the basis of Ownership

9.4.3 Franchisee system in hotel industry.

9.5 Others classification of hotels

9.6 Types of Rooms accommodation and Rates

9.7 Summary

9.8 Glossary

9.9. Answer to check your progress/Possible Answers to SAQ

9.10. References/Bibliography

9.11. Suggested Readings

9.12. Terminal and Model Questions

9.1 INTRODUCTION

Respect has always been an integral part of the Indian soul. From time immemorial we have always respected - Our teachers, our elders, our parents And our guests Perhaps this is why a great Indian Emperor once observed' In Hindustan our manner is very respectful and our hearts are always open' In many ways, at that time India was the ultimate destination for the enlightened travelers. Now, thousands of years later, we can bring that golden age back again. This inspired us to go back to those years, when Indian hospitality set the standard for the world and we found the

keystone of what we want to do or guest is blessed. Our visitor is God. Is termed as 'Atithi Devo Bhavah' The Sanskrit adage, "Atithi Devo Bhava," meaning the guest is truly your god dictates the respect granted to guests in India. So it's understandable why the tourists visiting India want to come back again & again. The traditional ways of the providing hospitality is also called age old hospitality in our country specially India, varies from the state to state. like In Jammu and Kashmir Kashmiri pundits, who are God fearing people and have believe that "Athithi Devo Bhava" considered the Guest the epitomy of the God, and welcome guests by rangoli called Vyog patterned on their doorsteps out of flowers and leaves.

The present day modern concept of the hotel is not just a place to provide food and beverage, but is like a city within a city and offering to its guests every possible facility, accommodation, service and convenience, such as rooms, (with equipment such as minibar, room safes, in room tea and coffee kettles, room ironing centers ' trouser press' And bathrooms (with equipment and accessories such as hairdryers, shaving and Cosmetic mirror, towel warmers) , restaurants, bars, cocktail lounges, banqueting facilities, Convention and conference facilities, telephones, radio and TV, laundry, valets' Cigarettes, book shops, banking parking, florists, chemists, beauty parlours' travel agents and business centers, Gym for exercises facilities.

9.2 OBJECTIVES

Based on various criteria, the reader is able to understand about the meaning, nature and typology of hotels and put hotels in various groups, *which is easily understood by a guest. It makes to the reader and understands the importance of franchising' and is able to identify various type of hotels available for the guests to stay there and make the memorable experience.*

9.3 MEANING, NATURE AND PURPOSE

Hospitality Industry can be broadly classified as the collection of business providing accommodation and /or food and beverages to people who are from away from the home. The hospitality Industry is the part of the travel and tourism industry. As you may be aware, early travelers were mostly warriors, businessman, and scholars in search of jobs business knowledge. the warriors would pitch their tents for accommodation while business men would look for a comfortable and safe place, and would often pay through merchandise or cash to people providing them accommodation and food. as per from the relevant sources it has found that to facilitate travel throughout Western Europe a highway was

constructed in 312 B.C people could travel on this roadway by chariots. Late in AD 117 this roadway was constructed and covered a distance of nearly 50000 miles.

The hospitality business is both profit making as well as nonprofit making as well ,it depends upon the what kind of establishment it is and who is running it for example commercial hotels are profit making and while canteens and cafeterias and religious catering outlets such as langaras and Bhandaras are non profit seeking. This industry provide the services which are need oriented and the services vary with the needs, for example the needs o business executives is a business hotel while the needs of a student is generally a youth hostel.

Respect has always been an integral part of the Indian soul. From time immemorial we have always respected - Our teachers, our elders, our parents And our guests Perhaps this is why a great Indian Emperor once observed' In Hindustan our manner is very respectful and our hearts are always open' In many ways, at that time India was the ultimate destination for the enlightened travelers. Now, thousands of years later, we can bring that golden age back again. This inspired us to go back to those years, when Indian hospitality set the standard for the world and we found the keystone of what we want to do or guest is blessed. Our visitor is God. Is termed as 'Atithi Devo Bhavah' The Sanskrit adage, "Atithi Devo Bhava," meaning the guest is truly your god dictates the respect granted to guests in India. So it's understandable why the tourists visiting India want to come back again & again.

Most Indians live in a joint family so often you will find the in-laws, uncles, cousins and others staying together. Saying Namaste to a guest is integral to guest hospitality in India and you can expect every member to greet you this way only. The womenfolk form the backbone of traditional hospitality. Apart from taking full care of all their family members, they never ever let a guest go away unfed or unhappy from their home. Indian women are great cooks and can scurry up delectable dishes in no time.

As soon as the guest arrives, the women of the house serve him water and then ask any preferences for food or drink. In fact, you will be surprised to find that even strangers on the road are so friendly and hospitable. If you ask them where a certain shop or place is located, chances are people will not only give you the direction, but also accompany you your destination, especially when the place is nearby. Indian people feel that their guests must be given proper warm hospitality, which certainly requires extreme care and attention.

The traditional ways of the providing hospitality is also called age old hospitality in our country specially India, varies from the state to state. like In Jammu and Kashmir Kashmiri pundits, who are God fearing people and have believe that “Athithi Devo Bhava” considered the Guest the epitomy of the God, and welcome guests by rangoli called Vyog patterned on their doorsteps out of flowers and leaves. When the guest come the host will offer him a glass of water and touch their forehead, so as to drive all evils spirits away from them. A special herb called Isbandh is also touched to forehead and then burnt in the kangri. The head of the Dogri Family another community of Jammu come out of the house to welcome the guests. The head female member of the family performs Aarti of the guests and puts a tilak on the forehead of the guests and welcome to him to their homes.

Hospitality has a very vast market. All those who have stayed in hotels or have plans to stay in hotels or any other lodging can be put under hospitality market. Hence, all travelers including tourists, visitors, business, leisure travelers, pilgrims and company executives can come under the hospitality market. Depending upon the purpose of travel, people can be classified under either commercial hospitality market or leisure hospitality market. Tourism refers to all those industries that provide all the necessary and essential services to travelers and people. They include transportation, food and beverage operations, as accommodation, leisure activities, gift and Souvenir shops, etc.

9.3.1 HOTEL

As per the by the Hotel properties act 1956, a hotel is an establishment or Proprietor as offering food, drink and if so required, sleeping accommodation, without Special contract to any traveler presenting himself who appear able and willing to pay a reasonable sum charges or sum for the services and facilities provided and who is fit to received. As a result of this definition establishments such as hospitals, hostels, apartments and prisons, although provide accommodation to people yet do not come under hotels. Common law states that a 'Hotel' is a place where all who conduct themselves properly and who being able to pay and ready to pay for their entertainment are received, if there be accommodated for them, and without any stipulated engagement as to the duration of their stay or as to the rate of compensation, are while there, supplied at a reasonable cost with their meals, Lodging and other services and attention as are necessarily incident to the use as a temporary home. A hotel is the property, where the primary business is to provide to the general public lodging facilities and various services such as food, beverage, laundry, uniformed services, etc. Hence, hotel can also be called as home multiplied -by commercial activities. As per the reader's

digest dictionary the hotel is termed as 'A house of entertainment of travelers'. According to the Encyclopedia Britannica the word, Hotel, is of ancient but its use in English for a house offerings lodging and food travelers is recent. The hostellers or Ostler came to mean that inn servant. A hotel or an inn may also be defined as an establishment whose primary business is providing lodging facilities for the general public like:-

- (a) Food and Beverage service
- (b) Room service
- (c) Uniformed service
- (d) Laundry service and
- (e) Use of furniture and fixture, etc.

In order to classify or differentiate the accommodation in hotel industry there're are certain grading and defining system set by the authorities in hospitality Industry. Hotels are classified into several distinct categories to help the prospective guest in identifying the right type of hotel matching his standard and requirement. However, these can be classified mainly, On the basis of size star system like One two three four and five star category of hotels , ownership basis and other categories like floatels, boatels, eco friendly hotels ,Boutique Hotels, Government residential, Dak Bungalows, Casino hotels. Boarding Hotels. Commercial hotels, Resort Hotels. Etc.

There are different names also given to the accommodation rooms, it basically depends upon the amenities facilities and location of the rooms. Like there are different types of rooms available single rooms, double rooms, suite rooms (single, double junior suite duplex suite etc) .these rooms are charged accordingly like single room rate double room rate, rack rate, crib rate, company volume rate, government rate, guaranteed rates etc.

9.4 TYPES OF HOTELS

Since the hotel industry comprises of numerous hotels, and they provide numerous services facilities and goods, the hotel industry lacks a single identity. Although the basic concept of hospitality, food and accommodation are same, yet hotels may have different characteristics And assets and each hotel would like to attempt to cash on its assets and develop its share of the particular market and gain more and more

recognition because of that asset placing a hotel into a particular group is not easy because of the diversity of services, facilities and amenities provided or not provided. Most of the hotels do not fit in any specific well defined category. Nonetheless, several general classifications do exist.

9.4.1 BASIS OF CLASSIFICATION OF HOTELS

Hotels are classified into several distinct categories to help the prospective guest in identifying the right type of hotel matching his standard and requirement. However, for the sake of convenience, we shall put them under four broad categories as given below

1. On the basis of size.
2. On the basis of star system.
3. On the basis of ownership.
4. Other categories.

9.4.1.1 CLASSIFICATION ON THE BASIS OF SIZE

Refers to the number of rooms (bed capacity) and should not be confused with the building height, or the area of the property, or the gross sale etc. The term number of rooms refers to the lettable rooms and does not include those rooms which are converted for other use such as for manager, housekeeper, accounts, etc., and rooms on the ground floor and basement which are generally used for offices, rentals, support services or other operational facilities leased for businesses and associations.

Usually the distribution is,

- (i) A hotel of 25 rooms or less is called a small hotel
- (ii) One with 26 to 99 rooms is an average hotel
- (iii) From 100 to 299 It is called as above average
- (iv) A hotel of more than 300 rooms is classified as a large hotel

(i) Star system

This system is one of the most commonly understood, accepted and recognized systems in India. This is also an official system of classification. In this system, hotels are classified on the basis of facilities which the hotels have and the services which the hotels provide to the

guests. Based on the number of services and facilities and their quality and standards, which may vary from a basic bedroom to a luxury room with modern fittings and equipments of the hotels are awarded stars ranging from 1 to 5 stars deluxe.

The classification of new and functioning hotels is done by the Ministry of Tourism. The Department Forms a committee called as Hotels and Restaurants Approval and Certification committee (HRACC) which is headed by D.G. Tourism /ADG Tourism and Enterprises of members from the hotel industry, Travel Agents Association of India, Department of Tourism and the Principal of Regional Institute of Hotel Management, Catering Technology and Applied Nutrition, etc. This is a permanent committee to classify Hotels into five categories, i.e., from 1 to 5 star and also into a Five star Deluxe category. The committee will inspect once in three years the existing hotels which have been classified. In confirm that the hotels are sticking to the standards.

A hotel applies on a prescribed application form to the Director General of Tourism, Transport Bhawan, Parliament Street, New Delhi (in case of 4star, 5star and 5star Deluxe: category; and to the Regional Director of the concerned Govt. of India tourist Office at Delhi/Mumbai (Kolkata/Chennai, in case of 1, 2 and 3 category giving basic details such as:

1. Name of the hotel,
2. Name of the promoter/s,
3. Address,
4. Details of the site such as area, title, distance of hotel from railway station, distance from airport, distance from main shopping centers,
5. Details of hotel project such as category applied, number of guest rooms and their area, their type with or without bathroom, details of public areas like lounge, lobby, restaurants, bars, shopping arcade, banquet conference, Health club, swimming pool and parking, etc.
6. Details of air conditioning
7. Approvals from government bodies such as Municipal or corporation authorities, MRTP act, Urban land ceiling Act, DGCA and any other concerned local authorities,
8. Proposed capital structure

9. Want to avail of any or all of the following benefits of income tax act -61 against each of the following provision - section 80L, section 80 H-H, Section 32 (' (ii) Section 32 (i)

(v) Section 33. The application fee which varies from 1 star to 5 stars and 5 stars deluxe is also sent along with the application.

Eligibility for Star Classification

To be eligible to apply for classification, a functioning hotel must fulfill the following

Minimum basic requirements:

(i) The hotel must have at least 10 lettable bedrooms.

(ii) Carpet areas in respect of rooms and areas of bathrooms should by and large adhere to the following limits:

5 -Star/S -Star Deluxe Hotels

Single	180 sq. ft.
Double	200 sq' ft'
Bathrooms	45 sq. ft.

4-Star and 3-Star Hotels

Single A/C and Single Non A/C	120 sq. ft.
Double A/c and Double Non A/c	140 sq. ft. (Extra area may be Provided if twin beds are to be Provided)

Bathrooms 36 sq. ft'

2-Star and I-Star Hotels

Single A/C and Single Non A/C	100 sq. ft.
Double A/c and Double Non A/c	120 sq. ft.

(All rooms should have proper Ventilation and ceiling

Bathrooms 30 sq. ft' or subject to locals by laws.

How to Apply for Star Classification

A classification fee (at the existing rate) is payable by the hotels applying for classification. The classification fee is payable by means of a demand draft drawn in favour of the Pay and Accounts Officer, Department of Tourism, New Delhi. For reclassification fee will be 50 per cent of the fee payable at first time. Application form for the particular star category applied for can be had from the Member secretary, HRACC, Department of Tourism, Government of India, Transport Bhawan, New Delhi. The powers to classify hotels in 1 and 2 star categories have been delegated to the respective state governments/Union territories w.e.f. 1.1. 1986. A hotel applying for or two star category is, therefore required to approach the concerned state government or Union territory.

CLASSIFICATION OF FIVE STAR CATEGORY HOTELS

The general features, facilities and services expected of hotels in the different star Categories are broadly described below:

Five Stars Deluxe Category

A hotel which applies for 5 star deluxe category has basically the same number of features as a five star hotel but is superior in quality of service, amenities and facilities, etc., to a five star hotel's requirement.

FIVE STAR CATEGORY

General Features

The facade, architectural features and general construction of the hotel building should have the distinctive qualities of a luxury hotel of this category. The locality including the immediate approach and environs should be of the highest and of international standard and should be suitable for a luxury hotel of this category. There should be adequate parking space for cars. The hotel should have at least 25 lettable bedrooms, all with attached bathrooms with long baths or the most modern shower chambers. All public rooms and private rooms should be fully air-conditioned and should be well equipped with superior quality carpets, curtains, luxurious furniture of high standards, fittings, and so on, in good taste. It would be advisable to employ the services of professionally qualified and experienced interior designers of repute for this purpose. There should be an adequate number of efficient lifts in buildings of more than two storeys (including the ground floor) with 24 hours service. There should be a well-appointed lobby and ladies' and gentlemen. Cloakrooms equipped with fittings and furniture of the highest standard. Adequate parking space and swimming pool.

Facilities

There should be a reception, cash and information counter attended by highly qualified, trained and experienced personnel and conference facilities in the form of one each or more of the conference room, banquet halls and private dining rooms. There should be a shopping arcade and bookshop, beauty parlour, barber shop, recognized travel agency, money change and safe deposit facilities, left luggage room, florist and a shop for toilet requisites and medicines on the premises. There should be a telephone in each room and telephone for the use of guests and visitors and provision for a radio or relayed music in each room. There should be a well-equipped, well-furnished and well-maintained dining Room/restaurant on the premises and wherever permissible by law, there should be an elegant, well-equipped bar/ permit room. The pantry and cold storage should be professionally designed to ensure efficiency of operation and should be well equipped. There should be dancing facility and or orchestra in dining hall.

The hotel should offer both international and Indian cuisine and the food and beverage service should be of the high standard. There should be professionally qualified highly Trained, experienced, efficient and courteous staff in smart, clean uniforms, and the staff coming in contact with guests should understand English. The supervisory and senior staff should possess good knowledge of English and staff knowing at least one continental language should be rotated on duty at all times. There should be 24 hours service for reception, information and telephones. There should be provision for reliable laundry and Dry cleaning service, 24 hours housekeeping at the hotel should also be of the highest possible standard and there should be a plentiful supply of linen, blankets, towels, and so On which should be of the highest quality available. Each bedroom should be provided with good vacuum jug /thermos flask with ice cold, boiled drinking water except where centrally chilled purified drinking water is provided. There should be a special restaurant/dining room where facilities for dancing are also available.

FOUR STAR CATEGORY**General Features**

The facade, architectural features and general construction of the building should be distinctive and to locality including the immediate approach and the environs should be suitable for a hotel of this category. There should be adequate parking facilities for cars. The hotel should have at least 25 lettable bedrooms, all with attached bathrooms' at least 50 percent of the bathrooms must have long bath most modern shower chambers with 24

hours service of hot and cold running water. All public rooms and private rooms should be fully air- conditioned and should be well furnished with carpets Fittings, etc., in good taste. It would be advisable to employ the services of professionals' qualified and experienced interior designers of repute for this purpose. There should be an adequate number of efficient lifts in buildings of more than two storey (including ff ground floor). There should be a well-appointed lobby and ladies', equipped with fittings of standard befitting a hotel of this category.

Facilities

There should be a reception, cash and information counter attended by trained and Experienced personnel..There should be a bookstall, recognized travel agency, money changing and safe deposit facilities and a left luggage room on the premises. There should be a telephoneineachroomandtelephonefortheuseofsuestl.andvisitorsandprov of a radio or relayed music in each room. There should be a well-equipped and well-maintained dining room/restaurant on the premises and wherever permissible by law, there should be an elegant, well-equippedUar&e1lroom' the kitchen pantry storage should be professionally designed to ensure efficiency of operation and should be Well equipped.

Service

The hotel should offer both international and Indian cuisine and food and beverage service should be of the highest standards' There should be professionally qualified highly trained experienced and efficient and courteous staff in smart, clean uniform and the staff coming into contact with the guests should possess good knowledge of English. It will be desirable for some of the staff to possess knowledge of foreign language and staff knowing at least one continental language should be rotated on duty at all times. There should be 24 hours service for reception, information and telephones. There should be provision of reliable laundry and dry cleaning service. Housekeeping at the hotel should be a plentiful supply of linen, blankets, towels, etc., which should be of the highest quality available. Similarly, the cutlery and glassware should be of the highest quality available. Each bedroom should be provided with vacuum jug/flask with ice cold, boiled drinking water. There should be a special restaurant/dining room where facilities for dancing, orchestra are provided.

THREE STAR CATEGORY**General Features**

The architectural features and general construction of the building should be of a very good Standard. The locality, including the immediate approach and environs should be suitable for a very good hotel, and there should be adequate parking facilities for cars. The hotel should have at least 20 lettable bedrooms, all with attached bathrooms with bathtubs and/or showers and should be modern in design and equipped with fittings of a good standard, with hot and cold running water. At least 50 per cent of the rooms should be air-conditioned and the furniture and furnishings such as carpets, curtains, etc., should be of a very good standard and design. There should be adequate number of lifts in buildings with more than two storey's (including the ground floor). There should be a well-appointed lounge and separate ladies 'and gentlemen's cloakrooms equipped with fittings of a good standard.

Facilities

There should be a reception and information counter attended by qualified and experienced staff and a bookstall, recognized travel agency, money changing and safe deposit facilities on the premises. There should be a telephone in each room (except in seasonal hotels where there should be a call bell in each room and a telephone on each floor for the use of hotel guests) and a telephone for the use of guests and visitors to the hotel. There should be a well-equipped and well-maintained air-conditioned dining room/ restaurant and wherever permissible by law, there should be a bar/permit room. The kitchen, pantry and cold storage should be clean and organized for orderliness and efficiency. Service The hotel should offer good quality cuisine both Indian as well as continental, and the food and beverage service should be of good standard. There should be qualified, trained, experienced, efficient and courteous staff in smart and clean uniforms and the supervisory Staff coming in contact with the guests should understand English. The senior staff should possess good knowledge of English. There should be provision for laundry and dry cleaning service. Housekeeping at the hotel should be of very good standard and there should be adequate supply of the blankets, towels, etc., of good quality. Similarly, cutlery, crockery, Glassware should be of good quality. Each bedroom should be provided with vacuum jug.

**Two Star Category
General Features**

The building should be well constructed and the locality and environs including immediate approach should be suitable for a good hotel. The hotel should have at least 10 lettable bedrooms of which at least 75 per cent should have attached bathrooms with showers and a bathroom for every four of the remaining rooms and should be with modern sanitary and running cold water with adequate supply of hot water, soap and toilet papers' at 25 per cent of the rooms should be air-conditioned (where necessary there should heating arrangements in all the rooms) and all rooms must be properly ventilated, clean and comfortable with all the necessary items of furniture. There should be a well-furnished lounge.

Facilities

There should be a reception counter with a telephone. There should be a telephone or call bell in each room, and there should be a telephone on each floor unless each room has a separate telephone. There should be a well-maintained and well-equipped dining restaurant serving good, clean, wholesome food and a clean, hygienic and well-equipped kitchen and pantry.

Service

There should be experienced, courteous and efficient staff in smart and clean uniforms

The supervisory staff coming in contact with guests should understand English. There should be provision for laundry and &y cleaning services. Housekeeping at the hotel is of a good standard and clean and good quality.

**ONE STAR CATEGORY
General Features**

The general construction of the building should be good and locality and environs including immediate approach should be suitable. The hotel should have at least 10 lettable of which at least 25 per cent should have attached bathrooms. Bathrooms should have western style WC. All bathrooms should have modern sanitation and running cold water with adequate supply of hot water, soap and toilet paper. The rooms should be properly ventilated and should have clean and comfortable bed and furniture.

Facilities

There should be a reception counter with a telephone and a telephone for the use of and visitors. There should be a clean and modernly well-equipped dining room/restaurant serving clean, wholesome food and there should be a clean, well-equipped kitchen party.

Service

There should be experienced, courteous and efficient staff in smart and clean uniforms and the senior staff coming in contact with guests should possess working knowledge of English. Housekeeping at the hotel should be of a good standard and cleaned good quality linen, blankets, towels, etc., should be supplied. Similarly crockery cutlery and glassware should be of good quality.

Heritage Hotel Category in Rajasthan

The Department of Tourism has introduced a new category of 'Heritage Hotels' in Rajasthan, which is proposed to be extended to other states in due course. It covers running hotels in palaces/castles/forts/travelers /residences of any size. The guidelines for this additional new category in Rajasthan and application form for this particular star category (applied for Heritage Hotel category in Rajasthan) can be taken from the Member Secretary, HRACC, Department of Tourism, Government of India.

9.4.1.2 CLASSIFICATION ON THE BASIS OF OWNERSHIP

The ownership through which a hotel can be another way to classification hotels is to examine the

The classification is as follows:

1. Independent hotel
2. Management contract Hotel

1. Independent Hotels

These hotels, are ownership basis and do not have any affiliation or contract through any other property. And also do not have any affiliation other hotels with regards to policy, procedure and regulations. The advantage in this type of hotel is that they need not maintain a particular image and they are not bound to maintain any set targets, but can independently adopt quick to the changing trends' They are usually autonomous.

2. Management Contractual Hotel

Another type of chain organization that operates properties owned by individuals or partners are management contract hotels. The contract is entered on long-term basis between the owner and the operator and usually as per the contract

- Owner retains the legal and financial responsibilities.
- Operator pays for the operating expenses and recovers from the owner an agreed upon fees.

Owner is responsible for paying taxes, insurance and debts.

2.1 Chains

There are many single owned hotels, yet more and more hotels and motels are now getting affiliated to each other. This gives them the advantage of a large central organization providing reservation system, management aids, financial strength, expertise, manpower specialties, merchandises and promotional help. Affiliation

(i) Two or more operations belonging to some organizations; for example, Holiday Inns, Ramada, Sheraton Corp., Trust house Forte, Hilton Co. p., Howard Johnson, Balkan tourist Day Inns, Travel Lodge, Intercontinental Hotels, Hyatt, Marriott Corp, etc. Within one chain the type of affiliation may vary.

A 'Referral Chain' is made up of independently owned and operated hotel and motel and provides shared advertisement, joint reservation system and standardized quality. Virtually no shared managements or financial functions. Another chain operation is 'Multi-Unit Company' usually with a head office and several operations across the country and abroad.

2.2 Concept of Franchise

The word franchise means that one company ties up with another company, taking help of the other company to run a business. It is a method of distribution where by one property that has developed a particular pattern for doing business gives the benefit to other properties. Further, franchise can be called as system of distribution in which the franchises owner grants another rights or privileges to merchandise the product or services for specified returns. The most important benefit is of belonging to one already known group.

Franchise is a system in which the franchise owner grants another the right or privilege to merchandise a product or service for a specified return.

2.3 Franchise Agreement

It is an agreement under which the owner operates as a member of the chain, utilizing the brand image, name, goodwill and obtaining for a certain fee some services of marketing and operating nature support from resources of a large organization, Advertising, sales promotion, technical and financial help, etc. The franchise can be described as the selling by the franchiser of the right to market a proven product. Hence, or franchisers in hotel and motel business first established the quality of their product and their expertise in the field by operating company owned properties and only after demonstrating the success of their properties were they able to make their franchises marketable packages. Banks and lending institutions look with favor on the better known franchises, and are in fact reluctant to make time to potential investors, unless an affiliation with a referral organization has been established:

The most successful franchises in the hotel industry is Holiday Inns. Other successful organizations in the field of franchise are Hilton, Marriott, Howard Johnson, Ramada, inns, etc.

2.4 Franchise Services

The franchiser provides services in 3 general categories:

(i) Methods and Systems,

(ii) Technical Assistance,

(iii) Marketing Methods. (Active selling chain benefits). Reservation ties ups on payment of marketing fees).

9.5 OTHER CATEGORIES

1. On the basis of clientele: In the U S and some other countries hotels are also classified on the basis of the clientele or guest patronage, i.e. the targeted market. This means hotels cater to specific soup of guests only, for example some hotels cater to families only while some other may cater to commercial man only' Similarly' there may be hotels which may cater to men only or women only. Probably the beginning of organization such as YMCA (Young Mens Christians Associations') and YWCA (Young women's Christian Association) started with this concept only'.

In some cases, we find the patronage or clientele base classification may include hotels for sports man only. The type of patronage to which one hotel caters gives it a separate character. The type of classification of hotels on patronage, on the basis was consumer in olden days, nowadays such classification it is very difficult to hotel to get the business after market gets saturated.

2. ON THE BASIS OF LOCATION

Downtown hotels, suburban hotels, hotels situated on High ways, motels, motor hotels and motor lodges, hotels on hill stations' hotels on boat boatels and floatels, and airport hotels can be included in this group' These hotels are near to the airport, for example, .Centaur hotel' in Delhi. These hotels Usually cater to transit passengers, overnight stay and short stay guest such as lay over passengers or cancelled flight passengers' Airlines crews also are Accommodated in such hotel' classified on the

3. ON THE BASIS OF LENGTH OF STAY

In some cases the hotel can be classified on the basis of length of stay. This kind of hotel is also called On the basis of stopover of the guest in the hotel. Some hotels accommodate guests for a short period of time only, for example, as less as one day only or sometime may be even less than that, (i.e.,) on half Jay rate basis only. In such cases, the guest does not have to enter into a specific bond or lease. Of course a GR. card has to be filled in by the guest which is a mandatory requirement. Such hotels are usually situated on highway near airports or interstate or international bus terminals where transit guest come and hence such hotels are called transit or transient hotels' Guest of this type of hotel is required to pay on daily basis.

4. CARAVANS:

Are the others lodging establishments take across the country, these are fitted with sleeping accommodation, lounge, and bathroom facilities; they have tanks of fresh water and septic tank. And some caravans have basic kitchenettes with heating equipments.

5. GOVERNMENT HOUSES

Owns and run by the government agencies and corporations like in India ITDC and others state corporations also. Having composite names like Dak Bungalows, PWD Houses, and Forest Lodges. That is the Legacy of the Indian Raj. This is primarily built for the government employees and staff. Dak bungalows' for the postal couriers to rest while and circuit houses for the high officials .forests lodges are built for the peoples who

are engaged in the activities related with the forest .PWD for those who are multi skilled workers like laborers' ,cook, clean and look after the security concern for the establishment.

6. RESIDENTIAL HOTELS

Are also called as apartments houses. Rooms in residential houses are sold monthly basis. It may be furnished or unfurnished, single e or double. Almost every residential hotel operates it restaurant, telephones and valets services. Advance rents usually collected and others bill are weekly. These types of hotels are generally operate on the European plan. Recent developments has been seen as condominiums and time shares whereas the rooms are sold on the basis of time around the year. When the rooms are not occupied the management has a right to rent out the respective rooms so that the hotel will contain the both residential and transient hotels.

7. TRANSIENT/TRANSIENT HOTELS.

The guests who are en-route called as transient i.e. in the process o f moving from one place to another and stop at the destinations for some time to take rest for while to reach at their final destination. Hence hotels caters the needs of those guests are a termed as Transient hotels. They have their origin in olden days and charges are accordingly to the *per dien* basis. I large cities they are generally operate on the European plan and small cities operate on American plan. Such hotels are generally located near to the bus stand, airport and railways stations.

8. RESORT HOTELS

Resort hotels are located at the resort places such as islands, exotic places, hill stations, beaches, and health resorts and spas etc. with scenic beauty and greenery around. General motivation behind to pay visit these places in order to relax, calm, health purpose, peacefulness of mind and soul, loneliness etc. depending upon the location the programme can be arranged. Generally a guest stay is not long such as week or normally holiday makers, sports and patients are advised to go on resort hotels. In this type of hotel the business generally depend upon the season and that's why they have season tariff that differs from the off season tariff.

- A resorts hotel offers the following facilities like
- Extensive entertainment and recreational programmes
- Tennis court, golf course, squash, billiards and adventures activities etc.

- Saddle horse and trainers,
- Car parking along with the garages, service facilities.

9. COMMERCIAL HOTELS

Commercial hotels are situated in the heart of the city, i.e., downtown busy commercial areas and urban areas. Mainly businessmen and commercial executives support these hotels. Generally duration of stay is a few days only and weekend business is slack. Best possible facilities of high standard are provided in commercial hotels. These days, business centre in a commercial hotel is a must. They must have services like facilities to meet the basic business demands, swimming pool, specialty restaurant bar, disco, 24 hours room service, health club, etc. Commercial hotels are sometimes also called down town hotels. In addition to businessmen these hotels also accommodate tour groups small conference groups, and individual guest.

10 SUBURBAN HOTELS

Suburban hotels are situated in suburbs, with quiet surroundings. They have moderate to low tariff, and are generally support and favorite by budget guests.

11 RETIREMENT HOTELS

Hotels of this category are not popular these days. Such hotels cater to the needs of retired persons. They take care of their meals and lodging. They also offer some Mild recreational activities to the senior citizens. Normally all the services me offered as inclusive package rate to the retired persons. Nowadays such establishments are called Old Homes and sandhya Houses' in India.

12 GREEN HOTELS (ECO-FRIENDLY HOTELS)

If we kill the environment we kill ourselves. Environment has always has been a touchy subject vis-a-vis the hospitality industry. The spread of unplanned tourism and its allied evils hardly show any regard for the pristine beauty of the places identified for development and on grand plans. As a result, many rare flora and fauna that live on the thin red line of extinction are lost forever as the sacrificial goats of progress. Tourist activities are claimed to uproot the locals from their habitats, robbing them of their livelihood, eroding the quality of their life, disrupting their lifestyle, competing their value system, impinging on their socio-cultural ethos, polluting the soil, water and air and depleting natural resources and wreaking havoc on the region's flora and fauna.

13. FLOATING HOTELS

This type of hotels are located on the surface of water such as sea, lake, etc. Such hotels provide exclusive and exotic atmosphere. All the facilities of a first class hotel are there in this category of hotels. In many countries old luxury ships have been converted in to floating hotels. In India in Kashmir valley, houseboats are used as first class luxury hotels. They provide wonderful experience to a tourist. The First Floating Hotel of India, a Rs 31 crore hotel with four storey's will be operational in Kolkata very soon. The hotel with a coffee shop and 73 rooms and three suites can be called as the First Floating Hotel of India.

14. INTERNATIONAL HOTELS

These hotels are situated in metropolitan cities and provide modern western style luxury to their guests. They can also be called as full service hotels. Many such hotels are owned by big international chains. Such hotels find good market in commercial towns.

15. MOTELS

Motels, motor hotels and motor courts I designed to serve the needs of motorists. They must provide car parking, garage, accommodation, rest facilities and recreational facilities and hence motels are generally equipped with filling stations, motor garage, service stations, accessories, elevator service to automobile entrants, restaurants, etc. The tariff is very low as compared to city hotels. They have easy access from highways, being located on highways or at road junctions. Motel accommodation is ranked with hotels in general in many countries. Specific legislations laid down in some counties like France, Norway, Ireland, Portugal and Turkey are regarding approval of plans, easy access for cars, minimum capacity, provision of restaurant, minimum standard of facilities and in Turkey provision of a petrol pump or service station.

16. CASINO HOTELS

This type of hotels is having provision of casino. Casino hotels are not famous in India but very famous in America, particularly in Las vegas-Nevada. Top artistes come to the hotel and give their live performances and entertain the guests. These are high class hotels with luxurious rooms and other top class services and amenities.

17. CONDOMINIUMS

Condominium development involves a joint ownership of a complex. Each owner purchased has full benefit of an unit such as a guestroom, suite,

Apartment or a villa and shares the cost common to the whole complex such as taxes of buildings and grounds, parks, tennis court, Swimming pools, provision of service security, letting and management etc.

Each owner can occupy or sell the condominium property. The owner can enjoy extensive recreational facilities exclusive to the complex. Condominium Management look after the unit in the absence of the owner and if required' let it to Provide income. In some instances letting or lease-back conditions may be written into the contact, particularly where the condominium unit in a complex may be used as a back up to a hotel operation, for example, to provide additional accommodation force.

18. APARTOTEL

This type of lodging building also used as a residential hotel. Purchase of the apartment entitles full services of the hotel and during the period it is not occupied it can be added to the hotel pool for getting income. The concept was initially developed by Melia Coy of Spain in 1970. Auberge, Gasthof and Herberge, These are the counterpart of inn in various countries. They represent a smaller unit which may have complimentary bar, restaurant and bedrooms for travellers. Here emphasis is given to eating and drinking facilities.

19. BOARDING HOUSES

These are establishments giving accommodation usually with meals and for a definite period of time--commonly for a week or longer. The facilities are generally restricted to use by resident guests. It can also be called a guesthouse, a private hotel, and is known in Europe as 'pension' or 'pension de families distinctions in these depend variously on length of stay, location, facilities and levels of sophistication of premises.

20. HOLIDAY VILLAGES

Providing extensive recreation and sporting facilities on inclusive basis. In multiple Units 'and provide self-catering (individual kitchen). In Spain located in areas where contact with nature and sporting activities is possible. Provision of green zones, playgrounds, and social amenities like library, nursery, television rooms is there. For social tourism based on family units providing a convertible living room, bedroom, bathroom, shower room and kitchen. Wide range in sports like riding, swimming, skating golf, etc. Design of building and landscaping are highly sophisticated (Village Equastere de Pompadour, Club Mediterranee, Correze-France) retaining the village atmosphere. Typical size ranges between 500-800 beds, a 600 beds capacity being considered the optimum for efficient operations with a density of between 150-200 beds

per hectare or 60-80 beds per acre. Specific regulations may apply as in Spain, holiday villages are classified in 3 categories according to amenities and services. In France, regulatory standards apply to commercial holiday villages and to non Commercial establishments like those of the association 'Villages Vacances Families'- (v.v.f), which llrr1973 was responsible for 70 villages and family lodges providing 33,000 beds.

21. SUPPLEMENTARY ACCOMMODATION

This group includes all forms of rented accommodation other than the above mentioned categories such as youth hostels, Dak bungalows, forest lodges, travelers' lodges, and recreational cafes for children, Dharamshalas, sanitarium and convalescent centers, camping grounds- these are sites demarcated with amenities for living in the open air in a tent, tailor or any other mobile provisional type of accommodation unit. Usually camping sites fall into four main f, those for transit, weekend, holiday and tourist use.

9.6 TYPES OF ROOMS OR ACCOMMODATION

1. Single room: The term refers to a room with a standard single bed to provide sleeping accommodation to one person.

2 Double Room: The term refers to a room which has a double bed and provides sleeping comfort for two people

3 Twin Room: It refers to a room with two identical twin bed separated out by a small bedside table.

4 Interconnected Room: It refers to rooms which are connected to each other. They have a common wall and a door to go from one room to another.

5 Quad Room: It refers sleeping accommodation facilities for 4 persons.

6 Triple Room: It refers to sleeping accommodation facilities for 3 persons and has either a double or two twin beds and an extra bed in it.

7 Double – Double Room: It refers to a room has two double beds and provide sleeping accommodation facilities for 4 persons.

8 Suite Room: Suite refers to a set of two rooms out of which one is bedroom and other is living room.

- a) **Single – Suite:** It is a single room with a sitting room attaches to it and meant for one person’s sleeping comfort.
 - b) **Double - Suite:** It is a double room with a sitting room attaches to it.
 - c) **Junior – Suite:** A large room with a partition separating the bedroom furnished from sitting area.
 - d) **Duplex – Suite:** This type of suite has two rooms on two successive floors and is connected to each other with a other staircase.
 - e) **Penthouse Suite:** Vary luxurious suite of the hotel and is situated on the terrace of the building.
- 9. Studio Room:** These are rooms which are called multi utility room also and they have utility furniture such as sofa-cum-bed. The furniture is such which is used for sitting purposes during the day and for sleeping during night.



10. Cabana Room: This type of room is situated near the swimming pool of the hotel and is normally used by people who love water games and are fond of swimming.

11. Lanai Rooms: This term is generally used by hotels which are situated on the hill stations for those rooms which have a view of waterfall or some water bodies or a garden from the balcony of the room.

12. Hollywood living Room: A room with two single beds joined together and with a common wall.

TYPES OF RATES

Group Rate: A published tariff price given to group operators which is commissionable to retail travel agents, tour operators etc.

1. Volume Rate: These may be based on production of business for the entire year or for selected time period coinciding with seasonal rate. Also called preferred rate.

2. Rack Rate: rack rate is a term which refers to the normal room rate of the hotel. This is the rate of the room which is published in the room tariff card.

3. Executive Business Service Rate: Special rates available to preferred business accounts.

4. Tour Group whole sale Rates: A tariff discounted in advance applicable to wholesaler to operate a series of tour with group arriving and departing together.

5. Government Rate: Usually government employees are given per day allowance for their travelling and accommodation and food by their office and some hotels offer them a rate which give them room and accommodation within that price.

6. Discounted Rates: Airlines, Travel agent discounts, discount rate should be fixed in competition to other hotels of that area.

7. Seasonal rates: A season and resort hotel which usually have fluctuating demand change their rate usually as per the seasonality and offer different rates for in season and off season.

8. Crib Rate: A special rate applicable to children below 12 years of age and accompanying their parents.

9. Extra bed Rates: Generally one-fourth of the published room rate.

10. Crew Rate: Special rates for airlines crew depending upon the total room night on consistent and continuous basis given by the airlines over a period of generally one year.

11. Membership Rate: Some hotels give special rates to the member of various esteemed organizations such as esteemed club etc.

12. Corporate Rate: This programme covers corporate offices and usually 10 – 15 % discount can be given to the officers coming from the corporates.

13. Commercial Rates: A rate agreed upon by a travel agent and the hotel for all individual room reservation.

9.7 SUMMARY

Hotels are classified into several distinct categories to help the prospective guest in identifying the right type of hotel matching his standard and requirement. However, these can be classified mainly, On the basis of size, star system like One two three four and five star category of hotels , ownership basis and other categories like floatels, boatels, eco friendly hotels ,Boutique Hotels, Government residential, Dak Bungalows, Cashino hotels. Boarding Hotels. Commercial hotels, Resort Hotels. Etc. Refers to the number of rooms (bed capacity) and should not be confused with the building height, or the area of the property, or the gross sale etc. The term number of rooms refers to the let able rooms and does not include those rooms which are converted for other use such as for manager, housekeeper, accounts, etc., and rooms on the ground floor and basement which are generally used for offices, rentals, support services or other operational facilities leased for businesses and associations.

Usually the distribution is,

- (i) A hotel of 25 rooms or less is called a small hotel
- (ii) One with 26 to 99 rooms is an average hotel
- (iii) From 100 to 299 It is called as above average
- (iv) A hotel of more than 300 rooms is classified as a large hotel.

Star system

In this system, hotels are classified on the basis of facilities which the hotels have and the services which the hotels provide to the guests. Based on the number of services and facilities and their quality and standards, which may vary from a basic bedroom to a luxury room with modern fittings and equipments of the hotels are awarded stars ranging from 1 to 5 stars deluxe.

The ownership through which a hotel can be another way to classification hotels is to examine the classification is as follows: Independent hotel and Management contract Hotel

Independent Hotels

These hotels, are ownership basis and do not have any affiliation or contract through any other property. And also do not have any affiliation other hotels with regards to policy, procedure and regulations. The advantage in this type of hotel is that they need not maintain a particular image and they are not bound to maintain any set targets, but can independently adopt quick to the changing trends' They are usually autonomous.

Management Contractual Hotel

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A 'Referral Chain' is made up of independently owned and operated hotel and motel and provides shared advertisement, joint reservation system and standardized quality. Virtually no shared managements or financial functions. Another chain operation is 'Multi-Unit Company' usually with a head office and several operations across the country and abroad.

There are others categories of the hotels classification like on the basis of clientele, location season, government houses residential house, commercial hotels etc.

9.8 GLOSSARY

HRACC: Hotels and Restaurants Approval and Certification committee which is headed by D.G. Tourism /ADG Tourism and Enterprises of members from the hotel industry, Travel Agents Association of India, Department of Tourism and the Principal of Regional Institute of Hotel Management, Catering Technology and Applied Nutrition, etc. This is a permanent committee to classify Hotels into five categories, i.e., from 1 to 5 star and also into a Five star Deluxe category' The committee will inspect once in three years the existing hotels which have been classified In confirm that the hotels are sticking to the standards.

CVGR: Company Volume Guaranteed Rate

Management Contractual Hotel

Another type of chain organization that operates properties owned by individuals or partners are management contract hotels.

Franchise: franchise means that one company ties up with another company, taking help of the other company to run a business. It is a method of distribution where by one property that has developed a particular pattern for doing business gives the benefit to other properties

Suburban hotels

Suburban hotels are situated in suburbs, with quiet surroundings. They have moderate to low tariff, and are generally support and favorite by budget guests.

Casino hotels

This type of hotels is having provision of casino

Condominiums

Condominium development involves a joint ownership of a complex. Each owner purchased has full benefit of an unit such as a guestroom, suite, Apartment or a villa are the cost common to the whole complex such as taxes of buildings and grounds, parks, tennis court, Swimming pools, provision of service security, letting and management etc.

9.9. ANSWER TO CHECK YOUR PROGRESS/POSSIBLE ANSWERS TO SAQ

- Q1.** What do you mean by franchising in hotel industry?
- Q2.** How you can classify the star categories of hotels.
- Q3.** Recall the different types of room rates.
- Q4.** What do you mean by management contract and condominiums?
- Q5.** Eco - friendly hotels.
- Q6.** How can you classify the hotels on the size?
- Q7.** What do you mean by Rack rate? And its difference between CVGR.

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9.11. SUGGESTED READINGS

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9.12. TERMINAL AND MODEL QUESTIONS

- Q1. Discuss in Brief the classification of hotels.
- Q2. Discuss the concept of franchising in hotel industry.
- Q3. Explain the different types of rooms in hotel.
- Q4. Discuss the various types of room rates.
- Q5. Explain the following
- a) Lanai.
 - b) CVGR
 - c) Management contract.
 - d) Franchise
 - e) Penthouse.
 - f) Eco friendly hotels

UNIT 10. HOTEL AND HOTELIERING: ORIGIN OF CONCEPT; GROWTH AND DEVELOPMENT BY THE YEARS

- 10.1 Introduction
- 10.2 Objectives
- 10.3 Hospitality Origin in international context
 - 10.3.1 From the antiquity to middle ages
 - 10.3.2 The start of hotel Industry
- 10.4 Hospitality Business
- 10.5 Technology and hospitality Industry
- 10.6 Summary
- 10.7 Glossary
- 10.8. Answer to check your progress/Possible Answers to SAQ
- 10.9. References/Bibliography
- 10.10. Suggested Readings
- 10.11. Terminal and Model Questions

10.1 INTRODUCTION

Hospitality is treating people like you would want to be treated when you're undertaking the visit or traveling. It means making the tourists feel happy and fully contented and totally welcome him or her not only as your guests but also the guests' of the hotels. Hospitality is genuinely smiling face. Hospitality Industry can be termed as deliberate, planned and sustained efforts to establish and maintain mutual understanding between an organization and the public. i.e., the business of keeping and making of friends and environment also. As per the Oxford Dictionary hospitality is defined as 'Reception and entertainment of guests, visitors, or strangers with liberality and goodwill' The word hospitality is derived from the Latin word 'Hospitalitas'. Hospitality activity covers everything – providing attentive and courteous services, facilities and amenities to a traveler' meeting and greeting him at the door, providing efficient and

crazy food and beverage to him in his room, i.e., providing' a Home" away from Home" and making his visit a memorable and pleasant experience.

In most of the countries, all over the world' a guest is received with a great amount of courtesy and warmth and is provided with entertainment' The basic concept of hospitality is to make the guest feel that he has come among friends and that Guests always welcome . Although the basic concept of hospitality has remained the same, yet with the passage of time and development of technology and science, the needs and wants of travelers have changed greatly thus providing numerous services and facilities in terms of accommodation and other basic needs such as food and beverages. In olden day's kings, lords, maharajas, landlords and sometimes the panchayats used to provide food and shelter to travelers and their animals free of charge as it used to be a benevolent activity.

As a part of the hotel staff the guest should be welcomed with great interest should feel at home. Make their memorable stay in your hotel this should be motto.

The arriving guest is always greeted with a Smile and proper salutation to show interest in his trip and his well -being. Hospitality means anticipating and satisfying a guest's needs.

10.2 OBJECTIVES OF THE CHAPTER

The reader is able to convey feelings of welcome to the guests by following traditional and conventional practices identify the hospitality market and accommodations sector, and is also able to trace the path and growth and development. The reader understands the guests need and is able to provide Guest satisfaction by professional and efficient delivery of the services

10.3. HOSPITALITY AND HOTELIERING ORIGIN AND EVOLUTION

The hospitality industry is a part of a larger enterprise known as travel and tourism industry. The travel and tourism industry is a vast group of business with one goal in common: providing necessary or desired services to travelers. Advances in transportation enabled more people to travel greater distances at less cost spreading tourism across the globe. From modest origins, hospitality and tourism rose to become two of the largest worldwide industries.

Warriors or traders were the early travelers but they did not have hotels to accommodate them. The warriors used tents but the merchants seeking to trade tools, clothing and livestock, traded merchandise for lodging. The inns offered little more than a cot or a bench in the corner of a room or a stable. Most of them were private residences that offered temporary residence or lodging to strangers. Guests stayed in large communal rooms where sanitation and privacy were non-existent. After the establishment of money in 6th century BC, inn keeping was one of the first commercial enterprises and hospitality was one of the first services for which money was exchanged.

10.3.1 FROM THE ANTIQUITY AND MIDDLE AGES

The history of hotels is intimately connected to that of civilizations. Or rather, it is a part of that history. Facilities offering guests hospitality have been in evidence since early biblical times. The Greeks developed thermal baths in villages designed for rest and recuperation. Later, the Romans built mansions to provide accommodation for travelers on government business. The Romans were the first to develop thermal baths in England, Switzerland and the Middle East. Later still, caravanserais appeared, providing a resting place for caravans along Middle Eastern routes. In the middle Ages, monasteries and abbeys were the first establishments to offer refuge to travellers on a regular basis. Religious orders built inns, hospices and hospitals to cater for those on the move. In the third century AD, Roman Empire developed an extensive system of brick paved roads throughout Europe and Asia Minor. Small road side lodges were constructed due to increase in the road transport. During the Industrial Revolution in 1700s, the Europeans began to combine food and beverage service with lodging. No attention was given to sanitation and beds as well as rooms had to be shared with other travelers. These early European inns were unsuitable for aristocrats. To accommodate wealthy travelers, luxurious structures were erected. These offered private rooms, individual sanitation and all comforts of a European castle. These elegant new establishments adopted the French name for mansion, 'hotel'. The rates they charged were very high and well beyond the means of common citizens.

10.3.2 THE START OF THE HOTEL INDUSTRY

In France, at the beginning of the fifteenth century, the law required that hotels keep a register. English law also introduced rules for inns at that time. At the same time, around 1500 thermal spas were developed at Carlsbad and Marienbad.

During this epoch, more than 600 inns were registered in England. Their architecture often consisted of a paved interior court with access through an arched porch. The bedrooms were situated on the two sides of the courtyard, the kitchen and the public rooms at the front, and the stables and storehouses at the back. The first guide books for travelers were published in France during this period.



An embryonic hotel industry began to develop in Europe. Distinctive signs were hung outside establishments renowned for their refined cuisine. At the end of the 1600s, the first stage coaches following a regular timetable started operating in England. Half a century later, clubs similar to English gentlemen's clubs and Masonic lodges began to appear in America. In Paris in the time of Louis XIV, the Place Vendome offered the first example of a multiple-use architectural complex, where the classical façades accommodated boutiques, offices, apartments and also hotels.

10.3.3 IN THE NINETEENTH CENTURY, HOTELS TAKE OVER THE TOWN

The industrial revolution, which started in the 1760s, facilitated the construction of hotels everywhere, in mainland Europe, in England and in America. In colonial America, inns were modeled after European inns. Beds and rooms had to be shared with strangers. Throughout 1800s, American innkeepers improved their services and continued to build larger properties. Most of these were located in seaport town since sea transport was very widely used mode of travel and transport then.

In New York first of all, and then in Copenhagen, hotels were established in city centers. At the beginning of the 1800s, the Royal Hotel was built in London. Holiday resorts began to flourish along the French and Italian Riviéras. In Japan, Ryokan guest houses sprang up. In India, the government-run Dak bungalows provided reliable accommodation for travellers. The Tremont House in Boston was the first deluxe hotel in a city centre. It offered inside toilets, locks on the doors and an "à la carte" menu. The first American hotel the 'City Hotel' opened in 1794 in the New

York City. It was one of the largest building in the city and was built exclusively for hotel purpose. It had 73 guest rooms. 'Adelphi Hotel' in New York was the first high-rise structure in the city. In 1822, in Venice, a certain Giuseppe Dal Niel transformed an old palace into a hotel and gave it his name, "Le Danieli". As trains began to replace horse-drawn transport, highway inns for stage coaches started to decline. During this period, the Shepherds Hotel in Cairo was founded, the result of a complete transformation of an ancient city-centre harem.

In 1829, a large new hotel was constructed in Boston. 'Tremont House' was the earliest first class hotel in America and brought revolution in the hospitality industry. This hotel was the first to offer private rooms with locking doors. Each guest room had a wash basin and a water pitcher and a bar of soap. Other innovations included a full time service staff, a French restaurant which was located in the lobby, etc. These American hotels became important social centers and unlike their European counterparts, welcomed anyone who could afford the reasonable rates. Meanwhile in Europe, sanitary lodging continued to be regarded as a privilege to be enjoyed only by the aristocracy. But in democratic America clean and comfortable accommodation was available to any middle class worker or family.

L'Hôtel des Bergues was built in the spring of 1834 on the shore of the Lake of Geneva. One of its founders, Guillaume Henri Dufour, became a famous Swiss general. In 1840, *L'Hôtel des Trois Couronnes* was established in Vevey in Switzerland and the *Baur au Lac* in Zurich, fully refurbished since 1995. In New York, the New York Hotel was the first to be equipped with private bathrooms. The "Bayerischer Hof" was built in Munich in 1841, followed in 1852 by the "Vier Jahreszeiten". These two famous establishments were completely renovated after the Second World War.

10.3.3.1 LE GRAND HÔTEL PARIS

The inauguration of the Grand Hôtel in Paris took place on 5 May 1862 in the presence of the Empress Eugénie. The orchestra, directed by Jacques Offenbach, played the *Traviata*. This building was designed by the architect Alfred Armand, in order to "show the élite of travellers from all over the world the progress made under the Second Empire by the sciences, arts and industry".

The exterior façades with their high arched doors and their Louis XIV windows were in the style required for the surroundings of the Opéra. The greatest names in painting and decoration participated in the completion of this hotel, the grandest in Europe in its dimensions, luxury and

installations. The first hydraulic lift was installed in this hotel. "Lighting was supplied by 4000 gas jets; heating by 18 stoves and 354 hot air vents.

In 1890, the entire hotel was equipped with electric lighting. Due to the installation of steam central heating in 1901, baskets of wood were no longer sold on the floors. Some years later the hotel was renovated. Further renovation took place in 1970 and 1985. In 1982, it became a member of the Intercontinental chain. Since 1992 the hotel has been equipped with a central Building Management System. In June 2003, Le Grand Hôtel Paris has re-opened its doors following an eighteen-month multi-million dollar renovation. The Fifth Avenue Hotel in New York City was the first in that period to provide lifts for its guests. 1869 saw the inauguration, near Cairo, of the Mena House, an oasis of calm and luxury, at the foot of the famous pyramids of Cheops, Chephren and Mikerinos. In 1870, the Palmer House Hotel in Chicago was the grandest of all hotels. Its structure, the first of its kind, was fire-resistant. In 1873, the Palais de Würtemberg in Vienna was transformed into a superb luxury residence for the notables of the epoch, l'Hôtel Impérial. Kings and queens became regular visitors to what is without doubt the finest example of the refined architecture of the Ringstrasse in Vienna. It is said that Richard Wagner directed the first productions of "Tannhäuser" and "Lohengrin" there. Two years later in 1875, the Grand Hotel Europe opened its doors in St Petersburg. This prestigious place where Tchaikowsky spent his honeymoon and where Shostakovich played a sonata for Prokofiev in his suite. In 1880, the Sagamore Hotel on Lake George in the state of New York was the very first to provide electricity in all its rooms.

The first school for hoteliers was founded in Lausanne, Switzerland in 1890 by J. Tschumi, Director of the Beau Rivage in Lausanne, and A.R. Armleder, the "father" of the Richemond in Genève. In Monte Carlo, l'Hotel Hermitage opened its doors in 1896, offering its guests the refined and luxurious atmosphere enjoyed by the rich at the close of the nineteenth century. Shortly afterwards, the Victoria Hotel in Kansas City offered bathrooms with every room. The Netherland Hotel in New York City then became the first to provide all its guests with their own telephone.

In Athens in 1874, Stathis Lampsas, a chef by profession, realised his dream by building l' Hotel Grande Bretagne. Athens was suffering at that time from a shortage of water. It is said that the personnel bought water from carriers in the street to bring to the 80 bedrooms and ... the two bathrooms. Of course, the establishment has undergone several renovations since that time.

In 1894, the Grand Hôtel became the first Italian hotel to boast an electricity supply. The Swiss hotelier Caspar Badrutt opened the famous Palace de Saint Moritz in 1896. In 1898, César Ritz, from the Valais in Switzerland, who became, to quote the famous phrase of King Edward VII, the "king of hoteliers and hotelier to kings", opened the hotel which bears his famous name in the Place Vendôme in Paris.

10.3.4 THE TWENTIETH CENTURY: THE AGE OF PROSPERITY –

The early years of the twentieth century were rich in new hotels which rapidly became prestigious. Edouard Niiermans, the "architect of palaces", transformed the Villa "Eugenie", the summer residence of the Emperor Napoleon III and his wife Eugénie de Montijo, in 1900. In 1905, he built l'Hôtel du Palais in Biarritz. In 1913 his "Négresco" was opened in Nice, in the presence of seven kings!

In Madrid, King Alphonse XIII was anxious that the capital should have a luxurious and prestigious hotel, and as a result the Ritz was inaugurated in 1910. Seville paid its own homage to the king by opening a splendid establishment, constructed by the architect José Espiau, the Alphonso XIII. Not to be outdone, Barcelona inaugurated its own Ritz in 1919. This was equipped with an unheard of luxury at that time, bathrooms with hot as well as cold water! We could also cite, among many other hotels built in the same period, the Ritz and Savoy in London, the Beau Rivage Palace in Lausanne, le Négresco in Nice, the Plaza in New York, the Métropole in Brussels, the Plaza-Athenée and l'Hôtel de Crillon in Paris, the Taj Mahal in Bombay and so on. The latter was renovated in 1972 by the Inter-Continental chain.



The prosperous nineteen-twenties saw a veritable boom in the hotel industry. Numerous hotels were established in this decade. In 1923, the architects Marchisio and Prost constructed a hotel in some wonderful gardens in the heart of Marrakech in Morocco, and for decades it was

considered the most beautiful hotel in the world: La Mamounia. Winston Churchill helped to forge its reputation by becoming a frequent guest.

Hotels were built not only in cities, but also in the mountains. The first ski resorts in Switzerland (Saint-Moritz, Gstaad, Montana, etc.) welcomed tourists (often English ones) to some very comfortable establishments.

The worldwide depression which followed in 1929 did not prevent the construction of the famous Waldorf Astoria in New York. This was the greatest hotel edifice of those troubled times.

After the war, the fifties saw the second boom in the hotel industry. The Club Méditerranée (G. Trigano) created the now famous, but then revolutionary concept of the club village. These years were also notable for the construction of the first casino hotels. This was also the time when the airline companies began to develop their own hotels.

In 1950 new concepts such as motels boatels floatels roatels and loatels, etc developed after the Second World War many trained staff joined the army hence standard of service lowered, however occupancy was improved.

In 1952, Kemmons Wilson formed 'Holiday Inn and first Holiday Inn was made in 1952 at Memphis-Tennessee.

1. **Motels:** Motels or motor hotels were born during this period.ore and more Americans families travelled by their own automobiles. Moreover habits tastes and desires underwent a considerable change. A new mode of informality had come into the Americans way of life. Suddenly there was a way out to eliminate formal dress tipping and parking problems. The rooms were well furnished in a modern way wall to wall carpeting was provided and
2. **Boatels:** these are hotels on boats
3. **Floatels:** hotels are located on the ships and the facilities and services.
4. **Roatels:** hotels on wheels. A limited number of rooms or cabins are there for couples. All conveniences of guests are looked into.

In the sixties, new tourist resorts flourished around the Mediterranean. From Spain to Greece and from the Balearics to Yugoslavia, numerous city and beach hotels opened their doors to summer guests hungry for relaxation and a good dose of sunshine. Portugal and the Scandinavian countries soon followed their lead.

In 1960s, a new type of lodging outlet - the economy, or budget hotel entered the picture. These lodging establishments sold only room space without F & B service. To save on construction cost, the economy hotels were built on inexpensive land and had small lobbies. They also hired minimum staff. By minimizing costs the budget hotels were able to give much lower room rates than their competitors. The first successful economy hotel, 'Travelodge', opened in Tacoma, Washington, in 1956 but the chain expanded nationwide by 1966. By early 1970s the idea of low rate motel/s hotels had captured the imagination of investors mini bars are the standard amenities of most budget hotels. These hotels / motels are also called as no-frills hotels.

In early 1900s, a new type of traveler entered the picture, the traveling businessman. For him the world class hotels were too expensive and the old style inns too unsanitary. A new type of lodging establishment was opened for these type of guests - 'the commercial hotels'. It was opened by Mr. E. M. Statler, at Buffalo, New York, in Jan. 1908. It was the beginning of the chain hotel concept. This hotel provided private sanitary rooms with private bathroom. The guest received a pitcher of ice water and morning newspaper every day. "A room and a bath for a dollar and a half" was well known among American travelers.

The great Depression nearly wiped out the hotel industry. But one hotel operator, Conrad Hilton, managed to stay afloat as a result of his oil and gas investments. Around 1940 - 1950, the Hilton Hotel Corporation built or bought numerous luxury hotels around the world and competed with the largest hotel chains of the time Sheraton and Statler. With the end of World War II, the hotel industry unexpectedly entered a new era of prosperity, Americans began traveling as never before. With an automobile in every garage, Americans began touring the country with their families. For this new type of traveler - the vacationing family unit - the formality of a traditional hotel was inappropriate. Families traveling in their cars needed casual lodging that was accessible from major highways and had ample facilities for parking. The early these properties were small and had fewer than 50 rooms. Most of them were owned and operated by a couple and were called Mom and Pop properties. By 1960, the motor hotel or the motel had become a permanent and influential part of the hospitality industry. By this time the motels had over 100 rooms with a separate parking space for each unit.

By 1973, the no. of travelers staying in motels surpassed the no. of people staying in full-service hotels. To compete with these low end properties, mid-market hotel chains introduced their own limited service hotels. These hotels combined some of the features of the full service hotels with the cost saving of the budget hotels / motels. e.g. Holiday created the limited

service Hampton Inn chain and Marriott created Courtyard hotels. In these hotels all the rooms have separate living and sleeping areas. The lodging trend of the 1990s is towards expanded services made possible through consolidation of responsibilities. Guest services departments are found in hotels of all classes. These departments combine services that traditionally were performed by bell or door attendant, a concierge and an in house travel agent. Two new concepts in the hotel industry are 'The All Suite Hotels' and 'The Residential Hotels'.

10.3.5 HOTELIERING: FOR THE BUSINESS PEOPLE

1970 saw the beginning of the construction of hotels for business people. This movement was supported by several factors. First of all, there was the will of the airline companies to extend their efforts in the domain of hotels.

Then there was the sudden prosperity, due to black gold, of Middle Eastern countries which attracted business people from the entire world. This engendered an important business travel trend - not limited to this region alone - which initiated the development of hotels primarily designed for business people in Middle-Eastern cities like Dubai, Abu Dhabi, Riyadh and Jeddah, to mention only the most important. Hotel chains, attentive to their customers' wishes, started to offer an increasingly varied range of services. Their rooms became more spacious and the cuisine more refined.

Gradually, too, various first class hotels (among them former palaces and city centre hotels) which had fallen into disrepair began systematic renovation programmes. The end of the seventies, when China opened its doors to foreign tourists, also saw the first congresses of international hotel experts.

The third hotel industry boom

The third boom in the hotel industry began in 1980, marked by more inventive marketing and the development of hotels increasingly adapted to a particular type of clientele. This trend prompted the construction of hotels near airports, hotels for conferences, health hotels, ski holiday hotels, holiday villages and marina hotels. The first Property Management Systems (Fidelio, Hogatex, etc.) appear in the hospitality market.

In Istanbul in 1984, work began on the renovation and transformation into a hotel of the prestigious sultans' residence, the Ciragan Palace in Istanbul. The resulting hotel is no less prestigious than the Ciragan Palace

was. Managed by the Kempinski chain, it opened its 322 rooms to guests in 1991.

The first administrative hotel management systems, offering hotels greater independence from human resources, then appeared on the market. The hotel industry was becoming more and more competitive. Business travelers and retired people became important target customers.

In the eighties, too, the Far East began to prepare itself to welcome both business people and the tourists who were beginning to discover the countries of the rising sun, such as China, South Korea, Thailand and Japan. The international chains (American for the most part) prepared expansion plans for Europe, the Middle and Far East which were mainly aimed at congress participants and business people.

10.3.6 THE NINETIES: TECHNOLOGY STARTS TO MAKE AN IMPACT

The early nineties were characterized by a recession in the hotel business, without doubt caused by reductions in multinationals' travel budgets and the growing crisis in the Gulf.

The Gulf War helped to create great insecurity for both individuals and business. 1991 is considered to be the black year of the hotel trade. It forced hoteliers to become more creative in finding ways of attracting guests (special programmes, offers for "frequent travellers", high performance reservation systems) and thus emerge from the crisis with the minimum damage.

For the first time, the environment and energy conservation played an important role in the marketing activities of numerous chains (thanks in part to the green movement) and even helped to win the loyalty of numerous clients while safeguarding assets at the same time.

Reservation systems became more efficient and offered the hotelier a new dimension in the creation of customer loyalty, the database. The records of each guest's individual history have helped create individualized marketing programmes and have enabled hotels to satisfy a guest's personal needs from the moment of his arrival.

Hotel Adlon Berlin is a legend reborn. From its opening in 1907, until it was destroyed in 1945, it was a symbol of Berlin, a lavish host for royalty, heads of government, stage and screen stars, and the greats of literature and science. Now, it has been rebuilt (1997) on its original site, the corner of Unter den Linden and Pariser Platz, facing the Brandenburg Gate. Outside, it is a virtual replica of the original; inside it is testimony to what smart hotel operators (in this case the Kempinski group) can accomplish

with an investment of \$260 million. The hotel's 337 rooms and suites are the ultimate in luxury. Interiors, designed by England's Ezra Attia and Sweden's Lars Malmquist, dazzle with marble, sandstone, stained glass, gold leaf, stuccowork, cherry wood paneling, and damask draperies. This hotel is today equipped with the most advanced technology with regards to the Room Management System communicating with the Property Management System.

Since 1992, the most important international chains have been vying with each other in ever greater imaginative feats related to the vital process of renovating their establishments worldwide. Technology has started to take its rightful place in hotel administration (simplification of check-in and check-out procedures, global reservation systems, marketing management etc.). In 1995, the first Hotel Room Management System is launched at the European level. It is linked to the most popular Property Management Systems to make the front desk more efficient and near to the guests.

At International Technology Forums, speakers unanimously, underlined the impact of technology on hotel rooms.

Hotel chains have been searching for alliances and some of them. For example: Holyday Inn, Intercontinental, and Crown Plaza have merged to form Six continents hotels Chain; Marriot absorbed Renaissance and Ramada International; Sol Melia opened a new line of Boutique hotels, Accor signed several joint ventures in the East and the Far East, etc.) Forte acquired Méridien to reinforce its global position. Star woods (Sheraton) absorbed the Italian Ciga chain and Westin.

The main expansion zones for the hotel industry in 1994 remained Asia (particularly China and India), the Middle East (above all, the United Arab Emirates and Egypt) and Latin America.

In Europe, hotel enterprises in the eastern countries (Russia, Croatia, Slovakia, etc.) decided to renovate dilapidated palaces built at the turn of the century. All the European capitals started to invest in preparations for the major event of this fin de siècle period, that is, the celebration of our entry into the third millennium. The 3 star hotel Millennium enjoying top level of On-line Room Management System is situated at the best site in Opatija at the Mediterranean coast. Opatija in Croatia corresponds, in terms of reputation, to the level of St. Moritz in Switzerland. Capitals throughout the world were busy developing the necessary infrastructure to welcome the millions of tourists for the celebration of this event.

Major hotel chains are drawing up development plans in almost all parts of Europe. These plans primarily involve the renovation of numerous

prestigious hotels in both western and eastern European countries. Gradually, the great capitals of Europe have been endowed with hotels boasting three, four and five stars, offering quality services, innovative architecture, style, charm, and interior design (city Boutique hotels). Specialised hotels offer wellness programs including health and beauty centres, personalised services and treatments, anti-stress, revitalising, regenerating programs, etc.

In 1995 construction began in Dubai of one of the most ambitious and prestigious tourist complexes in the region, the Jumeirah Beach Hotels (Jumeirah Beach hotel, Burj Al Arab, etc.). These comprise several establishments capable of satisfying the needs of average tourists, business people and those who can afford real luxury. The talk now is of six- and seven-star hotels, a surprising designation which is nevertheless perfectly justified by the luxury of the bedrooms and the facilities they offer, the impeccable service, the high degree of modern technology, as well as the beauty of the surroundings and the high-quality environment.



In 2004, another Emirate, Abu Dhabi, will welcome the delegates of the Gulf Council Countries. In the new Conference Palace Hotel (CPH). This superior construction has been specified "to offer the most outstanding services with a challenging 9 star definition"... We will, of course, report on it on a later stage.

On-line in seconds, work surf, communicate -everywhere -Today in 2003, travellers, mostly businessmen, carry their personal PC to make presentations, communicate with their office, via e-mails, etc. One possibility offered to them today consists in the use of so-called Pad offering, in particular,

- Cable-free and universal access to Internet or intranet, wherever you happen to be
- Brilliant colour touch screen

- Ready to go in seconds (instant on)
- Freedom in the selection of transmission standards by interchangeable PC cards
- Unlimited flexibility by open platform Windows CE 3.0
- Comprehensive office software package
- Virtual keyboard and handwriting recognition

For sure, new technologies are continuously offering innovative and more comfortable ways to the traveller. The 160 rooms 5 star Palafitte Hotel in Monruz Neuchatel (CH) offers the visitors of the Swiss Expo 2002 a vision of so called in-room available technologies.

Great first mark in the hotel Industry.

1846	Central heating
1859	Elevator
1881	Electric lights (2 years after patent)
1907	In room telephones (after the 31 invention)
1910	American hotel association (later AHMA) was forms now AHLA.
1927	Radio in room (21 years after invention)
1940	Air cooling in mostly hotels now.
1950	electric heater
1958	free television.
1964	holiday reservation and with centralized computer reservation
1965	message light on the telephone.
1965	initial front office system followed by the room status.

1970 (early times)	Colour T.V
1970 (mid times)	Electronic cash registers.
1973	free in room movies provided by the Sheraton group of hotels.
1983	in room personal settings
2012	booking on the mobile by SMS mobiles etc

Landmarks in the hotel Industry

- 1650 Pascal opened a cafe in Paris and Coffee House in London
- 1794 City Hotel (73 rooms) at 15 Broadway, New York. First building specially made for a hotel
- 1829 Tremont House. Adam and Eve of modern hotel industry was opened in Boston (170 rooms)
- 1889 Cesar Ritz introduced luxury hotels such as Savoy, Carlton and Hsrde Park hotels in England.
- 1890- 1899 Fredrick Gordon and Sir Blundel Maple launched Gordon Hotels and Fredrick Hotels Ltd.
- Late 19th Century Famous Waldorf Astoria in New York
- 18.1.1908 Buffalo Statler by Ellsworth statler in the US considered to be the birth of commercial hotels.
- 1927 Stevens Hotel in Chicago, later renamed as Hilton Hotel (3000 rooms)
- 1950 The new concepts (a) Motels and (b) International chain operations Hotel Rossia or Rossiya Moscow @ emained largest hotel of world for quite some time West Inn Stanford Singapore (Remained tallest building for quite sometimes

1930 depression in world economy Decline in hotel industry World War
Period World War Period

10.4 SUMMARY

Lodging facilities are not anymore corresponding only to the truly definition: "A lodging accommodation for travellers". Nowadays, architects, designers, developers, engineers, managers, more and more are conscious that taste of guests could be different, according to their wishes or needs. Hotel specialists permanently analyze new trends, define better criteria, present modern standards in order to improve quality of life in hotels. In the third millennium, the permanent competitive hospitality market of suppliers is definitely more and more able, combining "savoir faire" and the good use of technology to offer their guests an "A la carte" environment.

10.5 GLOSSARY

Inns –public places or houses in early times in England were called Inns. Normally inn called as finer establishment catering to the nobilities and clergy in France these were called Hotelliers.

Taverns: The houses frequented by common man were known as taverns. The less important establishments in France called as cabarets.

Hostel- Derived from the word host, and was used very late. The head of the hostel was called 'Hosteler 'in French, while in England he was called as Inn Keeper.

10.6. ANSWER TO CHECK YOUR PROGRESS/POSSIBLE ANSWERS TO SAQ

- Discuss the Meaning of the traditional hospitality Industry.
 - Discuss the Impact of technology in the modern hospitality Industry.
 - Define the hotel, hostel and Taverns.
-

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10.8. SUGGESTED READINGS

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10.11. TERMINAL AND MODEL QUESTIONS

Q1. Discuss the origin and evolution of the hospitably Industry with special reference to International context.

Q2. Twentieth Century in the Hospitality Industry was age of the prosperity” comment

Q3. Discuss the relative impacts of technology and latest developments in hospitality Industry.

UNIT 11 CORE AREAS OF A STANDARD HOTEL: FRONT OFFICE, FOOD AND BEVERAGES (F&B), HOUSEKEEPING ETC.

Structure:

11.0 Introduction: FRONT OFFICE

11.1 Attributes of Front office staff

11.2 Do's and Don'ts of Front Office Staff

11.3 Telecommunication Skills

11.4 Hotel Brochures and Tariffs

11.5 Reservation

11.6 Registration

11.7 Handling of Situation and Guest Complaints

11.8 Introduction: HOUSE KEEPING

11.8.1 Standard Guest Room Layout

11.8.2 Cleaning Agents and Equipments – An Introduction

11.9 Introduction: FOOD AND BEVERAGES

11.9.1 Grooming Standards for Food and Beverage Personnel

11.9.2 Restaurant Requirement.

11.9.3 Mis-en-Scene

11.9.4 Mis-en-Place

11.9.5 Identification of Equipments

11.9.6 Napkin Fold

11.9.7 Sideboard Set Up

11.9.8 Cleaning of Ash Tray

11.9.9 TDH and A La Cart'e cover Lay Out

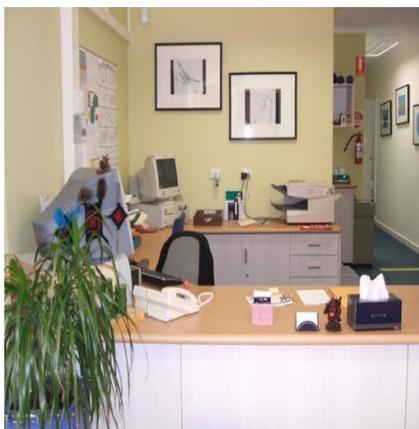
11.9.10 Types of Services

11.0 INTRODUCTION: FRONT OFFICE

Front office is the department, which comes in first contact with the guest. It creates the long-lasting impression. The Front Office personnel are responsible for creating this impression supported by lobby interiors i.e. layout and design of front office because front desk is the center piece of the lobby. It is responsible for the sale of hotel rooms through systematic method of reservation, followed by registration and assigning rooms to customers. The front office in a hotel holds prime importance in view of the basic nature of business of a hotel, i.e. to sell rooms. Revenue collected from the sale of rooms contributes to more than 50 per cent of total hotel sales. The profit percentage from sales of rooms is very high. It has a complementary role of image-building, which is the first and last point of contact of every guest. If one looks at each component of a front office role, one could have a better perception of this department. Thus the role of the front office is to reserve, receive, register, and assign rooms to guest and act as a continuous source of information to guests during their stay at the hotel.

11.1 ATTRIBUTES OF FRONT OFFICE STAFF

Front office department is in direct contact with various guests from different places the country and abroad. Therefore, to understand guest and to satisfy his or her needs, the front office staff requires diverse qualities and talents.



a) Good health; Front office operation requires the staff to stand for long period of time and meeting the demands of all kinds of people. Hence, the staff must be fit, agile and active.

b) Gracious manner: The hotel is meeting place of various special elites, all the grace and etiquettes associated with good society comes into play. So the receptionist must have pleasing quality and should display eagerness to serve or help guests.

c) Pleasant voice and clear communication: Communication must be clear and correct. A good well-pitched and proper modulated voice is an art. .It is important that the front office staff must be able to converse nicely. He/she should have fluency of local language in particular and in other languages if possible.

d) Good appearance, grooming and personal hygiene; Uniform should be cleaned and without creases and stain free. Hair should be tied properly and appear professional. Nail should be manicured. Perfumes and deodorants should be mild. Shoe should be well polished and in good condition. Jewellery should be limited. Front office staff should look at their best particularly during duty times.

e) Self confidence; this is important as receptionists meet guest of various countries state and culture. So they should be comfortable and feel at ease while dealing with such people.

f) Ability to remember name and faces: This single attribute distinguishes the good from the average among the front office. If the front office staff can call most guest by names, this immediately flatters them.

g) Diplomacy: It is the greatest attribute required. Very often there are situations when guest irate over something, diplomatic dealing helps in diffusing the explosive moments.

h) Decision making ability: Guest often approaches the front desk with problems and request. Front office staff must be able to decide quickly a course of action that satisfies the guest, at the same time keeping the interest alive.

i) Calmness: Being the hub of the hotel, the front office constantly in touch with guest and therefore, invariably comes under tremendous pressure. So, the front office staff should have high degree of tolerance for pressure of work and be calm and composed at all times.

11.2 DO'S AND DON'TS OF FRONT OFFICE STAFF

Do not lean on the counter. It is natural tendency and easily developed into habit.

- Do not gossip over the phone
- Do not smoke, whistle, sing, play or laugh or talk loudly. Do not read news paper or loiter around the lobby and corridor
- Do not give any personal information to the outsider and other guests.
- Do not make excuses if you are wrong but admit it, Rectify the mistake and do not repeat
- Accept an irate guest as challenge
- Express pleasantly for example “one moment please” or “I beg your pardon’

- Follow strictly hotel rules regarding pets
- Maintain record and office procedures properly.

11.3 TELECOMMUNICATION SKILLS

Building telecommunication skills: Regardless to whom you talk with over the telephone, it is essential that you make a positive impression. Answering the telephone is an opportunity for you to portray a professional image as well as a positive image for the property.



The different communication skills are as follows:

- 1. Smile even though you are on the telephone;** when you smile you automatically improve your vocal quality you will sound pleasant and interested.
- 2. Sit or stand up straight:** By sitting or standing up straight you will be more alert and pay better attention to what is being said.
- 3. Use a low pitch:** A lower voice pitch will make you sound more matured and authoritative.
- 4. Match your speaking rate to the callers:** Let the callers set the tempo of the conversation for e.g.: he/she may be in a hurry; in that case you should provide information quickly.
- 5. Avoid extreme in volume:** If you speak too loudly, you may sound rude. If you speak too soft you may sound timid or uncertain.
- 6. Avoid expression such as “uh huh” and “yeah”:** Such expression make the speakers sound in different and dull.

11.4 HOTEL BROCHURES AND TARIFFS

The information on the room rate charged, facilities and services provided is usually found in a hotel’s brochure and tariff card. Hotel brochures and tariff cards are sales and marketing tools which help to sell the accommodation, the food and beverage. . A brochure with a photograph of a room can be useful for the front office staff when they are selling the rooms. Tariffs are normally printed separately, as an insert, so that any price change does not make the brochure out of date.

11.5 RESERVATION

A reservation in the context of the front office of a hotel means the booking or reserving of a bedroom by a guest, and involves a particular type of guest room being reserved for a particular person or persons for certain period of time.

When a reservation or room booking is made at a hotel, it is expected that the hotel will honor its commitment in accepting that reservation and guarantees that a room will be available when guest arrives.

11.6 REGISTRATION

Receiving guest

Guest have often traveled a long way and may be impatient and tired when they arrive at a hotel. They will, therefore, want, quick, efficient check-in services provided by pleasant and courteous receptionist.

To a hotel, arrival is the occasion when a guest and hotel staff meet face-to-face for the first time. A well functioning reception process gives the guest a good impression of the hotel. This helps to establish the hotel's image and reputation, as well as to encourage the guest to return in the future.

11.7 HANDLING OF SITUATION AND GUEST COMPLAINTS

A guest complaint that she has not received her morning newspaper for two consecutive days.(Guest named Mrs. Saikat Paul in the hotel Taj Mumbai, in room no.308 for not getting the newspaper for two consecutive days.)

Receptionist: Good morning, may I assist you?

Mrs. Saikat Paul: Good morning, I am calling from # no.308; I am not getting news paper since last two days. I would like to know why this happening is.

Receptionist: I am sorry madam, I will see to the matter and within 10 minutes you will get today's newspaper.

(After the phone was kept the receptionist calls at the housekeeping department and tells them to first send the newspaper to # no.308, and then find out what is the reason. After half an hour the H/K dept calls at front desk and tells that there was shortage of newspaper from two

days due to high occupancy and more crowd in the hotel outlets. That is why newspaper could not be delivered in the rooms.)

(Reception call at the guest room)

Receptionist: Good morning mam, I am calling from front desk

Mrs. Saikat: Yes

Receptionist: Mam due to the full occupancy in the hotel and there was demand for newspapers in the outlets of the hotel and supply of news paper was very less. Sorry for the inconvenience and I hope till you stay in the hotel you will not face such type of problems anymore. Once again I apologies for the problem you have faced.

Mrs. Doesn't matter, I am very happy that you have checked the problem and informed me.

11.8 INTRODUCTION: HOUSE KEEPING

The housekeeping department in a hotel is responsible for the cleanliness, maintenance and aesthetic upkeep of the hotel. House keeping is the most important part of the hotel as it belongs to the cleanliness of the hotel. The housekeeping concept is associated with the growth and development of civilizations. However, in the beginning the concept was confined to clean small houses with the passage of time, the term housekeeping has diversified and has applied in various other areas such as hospitals, commercial enterprises and so on. Today, the concept of housekeeping is not confined to the cleaning of the house or area but to make it more attractive, hygienic and comfortable. Thus, housekeeping is defined as the provision of a clean, comfortable and safe environment. Housekeeping is a process of application of tools, techniques, methods and systems for ensuring perfection and achieving excellence in service quality in hospitality industry. Housekeeping is one of the core courses in hospitality management education. Today, it has become most favourite career option among the hotel management students.

11.8.1 STANDARD GUEST ROOM LAYOUT

The standard guest room is designed for double occupancy. It consists of basic furniture's like bed, luggage rack, closet writing table, sofa/chairs, coffee table, etc. In the bathroom there is bathtub, commode and vanity counter is provided.



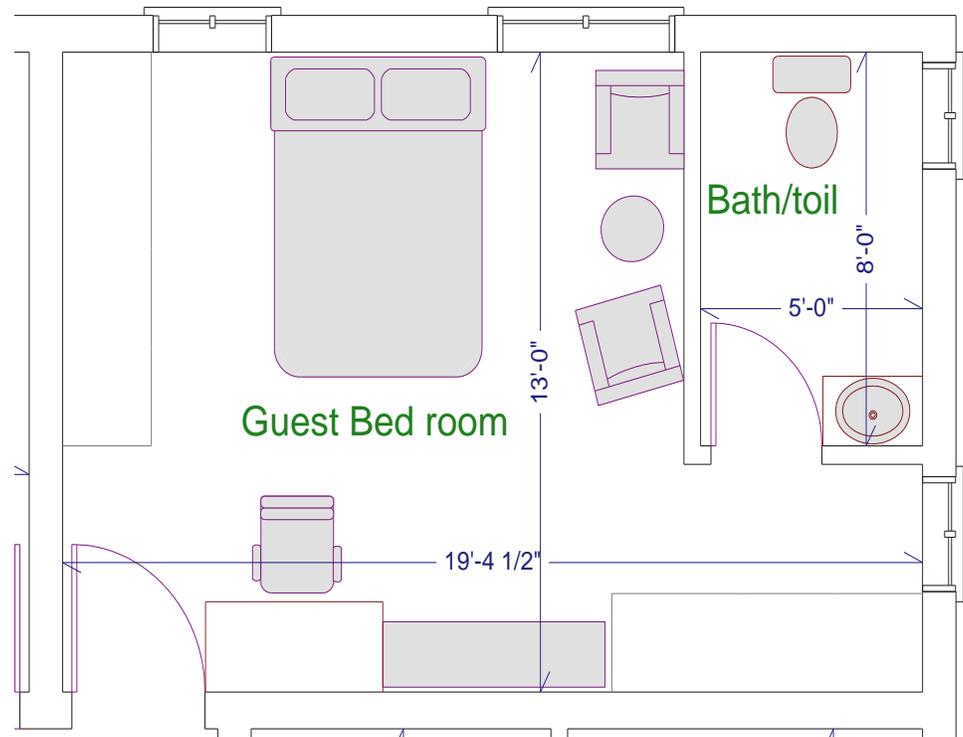
Alteration and reconstruction in a building can be

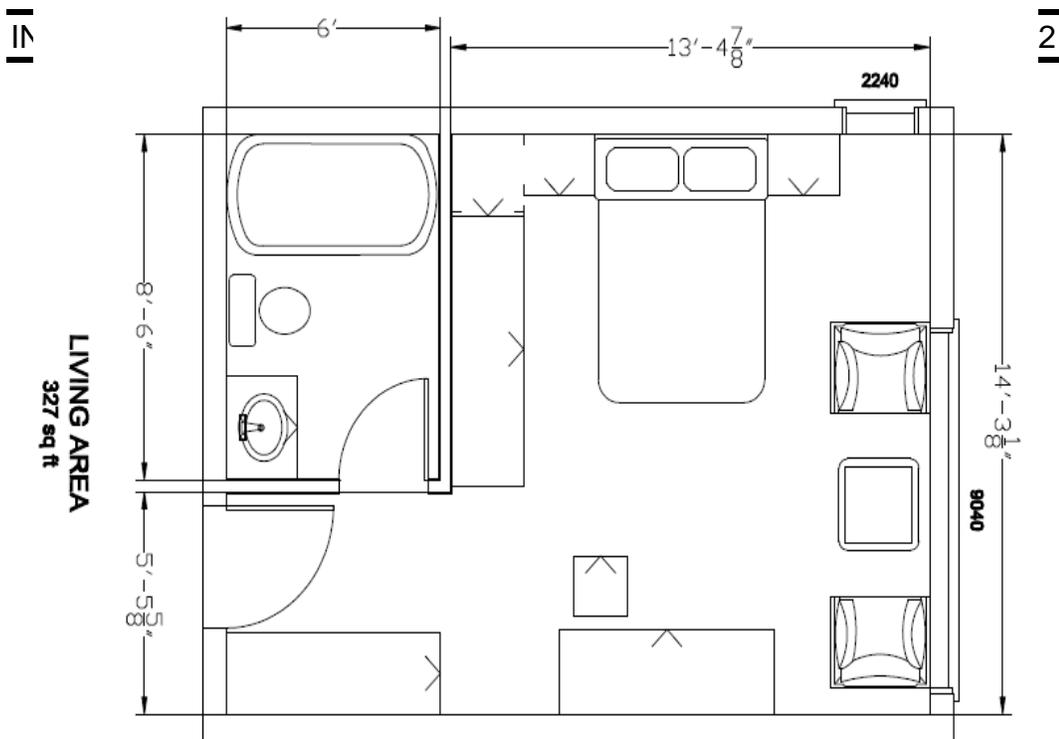
extensive and there are places where one or some reasons or other than these cannot be carried to a great extent. In these cases the best must be made out of bad goal and it is unfortunate sometimes the shortcomings of the hotel are given as a poor excuse for poor quality services offered to the guest. Hence, good planning and organizing is required right from the initial stag of construction. Inconvenience to the guest and staff are caused by:

- Different floor levels, which require steps.
- Ramps are not provided for wheelchairs.
- Insufficient and badly placed lifts/elevators.
- Unsafe electrical wiring and plumbing.
- Insufficient lighting and electrical socket.
- Unsuitable surface for flooring and walls.
- Insufficient bathrooms.
- Unplanned fire exit.



In many instances with a little foresight many of those disadvantages could have been overcome and hence initial planning whether for new construction or an old construction to be renovated is of tremendous benefit both for guest and staff.





11.8.2 CLEANING AGENTS AND EQUIPMENTS – AN INTRODUCTION

Dust being composed of loose particles, is removed comparatively easily by the use of various pieces of equipments and agents. Dirt. However, owing to its adherence to surfaces by means of grease or moisture, requires the use of cleaning agents as well as equipments if it is to be removed efficiently and knowledge of the different types of cleaning agents and equipments (both manual and mechanical) is important. So that deterioration of the surface is prevented. Types of cleaning agents; the different types of cleaning agents are water, detergents, abrasives, toilet cleaner, window cleaner, soda and ammonia, acids, organic solvents, bleaches and disinfectants.

i) Water:

Water is the simplest cleaning agent and some form of dirt will be dissolved by it. To have a better effect it is used with detergents.

ii) Detergents:

They have good wetting power, emulsifying power to break the grease and oil, and also suspending power to hold the dirt particles in the solution. Detergent are more effective in water, therefore, they can be used in any type of cleaning activity. The detergents are available in synthetic (e.g. surf powder) liquid synthetic (e.g.: wheel and domex)

- iii) **Abrasives:** They are most extensively used to remove the Hard and stub burn stain. They are made out of glass, powdered pumic, fine ash and other particles in the granule form. They are Available in powder, cream and liquid form (e.g.: odopic/vim)
- iv) **Toilet Cleaner:** They are crystalline, powdered or liquid. They rely on their acid content to clean and keep the WC pan Hygienic. These toilet cleansers are designed for cleaning and disinfecting of lavatories and urinals. (eg.harpic/sanifresh).
- v) **Window Cleaner:** They consist of isopropyl alcohol, small Quantity of surfactant and alkali, which improves the polishing effect of the cleanser. (e.g.; brisk/colin).
- vi) **Soda and Ammonia:** These are alkalis and they are used as Grease emulsifier and stain removal agents. They are used for blocked drains cleaning ovens and other large equipments. (e.g.; drainex)
- vii) **Acids:** They are used remove very stubborn stains such as water stains in baths, hard water deposits around taps and wc pans. For tarnish on silver and brass articles, vinegar and limejuice are used for removal. (e.g.; hydrochloric acids)
- viii) **Organic Solvents:** They are used to remove the grease and wax stains from different surfaces. (e.g.: methylated spirit and white spirit)
- x) **Bleaches and Disinfectants:** Bleaches are used for cleaning purpose and they are used for stained sinks, wc pans. But they should never mix with any other cleaning agents. Disinfectant is not involved in any cleaning activity but they are used after the cleaning work to kill the bacteria and to stop the microbial growth (e.g. bleaching powder and dettol). Their are some **air fresheners** are used to remove the strong smell of cleaning agents after the cleaning work.

Polishes: They do not necessarily clean but produces a shine by providing a smooth surface from which the light is reflected evenly. They are applied to clean surface. These are metal polish (eg: brasso/silvo), furniture polish (e.g. varnice/touchwood), and floor polish (e.g.: wax/polymer)

Choice of Cleaning Agents: The following points to be considered while choosing the cleaning agents:

- Type of soiling
- Composition
- Easy to use
- Save time and energy
- Less damage to the surface
- Non toxic and less smell
- Good package
- Reasonable price.



Cleaning equipments: Cleaning equipments are categorized into manual equipments and mechanical equipments

Manual equipments:

i) Brushes and Brooms: These are used to remove surface dust and dirt from variety of surfaces such as floors, walls, upholstery, etc. They have bristles, which are made out of animal hair or plant leaves.



ii) Box Sweeper: It is used in absence of vacuum cleaner as it works without electricity. It is used to remove the surface dust and crumbs from carpets.



iii) Mops and Squeegees; they consist of long handles with heads which are made from soft twisted cotton yarn or synthetic fibers. They are used to clean the lightly soiled floors with help of water and soap solution. Squeegees are used to remove the excess water from the floor and smaller one is used in window cleaning.

iv) Dusters and Mitts: They are used to dust the surfaces and made of soft cotton material. They should be washed after cleaning.

v) Rag: It is made from jute material especially from old sac bags and used for applying polish.

vi) Swab: It is made out of soft absorbent cotton material. They are used for washing paints on the wall surface, wash basins etc.



vii) Chamois leather: It is made out from the skins of chamois goat .It is used to clean the glass, mirror and other delicate surfaces.

viii) Scrim: It is loosely woven cotton material and used to clean the windows.

ix) Dust sheets: Are made from discarded bed sheets and curtains. They are used to cover the carpet and furniture during renovation work.



x) Druggets: Are made from coarse cotton or canvas. They are used to cover the carpet during bad weather especially during monsoon. Apart from all these there is some containers, which are used during cleaning activity, which are bucket, bust pan, dust bin etc.

Mechanical Equipments: These equipments are required electricity and they are used for heavy duty cleaning work.

i) Vacuum cleaner: Works on the suction method and used to clean the carpet, walls, upholstery etc.



ii) Scrubbing or polishing machine: It is used for scrubbing or polishing the floor at higher or lower speed.

iii) Carpet shampoo: It is expensive and huge equipments. It is used to wash the carpet with the help of carpet shampoo.

Care of equipments

- Use it properly.
- Store it correctly.
- Clean it thoroughly after using.
- Give it for servicing regularly if it is mechanical.

11.9 INTRODUCTION; FOOD AND BEVERAGES

The Hospitality industry alone is a multi-billion dollar and growing enterprise. It is exciting, never boring and offers unlimited opportunities. The hospitality industry is diverse enough for people to work in different areas of interest and still be employed within the industry. This industry is one of the oldest businesses in history. People have always gone out to eat at times and traveled for work or leisure purposes. However, the face of the hospitality industry has changed drastically.

Food & Beverage Service and Production is perhaps the fastest growing business in the hospitality industry. Demand for foods and drinks (Beverages) primarily met through both production (kitchen) and service (dining room) hence Food and Beverage Service is a combination of products and services. Good food is appreciated ever yet good food together with good service is loved. Food and Beverage Service is therefore a very important operational area in any hotel, restaurant or any other hospitality sector. Food and Beverage Service is a combination of techniques, methods, systems, human values to the utmost satisfaction of guests. Good food becomes more palatable when it is served symmetrically and with personal touch. This is the reason that, sufficient knowledge, skill and attitude blended with personal touch are necessary. With the changed scenario of hospitality industry, Food and Beverage Service is no more confined with service in restaurants, hotels and clubs across the world –opportunities are there to be mobile with rail, to fly in air with airlines services, to float on water with cruise liners and may be on the space in coming years.

11.9.1 GROOMING STANDARDS FOR FOOD AND BEVERAGE PERSONNEL

How you look and the first impression you create, are often reflection of the hygiene standards of your establishment and the quality of service to come. All staff should be aware of the factors listed below and it is their individual responsibility to ensure that they follow it up properly

- A shower or bath should be taken daily
- Always use deodorants
- Aftershave and perfumes should not be strong
- Sufficient sleep, healthy and adequate intake of food, exercise is must to cope with the pressure and stress.
- Pay particular attention to your hands. They should be clean and look good.
- Male staff should be clean shaven with trimmed mustache if any
- Female staff should wear light make up with limited jewelries
- Uniform should be clean, starched and neatly pressed
- Shoes must be comfortable and polished
- No bad odor from mouth



- Burns and cuts should be covered with correct dressing
- Report immediately for any sickness and wash hands with soap after using the washroom

11.9.2 RESTAURANT REQUIREMENTS

a) Language: Should have knowledge of national and international language if possible.

b) Punctuality: Be Punctual and respect the value of time

c) Attitude: Develop positive approach towards the guests, never make guest angry and uncomfortable

d) Knowledge of the menu and technical ability: Have sufficient knowledge of all the items on the menu and wine in order to advise and offer suggestions to customer. Should know how to serve each dish, and accompaniments and various types of drinks.

e) Memory: Should remember guest's likes and dislikes, how and where they want to sit, their favourite drinks and their names as far as possible.

f) Honesty and loyalty: There should be a trust and respect between the staff, guest and management relationship, Attempts should be made for an atmosphere which encourages good team work.

g) Sales ability: The staff reflects the image of the establishment. They should sale and promotes products to the maximum level through their marketing skills.

h) Handling Complaints: Handle the complaints more efficiently without arguing with the guest.

i) Customer Satisfaction: Give total attention to guest satisfaction by fulfilling their needs

j) Contribute towards the Team: Remember that "A team works best "hence work towards the team building.



11.9.3 MIS-EN-SCENE

This refers to preparing the environment or area in order to make the place comfortable, safe and in order before service preparation. The

restaurant should be presentable to the guest. The following tasks are to be chalked out as part of it:-

- a) Cleaning of carpet using vacuum cleaner.
- b) Dusting all tables, chairs and side boards.
- c) Ensuring that all lights, candles, and other electrical fittings are in working condition and if not report it to the maintenance department.
- d) Making menu cards, tent cards.
- e) Setting the room- temperature to the right degree.
- f) Close all window and doors.
- g) Exchange dirty linen for clean one.
- h) Remove used linen and get replacement.



11.9.4 MIS-EN-PLACE

It means arrangement of the restaurant before actual service, following tasks should be done as part of mise-en-place.

- a) Laying of table cloth.
- b) Laying of slip cloth.
- c) Polishing of glassware, crockery and cutlery.
- d) Stacking extra linen for emergency change.
- e) Filling of cold water and placing it on sideboard as per standard or stated practice.
- f) Preparation of salt and pepper dispenser.
- g) Filling up of jam, pickle pots
- h) Arranging stock to the pick holder.
- i) Arranging KOT pads, Pencils, and carbon for billing.
- j) Arranging service set ready for service.



- k) Making sure that there are spare salvers and trays and get ready for service with tray mat.

11.9.5 IDENTIFICATION OF EQUIPMENTS

List down the equipments used in the restaurants

- a) Table

- Square table (3'x3')

- Round table (3'x3')

- Rectangular table (3'x3')

- b) Chairs/Sofas

- c) Serviette

- Cloth serviette

- Paper serviette

- d) Hotplate

- e) Operating Equipments Trays

- Silverwares

- Soup spoon

- Meat knife and fork

- Dessert/Sweet fork spoon

- Small fruit knife and fork

- Tea spoon

- Sundae spoon

- Coffee spoon

- Service spoon and fork

- f) Still room silver /EPNS equipments

- Coffee pots



Hot milk Jug

Tea pots

Cold milk jug

Cream jug

Toast rack

Sugar tong

Asparagus tong

Grape scissors

Pastry fork

Finger bowl

Ice cream cups

Paper mill



g) Crockery and China

Plates

Soup plates

Entrée plates

Soup under plate

Meat and soup plate

Sweet plate

Cereal plate

Dessert / sweet plate

Tea plate

Side plate

Salad plate



h) Ovenproof ware

i) Glass ware



Water / wine goblet

Claret glass

Sherry glass

Port glass

Liqueur glass

Burgundy balloon

Champagne tulip

Large glass

Brandy balloon

Fruit juice glass

Beverage glass

Iced tea glass

j) Table linen

Table cloth

Slip cloth

Napkin Buffet cloth

Side board



11.9.6 NAPKIN FOLD

It is also called as serviette fold. There are many forms found in use in food and beverage service area. Some are intricate and others are simple. The simple folds are used everyday service and some of them are used in special occasions such as luncheons, dinners and weddings.

These folds are called with special names, e.g. Cone, Rose, Cockscomb, Bishop's Mitre, Prince of Wales Feather, and Triple Wave.

11.9.7 SIDEBOARD SET UP

Items to be placed on the sideboard after it are polished:



- Assorted tableware from right to left. Service spoon and forks, dessert spoons and forks, soup, tea and coffee spoons, fish knives and forks, joint knives, side knives.
- **Assorted china:** Joint plates, fish plates, side plates, sweet plates, coffee saucers, consommé saucers, etc. according to the menu.
- Service plate and service salver
- Soup and sauce ladles
- Under-flats for vegetables and entre'e dishes and for sauce boats.
- Spirit or electric heater after it has been cleaned
- Roll basket
- Check pads , service cloth, menus
- Gueridons may have to be laid up in conjunction with the sideboards according to the types of service offered.



11.9.8 Cleaning of Ash Tray

Aim- To change the Ash tray

Equipments- Soiled ash tray, clean ash tray.

During the meal, if the ash tray is full and the guests are still sitting then the following procedure is followed.



Procedure

- Get a clean ash tray from the right hand side of the cover.
- Cover used ash tray with the fresh one
- Pick up both the ash trays together and move little away from the table.
- Hold both the ash trays behind. (Keep in mind that the upper one is fresh)

Note: This method is used specifically to avoid the ash falling in the food plate

11.9.9 TDH AND A LA CART'E COVER LAY OUT

Laying a Table Cloth

Aim - To lay a table cloth

Equipments - Table and table cloth

Procedure -

- Make sure that the table cloth or baize cloth is clean.
- Use fresh linen laundered and starched and ironed table cloths.
- Fold the table cloth into half and again fold it into half.
- Stretch your left hand and place the folded table cloth over the elbow and loosen the ends.
- With the given grip measure and hold the table cloth. Bend towards the table leave the 1st end and loosen the table cloth and start to pull over the table.
- Place the table cloth in such a way, that the falls of the table cloth over all the sides are equal.
- Remove the crease if any and see that the table cloth is neat.
- Stitched ribs/lines of the table cloths should not see on the table surface.



Relaying of Table Cloth

Aim -To relay the table cloth

Equipment -Table, soiled table cloth, freshly laundered cloth to replace the soiled one.

Procedure -

- Crumb the soiled particles on the surface of the table cloth.
- Hold the fresh table cloth as before
- Bend over the spilt table cloth on opposite side of table and leave the 1st loose.
- Firmly hold the edges of the spilt table cloth with your thumb and forefinger and start pulling both the table cloth simultaneously.
- Spread the fresh table cloth.
- Fold the soiled table cloth and dispose. Do not dump in the restaurant
- Adjust the crease of fresh table cloth

Placing of Empty Plates

- Aim** - To place empty plates
- Equipment** - Serviettes and clean plates
- Procedure** -



- Put clean spot less plates on your hand and place it on the table, from left hand side of the guest.
- Hold edges of the plates in the serviettes firmly and place the plate gently in front of the guest.
- Then twist in inside to make sure that it does not stand on the edge of the table.
- To carry hot plates use an extra serviette to cover your palm.

Note:

- For every course there are different plates used. For silver service empty plates are placed first and then food is served from the platter.
- Hot plates are used for hot food and cold plates are used for cold food.

Cover Layout

Cover is the space allotted on the table for the cutlery, crockery, glass ware and linen for one person. Standard size of cover is 24" x 18"

- Aim** - To lay a cover

Procedure -

- Each cover should be well balanced. All cutleries and other table equipment should be placed.
- At least 2 inches away from the edge of the table.
- Knives and spoons should be placed towards the right of the plate and all forks on the left except for the side knife.
- The cutting edge of the knife should always face the plate with the
- Exception of side knife. The water glass should be over the top of
- Knives. The Butter dish should be on top of the forks along with a butter
- Knife and with an under plate.

The Napkin should either be placed in the center of the cover or on the side plate. Cruet sets should be placed on the top of the cover.

Ala Carte Cover

Side plate with side knife.

Water glass

Fish plate

Fish fork and fish knife.



Table d'hote Cover

Side plate with side knife

Water glass

Fish fork and fish knife

Soup spoon

A.P. knife and A.P. fork (All purpose)

Desert spoon and desert fork



11.10 TYPES OF SERVICES

Service of Water

Aim -Service of water

Equipment -Side plate or under liner, water jug filled with water

Procedure -

- Check the water glass to ensure that it is absolutely clean and stain free.
- The water glass is placed upside down on the table.
- Get the water jug on an under plate, stand on the guest with your right foot forward.
- With the jug in your left hand, place the glass upright using the right hand.
- Pick up the jug with right hand fill the glass carefully and pour the water keeping your hands steady.

- Once the glass is filled, twist the Jug inward to avoid dripping of water, then wipe the neck of the jug with the serviette, place the jug on the under plate and keep it back on the side board.

Note: While you pour water hold the jug diagonally on the table so that the guest sitting on the right hand side is not disturbed.

Cleaning of Plates

Aim-To be able to clear the plates in efficient and orderly manner.

Procedure-There are 2 methods of cleaning a plate

Method – 1

- First plate is held firmly between the forefinger and middle finger of left hand.
- The Second pate will rest on your thumb and palm.
- Remaining plates will be arranged on the resting on the plate held on palm.
- All food cutleries and braveries are left behind on the first plate.

Method – 2

- Clear the first plate rest on your forefinger middle finger and forth finger.
- The second plate will rest again on the palm.
- The other plates will be arranged on the 2nd plate resting on the palm.
- All the plate waste and dirty cutleries are placed on the first plate.

Service of Tea at the Table

Aim -Service of tea at the table.

Material -Tea, cup and saucer, serviette, sugar pot, milk bowl, strainer.

Procedure -

- Check the mis-en-place at the table. Tea cups and saucer with tea spoon should in place on the right hand side of the cover. Sugar pot can be kept near the table accompaniments.
- Carry the tea pot, hot water jug and milk pot on the salver.

- Stand on right hand side of the guest, ask if he would like to have his tea with sugar. Add sugar in the cup accordingly. Now a day's sugar sachet is used.
- Ask the guest if milk is required.
- Start pouring the tea and then add milk if required of needed quantity.
- Keep the cup and saucer in front of the guest.

Note: Hot water is used if the guest wants its tea to be diluted.

Sugar and milk should be asked firstly and then served accordingly.

Coffee Service at the Table

Aim-Coffee service at the table.

Equipments -Cup saucer and coffee spoon, coffee pot, milk jug and cream jug, sugar pot.

Procedure-

- Check the mis-en-place at the table. Cup saucer and coffee spoon should be arranged on the right hand side of cover. Sugar pot can be kept near the table accompaniment.
- Carry coffee pot, milk jug, and cream jug on a salver.
- Stand on right hand side of the guest ask if he would have coffee with sugar and serve accordingly.
- Ask the guest of milk or cream is required.
- Start pouring coffee and add milk or cream as required.
- Keep the cup and saucer in front of the guest.

Service of Continental Breakfast

Aim-Service of continental Breakfast

Equipments -Cup saucer with tea spoon of tea, toast rack or bread basket, tea or coffee pot, milk jug, hot water for tea, cream jug , sugar pot, serviette etc.

Procedure -

- Greet the Guest.
- Show him to the table.
- Present the menu from right hand side
- Take the order from the right hand side.

- Note the choice of the juice, hot bread rolls and hot beverages. Note down whether a small or large glass of juice is required or not.
- Collect the juice from the pantry with the juice glass on an under liner and a tea spoon and serve from right side.
- Clear the juice glass.
- Serve the bread rolls or the toast rack with toast.
- Serve the hot beverage cup till the guest leaves.

Menu

Canned / Fresh Fruit Juice / Stewed Fruits

(Orange / Sweet Lime / Pineapple)

* - *

Break Fast Cereal and Milk

(Rice Flakes, Wheat Flakes, Corn Flakes)

* - *

Fish

(Fish Cake, Fish Fingers / Grilled Pomfret)

* - *

Egg

(Omelet / Boiled / Poached / Scrambled)

* - *

Meat

(Meat Sausages / Chops / Cutlets)

* - *

Cold Buffet

(Cold Sausages/ Ham)

* - *

English Breakfast

Aim- Service of English breakfast.

Equipment- Cup Saucer with tea spoon, toast rack or bread basket, tea or coffee pot, milk jug, hot water if tea to be served, cream jug, sugar bowl, serviette.

Procedure -

- Greet the guest
- Show him the table.
- Present the menu from Right side and take the order.
- Serve the juice first in the juice glass on an under plate with a teaspoon.
- After the juice is cleared served the cereals, offer cold / hot milk as required.
- Tea / Coffee is served immediately after the cereals with bread and toast.
- The main course is pre-plated and generally contains egg, bacon, sausages / fish.
- It is served with proper accompaniments.
- Hot beverages are served again and again if asked for till the guest finished his breakfast.

Full Afternoon Tea

This tea service starts at 3.30 pm and ends around 5 pm.

Order of Service

- Greet the guest and show him the table.
- Serve the hot beverages 1st and leave the pots on the under plates present on the cover.
- Present the hot buttered toast, cakes on a soup plate covered with a lid and place it aside.
- Present the assorted tea sandwiches on a platter arranged in the larder.
- Present the assorted breads on another larder and keep serving tea, coffee till the guest leaves.

UNIT-12 HOTEL CLASSIFICATION: NEED AND SCOPE; PROCEDURE AND CRITERIA OF HOTEL CLASSIFICATION IN INDIAN CONTEXT

12.1 Introduction

12.2 Objectives

12.3 Classification of Hotels

12.3.1 Classification on the basis of Location

12.3.2 Classification on the basis of Size

12.3.3 Classification on the basis of Clientele

12.3.4 Classification on the basis of Range of Service

12.3.5 Classification on the basis of Length of Stay

12.3.6 Classification on the basis of Management and Affiliation

12.3.7 Classification on the basis of Ownership

12.3.8 Classification on the basis of Type of Plan

12.4 Summary

12.5 Glossary

12.6 Answer to check your progress/Possible Answers to SAQ

12.7 References/Bibliography/ Suggested Readings

12.8 Terminal Questions

12.1 INTRODUCTION

Development in the field of transportation, communication and increase in population had effect on the growth, type and location of hotels and supplementary accommodation. Today, we find many hotels and catering establishments of varied character, size and nature operating in different cities and tourist centres. Hotels are of various types depending on number of factors like the nature and facilities offered, size, location etc. Classification in the real sense separates accommodation into different categories or class on the basis of objective criteria, for example, by the type of accommodation, such as hotels, motels, tourist lodges, holiday camps etc. It seeks to present information about tourist accommodation units in a form, which enables the user to find information he requires. Information thus obtained will help to compare with identical classification and thus, separates accommodation according to physical features.

12.2 OBJECTIVES

At the end of this lesson, students should be able to demonstrate appropriate skills, and show an understanding of the following:

- a. Classification on the basis of Location
- b. Classification on the basis of Size
- c. Classification on the basis of Clientele
- d. Classification on the basis of Range of Service
- e. Classification on the basis of Length of Stay
- f. Classification on the basis of Management and Affiliation
- g. Classification on the basis of Ownership
- h. Classification on the basis of plan offered

12.3 CLASSIFICATION OF HOTELS.

In a system of classification, hotels are ideally grouped into reasonably homogenous sections according to their important general characteristics. Any classification of the industry into its component sections is bound to be rough one as has been observed that hotels and catering services are in joint demand. Therefore, an attempt is made here to create such groups of undertakings which only share some common characteristics. Hotel is an establishment selling service: food, drink and shelter. The value and the potentiality of a hotel are assessed by the size, location, number of rooms and other revenue earning points it possesses. The classification of hotels within the industry is a complicated task. Hotels can be classified on different basis.

12.3.1 CLASSIFICATION OF HOTELS ON THE BASIS OF LOCATION

- **Down Town Hotels/City center:** These hotels are located in the heart of city within a short distance from business center, shopping arcade. Rates are normally high due to their location advantages. These hotels mostly cater to businessman, groups, free individual travellers, conference/seminar groups, etc. They provide a wide range of services and facilities to guests, like business centers, restaurants, airport pick up and drop. They have high traffic on weekdays and the occupancy is generally high. Example: Taj Mahal, Mumbai.
- **Motels:** The term motel has been derived from word 'motor'. They are located primarily on highways, they provide lodging to highway travelers and also provide ample parking space. The length of stay is usually overnight. These hotels are generally small in terms of number of rooms. Example: Hotel Ashok, Jammu.
- **Suburban hotels:** As the name suggests these hotels are located in suburban areas i.e., on the outskirts of the cities and towns.

These types of hotels cater to business groups for the purpose of conferences/seminars and even a trend of marriages/parties in such peaceful and calm environments away from the cities can be seen. These hotels provide various facilities rather than the basic facility of accommodation. They even provide a wide range of equipments for conferences/seminars. In this type of hotel rates are moderately low. Example: Hotel Saffron, Kurukshetra.

- **Airport hotels:** These hotels are located in the near to international or domestic airports. They have transit guest who stay over between flights and airline crew members. They may stay for a short duration which would be one or two days. These hotels provide similar facilities, services and amenities like any other hotel. Example: Radisson, New Delhi.
- **Resort hotels:** These are the hotels which are generally located at the scenic places such as hill stations, beaches, deserts, etc. They cater to travellers, who want to relax, come for leisure purposes, and refresh themselves. They provide all needed facilities to the traveller like accommodation, food and beverage service, valet service, uniformed services, etc. These establishments provide various recreational facilities like tennis courts, skiing grounds, amusement parks, golf courses, etc. Most resort work to full capacity during peak season. Sales and revenue fluctuate from season to season. Example: Holiday Inn, Manali.
- **Floating hotels:** As the name implies these hotels are established on luxury liners or ship. These are generally located on river, sea or oceans. In cruise ships, rooms are generally small and all furniture is fixed down. It generally caters to long stay guest. It is a complete hotel in itself consisting of all facilities as provided by any hotel on land. It not only provides accommodation but other necessary facilities and services like food and beverage, recreational facilities, swimming pools, etc. Example: Royal Caribbean, Europe.
- **Boatels:** A house boat hotels is referred as boatels. The Houseboats of Kashmir and Kettuvallam of Kerala are houseboats in India which offers luxurious accommodation to travelers. Besides that other necessary facilities are taken care of such as food and beverage, etc.
- **Rotels:** These novel variants are hotel on wheel. Our very own "Palace on Wheels" and "Deccan Odyssey" are trains providing a luxurious hotel atmosphere. Their interior is done like hotel room. They are normally used by small group of travelers. They are costly and hence cater to elite guests providing with an elaborate menu and other services to the occupants.

12.3.2 CLASSIFICATION OF HOTELS ON THE BASIS OF SIZE

The main yardstick for the categorization of hotel is by size the number of rooms available in the hotel. The main categories are as under:

- **Small hotel:** these are the hotels with less than 25 rooms as small hotels. Example: Hotel Pearl Mark, Kurukshetra.
- **Medium sized hotel:** these are the hotels with 25 to 100 rooms. Example: Hotel Maya, Jalandhar.
- **Large hotels:** these are the hotel with 100 to 300 rooms. Example: Sheraton Welcom Hotel, New Delhi.
- **Mega hotels:** these are the hotels having more than 1000 rooms. Example: Sheraton Phoenix Downtown, Phoenix. In India, there is no mega hotel, as on today. Las Vegas, USA has the maximum number of Mega Hotels.

12.3.3 CLASSIFICATION OF HOTELS ON THE BASIS OF CLIENTELE.

- **Commercial hotel:** These hotels are generally located in the heart of city within a short distance from business center, shopping arcade. Rates are normally high due to their location advantages. These hotels mostly cater to businessman, groups, free individual travellers, conference/seminar groups, etc. They provide a wide range of services and facilities to guests, like business centers, restaurants, airport pick up and drop. They have high traffic on weekdays and the occupancy is generally high. These hotels may even be called as downtown hotels or city center hotels. Example: The Grand, New Delhi.
- **Convention hotels:** These are very large hotels having large convention complex to cater people attending a convention, conference. Convention hotels may have more than 1000 rooms. They offer various business services to the guests right from internet, laptops, fax machines, photocopiers, etc. The other services like food and beverage, transportation, convention equipments and so on are provided to the guests. Example: Le Meridien, Cochin, is a hotel with largest convention center in south India.
- **Resort hotels:** Resort hotels are generally located at the scenic places such as hill stations, beaches, deserts, etc. They cater to travellers, who want to relax and enjoy with the family, come for leisure purposes, and refresh themselves. They provide all needed facilities to the traveller like accommodation, food and beverage service, valet service, uniformed services, etc. These establishments provide various recreational facilities like tennis courts, skiing grounds, amusement parks, golf courses, etc. The occupancy varies as per season, most resorts work to full capacity

during peak season. Sales and revenue fluctuate from season to season. The atmosphere is more relaxed. These are spread out in vast areas so many resorts have solar powered carts for the transport of guest. Example: Holiday Inn, Manali; Taj Exotica, Goa.

- **Suite hotels:** As the name suggests these hotels may have all or maximum rooms as suites. They offer rooms that may include compact kitchenette. They cater to people who are relocating act as like lawyers, executives, film personalities, politicians who are away from home for a long business stay. The suite hotel rooms provide bedroom, dining and sitting room to maintain the privacy of the guest and give a real feeling of 'home away from home'. The hotel provides various types of facilities and services to the guests. Example: Rio All suite hotel, Las Vegas.
- **Casino hotels:** Hotel with predominantly gambling facilities comes under this category, they have guest room and food and operation too. These hotels tend to cater leisure and vacation travelers. Gambling activities at some casino hotels operate 24 hours a day and 365 days a year. Las Vegas in United State is Famous for Casino hotels. The guests may be attracted through organising theme parties and shows to generate huge profits. Besides the gambling facility these hotels provide luxury guestrooms and elaborate services and facilities to their in house guests. Example: CGH Earth Hotels, Cochin.

12.3.4 CLASSIFICATION OF THE HOTELS ON THE BASIS OF RANGE OF SERVICE

Based on the facilities and amenities provided by a hotel, they are generally classified into five main types:

- **Economy / Limited Service Hotels** – these hotels cater to budget travellers and hence may even be termed as budget hotels. These types of hotels provide efficient, clean, private rooms with attached bath. The furnishings and decor are moderate. Initially these hotels did not have telephones or television in the rooms; but now most of them have it. Food and beverage service may not be available or may be limited, and bell attendants, door attendants and concierge facilities may be absent. To maintain these economy hotels, they are located on inexpensive real estate areas and constructed at relatively low cost. Operating costs are kept low by eliminating food and beverage service and employing minimum staff to service the guests.
- **Mid-Market Hotels** - The modern mid-market hotel is a descendant of the first commercial hotel, offering comfortable accommodation with private baths, on-premises food and beverage service and

uniformed bell staff. These hotels, also called standard or tourist class hotels, offer above average luxury and comfort, professionally designed decor and may also have scenic views or advantageous locations. The tariff and the facilities of these hotels are obviously more than the economy class hotels.

- **All-suite Hotels** - The all-suite hotel was invented to compete with first-class hotels by offering above-average facilities at mid-market rates. A typical all suite hotel offers separate sleeping and living areas, along with other benefits like a kitchenette and a stocked bar. Generally all rooms or majority of rooms may be suites. Some hotels offer food and beverage service and employ bell staff. A variation of the all-suite hotel, the condominium hotel is a fully equipped apartment complex that rents accommodations for a short period. A typical condominium hotel is located in a resort area and marketed as an alternative to full-service hotels.
- **First-Class or Executive Hotels** - A typical first-class hotel is luxurious or semi-luxurious, with exceptional comfort and decor, highly trained staff and above average food and beverages. These hotels are also referred to as executive or superior hotels, often having luxury suites, two or more dining rooms and a cocktail lounge. Many accommodations have excellent views, refrigerators and fully stocked bars. Other services like, housekeeping, uniformed services, transportation, etc are offered to the guests of the hotel.
- **Luxury or Deluxe Hotels** - These hotels represent the highest standard of excellence in the level of luxury and comfort, cleanliness and efficiency, staff specialisation, competence and courtesy, diversity and quality of food and beverage service. They generally cater to the elite clients like, politicians, filmmakers, writers, sports personalities, etc. A typical deluxe hotel has at least 10% of its space reserved for luxury suites, two or more dining rooms, usually a gourmet-style dining room, and a family style restaurant. Most of these hotels have excellent views, location and ambience. Some hotels offering a very high level of luxury are referred as grand-deluxe. These hotels provide an extensive range of facilities and services to the in house guests.

12.3.5 CLASSIFICATION ON THE BASIS OF LENGTH OF STAY

We may classify such hotels in few categories like:

- **Residential Hotels** - Residential hotels are also called as apartment hotels or apartment house. Room in a residential hotel is sold on a monthly or yearly basis. Rooms may be furnished or unfurnished, single or suite. Almost all residential hotels may have

a restaurant; offer telephone service, laundry and valet service. Advance rents are usually collected while other charges are billed weekly. These types of hotels normally operate on European plan. Recent developments in this area include cooperative hotels and condominiums in which the tenants own the apartment and pay the management a fee for maintenance. These hotels are cheaper as compared to luxury hotels because of the nature of the business i.e., the length of stay.

- **Semi Residential Hotels** - These hotels provide accommodation to guests on weekly or monthly basis like residential hotels as well as on per day basis like transient hotels. Reduced rates are provided to long staying guests. Transient guests who want to take advantage of reduced rates for longer stay also come to such establishments. These hotels even provide various required facilities and services to the guests. In room amenities may vary as of the nature of business and the rents associated with such properties. The staff may even be less due to the limited services provided to the residents of the hotels.
- **Transient / Transit Hotels** - Hotel guests who fall under the category of transient guests are those who are en route guests i.e. who are in the process of moving from one destination to another and stop at the hotel for a short period of time as against a terminal guest who has reached his final destination. Hence hotels, which cater to a transient / transit guest, are called transient hotels. They find their origin in olden days inns. The service and facilities may generally be found limited as the duration of stay is less and hence the demand of the guests also gets limited. Examples of transient hotels are motels, motor hotels, airport hotels etc.
- **Resort Hotels** - Resort hotels are located at resort places such as islands, exotic locations, hill stations, beaches and health resorts and spas i.e. summer resorts, winter sports resorts and all season resorts etc. with breathtaking beauty and typical scenery. People go to these places for relaxation, enjoyment, and to get away from the hectic and demanding city life or for health reasons away from hectic city life or to pursue a specific interest / activity. The stay at such hotels varies from guest to guest and may lead between two to ten days in general and may sometimes extend to a one month stay. These hotels are costly as compared to the other hotels discussed as they provide a wide range of services and facilities, amusement activities and so on.

12.3.6 CLASSIFICATION ON THE BASIS OF MANAGEMENT AND AFFILIATION

- ✓ Various types of hotels on the basis of **Affiliation** are independent and chain hotels.
- **Independent hotels** – These hotels are owned by an individual or a group and are based on the fact that they do not have any affiliation or contract through any other property, their advantage is that they do not need to maintain any type of image and can adapt to quickly changing standards Management Contract Hotels. Example: Hotel Bristol, Gurgaon.
- **Chain Hotels** – These hotels are affiliated to one another and may be owned or affiliated with other property. All such properties are competitively stronger edge than the independent hotels as these hotels enjoy the benefit of marketing, being a part of brand which is promoted. Even the management information system, national purchasing contracts, standards of services, facilities, and amenities provided and the architectural design may be found to be same as of other properties of the chain.

Major hotel chains in India

Many small and big Indian hotel groups are operating in various parts of India. Some of them are given below. Apart from India, some international hotel chains such as Sheraton, Hilton, Ramada, Sofitel, Meridian, Hyatt and Marriott are either operating or planning to operate in India on franchise basis.

WelcomeGroup:

It is the hotel division of ITC Ltd. The logo represents a traditional Indian welcome in the form of Namaste in an open doorway with the slogan "Nobody gives you India like we do." The motto of Welcome Group is "We enjoy people" Welcome Group has hotels in various cities such as Agra, Delhi, Aurangabad, Jaipur, Goa, Gwalior etc.

Oberoi Hotels:

Rai Bahadur M.S. Oberoi established Oberoi Hotel Pvt. Ltd. in 1946. Many hotels like Oberoi Intercontinental in August 1965 in New Delhi and Oberoi Sheraton in 1973 in Bombay was added. It is now one of the largest and reputed hotel chains of India.

Hotel Ambassador:

It is one of the flagship hotels belonging to Lala Ram Parshad who is considered as one of the pioneers of the Hotel Industry in India (now managed by Taj Hotel in Delhi).

U.P. Hotels and Restaurants Ltd:

Famous as Clarke's Group of Hotels, it was established on 13th February, 1961. It started with its flagship hotel Clarke Shiraz Agra. Later hotels – Clarke's Awadh, Clarke's Amer, and Clarke's Varanasi at Lucknow, Jaipur and Varanasi, respectively, were added to this chain.

Ritz Chain: A chain belonging to R.N. Kapoor family with hotels at Mumbai, Hyderabad, Kolkata and Coonor (in South India) Specialized in Italian cuisine.

Spencers: Started hotel business in 1912 in Calcutta. Purchased Connimera Hotel in Madras and opened West End in Bangalore, Malabar at Cochin and Trivandrum, Blue Mountains at Kotagiri in 1942 and Savoy in Ooty in 1943. Vegetarian hotels in Madras (Geetha, Ashoka and Ajanta) and Hotel Arakua in Bangalore.

Sinclairs: A chain of hotel operating in eastern part of the country with hotels at Darjeeling and Takadah.

Hotel Corporation of India (HCI): A corporation set up in 1971. It started with its first hotel at Bombay in 1974. Later hotels in Delhi, Srinagar, Rajgir etc. were added to this group.

The Leela Group: Founded in 1957 by Capt. C.P. Krishnan Nair, the Leela group is engaged in the business of ready-made garments and luxury hotels and resorts. The leela Kempinski, Mumbai and The Leela, Goa and the newly opened Leela Palace Kempinski, New Delhi are the some of the best hotels in India, and have also won considerable international acclaim.

Asian Hotels: The group has tied up with Hyatt chain and has two hotels in Delhi. It plans to have property in Jaipur and Agra.

Apeejay Surendra Group: It started with its first hotel Park Calcutta in 1967. Later a large hotel was added in Delhi, and Resort hotel at Visakhapatnam was added to the group.

Jaypee Hotels: Jaypee Hotels Limited primarily engages in the ownership and operations of hotels in India. The company owns three five star deluxe hotels, namely Jaypee Palace Hotel at Agra, and Jaypee Vasant Continental and jaypee Siddharth Hotel at New Delhi. It also manages the operation of the hotels Jaypee Residency Manor at Mussoorie and Jaypee Green Resorts. In addition, Jaypee Hotels involves in construction operations. The company is headquartered in New Delhi, India. Jaypee Hotels Limited is a subsidiary of Jai Prakash Associates Limited.

✓ Various hotels on the basis of **Management** are franchising, management contracted hotels and referral groups.

▪ **Franchising:** The concept of franchising was developed in 1960 in USA. A system in which the franchisee owner grants another the

privilege to use his name and also assists him with management in exchange for a franchising fee. The hotel company called Franchisor agrees to grant the right to franchise to conduct the business according to the standards established by the company. The most successful franchiser is the Holiday Inn Company. Franchising must be looked at a 2 way benefit scheme. Franchiser provides certain services and provides certain rights to the franchisee.

Franchiser services are based at 3 levels

- i)** Methods and systems – Proven methods of work are given to the franchisee in the form of operating manuals; at the same time the franchiser also makes arrangement for the providing of training to the staff of the franchisee.
- ii)** Technical Services – Provides technical services in the various stages. ,it helps in obtaining financial assistance , helps in the creation of capital budgets and also in procuring consumables – crockery , cutlery , glassware and linen etc
- iii)** Marketing – Marketing techniques, name of the franchiser and its good will, logo, sign, reservation systems, reservation system ownership and more importantly partnership.

Obligations of the franchisee

- i)** Definitive standard- which define the size of rooms, size of beds, types of furniture, TV, VCR, VCD, laptop
- ii)** Operational standard- cleanliness behavior of staff, quality of services , tariff, frequency of changing linen

Benefits of the Franchisee system

- Opening Assistance
- On the job training for the staff
- Accounting System
- Advertising
- Central Reservation system
- Central Purchasing
- Financial assistance
- Newsletters and brochures
- Good will and Name

• Management Contracted hotels:

The concept of management contract originated in the year 1970 in USA. It is an agreement between investors or owners of a hotel project, and a hotel management company hired for coordinating and overseeing a contract. It spells out the conditions and duration of the agreement and the method of computing management fees. The hotel management company hired needs to have a fair knowledge about the management of hotel to run the administrative and the operational

aspects related to the hotel property. Generally the hotel management company gets a commission called management fee almost 1% to 8% of the total revenue generated by the hotel, further some more incentives may be given to the company of the net profit generated. Besides of the overall responsibility of the management company still the financial obligations area part of legal and financial responsibilities lies with the owner of the hotel property. One of the major benefits of the management contract is that the total control of the standards and quality of each such property remains with the management company.

- **Referral Groups:**

The concept of referral groups even was originated from America by the independent hotel operators in order to compete with the chain hotels. The basic purpose of coming together to form a group is for achieving common objectives basically being sales of rooms. There are certainly various advantages to be a part of such group. Some common benefits like sales promotion, marketing strategies and the reference of business from one property to another. Such groups can give a tough competition to the chain properties and make them able to generate a brand image in the market. The other major advantage is of referring business to the members of the group.

12.3.7 CLASSIFICATION ON THE BASIS OF OWNERSHIP

- ✓ **Condominium Hotels:** A condo hotel or a Condotel, is a property used as both a condominium and a hotel. Condo hotels are generally apartment buildings developed and operated as luxury hotels, usually in major cities and resorts. These hotels have condominium units which allow someone to own a full-service vacation home. When they are not using this home, they can leverage the marketing and management done by the hotel chain to rent and manage the condo unit as it would any other hotel room. The concept of condominium hotels encourages the individual guest to purchase the ownership of an individual unit for the entire year. Only the time of staying in the unit/rooms needs to be communicated to the hotel management. Moreover, the guest can rent their purchased unit through the hotel management for rest of the time in the year. So we can say that condominium hotels have a single owner for each unit or cottage or apartment of the hotel or resort property. Condo hotels have many of the amenities one finds at luxury hotels. These hotels are sold fully furnished with high-end furniture, appliances and fixtures selected by professional interior designers. The price is included in the price of the condo unit. A guest enjoys a same sort of services as in a luxury hotel. The

location of condotels is near to resort areas. Condotels tend to be costly than timeshares but gives more than your money through its services and facilities. Example, Tuscany Terraces, Neral.

- ✓ **Timeshare Hotels/Resorts:** The concept of timeshare hotels was introduced in Europe. In this concept the individual guest will purchase the ownership of a particular unit of a resort for a definite period of the year. Thus the same unit or cottage is shared by multiple owners over the year. In this concept a guest chooses a specific location for a specific time generally week or so for vacations every year. The average timeshare has a community pool and some common areas. Timeshares are generally sold fully furnished. The quality of furnishings depends on the individual development. The cost for the furnishings is built into the price. In timeshare, the guest is responsible for his own housekeeping and unit keeping during the stay. Timeshares are located in highly desirable resort areas. Prices for timeshares vary but are typically lower than the condotels because it's been purchased for a week time only. Moreover, the guest has an option of renting the timeshare choosing rental program and the revenue needs to be split with the hotel management company during that specific one week time period. Timeshares depreciate in value from the time they are purchased because of the large resales made of that particular unit. Example: Panoramic Resort, Karnala.

12.3.8 ON THE BASIS TYPE OF PLAN (TARIFF PATTERN)

- **European Plan:** It is a plan where only the lodging that is bed is offered. Thus the charges are made for lodging facilities only. The guest is free to take or not to take teas, breakfast, and meals in the hotel. He has a choice of eating out at any other good restaurant. The guest is booked to pay for lodging only and is charged separately for all other things or services he enjoys or consumes. This system is generally followed by youth hostels or hotels which are situated in metropolitan cities. In India most of the hotels are being run on European plan. Almost all the public sector hotels are run on this basis.
- **Continental Plan:** In the case of continental plan, bed and breakfast are included in the tariff charges. Thus bed is offered along with breakfast and the guest is, however, free to take his meal and tea as he likes. Thus the guest tariff includes lodging and 'bed and breakfast' and for other he is separately billed.
- **American Plan** - Hotel where American plan is prevalent, boarding and lodging is provided in the charge. The tariff fixed includes board and lodging. It is an all inclusive full board tariff.

Accommodation and three meals daily are included in the price of the room. It includes bed, breakfast and two principal meals and evening tea. It does not include early morning tea or coffee after lunch, or dinner. The needs are usually 'table d'hote menu'. It is also known as 'full pension'. This analysis is mostly used at those tourist resorts, which are not situated in big cities.

- **Modified American Plan** - The tourists mostly prefer this plan, as it is comparatively more flexible. It is offered in most of the good hotels and is normally by arrangement. It includes hotel accommodation, breakfast and either lunch or dinner in the price of the room. Thus, in this type of accommodation bed and breakfast and along with it one principal meal, lunch or dinner at the discretion of the guest is also included. It generally includes continental breakfast and either 'table d'hôte lunch or dinner in the room rates. It is also known as 'demi-pension'. It has been observed that the Indian style local hotels in India follow the European plan. However, and the western style hotels operating in India which cater the foreign tourists, operates on the American plan.

CHECK YOUR PROGRESS

Answer the following questions.

1. Define Resort?
2. What are floating hotels?
3. Describe European plan.
4. Discuss various types of hotels on the basis of size of rooms.

Check your answer with the one given at the end of the unit

12.4 SUMMARY

On the basis of clients needs, the organised sector of hotel industry has created variety of hotels to meet the same of guests. The category falls between luxury hotels to small properties trying to give their best to the residents of such rooms or units or apartments or condos. It even becomes the duty of the hotel operators as well as travel planners to identify the needs of the guests such as location, facilities, and services and then provided them with such accommodation. As above we have seen how the hotels can be classified into various categories like, ownership, location, star, size, management, etc. Furthermore, the unit

describes how each category or type is different from others keeping in view the tariff, services, facilities, and amenities.

12.5 GLOSSARY

Business centre: It is an area in the hotel where business related facilities could be provided such as photocopy, fax, lamination, stationery, internet, etc.

Hotel: A place where a bonafide traveller receives accommodation, food and beverage and other facilities, if the person is in a position to pay for the services and in a fit condition to be received.

Table d'hote menu: It is a pre fixed menu in which the guest receives a limited number of dishes for a defined price. Example is thali system.

Suite: these are the types of rooms found in luxury hotels providing a bed, dining area, sitting area and sometimes a kitchen facility. There are even various types of the same.

Houseboat: A facility which is in the shape of boat providing bed and other required facility to the guests. Houseboat is half in water and half on shore of the river/lake.

Cocktail: A mixture on two or more alcoholic beverages served generally chilled.

12.6 ANSWER TO CHECK YOUR PROGRESS/POSSIBLE ANSWERS TO SAQ

Answer to Check Your Progress

- 1) See sec. 12.3.1
- 2) See sec. 12.3.1
- 3) See sec. 12.3.8
- 4) See sec. 12.3.2

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12.8 TERMINAL QUESTIONS

- Discuss various types of hotels on the basis of their location.
- How can one differentiate between various types of hotels on the basis of various plans offered?
- How does range of service differ in hotels?
- How are chain hotels different from individual hotels?

UNIT-13. STAR CLASSIFICATION: CRITERIA AND PROCEDURE ADOPTED IN INDIA

13.1 Introduction

13.2 Objectives

13.3 Star Classification

13.3.1 Detailed procedure for star classification

13.3.2 Eligibility for Star classification

13.3.3 Criteria for classification for a star hotel

13.3.3.1 Five star category

13.3.3.2 Four star category

13.3.3.3 Three star category

13.3.3.4 Two star category

13.3.3.5 One star category

13.4 Summary

13.5 Glossary

13.6 Answer to check your progress/Possible Answers to SAQ

13.7 References/Bibliography/ Suggested Readings

13.8 Terminal Questions

13.1 INTRODUCTION

Hotels may be classified under various categories to differentiate one property from another. And one of the main categories of classifications is done as per the stars given by the Ministry of Tourism, Government of India. The Department of Tourism classifies functioning hotels under the star system, into five categories from 1-star to 5-star and for this purpose a permanent Committee, the Hotel and Restaurant Approval and Classification Committee (HRACC) has been set up which inspects the applicant hotels to assess their suitability or otherwise for award of the star category applied for. Based on the recommendations of the HRACC, deserving hotels are awarded the appropriate star category and are placed on the approved list of the Department. Approved hotels become eligible to various fiscal reliefs and benefits. The Department intercedes on behalf of such hotels whenever necessary to ensure that their needs get priority consideration from various concerned authorities. These hotels also get worldwide publicity through tourist literature published by the

Department of Tourism and distributed by the Government of India Tourist Offices in India and abroad. Approved hotels become eligible for obtaining foreign exchange for their import of essential equipment and provisions and for their overseas advertising, publicity and promotion under the Hotel Incentive Quota Scheme.

13.2 OBJECTIVES

At the end of this lesson, students should be able to demonstrate appropriate skills, and show an understanding of the following:

- a. Star Classification of hotels.
- b. Criteria for Classification of hotels.
- c. Procedure for star Classification of hotels in India.

13.3 STAR CLASSIFICATION

13.3.1 DETAILED PROCEDURE FOR STAR CLASSIFICATION

1. Star Classification- As one of the important elements of tourism Hotel Criteria and Procedure Adopted plays an important role to contribute in the overall tourism experience through the standards of facilities and services offered by them. To provide contemporary standards of facilities and services available in the hotels, the Ministry of Tourism has formulated a voluntary scheme for classification of operational hotels which will be applicable to the following categories:

Star Category Hotels: - 5 Star Deluxe, 5 Star, 4 Star, 3 Star, 2 Star & 1 Star

2. The Hotel & Restaurant Approval & Classification Committee (HRACC) inspects and assesses the hotels based on the facilities and services offered.

- Hotel Projects are approved at implementation stage
- Operational Hotels are classified under various categories

3. Details of the criteria for Project Approval/ Classification along with the documents required for this purpose are given below. Applications for project approvals under the category of Heritage, 4 star and 5 star as well as applications for Classification of operational hotels in the category of 4 star, 5 Star and 5 star Deluxe as well as Heritage (Basic, Classic & Grand) categories along with the requisite fee (paid vide Demand Draft) may be sent to: **Member Secretary (HRACC)/ Hotel and Restaurants Division, Ministry of Tourism, C-1 Hutments, Dalhousie Road, New Delhi 110011.**

4. For project approval/classification in 3, 2 and 1 Star categories, application along with the requisite fee (paid vide Demand Draft) may be forwarded to the Regional Director, India tourism Office in whose region the hotel/ project is located.

The list of offices of the Regional Directors is as under:

- i. Regional Director, India tourism (Western & Central Region), 123 Maharshi Karve Road, Mumbai - 400 020
- ii. Regional Director, India tourism (Northern Region), 88 Janpath, New Delhi - 110 001
- iii. Regional Director, India tourism (Southern Region), 154 Anna Salai, Chennai-600002
- iv. Regional Director, India tourism (Eastern Region), 'Embassy', 4 Shakespeare Sarani, Kolkata - 700 071
- v. Regional Director, India tourism (North Eastern Region), Assam Paryatan Bhawan, 3rd Floor, Near Nepali Mandir, A.K. Azad Road, Paltan Bazar, Guwahati - 781 008

5. The detailed Guidelines for Project Approval are at Annexure I and that for Classification / Re- Classification at Annexure II

6. The Ministry of Tourism reserves the right to modify the Guidelines / Terms and Conditions from time to time.

ANNEXURE I

GENERAL TERMS, CONDITIONS & APPLICATION FORMAT FOR APPROVAL OF HOTELS AT THE PROJECT LEVEL & CLASSIFICATION / RECLASSIFICATION OF OPERATIONAL HOTELS

Approval of Hotel at the Project Stage

1. The Ministry of Tourism will approve hotels at project stage based on documentation. Project approval is given to 1, 2, 3, 4, 5 Star and Heritage (Basic) categories. Hotel projects approved under 5 Star and Heritage category after becoming operational may seek classification under 5 Star Deluxe they fulfil the prescribed norms.

2. Project approvals will be valid for 5 years. The Project Approval would cease 3 months before the date of expiry of project approval or from the date the hotel becomes operational, even if all its rooms are not ready. The hotel must apply for Classification within 3 months of commencing operations. The application for Project Approval will be submitted complete in all respect as per details given below. Incomplete applications will not be accepted.

3. Application Form should have the following details:

- i.** Proposed name of the Hotel.
- ii.** Name of the promoters with a note on the business antecedents in not more than 60 words.
- iii.** Complete postal address of the promoter with Telephone, Fax and Email address.
- iv.** Status of the owner/promoter.
 - a)** If Public/private limited company with copies of Memorandum and Articles of Association.
 - b)** If Partnership, a copy of Partnership Deed and Certificate of Registration.
 - c)** If proprietary concern, name and address of proprietor/certificate of registration.
- v.** Location of hotel site with postal address.
- vi.** Details of the site.
 - a)** Area (in sq. meters).
 - b)** Title – owned / leased with copies of sale / lease deed.
 - c)** Copy of Land Use Permit to construct Hotel from local authorities.
 - d)** Distance (in Kms) from (a) Railway station (b) airport (c) main shopping centre.
- vii.** Details of the project:
 - a)** Copy of Feasibility Report.
 - b)** Star category planned.
 - c)** Number of rooms (with attached bathrooms) and size for each type of room (in sq. ft.).
 - d)** Size of bathrooms (in sq. ft.).
 - e)** Details of public areas with size in sq. ft. – Lobby / lounge; restaurants; bar; shopping; banquet/conference halls; business centre; health club; swimming pool; parking facilities (no. of vehicles).
 - f)** Facilities for the differently able guests (room with attached bathroom earmarked for this purpose, designated parking, ramps for free accessibility in public areas and to at least one restaurant, designated toilet (unisex) at the lobby level etc.).
 - g)** Eco-friendly Practices (a) Sewage Treatment Plant (b) rain water harvesting (c) waste management (d) pollution control method for air,

water and light (e) introduction of non CFC equipment for refrigeration and air conditioning.

h) Energy / water conservation (use of CFL lamps, solar energy, water saving devices / taps)

i) Details of Fire Fighting Measures/ Hydrants etc.

j) Date by which project is expected to be completed and become operational

k) Any other additional facilities

l) Security related features

m) The architecture of the hotel building in hilly and ecologically fragile areas should incorporate creative architecture keeping in mind sustainability and energy efficiency and as far as possible in conformity with local art and architecture with use of local materials.

4. Blue prints / Building Plans signed by the owner, the architect and approved by the competent authority showing:

i. Site plan

ii. Front and side elevation

iii. Floor plans for all floors

iv. Detail of guest rooms and bath rooms with dimensions in sq.ft.

v. Details of Fire Fighting Measures/ Hydrants etc.

vi. Air-conditioning details for guest rooms, public areas

5. Local approvals by

i. Municipal Authority

ii. Concerned Police Authority

iii. Any other local authority as maybe applicable / required (viz. Pollution Control Board / Ministry of Environment & Forests etc.)

iv. Approval / NOC from Airport Authority of India for projects located near the Airport

6. Note: The above mentioned approvals / NOCs are the responsibility of the promoter / concerned company as the case may be. The Ministry's approval is no substitute for any statutory approval and the approval given is liable to be withdrawn in case of any violation without notice.

7. Proposed capital structure

a) Total project cost

b) Equity component with details of paid up capital

c) Debt – with current and proposed sources of funding

8. Submission of ‘Undertaking’ for observance of regulatory conditions / terms & conditions to be furnished by the applicant (Format enclosed at Annexure III).

9. The application should indicate whether a few rooms or all rooms are to be let out on a Time Share basis. Hotels which propose to let out part of or all its rooms on time-share basis will not be eligible for Classification under this scheme.

10. Application fee in the form of a Demand Draft payable to “Pay & Accounts Officer, Department of Tourism, New Delhi” (further details are given at point No. 14)

11. In the event of any change in the project plan, the applicant should apply afresh for approval under the desired category.

12. Authorised officers of the Ministry of Tourism should be allowed free access to inspect the premises from time to time without prior notice.

13. The hotel must immediately inform the Ministry of the date from which the hotel becomes operational and apply for Classification within 3 months from the date of operation.

14. The fee payable for the project approval and subsequent extension, if required is as under. The Demand Draft may be payable to” Pay & Accounts Officer, Department of Tourism, New Delhi “.

STAR CATEGORY	CLASSIFICATION- RECLASSIFICATION FEES IN Rs.
1 Star	6,000
2 Star	8,000
3 Star	10,000
4 Star	15,000
5 Star	20,000
5 Star Deluxe	25,000
Heritage (Grand , Classic & Heritage Categories)	15,000

Source: Ministry of Tourism, GOI

15. The promoter must forward quarterly progress reports failing which the project approval is liable to be withdrawn

16. All documents must be valid at the time of application. All copies of documents submitted must be duly attested by a Gazetted officer / Notary. Documents in local language should be accompanied by a translated version in English which should also be duly certified.

17. Projects, where it is proposed to let out part or whole of the hotel on Time Share basis, will not be covered under these guidelines. (Such facilities, however, will be covered under a separate Guideline of Timeshare Resort).

18. Any change in the project plan or management should be informed to the Ministry of Tourism (for 5-D, 5, 4 Star and Heritage categories) or Regional Director's Office (For 3, 2 & 1 Star categories) within 30 days, failing which the approval will stand withdrawn/ terminated.

19. The project approval is only applicable for new hotels coming up and not for additional rooms coming up in existing hotels.

20. The minimum size of rooms and bathrooms for all categories has been specified in the Guidelines. Hotels of 1, 2, 3 and 4 star categories availing subsidy / tax benefits /other benefits from the Central / State Government would be subject to a Lock- in period of 8 years so that these hotels continue to serve as budget category hotels. Hotels would be permitted to apply for up- gradation to a higher star category after the completion of the lock in period.

21. Applicants are requested to go through the 'Checklist' of facilities & services contained in this document before applying for project approval of new hotel projects /classification of operational hotels.

22. Application for Hotel Project Approvals forwarded through post will not be accepted if incomplete and applicant will be asked to complete the application and furnish required documents / information.

ANNEXURE II

CLASSIFICATION / RECLASSIFICATION OF OPERATIONAL HOTELS

1. Classification for newly operational hotels if approved by Ministry of Tourism at project stage, must be sought within 3 months of completion of the project. Operating hotels may opt for Classification at any stage. However, hotels seeking Re-classification should apply for reclassification at least six months prior to the expiry of the current period of classification.

2. If a hotel fails to reapply six months before the expiry of the classification period, the application will be treated as a fresh case of classification.

3. Once a hotel applies for Classification/ Re-classification, it should be ready at all times for inspection by the inspection committee of the HRACC. No request for deferment of inspection will be entertained.

4. Classification will be valid for a period of 5 (Five) years from the date of approval of Chairman HRACC or in case of Re-classification, from the date of expiry of the last classification, provided that the application has been received within six months prior to the expiry of the current period of classification, along with all valid documents. Incomplete applications will not be accepted.

5. The application should indicate whether a few rooms or all rooms are to be let out on a Time Share basis. Hotels which propose to let out part of or all its rooms on time-share basis will not be eligible for Classification under this scheme.

6. Hotels applying for Classification must provide the following documentation:

i. Name of the Hotel.

ii. Name and address of the promoter/owner with a note on their business antecedent in not more than 60 words.

iii. Complete postal address of the hotel with Telephone, Fax and Email address.

iv. Status of the owner / promoter.

a) If Public/private limited company with copies of Memorandum and Articles of Association.

b) If Partnership, a copy of Partnership Deed and Certificate of Registration.

c) If proprietary concern, name and address of proprietor/certificate of registration

v. Date on which the hotel became operational.

vi. Details of hotel site with postal address and distance (in kms.) from (a) airport (b) Railway Station (c) city centre / downtown shopping area.

7. Details of the hotel:

a) Area of Hotel site (in sq. metres) with title – owned / leased with copies of sale/ lease deed.

b) Copy of Land Use Permit from local authorities.

c) Star category being applied for.

d) Number of rooms and size for each type of room in sq.ft. (single/double/suites- all rooms to have attached bathrooms)

e) Size of bathrooms in sq.ft.

f) Air-conditioning details for guest rooms, public areas

g) Details of public areas: (i) Lobby / lounge (ii) restaurants with no. of covers (iii) bar (iv) shopping area (v) banquet / conference halls (vi) health club (vii) business centre (viii) swimming pool (ix) parking facilities (no. of vehicles which can be parked)

h) Facilities for the differently abled guests: dedicated room with attached bathroom, designated parking, ramps, free accessibility in public areas and at least to one restaurant, designated toilet (unisex) at the lobby level etc. All operational hotels will require conforming to the requirements by 01.09.2010

i) Eco-friendly Practices (a) Sewage Treatment Plant (b) rain water harvesting (c) waste management (d) pollution control method for air, water and light (e) introduction of non CFC equipment for refrigeration and air conditioning and other Eco- friendly measures and initiatives. All operational hotels will require conforming to the requirements by 01.09.2010. In regard to Sewage Treatment Plant it is not mandatory for hotels which have already submitted their applications for classification before 1st July 2012 or already classified and have applied for Re-Classification. Sewage Treatment Plant will be mandatory for all hotels which apply for classification after 30th June, 2012.

j) Measures for energy and water conservation, water harvesting (use of CFL lamps, solar energy, water saving devices / taps etc.)

k) Details of Fire Fighting Measures/Hydrants

l) Security features viz. CCTV, X-Ray check, verification of staff etc.

m) The architecture of the hotel building in hilly and ecologically fragile areas should incorporate creative architecture keeping in mind sustainability and energy efficiency and as far as possible in conformity with local art and architecture with use of local materials.

n) Any other additional facilities

8. Copies of certificates / No Objection Certificate's to be furnished (copies should be current / valid and duly attested by a notary / gazetted officer):

a) Certificate / licence from Municipality / Corporation to show that the establishment is registered as a Hotel.

b) Certificate / licence from concerned Police Department authorizing the running of the Hotel.

c) Clearance Certificate from Municipal Health Officer / Sanitary Inspector giving clearance to the establishment from sanitary / hygiene point of view.

d) No Objection Certificate from the Fire Service Department (Local Fire Brigade Authority).

e) Public liability insurance (optional).

f) Bar Licence (necessary for 4, 5 and 5 Star Deluxe, categories). Wherever bar license is prohibited for a hotel as per local law, the bar will not be mandatory and wherever bar is allowed as per local laws, then the hotel will have to obtain bar license first and then apply for classification to the Ministry of Tourism.

g) Building Plans sanctioned by the competent authority and occupancy certificate

h) If classified earlier, a copy of the Classification Order issued by Ministry of Tourism.

i) For Heritage property, certificate from the local authority stating the age of the property .and showing the new and old built up areas separately.

j) Clearance / NOC /approval required from any other local authority (viz. Pollution Control Board / Ministry of Environment & Forests etc.) whichever is applicable

k) Approval / NOC from Airport Authority of India for projects located near the Airport

l) Application fees

The above-mentioned approvals / No Objection Certificates are the responsibility of the owner / promoter / concerned Company as the case may be. The approval of the Ministry of Tourism is no substitute for any statutory approval and the approval given is liable to be withdrawn without notice in case of any violations or misrepresentation of facts.

9. All applications for Classification and Re-Classification must be complete in all respects – application form, application fee, prescribed clearances, NOCs, certificates etc. Incomplete applications will not be accepted.

10. Hotels will qualify for classification as Heritage Hotels provided a minimum of 50% of the floor area was built before 1950 and no substantial change has been made in the façade. Hotels, which have been classified /, re-classified under Heritage categories prior to issue of these Guidelines, will continue under Heritage categories even if they were built between 1935-1950.

11. The application fees payable for classification/reclassification are as follows. The Demand Draft may be payable to “Pay & Accounts Officer, Department of Tourism, New Delhi” Star Category Classification/Reclassification.

STAR CATEGORY	CLASSIFICATION- RECLASSIFICATION FEES IN Rs.
1 Star	6,000
2 Star	8,000
3 Star	10,000
4 Star	15,000
5 Star	20,000
5 StarDeluxe	25,000
Heritage(Grand , Classic & Heritage Categories)	15,000

Source: Ministry of Tourism

12. Upon receipt of application complete in all respects, the hotel will be inspected by a classification committee which will be constituted as follows:

(a) For 4, 5, 5 Star Deluxe and Heritage (Basic, Classic & Grand) categories –

- Chaired by Additional Director General (Tourism), Govt. of India/ Chairperson (HRACC) or a representative nominated by him
- Representative from FHRAI
- Representative from HAI
- Representative from IATO
- Representative from TAAI
- Principal Institute of Hotel Management
- Regional Director, India tourism Office / local India tourism office
- Member Secretary HRACC
- In case of Heritage category, a representative of Indian Heritage Hotels Association (IHHA) (The HRACC representatives / nominees of FHRAI,

HAI, IATO and TAAI should have requisite expertise and experience of the hospitality and tourism industry hands on experience)

(b) For 1, 2 & 3 Star hotels

- Chairperson, Secretary (Tourism) of the concerned State Govt. Or his nominee who should not be below the rank of a Deputy Secretary to the Government of India. In his absence the Regional Director, India tourism who is also Member Secretary, Regional HRACC will chair the committee
- Regional Director, India tourism Office/ local India tourism office
- Representative from FHRAI
- Representative from HAI
- Representative from IATO
- Representative from TAAI
- Principal Institute of Hotel Management

(The HRACC representatives / nominees of FHRAI, HAI, IATO and TAAI should have requisite expertise and experience of the hospitality and tourism industry (hands on experience)

(c) The Chairperson and any 3 members will constitute a quorum.

(d) The recommendations duly signed by the committee will be sent to HRACC Division (Ministry of Tourism, Government of India) by next day through speed post and the recommendation of the HRACC inspection committee will be approved by the Chairperson (HRACC) / Addl. Director General (Tourism) expeditiously.

(e) Appellate Authority: In case of any dissatisfaction with the decision of HRACC, the hotel may appeal to Secretary (Tourism), Government of India for review and reconsideration within 30 days of receiving the communication regarding Classification / Re-classification. No request will be entertained beyond this period.

13. Hotels will be classified following a two stage procedure:

a) The presence of facilities and services will be evaluated against the enclosed

checklist available at Annexure IV

b) The quality of facilities and services will be evaluated by the HRACC inspection

committee as per the prescribed parameters

14. The hotel is expected to maintain required standards at all times. The Classification Committee may inspect a hotel at any time without previous notice. The Committee may request that its members be accommodated overnight to inspect the level of services.

15. Any deficiencies / rectifications pointed out by the HRACC must be complied with within the stipulated time, which has been allotted in consultation with the hotel representatives during inspection. Failure to comply within the stipulated time will result in rejection of the application.

16. The committee may assign a star category lower but not higher than that applied for.

17. The hotel must be able to convince the committee that they are taking sufficient steps to conserve energy and harvest water, garbage segregation, and disposal/ recycling as per Pollution Control Board (PCB) norms and following other Eco-friendly measures.

18. For any change in the Star / Heritage category, the promoter must apply afresh along with requisite fee.

19. Any changes in the plans or management of the hotel should be informed to the HRACC, Ministry of Tourism, Govt. of India within 30 days otherwise the classification will stand withdrawn / terminated. In case of change of company name / hotel name, a copy of the fresh 'Certificate of Incorporation' or a copy of the 'Resolution of the Board of Directors' regarding the name change along with any other relevant documents may be submitted

20. The minimum size of rooms and bathrooms for all categories have been specified in the Guidelines. Hotels of 1, 2, 3 and 4 star categories availing subsidy / tax benefits / other benefits from the Central / State Government would be subject to a Lock- in period of 8 years so that these hotels continue to serve as budget category hotels. Hotels would be permitted to apply for up- gradation to a higher star category after the completion of the lock in period.

21. Applicants are requested to go through the CHECKLIST' OF FACILITIES AND SERVICES contained in this document while applying for Classification / Re-classification. The checklist may be duly filled up and signed and stamped on each page which should be submitted along with the application

22. The Hotel should adhere to the tenets of the Code of Conduct for "Safe & Honourable Tourism" for which the following action would have to be taken:

(i) A signed copy of the Pledge and Undertaking of commitment towards "Safe & Honourable Tourism" should be attached with the application. The format of the 'Pledge & Undertaking - Code of Conduct for Safe & Honourable Tourism' are attached at **Annexure V** and **Annexure VI** respectively

(ii) On the day a new staff member joins the Hotel, he/ she

would be required to take/ sign the pledge. The pledge would be incorporated in the appointment letter / joining report of the staff

(iii) Two focal points/Nodal Officers would be nominated (i.e., from HRD, security side etc.) at the time of applying for approval by the Hotel in the case of hotels which have more than 25 personnel. In the case of Hotels with less than 25 personnel, one focal point would have to be nominated.

(iv) The training would be provided to the staff of the classified/approved hotel by MOT under its Capacity Building of Service Providers (CBSP) scheme in connection with “Safe & Honourable Tourism”. The focal points of the hotel would be trained first within first six months of MOT approval. Subsequently, the trained focal points in turn would impart further in - house training to the staff which would be arranged within next six months.

(v) The Pledge of Commitment towards “Safe & Honourable Tourism” would have to be displayed prominently in the staff areas / back areas of the Hotels / Restaurants etc. and in the office premises of all the Head of the Departments (HODs)

(vi) The signatories of the Code of Conduct would be required to maintain a record of action taken by them in compliance of the provisions of this para, which shall be kept in their office & shown to the Committee(s) at the time of Classification/Re-classification.

23. It will be mandatory for the hotel to participate in the Skill Development initiative to meet the manpower needs of the tourism and hospitality industry. For this, the following action would have to be taken:

(i) Classified hotel would be required to train a minimum number of persons, in every calendar year in the short duration Skill Development Courses under ‘Hunar Se Rozgar’ scheme as per following norms:

Rooms per hotel	1 st year No. of persons to be trained	2 nd year No. of persons to be trained	3 rd year No. of persons to be trained	4 th year No. of persons to be trained	5 th year No. of persons to be trained
100+	20	20	25	25	30
50 to 100	10	10	15	15	20
20 to 50	5	5	5	5	5

(ii) A minimum of ten persons will constitute a training class. Since a hotel with rooms between 20 to 50 will not be expected to have facilities / infrastructure necessary for the conduct of trainings, an arrangement can be worked out between 2 to 5 hotels to conduct this obligatory training

(only the theory part) in one cluster and the practical part being carried out in the respective hotels.

(iii) Operational guidelines for the training programme will be circulated separately.

(iv) Each hotel would achieve the above mentioned yearly target and submit it to Ministry of Tourism in the reclassification application so as to be considered for reclassification.

24. Incomplete applications will not be considered. Efforts will be made to ensure that all cases of classification are inspected within three months from the date of application if complete in all respects and Classification Order will be issued within 30 days subsequently

ANNEXURE III

Format for Undertaking

(To be on official company letterhead)

To

The Secretary (Tourism)

Govt. of India

Ministry of Tourism

New Delhi

UNDERTAKING

I have read and understood all the terms and conditions mentioned above with respect to Project Approval / Classification-Re-classification under the Star /Heritage categories and hereby agree to abide by them. The information and documents provided are correct and authentic to the best of my knowledge. I understand that the Ministry's approval is no substitute for any statutory approval and the approval given is liable to be withdrawn in case of any violation or misrepresentation of facts or non-compliance of directions that may be issued by the Ministry of Tourism, Govt. of India, without notice. It is to certify that the hotel would not seek upgradation to a higher category for a period of eight (8) years in the event the hotel avails of subsidy / tax benefits / other benefits from the Government.

In case of any dispute/ legal measure, the same may be eligible in the jurisdiction falling under the NCT of Delhi.

Place: _____

Signature and name in block letters

Date: _____

Seal of the applicant

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FACILITIES & SERVICES	1 *	2 *	3*	4 *	5*/5*D	Yes/ No	Comments
General							
Full time operation 7 days	N	N	N	N	N		
Establishment to have all necessary	N	N	N	N	N		Documents as detailed in general terms and condition
Established to have public liability insurance	D	D	D	D	D		
24 hrs lift for buildings higher than ground plus two floors	N	N	N	N	N		Mandatory for all hotels. Local Laws may require a relaxation of this condition, easy access for differently abled guests
Bedrooms, Bathrooms, Public areas and Kitchen fully serviced daily	N	N	N	N	N		
All floor surface clean and in good repair	N	N	N	N	N		Floor may be of any type
GUEST ROOMS							
Minimum 10 lettable rooms, all rooms with outside window ventilation	N	N	N	N	N		
Minimum size of bedroom excluding bathroom in sq. ft.	120	120	140	140	200		Single occupancy rooms may be 20 sq. ft less. Rooms should not be less than the specified size.
Air Conditioning	25%	25%	50%	100%	100%		Air conditioning/heating depends upon climatic condition and architecture. Room temperature should be between 20 to 28 degrees C for 4, 5 and 5 star deluxe (the percentage is the total number of rooms)

							between 20 to 28 degrees C for 4, 5 and 5 star deluxe (the percentage is the total number of rooms)
A clean change of bed and bath linen, daily and between check-in	N	N	N	N	N		Definitely required between each check-in on alternate days for 1 and 2 star hotels
Minimum bed width for single 90 cm and double 180 cm	D	N	N	N	N		
Mattress Thickness minimum 10 cm	D	D	N	N	N		Coir, Foam or Spring Foam

ANNEXURE IV

CHECKLIST OF FACILITIES FOR CLASSIFICATION / RE-CLASSIFICATION OF HOTELS

Minimum bedding 2 sheets, pillow and case, blanket, mattress protector/bed cover	N	N	N	N	N		Blankets available in air conditioning room, and as per seasonal requirement in non A/C rooms. Mattress protector is desirable in 1 and 2 star and necessary for all others
Suites				N	N		2% of room block with a minimum of 1 suite

BATHROOMS							
Number of rooms with attached bathrooms	All	All	All	All	All		It will be mandatory w.e.f. 01/09/2010 for all 1 and 2 star category hotels to have attached bathrooms. All bathrooms to have sanitary bin with lid.
Minimum size of bathroom in sq. ft.	30	30	36	36	45		25% bathrooms in 1 and 2 star hotels to have western style WC. No higher ceiling/ cap on the maximum size
1 bath towel and 1 hand towel to be provided to the guest	N	N	N	N	N		
Bath Mat	D	D	N	N	N		
Guest toiletries to be provided Minimum 1 new soap per guest	N	N	N	N	N		Quality products depending on the star category
Bottled toiletry product to be provided	D	D	D	N	N		
A cloth hook in each bath/shower room	N	N	N	N	N		
A sanitary Bin	N	N	N	N	N		These must be covered
Each western WC toilet to have a seat with lid and toilet paper	N	N	N	N	N		
Floors and walls to have non porous surfaces	N	N	N	N	N		

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Hot and cold running water available 24 hours	N	N	N	N	N		It will be mandatory w.e.f. 01/09/2010 for all 1 and 2 star category hotels to provide hot and cold running water.
Shower Cabins	N	N	N	N	N		Where shower cabin is not available a shower with shower curtain will suffice.
Bath Tubs				D	D		In 4 star and above hotels some rooms should offer this option to the guest.
Water saving taps, showers	N	N	N	N	N		
Energy saving Lightning	N	N	N	N	N		
Hair Dryers	D	D	D	N	N		Where not provided in the bathroom must be available on request.
Safe Keeping/ in the room safe				N	N		1,2 and 3 star hotels to have safe keeping facilities at the reception.
Minibar /Fridge				N	N		Contents must confirm to local laws
Drinking water with minimum one glass tumbler per guest	N	N	N	N	N		All category hotels to provide one sealed bottle of branded bottled water of minimum 500 ml. per person per day. Ultra violet treated water will not be accepted.

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Guest Linen							Good quality linen to be provided
Shelves/drawers space	N	N	N	N	N		Necessary for 1,2 and 3 star category to have a wardrobe
Sufficient lighting one per bed	N	N	N	N	N		
A five ampere earthed power socket	N	N	N	N	N		
A bed side table and drawer	N	N	N	N	N		1 per two twins and two for a double bed
TV Cable if available			N	N	N		3, 4, 5 and 5 star deluxe must have a remote.
A writing surface with sufficient lighting			N	N	N		
Chairs	N	N	N	N	N		Preferably one per bedding
Wardrobe with minimum 4 clothes hanging per bedding	N	N	N	N	N		1 and 2 star category may have it without doors
Waste paper basket	N	N	N	N	N		
Opaque curtains or screening at all windows	N	N	N	N	N		
A mirror at least half length (3")	D	N	N	N	N		
A stationary folder containing stationary and envelops	D	N	N	N	N		
A do not disturb Notice			N	N	N		

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Night Spread/Bed Cover with Nightly turndown service			N	N	N		
Linen Room	N	N	N	N	N		Well Ventilated
Public Areas							
Lunge or seating area in the lobby	N	N	N	N	N		Door man on duty, Lobby should have furniture and fixtures which shall include chairs, arm chairs, sofa, tables and fresh floral display
Reception Facility	N	N	N	N	N		Manned minimum 16 hours a day. Call service 24 hrs a day, local directions to the hotel, city/street maps available.
Valet (Parking) service to be available	D	D	N	N	N		
Availability of room, F&B and other tariff	N	N	N	N	N		
Heating and cooling to be provided in public areas				N	N		Temperatures to be between 20-28 degree Celsius
Public rest rooms for ladies and gents with soap and clean towels, wash basin with running hot and cold water, a mirror, a sanitary bin, with lid in unisex and ladies toilet	N	N	N	N	N	N	

ROOMS AND FACILITIES AVAILABLE FOR DIFFERENTLY ABLED GUESTS							
At least one room for differently abled guest	N	N	N	N	N	N	Minimum door width should be one meter to allow wheel chair access with suitable low height furniture, low peep hole, cupboards to have sliding doors, with low clothes hangers etc. room to have audible and visible (blinking light) alarm system
Ramps with anti slip floors at the entrance Minimum door width should be one meter to allow wheel chair access	N	N	N	N	N	N	To be provided in all public areas. Free accessibility in all public areas and to at least one restaurant in 5 star and 5 star deluxe
Bathroom	N	N	N	N	N	N	Minimum door width to be one meter. Bathroom to be wheel chair accessible with sliding door, suitable fixtures like low height wash basin, WC, Grab Bars, etc. no bath tub required.
Public rest rooms	N	N	N	N	N	N	Unisex, minimum door width to be one meter. To be wheel chair accessible with low height urinal (24" maximum) with grab bars.

FOOD AND BEVERAGE SERVICE							
1 star and 2 star category							1 and 2 star category should have minimum one dining room, serving all meals. Room service not necessary.
3 star category							One multi cuisine restaurant cum coffee shop open from 7 a.m. to 11 p.m. and 24 hr room service
4 star category							<p><u>Grade A Cities</u></p> <p>One multi cuisine restaurant cum coffee shop open from 7 a.m. to 11 p.m. one specialty restaurant and 24 hr room service</p> <p><u>Grade B Cities</u></p> <p>One multi cuisine restaurant cum coffee shop open from 7 a.m. to 11 p.m. and 24 hr room service.</p>
5 Star category							<p><u>Grade A Cities</u></p> <p>One multi cuisine restaurant cum 24 hr coffee shop/ a ll day diner, one speciality restaurant, and 24 hr room service.</p> <p><u>Grade B Cities</u></p> <p>One multi cuisine restaurant cum</p>

							24 hr coffee shop open from 7 a.m. till 11 p.m., one speciality restaurant, and 24 hr room service.
5 Star Deluxe Category							<p>Grade A Cities</p> <p>One multi cuisine restaurant cum 24 hr coffee shop/ all day diner, one speciality restaurant, and 24 hr room service.</p> <p>Grade B Cities</p> <p>One multi cuisine restaurant cum 24 hr coffee shop open from 7 a.m. till 11 p.m., one speciality restaurant, and 24 hr room service.</p>
<p>Grade A: Delhi, Mumbai, Kolkata, Chennai, Bangalore, Pune, Hyderabad, Secunderabad</p> <p>Grade B: Cities in the rest of the countries except grade A cities.</p>				<p>Note: the ministry of tourism may review and revise the cities falling under grade A and Grade B from time to time.</p> <p>Delhi would include the hotels falling in Gurgaon, Faridabad, Ghaziabad Noida, and Greater Noida</p>			
Crockery and Glassware	N	N	N	N	N		Plastic ware accepted in pool area
Cutlery to be at least stainless steel	N	N	N	N	N		All categories should use good quality metal cutlery. Aluminium cutlery prohibited
Bar				N	N		Wherever bar license is prohibited for a hotel as per

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							local law, the bar will not be mandatory, and wherever the bar is allowed as per local laws, then hotels will have to obtain licence first and then apply for classification to the ministry of tourism.
Kitchen/Food production area							
Refrigerator with deep fridge	N	N	N	N	N		Capacity based on the size of F&B service
Segregated storage of meat, fish, vegetables,	N	N	N	N	N		Meat, fish, vegetables in separate storage.
Colour coded chopping boards	N	N	N	N	N		Wooden chopping boards prohibited
Tiled wall non slip floors	N	N	N	N	N		
Head covering for production staff	N	N	N	N	N		
Daily germicidal cleaning of floors	N	N	N	N	N		
Good Quality cooking vessels	N	N	N	N	N		Use of aluminium utensils prohibited except bakery
All food grade equipment containers	N	N	N	N	N		
Drinking water	N	N	N	N	N		Water treated with UV + filtration
Ventilation system	N	N	N	N	N		

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Garbage to be segregated wet and dry	N	N	N	N	N		To encourage recycling
Wet garbage area to be well air conditioned			N	N	N		
Receiving areas and stores to be clean and distinct from garbage area	N	N	N	N	N		
Six monthly medical checkups for production staff	N	N	N	N	N		
First aid training for all kitchen staff	N	N	N	N	N		
Pest Control	N	N	N	N	N		
STAFF							
Staff uniforms for front off the house	N	N	N	N	N		Uniforms to be in good conditioned and clean
English Speaking front office staff	N	N	N	N	N		This may be relaxed outside metros for 1 and 2 star category hotels
Percentage of supervisory staff	20%	20%	40%	40%	80%		Hotels of 4 star and above should have well qualified Heads Of Departments. The supervisory or skilled staff may have training or skill certification as follows:- Degree/Diplom a from central or state IHM, FCI, or

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							NCHMCT affiliated IHM or from other reputed Hospitality Schools
Percentage of Skilled staff	20%	20%	30%	30%	60%		The supervisory or skilled staff may have training or skill certification as follows:- Degree/Diploma from central or state IHM, FCI, or NCHMCT affiliated IHM or from other reputed Hospitality Schools, skill training certificate issued under the guidelines and scheme of ministry of Tourism.
Staff welfare facilities							
Staff rest room	D	D	N	N	N		Separate for male and female employees with bunk beds well light and ventilated
Staff Locker room	D	D	N	N	N		
Toilet facilities	N	N	N	N	N		Full length mirror, hand dryer with liquid soap dispenser
Dining area	D	D	N	N	N		

CODE OF CONDUCT FOR SAFE & HONOURABLE TOURISM							
Display a pledge	N	N	N	N	N	N	Pledge to be displayed prominently in the staff back areas/ office premises of all Head of the departments
Training for code of conduct for safe and honourable tourism	N	N	N	N	N	N	At the time of joining (orientation programme and in house training)
Maintenance of action taken report with regards to compliance of the provisions of the code.	N	N	N	N	N	N	Signatories of the code of conduct to maintain record action taken in compliance of provision of the code
Focal Points/ Nodal Officer	N	N	N	N	N		Two Nodal officers to be nominated (i.e. from HRD security side etc.) for hotel with more than 25 personal and one focal point for less than 25 hotels.
Guest Services							
Provision for wheel chair for differently abled guest	N	N	N	N	N		Wheel chair to be made available on complementary basis for all category hotels
Valet parking services to be made available	D	D	N	N	N		
Dry cleaning/ Laundry	D	D	D	D	N		In house for 5 star deluxe hotels, 5star and below category may be outsourced

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Iron and iron board				N	N		Iron and iron board to be made available to the guest on request for 1 to 4 star category hotels. For 5 and 5 star deluxe categories to be made available in the room.
Paid transportation on call	D	D	N	N	N		Guest should be able to travel from hotel
Shoe cleaning service	D	D	D	N	N		Free facility to be provided for in house guest
Ice (from drinking water) on demand	D	D	N	N	N		Complimentary on request
Acceptance of common credit cards	D	D	N	N	N		
Assistance with luggage on request	N	N	N	N	N		
A public telephone on premises unit charges made known	D	D	N	N	N		There should be at least one telephone number higher than 24 from floor level in 5 and 5star deluxe (to also cater to differently abled guest)
Wake up call service on request	N	N	N	N	N		
Messages for the guest to be recorded and delivered	N	N	N	N	N		A prominent display message board would suffice for 1 and 2 star categories.

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Name address and telephone numbers of doctors at the front desk	N	N	N	N	N		Doctor on call in 3,4,5 and 5 star deluxe
Stamps and mailing facilities	D	D	N	N	N		
Newspapers available	D	D	D	N	N		This may be placed in lounge for 1, 2 and 3 star hotels.
Access to travel desk facilities	N	N	N	N	N		This need not be on the premises for 1,2,3 star categories
Left luggage facilities	D	D	N	N	N		This must be in a well secured room/ 24 hr manned area
Provisions for emergency supplies toiletries/first aid kit	D	D	N	N	N		May be chargeable
Health fitness and facilities	D	D	D	D	N		Indian system of treatments should also be offered.
Beauty salons and Barbers shop			D	D	D		
Florist				D	D		
Utility shop/Kiosks	D	D	D	N	N		5 and 5star deluxe category hotels to have one utility and one souvenir shop 4 star categories to have minimum one utility shop.
Money changing facilities	D	D	D	D	D		Money changing facilities to be

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							made available
Book shop	D	D	D	D	N		
SAFETY AND SECURITY							
Metal detectors(door frames or hand held)			N	N	N		
CCTV at strategic location	N	N	N	N	N		
X-ray Machine					N		For 5 star deluxe categories it would be necessary to have an X-ray machine at the guest entrance for screening of baggage. Manual checks may be conducted for staff and suppliers at the designated entry points.
Under belly scanners to screen vehicles				N	N		
Verification	N	N	N	N	N		All hotels should conduct a verification of their staff by police/private security agencies.
Staff Trained in fire fighting skills	N	N	N	N	N		All hotels to conduct periodic fire drills and maintain manual for disaster management. First aid and fire safety. Quarterly drill or as per law
Security arrangements for all hotel	N	N	N	N	N		

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entrances							
Each bedroom fitted with lock and key viewpoint/peephole and internal securing device			N	N	N		A safety chain/wishbone latch is acceptable in place of view point/peephole.
Smoke detectors	N	N	N	N	N		These can be battery operated.
Fire and emergency procedure notices displayed in the room behind the door	N	N	N	N	N		
Fire and emergency alarms should have visual and audible signs.	N	N	N	N	N		
First aid kit with over the counter medicines with the front desk	N	N	N	N	N		
Fire exit signs on guest floors with emergency/ backup power	N	N	N	N	N		
COMMUNICATION FACILITIES							
A telephone for incoming and outgoing calls in the room	D	N	N	N	N		4 star and above should have direct dialling and STD/ISD Facilities. 1, 2, 3star category may go through telephone exchange.
PC use for guest use with internet facilities	D	D	N	N	N		This can be a paid service up to 3 star PC can be in executive office internet subject to local access being available

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E- Mail Service	D	D	N	N	N		Subject to local internet access being available
Fax, Photocopy, and Printing Service	N	N	N	N	N		
In room internet connection/ dataport	D	D	D	N	N		Subject to local internet access being available. Wi - Fi wherever possible
Business Centre	D	D	D	N	N		This should be a dedicated area (this provision may be relaxed for resort destination, tourist and pilgrimages centres)
Swimming pool				N	N		This may be relaxed for hill station. Mandatory to have a trained life guard. Board containing do's and don'ts, no dicing sign, pool depth etc should be displayed at strategic location in the pool
Parking Facilities	D	D	N	N	N		Should be adequate in relation to rooms and banquets/convention hall capacities. Exclusively earmarked parking near to the entrance for differently abled guest
Conference Facilities			D	D	N		

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Number of people to be trained under Hunar se rozgar	N	N	N	N	N		As per norms laid out in para 23 of guidelines
Eco friendly Practices a) sewage treatment facilities b) rain water harvesting c) Waste Mangement d) pollution control methods for Air, water, Light e) Introduction for non CFC equipment for refrigeration and air conditioning and other Eco-friendly measures and initiatives.	N	N	N	N	N		In regards to sewage treatment plants it is not mandatory for hotels which have already submitted their application for classification before 1 st July 2012 or are already classified and have applied for re-classification. Sewage treatment plants will be mandatory for all hotels which apply for classification after 30 th June 2012.
<p>Note:</p> <p>D- Desirable</p> <p>N- Necessary</p> <p>There is no relaxation in necessary criteria except as specified in comment column</p>							

ANNEXURE – V PLEDGE FOR COMMITMENT TOWARDS SAFE & HONOURABLE TOURISM AND SUSTAINABLE TOURISM (For internal circulation and use of the hotel)

I / We solemnly pledge and reiterate our commitment to conduct our business in a manner that befits the culture and ethos of our rich and ancient civilization, and the tolerant and accommodating nature of our multicultural society and protects all individuals, especially women and children from all derogatory acts which are contrary to the spirit of our country. We hereby commit to abide by the Code of Conduct for Safe and Honourable Tourism. Recognizing that every earth resource is finite and fragile, I / We further pledge to fully implement sustainable tourism practices, consistent with the best environment and heritage protection standards, such that my/our present tourism resource requirements optimize both local community benefit and future sustainable uses.

Signature

Name

On behalf of

In the presence of

ANNEXURE VI

Format of ‘UNDERTAKING’ in respect of the “Pledge for Commitment towards Safe & Honourable Tourism”

(To be on official company letterhead)

To

The Secretary (Tourism) Govt. of India
Ministry of Tourism

New Delhi

UNDERTAKING

It is to hereby confirm that I / We have read and understood the “Code of Conduct for Safe and Honourable Tourism” adopted on 1st Oct. 2010 as per copy attached with application with respect to Project Approval / Classification - Re-classification of hotels under the Star / Heritage categories and hereby agree to abide by them.

That I / We have read solemnly pledge and reiterate our commitment to conduct our business in a manner that befits the culture and ethos of our rich and ancient civilization, and the tolerant and accommodating nature of our multicultural society and protects all individuals, especially women and children from all derogatory acts which are contrary to the spirit of our country. I / We hereby commit to abide by the Code of Conduct for Safe and Honourable Tourism.

Recognizing that every earth resource is finite and fragile, I / We further pledge to fully implement sustainable tourism practices, consistent with the best environment and heritage protection standards, such that my / our present tourism resource requirements optimize both local community benefit and future sustainable uses.

Signatures

Name in **Block Letters**

Seal

Place:- _____

Date:- _____

13.3.2 ELIGIBILITY FOR STAR CLASSIFICATION

The following are the minimum basic requirements which an operational hotel would require to fulfil so that it becomes eligible for applying for classification:-

- i) The hotel must have at-least 10 lettable bedrooms.
- ii) All rooms should have proper ventilation and ceiling fans.
- iii) Carpet areas in respect of rooms and areas of bathrooms should by and large adhere to the following limits prescribed:

Category of Hotel	Area Standards	
5-Star / 5-Star Deluxe Hotels (Fully Air conditioned)	Single Room	180 sq.ft
	Double Room	200 sq.ft
	Bathrooms	45 sq.ft
4-Star & 3-Star Hotels (Air-conditioned/ Non-A/C)	Single Room	120 sq.ft
	Double Room	140 sq.ft
	Bathrooms	36 sq.ft
(Extra area may be provided if twin beds are to be provided)		
2-Star & 1-Star Hotels (Air conditioned/ Non-A/C)	Single Room	100 sq.ft
	Double Room	120 sq.ft
	Bathrooms	30 sq.ft or subject to local bylaws
Note : All rooms should have proper ventilation and ceiling fans		

In case a hotel fails to adhere to above condition it will not be eligible for classification.

13.3.3 CRITERIA FOR CLASSIFICATION FOR A STAR HOTEL

The following are the general features, Facilities and services that are required to be fulfilled by different hotels applying for classification of a star category hotel:-

13.3.3.1 Five Star Category

General Features – The hotel of this category should have

- i)** The hotel of this category should have at least 25 lettable bedrooms with attached bathrooms. Bathrooms should be of modern design equipped with modern bathroom fixtures with 24 hr hot and cold running water.
- ii)** The hotel should be fully air-conditioned
- iii)** The interiors of the hotel should be designed in consultation of an interior designer so that the best/superior quality furniture and fixture when used adds to the luxury of the hotel
- iv)** The architectural design of the hotel should be different and may define luxury, the hotel should be approachable easily
- v)** A hotel which is more than two stories should have a 24 hour lift service.
- vi)** There should be a well designed lobby with separate cloak rooms for ladies and gents which are equipped with fittings and furniture of high standards
- vii)** There should be adequate parking space and a separate designated area for a swimming pool.

Facilities –

- i)** A reception area with separate sections/area for cashier desk and registration desk.
- ii)** Conference rooms, Banquet halls, Ball rooms, Convention halls and private dining rooms for large gathering.
- iii)** A utility store having basic medical supplies, a book stall, a beauty parlour, a barbershop, and florist.
- iv)** Each room to have a communication system (telephone) and proper entertainment source (TV, DVD player etc.)
- v)** Depending upon the number of rooms adequate dining outlets like restaurant, coffee shops should be there so that the guest can enjoy the delicacies of different cuisine.

vi) A highly modernised kitchen, pantry and separate storage areas for veg. and non veg. food including cold areas should be there so that there is smooth flow of work during rush hours.

Services –

- i)** Both International and Indian Cuisine should be served to the guest.
- ii)** The Food and Beverage service standards should be of the highest quality.
- iii)** The F&B outlets should use cutler, crockery and glassware of best/international quality.
- iv)** A provision for laundry and dry cleaning is to be provided.
- v)** The housekeeping of the hotel needs to have the high standards of service. An adequate stock of linen, blankets, towels etc. need to be maintained so the hotel does not fall short during peak hours.
- vi)** All guest rooms to be equipped with proper guest supplies, drinking water, minibar etc.
- vii)** A highly trained and skill full staff is required to manage the operations of the hotel.
- viii)** The staff should have a designated uniform and should have good command over English.

13.3.3.2 Four Star Category

- i)** The hotel of this category should have at least 25 lettable bedrooms with attached bathrooms. Atleast 50% of the Bathrooms should be of modern design equipped with modern bathroom fixtures, long baths and shower chambers with
- ii)** The hotel should be fully air-conditioned.
- iii)** The interiors of the hotel should be designed in consultation of an interior designer so that the best/superior quality furniture and fixture when used adds to the luxury of the hotel.
- iv)** The architectural design of the hotel should be different and may define luxury; the hotel should be approachable easily.
- v)** A hotel which is more than two stories should have a 24 hour lift service.
- vi)** There should be a well designed lobby with separate cloak rooms for ladies and gents which are equipped with fittings and furniture of high standards

vii) There should be adequate parking space and a separate designated area for a swimming pool

viii) 24 hr supply of hot and cold running water.

Facilities -

i) A reception area with separate sections/area for cashier desk and registration desk.

ii) Conference rooms, Banquet halls, Ball rooms, Convention halls and private dining rooms for large gathering.

iii) A utility store having basic medical supplies, a book stall, a beauty parlour, a barbershop, florist, left luggage room, money changing facilities.

iv) Each room to have a communication system (telephone) and proper entertainment source (TV, DVD player etc.)

v) Depending upon the number of rooms well-furnished and well maintained adequate dining outlets like restaurant, coffee shops should be there so that the guest can enjoy the delicacies of different Cuisine. Wherever applicable by law a licences bar to serve alcoholic drinks

vi) A highly modernised kitchen, pantry and separate storage areas for veg. and non veg. food including cold areas should be there so that there is smooth flow of work during rush hours

Service –

i) Both International and Indian Cuisine should be served to the guest.

ii) The Food and Beverage service standards should be of the highest quality.

iii) The F&B outlets should use cutlery, crockery and glassware of best/international quality.

iv) A provision for laundry and dry cleaning is to be provided.

v) The housekeeping of the hotel needs to have the high standards of service. An adequate stock of linen, blankets, towels etc. need to be maintained so the hotel does not fall short during peak hours.

vi) All guest rooms to be equipped with proper guest supplies, drinking water, minibar etc.

vii) A highly trained and skill full staff is required to manage the operations of the hotel.

viii) The staff should have a designated uniform and should have good command over English.

13.3.3.3 THREE STAR CATEGORY

General Features

i) The hotel of this category should have at least 20 lettable bedrooms with attached bathrooms. At least 50% of the Bathrooms should be of modern design equipped with modern bathroom fixtures, long baths and shower chambers with

ii) At least 50% of the hotel rooms must be air conditioned

iii) The interiors of the hotel should be designed in consultation of an interior designer so that the best/superior quality furniture and fixture when used adds to the luxury of the hotel

iv) The architectural design of the hotel should be different and may define luxury, the hotel should be approachable easily

v) A hotel which is more than two stories should have a 24 hour lift service.

vi) There should be a well designed lobby with separate cloak rooms for ladies and gents which are equipped with fittings and furniture of high standards

vii) There should be adequate parking space and a separate designated area for a swimming pool

viii) 24 hrs. supply of hot and cold running water.

Facilities –

i) A reception area with separate sections/area for cashier desk and registration desk.

ii) Conference rooms, Banquet halls, Ball rooms, Convention halls and private dining rooms for large gathering.

iii) A utility store having basic medical supplies, a book stall, a beauty parlour, a barbershop, florist, left luggage room, money changing facilities.

iv) Each room to have a telephone for guest and visitor use

v) Depending upon the number of rooms well-furnished and well maintained adequate dining outlets like restaurant, coffee shops should be there so that the guest can enjoy the delicacies of different Cuisine. Wherever applicable by law a licences bar to serve alcoholic drinks

vi) The kitchen, pantry and cold storage should be clean and organised for orderliness and efficiency.

Service –

- i)** Good quality Indian and continental cuisines to be served with high standards of service quality
- ii)** Skilled/semiskilled staff in neat and clean uniform and have basic understanding of English. The senior staff to have good command over English
- iii)** A provision for laundry and dry cleaning is to be provided.
- iv)** The housekeeping of the hotel needs to have the high standards of service. An adequate stock of linen, blankets, towels etc. need to be maintained so the hotel does not fall short during peak hours.

13.3.3.4 TWO STAR CATEGORY

General Features –

- i)** At least 10 lettable bedrooms with at least 75% rooms with attached bathrooms with showers and a common bathroom for remaining rooms with modern sanitation standards
- ii)** Well constructed building with an easy approach to that hotel.
- iii)** Supply of hot and cold running water.
- iv)** All the rooms to be well ventilated, clean and comfortable with at least 25 % of them to be air conditioned.
- v)** A well furnished lounge

Facilities –

- i)** A reception counter with a telephone
- ii)** Telephone or call bell in each room with one telephone on each floor
- iii)** A well equipped and well maintained dining room serving hygienic food.
- iv)** A well equipped kitchen and pantry

Service –

- i) Experienced and courteous staff in neat and clean uniform, the supervisory staff to know English.
- ii) Provision for laundry and dry cleaning in house or outsourced
- iii) The housekeeping needs to have adequate stock of linen, blankets, towels etc.
- iv) Cutlery, crockery and glassware to be of good quality

13.3.3.5 ONE STAR CATEGORY

General Features

- i) At least 10 lettable bedrooms with at least 25% rooms with attached bathrooms and showers, and a common bathroom for remaining rooms with modern sanitation standards
- ii) Well constructed building with an easy approach to the hotel.
- iii) Supply of hot and cold running water.
- iv) All the rooms to be well ventilated, clean and comfortable with at least 25 % of them to be air conditioned.
- v) A well furnished lounge

Facilities –

- i) A reception counter with a telephone
- ii) Telephone or call bell in each room with one telephone on each floor
- iii) A well equipped and moderate dining room serving hygienic food.
- iv) A well equipped kitchen and pantry

Service –

- i) Experienced and courteous staff in neat and clean uniform, the supervisory staff to know English.
- ii) Provision for laundry and dry cleaning in house or outsourced
- iii) The housekeeping needs to have adequate stock of linen, blankets, towels etc.
- iv) Cutlery, crockery and glassware to be of good quality.

CHECK YOUR PROGRESS

Answer the following questions.

1. What do you understand by star classification?
2. Who does star classification in India?
3. Discuss criteria for five star category?
4. Differentiate between features and facilities?

Check your answer with the one given at the end of the unit

13.4 SUMMARY

On the basis of star classification, the organised sector of hotel industry with the help of Ministry of Tourism has created variety of hotel categories to meet the needs of guests according to their choices. The category falls between five star deluxe luxury hotels to one star category small properties trying to give their best to the residents of such rooms or units or apartments. It even becomes the duty of the hotel operators to classify these hotels so as to meet the requirements of the approval committee and even the expectation of guests by maintaining all such features, facilities and services as directed by the Ministry of Tourism. As above we have seen how the hotels can be classified through the approval process by adopting various standards prescribed by the Ministry of Tourism and the local governing bodies. Furthermore, the unit describes how each star category requires maintaining such features, facilities and services. And above all various formats required to be submitted at the time of classification or re-classification of any property in India.

13.5 Glossary

HRACC: The Hotel & Restaurant Approval & Classification Committee (Ministry of Tourism, Government of India) inspects and assesses the hotels based on the facilities and services offered.

Hotel: A place where a bonafide traveller receives accommodation, food and beverage and other facilities, if the person is in a position to pay for the services and in a fit condition to be received.

Public area: Various places of the hotel where guests can move freely besides their room, like lobby, parking area, etc.

Eco-friendly Practices: Practices followed by hotel management in concern to environment issues such as sewage treatment, rain water harvesting, waste management, pollution control method for air, water and light, introduction of non CFC equipment for refrigeration and air conditioning, etc.

13.6 ANSWER TO CHECK YOUR PROGRESS/POSSIBLE ANSWERS TO SAQ

Answer to Check Your Progress

- 1) See sec. 11.3.1
- 2) See sec. 11.3.1
- 3) See sec. 11.3.3.1
- 4) See sec. 11.3.3

13.7 REFERENCES/BIBLIOGRAPHY/SUGGESTED READINGS

- Front Office Training manual – Sudhir Andrews. Publisher: Tata Mac Graw Hill
- Managing Front Office Operations – Kasavana & Brooks Educational Institution AHMA
- Front Office – operations and management – Ahmed Ismail (Thomson Delmar).
- Front office Operation Management- S.K Bhatnagar, Publisher: Frank Brothers
- Managing Front Office Operations By Kasavana & Brooks
- www.tourism.gov.in

13.8 TERMINAL QUESTIONS

- Discuss the procedure of hotel star classification followed in India.
- How can one differentiate between criteria required for five and three star category?
- What is the role of HRACC in providing honest star classifications to various hotels in India?
- Prepare a checklist of facilities for classification / re-classification of hotels in India as per guidelines of Ministry of Tourism?

UNIT 14 - ETHICAL, LEGAL AND REGULATORY ASPECTS OF TRAVEL TRADE AND HOTEL OPERATIONS

STRUCTURE

- 14.0 Introduction
- 14.1 Objectives
- 14.2 Ethical Practices and Principles in Tourism
 - 14.2.1 Challenges in Regulatory Framework of Hospitality Industry
- 14.3 Legal Framework in Tourism and Hospitality
- 14.4 Regulatory Laws for Tourism Business
- 14.5 Global Codes of Ethics for Tourism
- 14.6 Summary
- 14.7 Answer to Check Your Progress Exercises
- 14.8 References/Bibliography
- 14.9 Review Questions

14.0 INTRODUCTION

Tourism and Hospitality Industry is one of the world's largest and fastest-growing industries and its importance for economic development is widely acknowledged. It covers an extraordinary range of services. The services are supplied to consumers by a series of participants, who are linked in a complex web of relationships. Business Conduct and Ethics Code is built on core values and highlights the principles that guide business conduct in travel trade and hospitality operations. Feeling safe is important to travelers and guests where ethical decision making is essential to the success of travel and hotel operations. Some decisions are obvious and easy to make; others are not. Tourism industry believes that legislation is the foundation on which any operation is built. India's determined efforts to promote the tourism Industry started since 1980 with the government's involvement in the hospitality enterprises. The business however blossomed to the admiration of private investors during late 90's.

Present unit gives detailed insight into various regulatory, ethical and legal practices followed by various travel trade bodies and hospitality sector. The unit also present that various Indian States has rich tourism resources both developed and underdeveloped. Yet, the only legal act empowering the industry lacks full powers to prosecute basic function with mitigations particularly on hotel and catering operations. For the industry

to forge ahead and support the tourism industry in the global market, legal aspect relating to the hospitality and related service provisions in the industry must be reviewed and amended with new enactments to achieve the sustainable tourism development and the Vision 2020 goals.

14.1 OBJECTIVES

To understand the basic principles of various Laws, Codes, rules and regulations relating to Tourism Industry and Hospitality Operations, this unit primarily acquaint learners with the following objectives.

- Code of conduct with which tourism and hotel operations are guided;
- Legal, regulatory and ethical framework of tourism and hotel industry;
- Challenges of enhancing and enforcing Regulatory Framework;
- Global code of ethics for tourism and hospitality industry.

14.2 ETHICAL PRACTICES AND PRINCIPLES IN TOURISM

Ethics emphasizes on the determination of right and wrong. It is worthy to be considered in travel trade and hospitality operations where human element plays a biggest role. Each industry player like travel agency, tour operator, transporter, hotel units, business partner etc. are guided by few ethics while serving their respective customers. In that sense, all practitioners are required to base their business on the principles of the code of ethics. Further concretization of these principles requests ethical awareness as well as ethical philosophy of an organization that essentially accepts the compatibility between profit and morality. Suffice it to say that tourism and hospitality law according to Burkart et al., regulates methods and conditions for performing travel trade and hospitality operations. The law regulates promotion and measures to direct the development and creation of tourism products. Tourism trade in the context of this law is the offering of services by tourist agencies, tourist guides, escorts, event organizers and representatives, in the fields, in nautical rural, health, religious, congress, sports, youth and other forms of tourism as well as providing other tourism services such as hunting, fishing, rafting and others. The hospitality industry in the context of this law is the preparation of food and providing of food service, preparation and serving of drinks and beverages and offering accommodation services, as well as food preparation that will be consumed at other venues (during travel, at events and similar) and supply of such food (catering).

The major problem with the hospitality industry is the non-existence of indigenous laws and regulatory guidelines for sustained operations, tax

evasion through false declaration of profit; violation of standard regulations of the national regulatory bodies and non legislation of the sector by the National Assembly with disregard for operational laws. Hence, the need for current laws is most beneficial to increase the volume of inflows and receipts in tourism trade for socio-economic development of any nation. Disrespect for the few laws in place has further priced the nation low in choice destinations. This unit intends to point out the importance of applying regulations of legislative documents in order to achieve an appropriate level of ethical behavior of participants in tourism and hospitality operations

Regulation of relations in tourism and hospitality are based on the following principles:

- Integrated development of tourism/hospitality and related activities as factors of overall economic and social development that in line with the law provides for the implementation of mutually harmonized plans and programs;
- Sustainable development of tourism as a harmonized system of technical-technological, economic and social activities based on economic development, preservation of natural and cultural goods, preservation and development of the local community;
- Enhancement of efficiency and responsibility in the use, management, protection and improvement of tourist areas;
- Provision of uniform, public and electronic records of registered and recorded data in the field of tourism and hospitality.
- Provision of uniform standards for rendering services in tourism;
- Protection of the national economy, beneficiaries of tourist products and tourist professions;
- Partnership relation between the private and public sectors and civil society in planning, shaping and marketing of tourist products;

Most professional associations have code of ethics that are used to guide the behaviour and decisions of their members. Codes of ethics can help members make difficult decisions and help assure the traveling public that the members act in ethical ways. American Society of Travel Agents (ASTA) confirms its commitment to ethical business behaviour. In our neighborhood country Sri Lanka a new Tourism Law was passed by the Sri Lanka's parliament in October 2005 keeping in view a "Five-Year Strategy for Growth" subtitled "Transforming the Sri Lankan Tourism Industry". The Law makes many significant structural changes. A Tourism Promotion Authority (TPA) replaces the Ceylon Tourism Board. A Tourism Development Fund will be supported by a tax on tourism operations plus a portion of airport departure taxes. A Tourism Marketing and Promotion Bureau will be a public / private partnership for marketing work.

In this perspective, Global Code of Ethics for Tourism as set by United Nations World Tourism Organization (UNWTO) is a basic mechanism which directs an appropriate ethical conduct of all stakeholders in tourism and requires concretization in Indian continent as well. These codes are mentioned at the end of the unit to provide the basic framework of holistic functioning of travel tourism and hospitality services. The Code of Ethics and Conduct describes, in very practical and clear terms, the minimum standards of behavior required to be maintained by travel trade and hospitality organizations. These standards of behavior are demonstrated by all and serves as a guide when making decisions and taking actions.

14.2.1 CHALLENGES OF ENHANCING AND ENFORCING REGULATORY FRAMEWORK

The challenges of enhancing and enforcing regulatory framework in the hospitality industry are:-

- Easy entry into the hospitality business without recourse to the implication of the venture;
- Ignorance of the investors to comply with operational rules in the service industry;
- Lack of awareness of the investors of the laws relating to registration exercises especially by the tourism regulatory agencies;
- Reluctance of the investors and operators to register their businesses with the tourism regulatory agencies;
- Non regulation of the industry through a Charter with operational and professional ethics to be adhered to;
- The industry is over powered by investors, operators and employees whose professional background is not of the industry hence exhibit lukewarm attitude to complying with laid down operational rules;
- The process of registering hospitality outfits is not too friendly hence resisted;
- Environmental and health Inspectors do not enforce their laws to the latter which allows for unhealthy practices around the outfit premises;
- Lack of passage of most tourism and hospitality related Bills is affecting standard operations in the industry;
- Non enforcement of the existing hospitality and tourism laws by the respective agencies due to risks involved;
- Multiple registrations i.e. with Corporate Affairs Commission, Local Government

Authority, State Ministry of Commerce and Industry, State Hotels Agencies, ITDC etc.

Check Your Progress 1

Activity 1

1. What do you understand by the ethical practices?

2. List out few principles on which regulation in tourism shall be based?

3. Discuss challenges of enhancing and enforcing regulatory framework in hospitality industry?

14.3 LEGAL FRAMEWORK IN TOURISM AND HOSPITALITY

Tourism and Hospitality legislations on which the industry is based is governed by various tourism and hotel laws passed by different state tourism bodies. There are strict federal and provincial legislative acts, orders, rules and other statements concerned with tourism and associated activities and involvements. These strategies require the development and maintenance of an environment in which tourism will prosper and the business sector will be able to achieve successful growth and development, while ensuring the protection of natural and cultural heritage as well as ensuring the holistic development of tourists. There are legal disciplines in tourism and hospitality covering:

- Immigration regulations: Passport and ISA
- Environment
- Police registration of foreigners
- Movement and entry of foreigners
- Mountaineering and trekking regulations
- Porters
- Hunting of Wildlife and fishing
- Foreign Currency regulations
- Foreign Investment
- Regulations prohibiting cultural/recreational/shows/dances etc. in public places.
- Movement and entry of foreigners in Azad Kashmir

- Prohibiting foreigners from visiting areas such as the Khyber Pass
- Regulations for foreigners visiting various places in Balochistan province,
- Other regulations pertaining to foreigners visiting restricted areas of the country.
- Restriction on dress for foreign women.
- Granting visas to various nationalities
- Foreigners staying in hotels

In India, Ministry of Tourism, Govt. of India advises travellers to seek the travel assistance of only those professional service providers who are member of govt. bodies and other professional organizations such as ADTOI, TAAI, HAI, ITTA, IATO etc. Information of such professional players is displayed in the websites by state tourism bodies and Ministry of Tourism. Trips may be cancelled, delayed, or interrupted for many reasons. Serious illness of the traveler or family members is a frequent reason for changing travel plans. There may be a bad weather and other situations which may cancel the programmed itinerary. In such case, travel insurance coverage may be refunded for a financial loss on a trip as listed in the insured travel.

There are varieties of laws in India which are directly or indirectly related to tourism. Environment (Protection) Act, 1986, Wildlife Protection Act, 1973, Indian Forest Act, 1927, The Air Prevention and Control of Pollution Act and Coastal Zone Regulations, etc. are widely used for preservation and conservation of Environment and wildlife wealth of India. In hotel industry, there are sarais act and regulations of Ministry of Tourism (HRACC division). Acts imposed by Archaeological Survey of India, Ancient Monument act, regulations framed by Ministry of Culture are widely used in cultural and heritage tourism. There are acts which are of prime importance in protecting tourists from maligning acts of service providers, health and hygiene of tourists such as Consumer Protection Act and Prevention of Food Adulteration Act, etc.

A number of governmental and private organizations focus on travel fraud. Few travel agencies promotes their brands on account of offering a promising deal such as “free trips, children free” etc. but actually hid fees in complete travel packages and charge later. Such travel frauds are illegal and henceforth restricted by the government laws in every country. In Australia, the four legal bases for consumer claims against suppliers of tourism services are:

1. Contract

- Is the promise a part of the contract?
- Is the promise “mere puff”?
- Is there a breach of the promise?

- Are the booking conditions effective to exclude liability?
- 2. Misleading & Deceptive Conduct, Statements and Representations
 - Misleading Conduct is actionable under Section 52 of the Trade Practices Act (4) or Section 42 of the Fair Trading Act (5)
 - Misleading representations & statements are actionable under Sections 53, 54, 55A & 58 of the Trade Practices Act or the corresponding sections of the Fair Trading Act.
- 3. Special Statutes and Conventions
 - The Warsaw Convention for airlines;
 - The Athens Convention for cruise ships;
 - The Motor Accident Legislation for travel by road;
 - The Innkeeper's Act for hotels and resorts;
 - The EU Directive on Package Travel for visitors to Europe or from Europe;
 - The Travel Agents Acts (6) and Tourism Services Act (7)
- 4. Negligence

The law of torts imposes duties of care, such as:

 - Failure to warn or provide signage;
 - Failure to provide safe passage or secure physical environs.

Check Your Progress 2

Activity 1

1. Explain legal disciplines in tourism and hospitality?

2. In Australia what legal bases are there for consumer claims against suppliers of tourism services?

14.4 REGULATORY LAWS FOR TOURISM BUSINESS

Existing regulations targeted toward the hotel sector are largely focused on various aspects of facility operations efficiently. However, a wide range of present and future legislative activities will impact hotel design, construction and operations. This legislation ranges from the broad and long-term (e.g. cap and trade legislation regarding emissions) to the specific (e.g. U.S. Energy Independence and Security Act of 2007, which applies phased efficiency standards to incandescent light bulbs). The concept of Life Cycle Assessment for products (i.e. the "Cradle to Cradle" review of environmental impacts from raw material extraction

through disposal) has gained significant acceptance as a policy instrument and basis for evolving regulatory mechanisms – most notably in the European Union. Hoteliers will need to monitor legislation at the national and local levels to properly plan for operational practices and associated capital expenditures that may be required in the future. Establishments must obtain various licenses', such as a liquor license, lodging house license, eating house license, police permission, License under the shop and establishment act, or a license under the Food and Drug Administration Act. If an establishment fails to meet the requisite criteria of obtaining the license, business can be closed down. Number of legislations governs the hospitality industry. For the construction and commissioning of hotels, restaurants, guest houses and other establishments, following acts are admissible in India:

- Foreign Exchange Management Act;
- The Industrial Licensing policy;
- The Transfer of Property Act

Several areas of legislation have an impact on the capacity of small-scale producers to develop tourism-related enterprises. Various development control orders issued by central and state governments and local municipal councils. These include access to credit, business licensing, employment legislation, environmental health, and health and safety regulations as well as the regulation of micro, small and medium-sized enterprises.

Few legislations govern the operation, maintenance and management of establishments, and the health and safety of occupants. These include:

- Indian Contract Act, 1872
- Health and Safety Laws
- Insurance Laws (public liability insurance)
- Fire Safety
- Hygiene regulations
- Workmen's compensation Act, 1923
- Payment of Wages Act, 1936

Another set of rules governing taxation, employment and other contractual relationships. These include:

- Income tax act, 1948;
- Service tax;
- Expenditure tax
- Central Excise Act, 1944;
- Luxury tax;
- Entertainment/amusement tax;
- Other employment laws

Governments need to ensure that people engaged in tourism are remunerated fairly and receive adequate social protection in areas such as the minimum wage, policies on equal opportunities, holiday entitlement and security of employment.

Measures undertaken by the Government

New Hotel Policy of Government of Uttar Pradesh 2008 and Government of Rajasthan (Department of Tourism) - New Hotel Policy 2006 envisages creation of adequate and suitable infrastructure like accommodation, transport, communication links and other essential amenities. Various policy measures undertaken by the Ministry of Tourism and tax incentives have also aided growth of the hospitality industry; some of them include:

- Allowance of 100% FDI in the hotel industry (including construction of hotels, resorts, and recreational facilities) through the automatic route
- Introduction of 'Medical Visa' for tourists coming into the country for medical treatment
- Issuance of visa-on-arrival for tourists from select countries, which include Japan, New Zealand, and Finland
- Promotion of rural tourism by the Ministry of Tourism in collaboration with the United Nations Development Programme
- Elimination of customs duty for import of raw materials, equipment, liquor etc
- Capital subsidy programme for budget hotels
- Exemption of Fringe Benefit Tax on crèches, employee sports, and guest house facilities
- Five-year income tax holidays for 2-4 star hotels established in specified districts having UNESCO-declared 'World Heritage Sites'.

To enhance India's competitiveness as a tourist destination, it is proposed to simplify the visa procedures and consider strategies for the speedy issue of visas including electronic visas and visas on arrival. Some regulations are enacted to specifically protect a fledgling business or project. Foreign Exchange Management Act (FEMA), 2000 introduced by Govt. consider that foreign exchange transactions in tourism and hospitality related activities need to be regulated properly. Federal law introduced in 1979 in United States of America prohibits airlines from providing direct flight service in restricted areas. In USA, Consumer Product Safety Commission is a federal agency charged with protecting consumers from dangerous products.

Factories Act, 1948 is a law relating to working hours, conditions of service & employment and covers hotel, restaurant or eating places. The provision of the acts are related to working hours, health, safety, amenities and facilities provided to the workers. Food Safety and Standards Act has been implemented on 5th August, 2011. The enactment of Food Safety & Standards Act and establishment of the Food Safety and Standards Authority of India (FSSAI) is a landmark development which will have a pervasive impact on all segments of the Indian Hospitality Industry. It becomes obligatory on all food business operators to acquire license under this Act. Similarly, Indian Contract Act, Consumer Protection Act, 1986, Payment of Wages Act, 1936; Agmark Standards (AGMARK), Bureau of Indian Standards (BIS), Prevention of Food Adulteration Act & Rules (PFA Act), 1954, Essential Commodities Act, 1955 are important regulatory aspects of tourism and hospitality industry having significant impact in India.

Check Your Progress 3

Activity 1

1. Which acts govern taxation, employment and other contractual relationships?

2. Define various policy measures undertaken by the Ministry of Tourism for the growth of the hospitality industry; some of them include:

3. What do you understand by FEMA?

14.5 GLOBAL CODES OF ETHICS FOR TOURISM

There are various organizations and associations that look after the interests of small businesses; helping entrepreneurs get off their feet and providing insight into the industry. These organizations also regulate the tourism industry and how it is operated. Association for South African Travel Agents (ASATA) is a representative forum that promotes professional service with security for both members and their clients. Their

emphasis is on free trade without violating rules and regulations. Fair Trade in Tourism South Africa (FTTSA) is an independent project of the World Conservation Union and aims to facilitate improved access to tourism markets for structurally disadvantaged tourism enterprises. National Accommodation Association of South Africa (NAA-SA) brings together all local and provincial accommodation associations. South African Association for the Conference Industry (SAACI) is dedicated to maintaining and improving the standards of efficiency and professionalism for the conference industry in southern Africa. Southern Africa Tourism Services Association (SATSA) is a non-profit member driven association, representing major role players including airlines, coach operators, tour operators, accommodation establishments, vehicle-hire companies and so on. By doing business with a SATSA accredited member, one has peace of mind and a guarantee that they are receiving the best possible services within the tourism industry. South African Tourism (SAT) is the official international marketing organisation for South Africa as a tourist destination. SAT participates in travel shows, presents workshops for members of the travel trade, produces a variety of promotional material and co-ordinates marketing campaigns to create a positive climate for the effective marketing of South Africa's many excellent tourism products. Tourism Enterprise Programme (TEP) facilitates the growth, development and sustainability of small tourism businesses. This is achieved through a number of products and services that provide hands-on, step-by-step support and guidance, ultimately leading to improved product quality, operational efficiency and market reach. Tourism Business Council of South Africa is the umbrella organisation representing the tourism business sector. Its primary purpose is to engage with all stakeholders in developing macro strategies that create an enabling environment for tourism development.

The UNWTO elaborated a Global Code of Ethics in 2001 setting a framework for the responsible and sustainable development of tourism. It addresses the rights and responsibilities of all tourism stakeholders.

UNWTO Global Code of Ethics for Tourism, October 2001

Adopted by resolution A/RES/406(XIII) at the thirteenth WTO General Assembly (Santiago, Chile, 27 September–1 October 1999).

Article 1

Tourism's contribution to mutual understanding and respect between peoples and societies

1. The understanding and promotion of the ethical values common to humanity, with an attitude of tolerance and respect for the diversity of religious, philosophical and moral beliefs, are both the foundation and the consequence of responsible tourism; stakeholders in tourism development and tourists themselves should observe the

social and cultural traditions and practices of all peoples, including those of minorities and indigenous peoples and to recognize their worth.

2. Tourism activities should be conducted in harmony with the attributes and traditions of the host regions and countries and in respect for their laws, practices and customs.
3. The host communities, on the one hand, and local professionals, on the other, should acquaint themselves with and respect the tourists who visit them and find out about their lifestyles, tastes and expectations; the education and training imparted to professionals contribute to a hospitable welcome.
4. It is the task of the public authorities to provide protection for tourists and visitors and their belongings; they must pay particular attention to the safety of foreign tourists owing to the particular vulnerability they may have; they should facilitate the introduction of specific means of information, prevention, security, insurance and assistance consistent with their needs; any attacks, assaults, kidnappings or threats against tourists or workers in the tourism industry, as well as the willful destruction of tourism facilities or of elements of cultural or natural heritage should be severely condemned and punished in accordance with their respective national laws.
5. When travelling, tourists and visitors should not commit any criminal act or any act considered criminal by the laws of the country visited and abstain from any conduct felt to be offensive or injurious by the local populations, or likely to damage the local environment; they should refrain from all trafficking in illicit drugs, arms, antiques, protected species and products and substances that are dangerous or prohibited by national regulations.
6. Tourists and visitors have the responsibility to acquaint themselves, even before their departure, with the characteristics of the countries they are preparing to visit; they must be aware of the health and security risks inherent in any travel outside their usual environment and behave in such a way as to minimize those risks.

Article 2 *Tourism as a vehicle for individual and collective fulfillment*

1. Tourism, the activity most frequently associated with rest and relaxation, sport and access to culture and nature, should be planned and practiced as a privileged means of individual and collective fulfillment; when practiced with a sufficiently open mind, it is an irreplaceable factor of self-education, mutual tolerance and for learning about the legitimate differences between peoples and cultures and their diversity.
2. Tourism activities should respect the equality of men and women; they should promote human rights and, more particularly, the individual rights of the most vulnerable groups, notably children, the elderly, the handicapped, ethnic minorities and indigenous peoples.
3. The exploitation of human beings in any form, particularly sexual, especially when applied to children, conflicts with the fundamental aims of tourism and is the negation of tourism; as such, in accordance with international law, it should be energetically combated with the cooperation of all the States concerned and penalized without concession by the national legislation of both the countries visited and the countries of the perpetrators of these acts, even when they are carried out abroad.
4. Travel for purposes of religion, health, education and cultural or linguistic exchanges are particularly beneficial forms of tourism, which deserve encouragement.
5. The introduction into curricula of education about the value of tourist exchanges, their economic, social and cultural benefits, and also their risks, should be encouraged.

Article 3

Tourism, a factor of sustainable development

1. All the stakeholders in tourism development should safeguard the natural environment with a view to achieving sound, continuous and sustainable economic growth geared to satisfying equitably the needs and aspirations of present and future generations.
2. All forms of tourism development that are conducive to saving rare and precious resources, in particular water and energy, as well as avoiding so far as possible waste production, should be given priority and encouraged by national, regional and local public authorities.
3. The staggering in time and space of tourist and visitor flows, particularly those resulting from paid leave and school holidays, and a more even distribution of holidays should be sought so as to reduce the pressure of tourism activity on the environment and enhance its beneficial impact on the tourism industry and the local economy.
4. Tourism infrastructure should be designed and tourism activities programmed in such a way as to protect the natural heritage composed of ecosystems and biodiversity and to preserve endangered species of wildlife; the stakeholders in tourism development, and especially professionals, should agree to the imposition of limitations or constraints on their activities when these are exercised in particularly sensitive areas: desert, polar or high mountain regions, coastal areas, tropical forests or wetlands, propitious to the creation of nature reserves or protected areas.
5. Nature tourism and ecotourism are recognized as being particularly conducive to enriching and enhancing the standing of tourism, provided they respect the natural heritage and local populations and are in keeping with the carrying capacity of the sites.

Article 4

Tourism, a user of the cultural heritage of mankind and contributor to its enhancement

1. Tourism resources belong to the common heritage of mankind; the communities in whose territories they are situated have particular rights and obligations to them.
2. Tourism policies and activities should be conducted with respect for the artistic, archaeological and cultural heritage, which they should protect and pass on to future generations; particular care should be devoted to preserving and upgrading monuments, shrines and museums as well as archaeological and historic sites which must be widely open to tourist visits; encouragement should be given to

public access to privately owned cultural property and monuments, with respect for the rights of their owners, as well as to religious buildings, without prejudice to normal needs of worship.

3. Financial resources derived from visits to cultural sites and monuments should, at least in part, be used for the upkeep, safeguard, development and embellishment of this heritage.

4. Tourism activity should be planned in such a way as to allow traditional cultural products, crafts and folklore to survive and flourish, rather than causing them to degenerate and become standardized.

Article 5

Tourism, a beneficial activity for host countries and communities

1. Local populations should be associated with tourism activities and share equitably in the economic, social and cultural benefits they generate, and particularly in the creation of direct and indirect jobs resulting from them.

2. Tourism policies should be applied in such a way as to help to raise the standard of living of the populations of the regions visited and meet their needs; the planning and architectural approach to and operation of tourism resorts and accommodation should aim to integrate them, to the extent possible, in the local economic and social fabric; where skills are equal, priority should be given to local manpower.

3. Special attention should be paid to the specific problems of coastal areas and island territories and to vulnerable rural or mountain regions, for which tourism often represents a rare opportunity for development in the face of the decline of traditional economic activities.

4. Tourism professionals, particularly investors, governed by the regulations laid down by the public authorities, should carry out studies of the impact of their development projects on the environment and natural surroundings; they should also deliver, with the greatest transparency and objectivity, information on their future programmes and their foreseeable repercussions and foster dialogue on their contents with the populations concerned.

Article 6

Obligations of stakeholders in tourism development

1. Tourism professionals have an obligation to provide tourists with objective and honest information on their places of destination and on the conditions of travel, hospitality and stays; they should ensure that the contractual clauses proposed to their customers are readily understandable as to the nature, price and quality of the services they commit themselves to providing and the financial compensation payable by them in the event of a unilateral breach of contract on their part.
2. Tourism professionals, in so far as it depends on them, should show concern, in cooperation with the public authorities, for the security and safety, accident prevention, health protection and food safety of those who seek their services; likewise, they should ensure the existence of suitable systems of insurance and assistance; they should accept the reporting obligations prescribed by national regulations and pay fair compensation in the event of failure to observe their contractual obligations.
3. Tourism professionals, so far as this depends on them, should contribute to the cultural and spiritual fulfillment of tourists and allow them, during their travels, to practice their religions.
4. The public authorities of the generating States and the host countries, in cooperation with the professionals concerned and their associations, should ensure that the necessary mechanisms are in place for the repatriation of tourists in the event of the bankruptcy of the enterprise that organized their travel.
5. Governments have the right – and the duty – especially in a crisis, to inform their nationals of the difficult circumstances, or even the dangers they may encounter during their travels abroad; it is their responsibility however to issue such information without prejudicing in an unjustified or exaggerated manner the tourism industry of the host countries and the interests of their own operators; the contents of travel advisories should therefore be discussed beforehand with the authorities of the host countries and the professionals concerned; recommendations formulated should be strictly

proportionate to the gravity of the situations encountered and confined to the geographical areas where the insecurity has arisen; such advisories should be qualified or cancelled as soon as a return to normality permits.

6. The press, and particularly the specialized travel press and the other media, including modern means of electronic communication, should issue honest and balanced information on events and situations that could influence the flow of tourists; they should also provide accurate and reliable information to the consumers of tourism services; the new communication and electronic commerce technologies should also be developed and used for this purpose; as is the case for the media, they should not in any way promote sex tourism.

Article 7

Right to tourism

1. The prospect of direct and personal access to the discovery and enjoyment of the planet's resources constitutes a right equally open to all the world's inhabitants; the increasingly extensive participation in national and international tourism should be regarded as one of the best possible expressions of the sustained growth of free time, and obstacles should not be placed in its way.
2. The universal right to tourism must be regarded as the corollary of the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay, guaranteed by Article 24 of the Universal Declaration of Human Rights and Article 7.d of the International Covenant on Economic, Social and Cultural Rights.
3. Social tourism, and in particular associative tourism, which facilitates widespread access to leisure, travel and holidays, should be developed with the support of the public authorities.

4. Family, youth, student and senior tourism and tourism for people with disabilities, should be encouraged and facilitated.

Article 8

Liberty of tourist movements

1. Tourists and visitors should benefit, in compliance with international law and national legislation, from the liberty to move within their countries and from one State to another, in accordance with Article 13 of the Universal Declaration of Human Rights; they should have access to places of transit and stay and to tourism and cultural sites without being subject to excessive formalities or discrimination.
2. Tourists and visitors should have access to all available forms of communication, internal or external; they should benefit from prompt and easy access to local administrative, legal and health services; they should be free to contact the consular representatives of their countries of origin in compliance with the diplomatic conventions in force.
3. Tourists and visitors should benefit from the same rights as the citizens of the country visited concerning the confidentiality of the personal data and information concerning them, especially when these are stored electronically.
4. Administrative procedures relating to border crossings whether they fall within the competence of States or result from international agreements, such as visas or health and customs formalities, should be adapted, so far as possible, so as to facilitate to the maximum freedom of travel and widespread access to international tourism; agreements between groups of countries to harmonize and simplify these procedures should be encouraged; specific taxes and levies penalizing the tourism industry and undermining its competitiveness should be gradually phased out or corrected.
5. So far as the economic situation of the countries from which they come permits, travellers should have access to allowances of convertible currencies needed for their travels.

Article 9

Rights of the workers and entrepreneurs in the tourism industry

1. The fundamental rights of salaried and self-employed workers in the tourism industry and related activities, should be guaranteed under the supervision of the national and local administrations, both of their States of origin and of the host countries with particular care, given the specific constraints linked in particular to the seasonality of their activity, the global dimension of their industry and the flexibility often required of them by the nature of their work.
2. Salaried and self-employed workers in the tourism industry and related activities have the right and the duty to acquire appropriate

initial and continuous training; they should be given adequate social protection; job insecurity should be limited so far as possible; and a specific status, with particular regard to their social welfare, should be offered to seasonal workers in the sector.

3. Any natural or legal person, provided he, she or it has the necessary abilities and skills, should be entitled to develop a professional activity in the field of tourism under existing national laws; entrepreneurs and investors – especially in the area of small and medium-sized enterprises – should be entitled to free access to the tourism sector with a minimum of legal or administrative restrictions.

4. Exchanges of experience offered to executives and workers, whether salaried or not, from different countries, contribute to foster the development of the world tourism industry; these movements should be facilitated so far as possible in compliance with the applicable national laws and international conventions.

5. As an irreplaceable factor of solidarity in the development and dynamic growth of international exchanges, multinational enterprises of the tourism industry should not exploit the dominant positions they sometimes occupy; they should avoid becoming the vehicles of cultural and social models artificially imposed on the host communities; in exchange for their freedom to invest and trade which should be fully recognized, they should involve themselves in local development, avoiding, by the excessive repatriation of their profits or their induced imports, a reduction of their contribution to the economies in which they are established.

6. Partnership and the establishment of balanced relations between enterprises of generating and receiving countries contribute to the sustainable development of tourism and an equitable distribution of the benefits of its growth.

Article 10

Implementation of the principles of the global code of ethics for tourism

1. The public and private stakeholders in tourism development should cooperate in the implementation of these principles and monitor their effective application.
2. The stakeholders in tourism development should recognize the role of international institutions, among which the World Tourism Organization ranks first, and non-governmental organizations with competence in the field of tourism promotion and development, the protection of human rights, the environment or health, with due respect for the general principles of international law.
3. The same stakeholders should demonstrate their intention to refer any disputes concerning the application or interpretation of the Global Code of Ethics for Tourism for conciliation to an impartial third body known as the World Committee on Tourism Ethics.

Check Your Progress 4

Activity 1

1. List out various association globally which enforces code of ethics for the sustainable development of tourism and hospitality industry?

2. Define Article 2 of Global code of ethics?

3. What are the obligations of stakeholders in tourism development?

14.6 SUMMARY

In this unit, learners studied that the pillar of effective tourism operation is legislation; hence, the hospitality and tourism industry stands

to gain tremendously from review of the laws impacting on tourism. Ethical conduct of travel agencies, tour operations and hospitality sector in business activities in India is based on respect of the laws envisage for tourism. The powers conferred on Ministry of Tourism, Govt. of India are not exclusive hence, can not exercise such fully. This factor needs to be reviewed even in respect of monitoring the profile of Indian Hospitality Operation at regular intervals. The inadequacies in the regulatory laws are another area that needs to be visited. Dependence on old laws do not mean well for the industry given the strive to improve on the quality of services in the country as a tourist destination. Issues of anti-trust matters require reforms to make it more viable. The efforts of the Federal Ministry of Tourism, Culture and National Orientation to review all the law regulating the industry is a step towards the right direction. When reviewed, it is believed the laws will accommodate matters relating to transfer of technology, grading of hotels and other related agencies including franchise disclosure laws..

14.7 ANSWER TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1**Activity 1**

For answer refer to section 14.2.

For challenges in enforcing regulatory framework in hospitality industry refer sub section 14.2.1.

Check Your Progress 2**Activity 1**

For answer refer to section 14.3.

Check Your Progress 3**Activity 1**

For answer refer to section 14.4.

Check Your Progress 4**Activity 1**

For answer refer to section 14.5.

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14.9 REVIEW QUESTIONS

1. Tourism industry believes that legislation is the foundation on which any operation is built. Explain?
2. Highlight Global Code of Ethics for Tourism as set by United Nations World Tourism Organization (UNWTO)?
3. Why laws are important in tourism and hospitality?

UNIT 15 CHALLENGES IN MARKETING OF TRAVEL TRADE AND HOSPITALITY SERVICES

STRUCTURE

- 15.0 Introduction
- 15.1 Objectives
- 15.2 Marketing for Hospitality and Tourism
- 15.3 Relationship Marketing
- 15.4 Challenges in Tourism and Hospitality Marketing
- 15.5 The Marketing Environment
 - 15.5.1 Micro Environment
 - 15.5.2 Macro Environment
- 15.6 Summary
- 15.7 Answer to Check Your Progress Exercises
- 15.8 References/Bibliography
- 15.9 Review Questions

15.0 INTRODUCTION

Marketing is an inevitable aspect of tourism management. Tourism organizations that practice the marketing concept finds out what the customers wants and then produce a product that will satisfy those wants at a profit. Creating customer value and satisfaction are at the heart of hospitality and travel industry marketing where it is treated as the central goal to maintain and create satisfied profitable customers. Marketing is the interactions and interrelationships that occur among consumers and producers of goods and services, through which services and products are created. For tourism, it includes making decisions on what tourism products to offer, who the potential customers will be, the price to charge, and how to promote the products. The present unit examines the way in which tourism products and services are made available to customers and the challenges therein faced by travel trade and hospitality professionals.

15.1 OBJECTIVES

After reading this unit, learners should be able to:

- Explain the factors to consider while marketing tourism products;

- Understand micro and macro environment of tourism and hospitality marketing;
- Identify a range of challenges effecting tourism marketing;
- Learn about the marketing strategies for hospitality and tourism;
- Examine the challenges facing travel and hotel operation business

15.2 MARKETING FOR HOSPITALITY AND TOURISM

Marketing is a management philosophy which in light of tourist demand, makes it possible through research, forecasting and selection to place tourism products on the market most in line with the organization's purpose for the greatest benefit (WTO, 1995). **Krippendorf** defines tourism marketing as "the systematic and coordinated execution of business policies by both private or public sector tourism organizations operated at local, regional, national, or international level to achieve the optimal satisfaction of the needs of identifiable tourist groups, and is doing so to achieve an appropriate return". Tourism and Travel Marketing is selling the products and services at the right price, with the right promotion, to the right people, at the right location.... at a profit.

The hospitality industry is part of a larger enterprise known as the travel and tourism industry. The travel and tourism industry is a vast group of businesses with one common goal: providing necessary or desired products and services to travelers. In the hospitality industry, marketing has assumed an increasingly important role. For example, marketing efforts of Malaysian Airlines have been predominantly focused on tactical sales promotions rather than brand-building. Increasing liberalization also makes it easier for airlines to compete outside of their home markets. In the US and Europe, this combination of overcapacity and liberalization has invariably yielded market consolidation, with only the strongest airlines surviving in their original form Sarovar and Radisson Hotels in India is providing a new brand of "Signature Services and Hospitality Experience" for making one's stay a pleasure with value enhanced hospitality.

Well-structured and controlled marketing management can be a highly effective practice for ensuring the long-term success of community-based mountain tourism. Marketing management must encompass all aspects of traditional marketing focus, including pricing, place, product development and promotion. Marketing strategies in the hospitality industry have changed drastically over the past decade. Marketing of tourism products may take place in various forms. Large travel agency chains may undertake their own marketing activities, promoting specific brochures, companies or specific services (such as commission-free currency exchange) on particular occasions. Tour operators also undertake their own marketing, through advertisements in various media,

such as newspapers, television and magazines, but their aim is to promote the features and availability of specific products. Other forms of marketing may take place at trade or holiday fairs. A decade back, the brand name of the hotel was a major driver. However, with the arrival of well educated and experienced travelers, hotel companies have had to change/realign their marketing strategies. Today, hotel companies marketing strategies are differentiation, consistency, customer satisfaction, delivery of brand promises, and customer retention. Development and use of technology have also changed the way hotel companies operate, creating the need for online marketing. Travelers increasingly conduct basic research on the Internet. Blogs, networking sites, and travel sites are therefore being used for making choices and the information provided tends to influence opinions and choices. Several travel portals have emerged in recent times and travelers are increasingly using these portals to make hotel reservations. Four main functions of marketing tourism products;

1. To create a competitive advantage;
2. To increase sales and profitability;
3. To enhance the image of the organization; and
4. To improve customer satisfaction.

Successful hospitality marketing is entirely dependent on tapping the opportunities in the midst of various threats posed in the market. The advertisers projected Kerala as 'the place to be', marketing every aspect of the state from the towns, cities, beaches, backwaters, cultural heritage, food, wildlife and even the centuries-old tradition of healthcare through Ayurveda. These aspects of Kerala, which were identified as the state's unique selling propositions, were packaged in a professional way by KTDC. Apart from these marketing initiatives, the government of Kerala made an effort to professionally manage the state's tourism industry.

The entrance of corporate giants into the hospitality market and the marketing skills brought by these companies in the industry has increased the marketing among the industry fraternities. It is predicted that among airlines, there is a fierce competition. Market share (%) of Indian Airlines in 2011 gave a clear insight of the aggressive marketing tools utilised to reach to all clients. Jet Airways (18.3%), Jet Light (7.6%), Kingfisher (18%) and Air India (16%) have started their operation since back whereas IndiGo (19.5%), Go Air (6.1%) and Spice Jet (13.4%) newly entered in airlines but capture a satisfactory shares of market. IndiGo emerged as largest stand alone and faster growing carrier. Growth will continue in the domestic Indian market in FY2012/13, albeit at a slower pace, partly on account of increasing costs and fares. A distinct advantage India has is that its guests are staying longer per trip on average than those in the Asia Pacific region as a whole or globally, and that the average length of stay is growing at a faster pace over prior year.

These types of promotions have the added benefit of keeping your pricing structure intact and upholding rate parity, which will help to keep revenue growing. Longer trips signify a growing willingness and ability for consumers to spend more per trip; a nice trend since more nights per stay also means more revenue per stay. To encourage this trend, hoteliers can offer extended-night stay promotions.

Check Your Progress 1

Activity 1

1. Define tourism and hospitality marketing?

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Activity 2

1. What are the four main functions of marketing tourism products?

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15.3 RELATIONSHIP MARKETING

Relationship marketing is about creating customer value and long-term relationships. Relationship marketing works on the philosophy of building strong relationships with valued customers, distributors, dealers and suppliers. They build strong economic relationships with social ties by promising and consistently delivering high-quality products, good service, and fair prices. Increasingly, marketing philosophy is shifting from maximizing profit to maximizing mutually beneficial relationships with consumers. Relationship marketing targets longer-lasting and mutually benefitted interaction rather than focused approach on gaining profit. It is most appropriate with customers having much stake to affect the industry's future. As opposed to traditional marketing, relationship

marketing focuses on niche marketing. The differences between traditional and relationship marketing is mentioned below.

Traditional Focus	Relationship Focus
Orientation to single sales	Orientation to customer retention
Discontinuous customer contact	Continuous customer contact
Focus on product features	Focus on customer value
Short time scale	Long time scale
Token emphasis on customer services	High emphasis on customer services
Token commitment to customer expectations	High commitment to customer expectations
Quality is the concern of production staff	Quality is the concern of all staff

Relationship marketing sees the customer as an asset. Its function is to attract, maintain and enhance customer relationships. Relationship marketing is important in tourism and hospitality industry as:

1. It seeks to create new value for customers and share the value so created;
2. It recognizes the key role of individual customers in defining the value they want, i.e., value is created with customers, not for customers;
3. It is continuous by cooperative effort between buyer and sellers;
4. It focusses on the processes and whatever else is needed to advance the customer relationship.

It is an ongoing process of identifying and creating new values with individual customers for mutual value benefits and then sharing the benefits from this over a life time of associations. Relationship marketing in hospitality industry is particular important in the following area:

- Between retailers of travel-hospitality services and key customers, such as large corporations and government agencies;
- Between retailers of travel-hospitality services and key suppliers;
- Between hospitality organizations and their employees;
- Between hospitality organizations and their marketing agencies, banks, and law firms;
- Between retailers of travel-hospitality services, such as hotels or airlines, and marketing intermediaries, such as tour wholesalers, incentive houses, and travel agency houses.

Niche market is a relatively small, specialized tourist market segment. Often these segments are defined by special interest (e.g.

agricultural tours, bird watching tours, religious tours). They consist of groups of people sharing common interests who are likely to travel to a destination for that interest.

Check Your Progress 2

Activity 1

1. Differentiate traditional and relationship focus of marketing?

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Activity 2

2. Why relationship marketing is important in tourism and hospitality industry?

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15.4 CHALLENGES IN TOURISM AND HOSPITALITY MARKETING

Marketing operates within a dynamic global environment. Every passing time hospitality and travel industry juxtapose with the highly globalized competitive world to find a better fit for the longer sustainability in the market. Rapid changes in the industry can put a block on the better of the best strategy adopted by the market players. Challenges for the travel trade are of diverse nature and needs to be tackle with utmost attention if it is to remain in the market. Some developments in the external environment represent marketing challenges/threats. An environmental threat is a challenge posed by unfavorable trends or developments that would lead, in the absence of defensive marketing action, to sales or profit deterioration. Threats should be classified according to the seriousness and probability of occurrence. Several changes take place in the competitive environment as an industry reaches the maturity stage of its life cycle. Factors that affect competitiveness in Travel Trade and Hospitality Services are:

- Lack of concern for competitiveness;
- Complex visa procedures;
- Inadequate facilitation services;
- Lack of quality infrastructure;
- Lack of emphasis on product quality;
- Lack of training at the 'cutting edge';
- Lack of hygiene;
- Low utilization of modern marketing and publicity tools.
- Target market segments
- Brand image

Travel and tourism industry, including the hospitality organizations within it, is broad, diverse and complex. As such, it is difficult to generalize about challenges that confront the entire industry. Numerous challenges of modern tourism market require competitive advantage and achieved goals which include more than just increased profitability. A list of challenges is given for the quick learning of the students.

- Positioning tourism as a top priority.
- Enhancing competitiveness as a tourist destination.
- Rapid Globalization.
- Improving and expanding product development.
- Creation of world class infrastructure.
- Effective marketing plans and programmes.
- Ethical and socially-responsible marketing;
- Community Inclusion
- Limited Access to capital
- Limited human resource capacity
- Unstable economic and political environments
- Developing service quality provision to globally acceptable standards.
- Changing labor conditions;
- Escalating Operating Costs
- Increased renovation and construction costs
- Effects of and scares about natural disasters
- Ongoing concerns about safety and security
- Increased consumer expectations
- Accelerating change and merging of technologies
- Geographic Diversity Increasing consolidation of brands and companies
- Premium segment of the market
- Product Quality

While developing a marketing plan for tourism and hospitality services, following steps are important to study: These are:

1. **Business background:** nature of business, business mission, goals and competitive advantage
2. **Situations Analysis:** internal and external factors affecting business ex. Industry trends, competitors, the economy, financial resources, etc.
3. **Target Markets:** Product selling strategy, consumer needs
4. **Marketing Mix:** 'Ps' of Marketing
 - Product or Service
 - Packaging
 - Place (or Distribution)
 - Price
 - Promotion

- ✓ Advertising
- ✓ Direct Marketing
- ✓ Travel Brochures
- ✓ Travel Trade Shows
- ✓ Consumer Promotions
- ✓ Publicity
- ✓ Personal Selling
- ✓ Websites/Internet Marketing
- ✓ Online Technologies

For tourist to be sustainable it must seek to maintain the balance between socio-cultural environmental and economic impacts of development. The role of government is recognized as an integrating force in the organization and marketing of tourism. To become an attractive destination for tourists, a location requires a wide range of services including infrastructure such as power and water utilities, airports and roads to facilitate the provision of hotel, restaurant services and mega-events together with effective destination marketing. The industry is very market driven and it is the customers' who define quality. There is a challenge to innovate more and more attractive activities to fulfill the customer's needs for emotional experiences. The involvement of artists and creative industry firms in policy development, governance and economic development programmes, including tourism development, destination marketing and management, also requires working models of good practice, since this element is often absent in the more dependent/emerging creative clusters. Various States Tourism Bodies in India presents the future challenges of successful hospitality operations. They are as follows:

- **Strategic management:** know-how/expertise management and development, know-how/expertise of network, partner organisations/knowledge institutions;
- **Customer orientation:** holistic offering, better knowledge of the customer, customer relationship management, tailor-made services, knowledge of the target market;
- **Enhanced creativity managing innovation:** combining diverse knowledge, integrating business and innovation, fast product development and commercialization cycles;

A major impediment to the growth of tourism in India has been the lack of awareness about the benefits that it can bestow upon the host population. Unless the host population, both in the rural and urban areas, is supportive of tourism, it cannot become a vibrant economic force. To estimate the potential for tourism in any area, existing markets need to be analyzed for their array of interest in tourism and related activities. In developed countries the concern for environmental conservation has led to conflicts between tourism operators and public interest groups. The ski

industries in the United States, Canada, Switzerland, and Austria illustrate this problem. In the Himalayas the question is not how communities might respond to ecotourism-led development but rather how best to attract a critical mass of visitors who will stay longer, pumping some cash into the local economy. Lack of linkages with the local or regional production systems, low retention of benefits, a high degree of seasonality, socio cultural impacts resulting from tourism, and policy and institutional development problems are also listed as substantive issues. Keeping all these adverse impacts of tourism industry into consideration, a comprehensive promotion and marketing strategy must be prepared as marketing is critical input for successful tourism.

The development of the tourism sector can help the local economy in a number of ways. The most important impact is the creation of employment for the local people in hotels, restaurants and other kinds of lodgings as well as in the tour-operating sector. For the successful development of high-value tourism, it is important to reach out to the potential tourists who are ready to spend substantial amounts of money for the services in this sector. For this, it is important to build quality tourism infrastructure but equally importantly, it is necessary to make sure that the potential tourist has adequate information about the facilities available in the state. The most effective way to attain this objective is to promote the state and its tourism sector as a brand. This will involve innovative campaigns through the media and the internet, focusing on the factors that attract various types of tourists. To market India's diverse tourism products and to bring in tourists various states in India focusses on aggressive marketing through media campaign – both print and electronic, projecting various tourism attractions as well as the tourism products of the state developed for comfortable holidays, focusing on unique experience, interesting packages and affordability.

As there is fierce competition for tourists from India's source markets, India needs to change its traditional marketing approach to one that is more competitive and modern. It needs to develop a unique market position, image and brand, which cannot be held by any other competitor. India's positioning statement will capture the essence of its tourism product to convey an 'image' of the product to a potential customer. For tourism firms, the concept of market access and the related issues of commercial presence and establishment entail considerations related to the removal or reduction of barriers to such access and of restrictions on presence and establishment.

Beyond the general requirement that the framework on services should promote overall development among nations, the concept entails that specific provisions be adopted to ensure that developing countries

gain the necessary market access to expand their tourism services exports and to develop the competitive capacity of their own firms.

Direct efforts to promote markets and marketing have taken place in several areas and for many products. Such efforts have been on the part of Govt. organizations (GOs) and NGOs, with varying success. Two of the most important marketing challenges a hospitality property encounters faces are: “Who stays at our property?” and “Who else can we attract?” Through marketing research, tools, and strategies, lodging properties seek to identify target markets. Target markets are distinctly defined groups of travelers that the hotel seeks to retain or attract as guests. Ministry of Tourism, Govt. of India has proposed new guidelines for the scheme of Market Development Assistance (MDA) for promotion of domestic tourism with effect from 09.01.2009. The emphasis of the new scheme is to motivate travel agents/tour operators and especially, those who are yet to promote India to include tour packages to various destinations, preferably, less popular and unexploited destinations in the country in their marketing programme; to encourage domestic tourists to visit such unexploited tourist destinations in various states and thereby, project India as an attractive multi dimensional tourist destination and to familiarize travel agents / tour operators / hoteliers about new tourism products and latest developments in the field of tourism. As per 11th five year plan (2007-12) of Planning Commission, Government of India the Marketing Promotion Programme (MPP) will be restructured to focus on brand equity, providing market consultants, doubling market events— expos, meals, etc.—and building promotional websites. Urban *Haats* and market complexes will be set up at important places of tourism and business.

Numerous challenges confront today's tourism and hospitality industry. Few things need to be taken care in Travel Trade/Hospitality Operations. These are:-

- One must understand the present scenario of the market; one should do the Marketing Analysis i.e. what competitor is selling in market and what is the “value” of their product/service. Here “value” doesn't mean only the cost/price of the product or services. It states that how that service or product captured the market.
- Market Segmentation is another challenge to produce a product/service.
- One must understand **PRICE**. Price means- **P**-Planning, **R**-Research, **I**- Implementation, **C**- Control, **E**- Evaluation.
- Nowadays a new trend appears named- “Product development”. Travel agency/tour operator or hoteliers are in the fight of product development. Travel agency is using the regulator itineraries but don't forget to add few new destinations with the regular. Hoteliers are adding new features in their Rooms/Restaurants and in their room services.

- Destination marketing is another challenging key.
- Profession sales-may lead to overcome through your marketing challenges.
- Finally Product/service promotion:-A travel agency or hotel must promote their services on line or offline. It is responsible for the sales promotion also.
- It is the challenge how they promote their services among the mass. For that they may take the HIGH PAID services of online browsers like Google Msn or Yahoo etc.
- Changing Guest Preferences: One must keep current with their guest expectations about service and the best way to provide it. Increased guest sophistication and amenities is also important.

Check Your Progress 3

Activity 1

1. Discuss factors that affect competitiveness in Travel Trade and Hospitality Services?

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2. What are the challenges in tourism and hospitality marketing??

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3. What is marketing mix?

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Activity 2

1. Visit any hotel property in your town and develop a market plan of that property to meet the challenges they are facing in their business.

15.5 The Marketing Environment

A company's marketing environment consists of the outside actors and forces that affect a company's ability to develop and maintain successful transactions with its target customers. Environment for restaurant, hoteliers are intense that they are threatened by the competition from super markets (especially prepared dinners), take-out services, catering services, and casual dining. Hotel and motel operators

are threatened by competition they are getting from campers, recreational vehicles and the hospitality of friends and relatives. Such marketing environment may be classified into micro environment and a macro environment. The Micro environment consists of actors and forces close the company that can affect its ability to serve its customers, the company itself, marketing channels firms, customer markets, and a broad range of publics. The macro environment consists of the larger societal forces that affect the business and beyond one's control. Ex. demographic, economic, natural, technological, legal and political issues, competitor, and cultural forces. For example, the current interest and publicity surrounding nature based tourism presents an opportunity for tour operators that can develop products to suit such lucrative market.

15.5.1 MICRO ENVIRONMENT

Micro environment is a phenomenon in which the degree of success of company is affected by various actors. These are as follows:

- **Various departments of Organization:** Hospitality organization doesn't operate as an individual entity. It works closely with various departments such as Front Office, Housekeeping, Account department, F&B operation and so on. The organization's success heavily depends on the smooth functioning of all departments.
- **Suppliers:** These are the firms/individual that provide the resources needed by the organization to produce its goods and services. For example, food production department needs raw items such as bread, milk, vegetables, mutton etc. to produce food for the guest. In tourism industry, travel agent may require the services of transporters, hotels, guides, facilitating agents to design a complete tour for the guest.
- **Marketing Intermediaries:** These are firms that help organization promote, sell and distribute its goods to the ultimate consumer. In hospitality, these are firms which contribute in the final sales. They include travel agents, wholesale tour operators, and hotel representatives. For instance, Ashok Hotel in New Delhi is having travel desk which directly coordinates with various travel agents to promote their hotel property for the guest stay. Hotel pays them commission for selling the travel product, give the customer good price, and produce maximum sales volume.
- **Marketing service agencies:** These include marketing research firms, advertising agencies, media firms, and marketing consulting firms that help organization target and promote their products to the right markets.
- **Financial Intermediaries:** Banks, credit companies, mortgage lenders, insurance companies and other firms that helps hospitality organizations finance their transactions.

15.5.2 MACRO ENVIRONMENT

Macro environment includes competitive forces, economic forces, technological forces, political forces, cultural forces, demographic forces and natural forces. The challenge to any tourism development be it adventure, ecotourism or otherwise is to ensure balance in development so as to maximize the potential benefits and minimize potential adverse socio-cultural environmental and economic impacts of tourism development. In addition, tourism as a service industry, unlike the manufacturing, requires much more qualitative and human relations. Tourism industry management requires quality relationships between business partners and relates to the social environment in which the industry operates as well as appropriate care for the natural environment. Such relationships are established in the rules of law, but they also have an ethical dimension.

Competitors: Competitors poses big challenges to the organizations and severely affects day to day functioning of travel trades and hotel enterprises. Each organization must consider its size and position in relation to its competitors. Rival travel agency may offer similar products and services at a lower price. Thomas Cook views SOTC as a competitor dealing with similar kind of marketing strategies to sale it's product to target clients.

Several changes in the competitive environment that have impacted the tourism and hospitality industry are the following:

1. Competition for market share has become more intense as firms are forced to achieve sales growth at one another's expense;
2. Firms are selling increasingly to experienced repeat buyers who are making choices from known alternatives;
3. Competition has become more oriented to cost and service as knowledgeable buyers expect similar price and product and service features;
4. Substitute products become more prevalent;
5. Branding has become a more powerful force in consumer selection

There are several factors contributing to competitive intensity in travel trade and hospitality operations. These are:

- Opportunity Potential
- Ease of Entry
- Nature of Product
- Exit Barriers
- Homogeneity of Market
- Industry Structure
- Technological innovations
- Scale economies

- Diversity of Firms

Demographic Environment: It is the study of human populations in terms of size, density, location, age, sex, race, occupation etc. The growth trend of population like children, youths, young adults, early middle age, late middle age, baby boomers etc. is a big challenge to deal with. Life expectancy is increasing, 50-64 age group has become a major market for travel, recreation, and stay purpose. This segment of the population has the greatest amount of disposable income and a longer projected life-span than any generation in history. Similarly, children may exert a lot of influence on the purchasing of their parents. Fast-food outlets have been opened to cater the needs of children's. Certain hotels in India cater exclusively for aged people.

Economic Environment: It consists of factors that affect consumer purchasing power and spending patterns. Purchasing power depends on current income, prices, saving, lifestyle etc. Thus, one may find that majority of the travel agencies and star-rated hotel properties have their assets in metropolitan cities where purchasing power is quiet high on account of strong economic environment.

Natural Environment: It consists of natural resources and the surrounding in which business is operated. Many Ecotel properties are following eco-friendly practices. Aviation industry is implementing cutting-edge technologies to make aircraft lighter than ever before. Commercial flights are beginning to use bio-fuels. Key card systems and energy saving light bulbs are increasingly being implemented in hotel rooms. Tour operators are asking for energy efficiency throughout their supply chains. Hospitality companies need to be proactive in their efforts to conserve the environment. Ecotourism, rural tourism and village-base tourism activities are gaining momentum to attract the large chunk of international tourists in India. In travel trade operations, there are dangers in promoting mountain destinations for ecotourism, especially if there is no strategic focus on the type and intensity of activities to be promoted, the benefits and the beneficiaries, and the decisions related to governance, control, and regulations. Since, modern day tourist perceives special interest in unexplored destinations, new product development strategies has become the need of the hour. Some of the major environmental impacts in many mountain regions around the world with direct implications for local mountain communities include overcrowding, noise pollution, garbage pollution, extraction of valuable resources (collection of firewood and rare plant specimens), pack stock grazing, fire hazards, introduction of nonnative species, and sewage outflows.

Technological Environment: Technological advancement in hospitality and tourism industry is rapidly taking place. Computerized video check-in and checkout services are now common in many hotels. Property Management System (PMS), Computerized Reservation System (CRS) are widely being used in tourism industry. Yield Management System are helping hotels to optimize their profits through pricing to demand.

Political Environment: Laws, government bodies also influence the smooth functioning of hospitality operations. Tax levies by the government and the strict legislation posed by the government is a big challenge to deal with in hospitality industry. These political interventions are likely to increase in the future. Business executives must be well familiar with laws, food acts, sales tax passed by the government.

Cultural Environment: It includes institutions and other forces that affect society's basic value, ethics, perception, preferences, and behaviours. Travel agents who wish to start it's functioning at a place must be aware of the basic beliefs and values of the communities. Modern tourism marketing has evolved as a business entity which quickly reacts to socio-cultural changes. Besides interactions with the natural systems, Hospitality and Tourism activities also involve direct or indirect contacts between tourists and the local people. Homestay tourism, agro-tourism, and eco-tourism, for example, generally involve direct interactions between the visitors and the locals (Villagers, farmers, local guides, etc.).

The prospects for the hotel industry in India are bright. With revival in the global economy, international tourist inflow into the country is expected to rise. Additionally, hosting of international sports events and trade fairs and exhibitions in the country are expected to aid both inflow of international tourists and domestic tourist movement. The upcoming industrial parks, manufacturing facilities and ports across the country provide a good opportunity for budget and mid-market hotels. Although around 89,500 additional rooms are expected to come up in India in the next five years, the supply of branded/quality rooms in India is much lower compared to other countries across the globe. Hence, there exists huge potential for investors and operators across all the segments of hotel industry in India. The increase in room inventories is expected to make the hotel industry more competitive and hotels would be under pressure to maintain quality and service levels at competitive prices. Competitive pricing amongst the branded hotels along with the addition of more budget and mid-market hotels would make the hotel industry cost competitive with other destinations. This would aid the growth of segments such as MICE, amongst others. While there is immense potential, concerns for growth of the industry remain. These include high real estate prices in the country, security threats, shortage of manpower, high tax structure, and non-uniformity in taxes.

15.6 SUMMARY

The unit has examined a broad range of marketing challenges. It is learnt the finest, most satisfying tourist facility would be unprofitable without marketing but it also lingers with various challenges. Today's tourist is well-informed and knowledgeable so every due care is taken to deal with the travel packages keeping in view all the external environment which may have a significant bearing on the entire success of tourism industry. Tracking such challenges travel agents and hoteliers uses benchmarks and strategies to improve their marketing performance.

15.7 Answer to Check Your Progress Exercises

Check Your Progress 1

Activity 1

For answer refer to section 15.2.

Activity 2

For answer refer to section 15.2.

Check Your Progress 2

Activity 1

For answer refer to section 15.3.

Check Your Progress 3

Activity 1

For answer refer to section 15.4.

Activity 2

Visit any of the property and enquires about their marketing strategies. Then frame a blue print about their strength, weakness, opportunities and threat and suggest the market plan for their product.

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15.9 REVIEW QUESTIONS

1. What factors most influenced you to learn about challenges in marketing?
2. Which steps are required in developing a marketing plan for tourism and hospitality services?
3. List out the factors that affect competitiveness in Travel Trade and Hospitality Services?
4. Define marketing environment of any tourism business?
5. Who are marketing intermediaries and marketing service agencies?

UNIT16- PROCEDURE FOR SETTING UP OF TRAVEL AGENCY AND TOUR OPERATION IN INDIA A BRIEF OVER VIEW

Structure

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Travel Agency Business –
Meaning and Definition
- 16.3 Tour Operation Business –
Meaning and Definition
- 16.4 Setting Up of Travel Agency and
Tour Operation Business- Procedure
 - 16.4.1 Guidelines for Recognition or
Approval of a Travel Agency
 - 16.4.2 Guidelines for Recognition or
Approval of a Tour Operator
- 16.5 Summary



16.0 OBJECTIVES

After reading this unit, you will be able to:

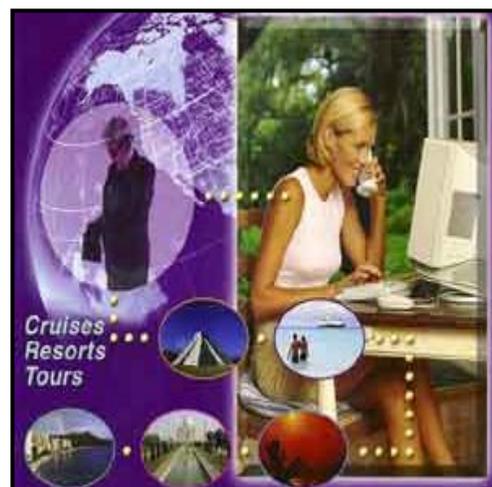
- explain the concept of travel agency and tour operation business;
- describe the procedure laid down by the ministry of tourism, Govt. of India for approval of travel agency and tour operation business; and
- discuss the various types of tour operators.

16.1 INTRODUCTION

In the previous blocks you have learnt about the meaning, concept and functions of travel agency and tour operation business and about the hospitality sector. It is clear that a travel agency works as retailer as well as whole seller. In fact, due to the structure of tourism industry a travel agency or tour operator performs multiple functions. It has to deal with various sectors or sub-sectors of tourism and hospitality industry, therefore for smooth functioning it must be recognized or approved by the Ministry of Tourism, Govt. of India and IATA. In this unit an attempt has been made to appraise you about the setting up of a travel agency and tour operation business and their recognition from Ministry of Tourism Govt. of India.

16.2 TRAVEL AGENCY BUSINESS – MEANING AND DEFINITION

Travel agency is responsible for organising travel. In fact it is a travel consultant and organiser for tourist. At the same time it provides a link to the suppliers of services with the tourists/travellers. Hence it is concluded that a travel agency is like a retail store, the uniqueness being that it acts on behalf of both, the suppliers as well as the clients. For example, a tourist visits a Travel Agency to meet his travel demands. The Travel Agency makes reservation for accommodation, air tickets, arranges for his pick from the airport and so on. Now at the surface it appears that it is only the tourist who is being catered to or looked after by the travel agency. On the other hand, a travel agency has also served the airline by booking the seat or the hotel by booking the room. In all these services the Travel Agency has provided business to the suppliers of services while serving the tourist at the same time. This demonstrates the importance of the Travel Agency whose role is growing more and more in the modern world. Not every traveller has the energy or time to organise all travel arrangements. The suppliers too don't have the reach to every prospective customer. Hence, the travel agency plays a vital role between the tourists and the traveler suppliers. In fact, it is the link between tourists and the suppliers. The figure 1.1 illustrates the role of travel agency.



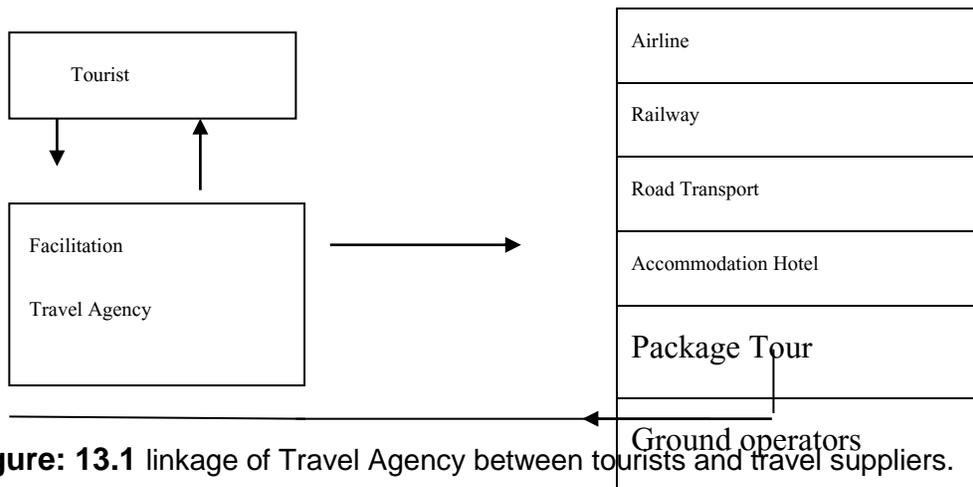


Figure: 13.1 linkage of Travel Agency between tourists and travel suppliers.

Before we go further to explain the various functions and operations involved there in let us look at some of the basic qualities the personnel working in a travel agency should have. One should be:

- Courteous and helpful,
- Able to look at minute details,
- Ready to work under pressure,
- Prepared to work for solving problems
- Proficient in languages etc.
- Sound knowledge of geography – particularly map reading and seasonality,
- Fair knowledge of customs and practices in different countries or at the destinations one is dealing with,
- Information about health, visa, permit and foreign exchange rules, knowledge of arithmetic as fares are to be calculated or worked out,
- Should know typing or working on computers, and
- Have proficiency in communicating skills.

16.3 TOUR OPERATION BUSINESS – MEANING AND DEFINITION

You must have seen advertisements in the newspapers or magazines regarding three day or one week tour that mentions the total price of the tour along with the itinerary. For example, one week in Kerala Rs. 2000 (Rs. 350 worth healthcare coupons free or ten days in Goa inclusive meals. etc. These are the offers of package tours which are available to individuals as well as groups. But have you ever paid attention to this that who packages such



tours and why? Or how they are marketed? Well many individuals work out their own details of travel and pleasure. But this is a time consuming process. There are many who don't want to bother themselves regarding planning and organising their journeys, stay etc. Rather they want this to be done by some one else. It is the tour operator who packages all attractions of a destination into one composite product and retails it through the travel agents or directly to the tourists. He creates the demand, travel, market and image of the destination. Thus, it is precisely this demand that led to the origin of package tours. Today, many tourists buy these package tours as per their interests, priorities and budget at a price that is pre-determined. The complete holiday package tour includes travels (air/surface) accommodation, escort/guide and so on. The person who puts together all these aspects into a package is known as the Tour Operator.

In other words we can say that Tour Operator is a person who provides information, plans and coordinates travel with various agencies to create a package or service. At the same time he also ensures smooth operation of the tour He can thus, also be called a Tour/Travel consultant or Tour Coordinator. The tour Operator may or may not necessarily have any product of his own but act as an intermediary to tailor a package to meet the needs of a traveller. In fact, a tour operator plays an important role in organizing explorations, research expeditions and holidays. We must remember here that tour operations originated ever since people wanted to explore new areas, go on pilgrimages or trade expeditions, individually or in groups. The above fact indicate that a tour operation involves:

- 1) Information of the area of operation i.e. in-depth knowledge of the places of interest, the accommodation, transport facilities and other logistics required for planning a tour.
- 2) Planning of a tour in the most efficient manner.
- 3) Coordination with allied industries or services such as hotel reservations, airline, rail or road transport reservations, local assistance, guides, etc.
- 4) Operations of tour mean a close monitoring of the tour i.e. all that is packaged together is working in smooth coordination. In case of break in the circuit an alternate is to be organised with least inconvenience to the client. This is another vital segment in the planning and operation of a tour.

Over the years, due to the rapid changes in the global tourism marketplace, tour operators are playing pivotal role in the tourism market and catering the requirements of all types of tourists. Thus, in order to meet the tourism market requirements tour operators are classified into the following categories:

- **Individual/independent** tour operator,
- **In house Tour Operators** like an airlines doing the functions of tour operator also,
- **Incentive tour operators** who deal only with the sponsors and not with individual clients.
- **Outbound** who operates tours to other countries is called an Out Bound Tour Operator.
- **Domestic** who handles tours of people of mine country for travel within the country is called a **Domestic Tour Operator**.
- **Inbound Tour Operators:** The Wholesaler who markets the tour consolidates the members of the group through many retailers. Finally the group thus formed is given by the wholesaler as a package to Inbound Operator of that country or that region. The coordination of hotels, transport and other allied services is then undertaken by the Inbound Operator. In fact, Inbound Tour Operators further pass on the services of the group to some body in the city of visit known as the **Excursion agent**. He coordinates with hotel reservations, organises transport, guides tourists and generally meets the needs of the tourists in that city.

It is not necessary that these have to be separate or one does not operate the other types. But it is seen that since the markets and the style of operations in each one are distinctly different then the other the operators prefer to stay in their own specialized field.

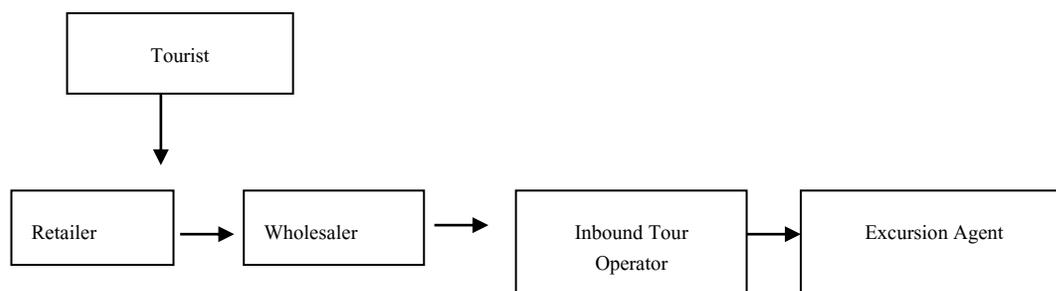
The following illustration clarifies the concept and functioning of tour operators:

A group of 10 members in UK wants to visit India but does not know ho to go about. The group leader walks in the Travel Agency (Retailer) which he normally uses or thinks that it can help him. He meets the Travel Consular who talks to him and finds out his interest, the tune he could spend for travel, the tour he could afford, the luxury he is looking for and the season of travel. The Travel Consular then shows him the brochures of the various types of tours which he could recommend with the cities or areas of interest, type of facilities, etc. Such tours have a schedule date of departure and a set programme. He then books the name of his group on one such group... The wholesaler collects people from all over the country and forms a group. The detail of whole with names, itinerary and flight details etc. is sent to an Inbound Tour Operator who has organised reservations for hotel, transport and other services all over the country. This Inbound Tour Operator then gives message to Excursion Agents in each city of visit about the groups strength, arrival and departure details

and request for services to be arranged in that city. Normally the following information required by the tour operator:

- 1) Receiving the group at the airport and taking them to the hotel and vice versa.
- 2) Provide appropriate transport for the group to travel in the area.
- 3) Provide Guide for sightseeing tours.
- 4) Provide tickets for entrance fee at places of visit.
- 5) Any special services for the group.
- 6) Reconfirm hotel reservations.
- 7) Reconfirm onward flight/train/bus reservation confirmation.

And so the group moves from one excursion agent to another while the Inbound Tour Operator is closely monitoring the movement being the chief coordinator. This way an Inbound Tour Operator is able to provide pickup service and transport and excursions at each city in India even though he does not have an office in more than one city.



At the same time there are different categories of Package Tours:

1) **Escorted Tours** this is an organised and planned tour in which a tour escort serves the group or individual by **accompanying throughout the tour.**

2) **Unescorted Tours** though organised and planned: there is no escort accompanying the tour. Instead the group or individual is taken care of at every destination by Tour Host/Excursion Agent whose services have been taken for that particular destination.



From the above discussion, it is clear that before setting up of travel agency or tour operator business one must be aware about the functioning, activities and the product\ service of these organisations. Moreover, before entering into travel business one must find the answer of various questions:

- size of the organisation,
- scale of business,
- product line,
- market,
- competitions,
- legal requirements,
- professional staff,
- name of travel agency
- Location of the travel agency or tour operator
- Financial requirements and so forth.



CHECK YOUR PROGRESS – I

Answer the following questions.

1. What is a travel agency?

2. What are the duties of a tour operator?

Check your answer with the one given at the end of the unit

16.4 PROCEDURES FOR THE RECOGNITION OR APPROVAL OF A TRAVEL AGENCY AND TOUR OPERATOR

Thus, the above steps are crucial for planning to set up a travel agency and tour operator. Beside this one more crucial step is the approval obtained from the Ministry of tourism, Govt. of India. This approval helps the travel agency or tour operator to avail various financial and non-financial incentives from the govt. The procedure for recognition of travel agency and tour operator from govt. of India follows as:

16.4.1. Guidelines for Recognition or Approval of a Travel Agency

1. The aims and objectives of the scheme for recognition shall be to promote travel and tourism in India. This is a voluntary scheme open to all bonafide travel agencies.

2. Definition: A travel agency is one which makes arrangements of tickets for travel by air, rail and ship; passports; visas, etc. It may also arrange accommodation, tours, entertainment and other tourism related services.

3. All applications for recognition as a travel agent shall be addressed to the Director General of Tourism, Transport Bhawan, 1 Parliament Street, New Delhi — 110001.

4. The following conditions must be fulfilled by the travel agency for grant of recognition by the Ministry of Tourism:

- i. The application for grant of recognition should be in the prescribed form and submitted in duplicate.
- ii. The travel agency should have a minimum paid-up capital (or capital employed) of Rs. 5.00 lakh duly supported by the Audited Balance Sheet/chartered accountant's certificate.
- iii. The travel agency should be approved by International Air Transport Association (IATA) or should be a General Sales Agent (GSA) of IATA member airlines.
- iv. The minimum office space should be 250 sq ft. Besides, the office should be located in a neat and clean surrounding and equipped with telephone, fax, computer reservation system, etc. The office may be located preferably on a ground floor or first floor, if situated in a residential area with sufficient space for reception and easy access to toilet facilities.
- v. The travel agency should be under the charge of a full time member who is adequately trained, experienced in matters regarding ticketing, itineraries, transport, accommodation facilities, currency, customs regulations and travel and tourism related services. Besides this, greater emphasis may be given to effective communication skills and knowledge of foreign languages other than English. There should be a minimum of four qualified staff members out of which at least two should have a Diploma/Degree in Travel and Tourism from a recognised university, IITTM or institutions approved by AICTE. The academic qualifications may be relaxed in case of exceptionally experienced personnel in case of airlines, shipping, transport, PR agencies, hotels and other corporate bodies and for those who have worked for three years with IATA/UFTAA agencies.

- vi. The travel agency should have been in operation for a period of one year after IATA approval at the time of filing the application.
 - vii. The travel agency should be an income-tax-assessee and should have filed Income Tax Return for the current assessment year.
5. Recognition as travel agency will be granted for three years and renewed thereafter for five years on an application made by travel agency along with fee.
6. The travel agency is required to pay a non-refundable fee of Rs 2,000 while applying for the recognition. The fee will be payable to the Pay & Accounts Officer, Ministry of Tourism, in the form of a Bank Draft. Fee for recognition of each branch office will be Rs 1,000. Fee for renewal will be Rs 1,000 and Rs 500 for Head and each Branch Office respectively.
7. Recognition 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 the Ministry of Tourism and accepted by it.
8. The decision of the Government in the matter of recognition shall be final. However, the Government may in their discretion refuse to recognise any firm or withdraw/withhold at anytime the recognition 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 as a last resort. Circumstances under which withdrawal is resorted to would also be brought out.
9. The travel agency granted recognition shall be entitled to such incentives and concessions as may be granted by the Government from time to time and it shall abide by the terms and conditions of recognition as prescribed from time to time.
10. The travel agency should employ only regional guides trained and licensed by the Ministry of Tourism, Government of India and state level guides approved by State Governments.

Application Form for Recognition or Approval of Travel Agency

1. Name and address of Head Office & Branch Offices.
2. Nature of the firm and the year when it was registered or commenced business, with documentary proof.
3. Names of directors/partners, etc. The details of their interests, if any, in other business may also be indicated.
4. Give particulars of staff employed, their qualifications, experience, salary and length of service with the firm.
5. Give details of office premises like space in sq ft location whether commercial or residential area, floor of the building, reception area and accessibility to toilets.
6. Name of Bankers (Please attach a reference from your bankers).
7. Name of Auditors. A balance sheet and profit & Loss statement pertaining to the travel business, as prescribed under Company Law, must be submitted by each applicant. These audited statements should be in respect of your establishment for the last completed financial year or for the calendar year immediately preceding the date of submission of your application. Also, furnish details of your turnover in the following Performa:

Particulars of the Travel Agency concerned

- (a) Paid-up capital (or capital employed)
- (b) Loans
 - i. Secured
 - ii. Unsecured
- (c) Reserves
- (d) Current liabilities and provision
- (e) Total (a to d):
- (f) Fixed assets (excluding intangible assets)
- (g) Investments
- (h) Current assets
- (i) Intangible assets
- (j) Total (f to i):

Notes:

- (i) Reserves should include balance of profit & loss account and exclude taxation reserve.
- (ii) Current liabilities and provisions should include taxation reserve.
- (iii) Current assets should include debts, loans, advances, cash and bank balance.

- (iv) Intangible assets should include goodwill preliminary expenses, tenancy and business rights, deferred revenue expenditure, accumulated loss, etc.
8. Copy of the acknowledgement certificate in respect of income tax return for the current assessment year should be enclosed.
 9. Whether any other activities are undertaken by the firm besides travel related activities.
 10. Please indicate the air/shipping/railway ticketing agencies held by the firm.
 11. Please indicate membership of International Travel Organization, if any.
 12. Letter of approval of IATA and Certificate of accreditation for current year should be enclosed. GSAs of IATA airlines should enclose documentary proof in this regard.
 13. Please enclose a Demand Draft of Rs 2,000 for Head Office and Rs 1,000 for each Branch Office as fee for recognition and Rs. 1,000 and Rs.500 for Head Office and each Branch Office respectively if the application is for renewal of recognition. (Please mention the DD No., date and amount.)

Signature of Proprietor/Partner/Managing Director

Rubber Stamp:

Place:

Date:

16.4.2 GUIDELINES FOR RECOGNITION AS AN APPROVED TOUR OPERATOR

1. The aims and objectives of the scheme for recognition shall be to promote tourism in India. This is a voluntary scheme open to all bonafide tour operators.
2. Definitions: A tour operator is one which makes arrangements for transport, accommodation, sightseeing, entertainment and other tourism related services for tourists.
3. All applications for recognition as a tour operator shall be addressed to the Director General of Tourism, Transport Bhawan, 1 Parliament Street, New Delhi - 110001.
4. The following conditions must be fulfilled by the tour operator for grant of recognition by the Ministry of Tourism:
 - (i) The application for grant of recognition should be in the prescribed form and submitted in duplicate.

- (ii)** The tour operator should have a minimum paid up capital (or capital employed) of Rs. 2.00 lakh duly supported by the latest audited Balance Sheet/Chartered accountant's certificate.
- (iii)** The turn over in terms of foreign exchange or Indian rupees by the firm from tour operation only should be a minimum of Rs 10.00 lakh duly supported by Chartered Accountant's certificate.
- (iv)** The tour operator should have an office under the charge of a full time member of the 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 and knowledge of foreign language other than English. There should be a minimum of four qualified staff members out of which atleast two should have a Diploma/Degree in travel and tourism from a recognised university, IITM or an institution approved by AICTE.

The academic qualifications may be relaxed in case of exceptionally experienced personnel in airlines, shipping, transport PR agencies hotels and other corporate bodies and for those who have two years experience with the Ministry of Tourism approved tour operators.

- (v)** The tour operator should have been in operation for a minimum period of two years before the date of application.
 - (vi)** The minimum office space should be of 250 sq ft. Besides, the office should be located in neat and clean surroundings and equipped with telephone, fax, computer reservation system, etc. The office should be located preferably on a ground floor or first floor, if situated in residential area with sufficient space for reception and easy access to toilets.
 - (vii)** The tour operator should be an income tax assessee and should have filed Income Tax Return for the current assessment year.
5. The recognition as an approved tour operator shall be granted for three years and renewed thereafter every five years on an application made by the tour operators along with the fee. .
 6. The tour operator is required to pay a non-refundable fee of Rs 2000 while applying for the recognition. The fee will be made payable to the Pay & Accounts Officer, Ministry of Tourism in the form of a Bank Draft. The fee for recognition of each branch office will be Rs 1000 Fee for renewal will be Rs. 1000 and Rs. 500 for the Head and Branch Offices respectively.

7. Recognition will be granted to the Head Office of the tour operator. Branch Offices will be approved along with the Head Office or subsequently, provided the particulars of the Branch Offices are submitted to the Ministry of Tourism and accepted by it.
8. The decision of the Government of India in the matter of recognition shall be final. However, the Government of India may in their discretion refuse to recognise any firm or withdraw/withhold at any time, recognition 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 under which withdrawal is resorted to would also be brought out.
9. The tour operator granted recognition 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.
10. The tour operator should employ only regional guides, trained and licensed by the Ministry of Tourism, Government of India, and state level guides approved by State Governments.

Application Form for Recognition or Approval of a Tour Operator

1. Name and address of Head Office and Branch Offices.
2. Nature of the firm and the year when it was registered or commenced business, with documentary proof.
3. Names of directors/partners, etc. The details of their interests, if any, in other business may also be indicated.
4. Give particulars of the staff employed, their qualifications, experience, salary and length of service with the firm.
5. Give details of premises, viz., space in sq ft location (whether in commercial or residential area), floor of building, reception area and accessibility to toilets.
6. Name of Bankers (please attach a reference from your Bankers.)
7. Name of Auditors. A Balance Sheet, profit and loss statement pertaining to tour operation business, as prescribed under Company Law, must be submitted by each applicant. These audited statements should be in respect of your establishment for the last completed financial year or for the calendar year immediately preceding the date of submission of your

application. Also furnish details of your turnover in the following statement:

Particulars of the Tour Operator Concerned

- a. Paid up capital (capital employed)
 - b. Loans
 - i. Secured
 - ii. Unsecured
 - c. Reserves
 - d. Current liabilities and provisions
 - e. Total (a to d)
 - f. Fixed assets (excluding intangible assets)
 - g. Investments
 - h. Current Assets
 - i. Intangible Assets
 - j. Total (f to i)
8. Copy of acknowledgement in respect of Income tax return for the current assessment year should be enclosed.
9. Whether any activities are undertaken by the firm besides tour operation.
10. Membership of International Travel Organisations.
11. (a) Give details of volume of tourist traffic handled up to the date of application showing foreign and domestic tourist traffic separately. (Please submit a certificate from a chartered accountant. This certificate should show the receipts from tour operation only during the financial year or the calendar year immediately preceding the date of submission of your application).
- (b) Clientele: Special tourist groups handled, if any, their size, frequency, etc.
- (c) Steps taken to promote domestic tourist traffic and details of the groups handled, if any.
- (d) Special programmes if any, arranged for foreign tourists.
12. Number of conferences handled, if any, and the total number of passengers for such conferences with details of locations, etc.
13. Number of incentive tours handled.
14. Please enclose a Demand Draft of Rs. 2000 for Head Office and Rs 1000 for each Branch Office as fee for recognition and Rs 1000 and Rs 500 for Head Office and each Branch Office respectively if the application is for renewal of recognition. (Please mention the DD No., date and amount).

Signature of Proprietor/Partner/Managing Director

Rubber Stamp of the Firm\ company

Place:

Date:

CHECK YOUR PROGRESS - II

Answer the following questions.

1. Give the steps for establishing a travel agency.

2. How a tour operator is approved by the Ministry of Tourism?

Check your answer with the one given at the end of the unit.

16.5 SUMMARY

In this unit we attempted to give you an idea about the setting up of travel agency and tour operation business as an entrepreneur. There are ample opportunities for those who are planning to enter this vital sector of the tourism industry. Even many of you have huge opportunities right in your own location if your area is a tourist destination. In this unit you must understand about the procedure for the approval of travel agency and tour operator from the Ministry of tourism, Govt. of India.

16.6 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress - I

- 1) See Sec. 16.2
- 2) See Sec. 16.3

Check Your Progress - II

- 1) See Sub-Sec. 16.4.1
- 2) See sub- Sec. 16.4.2

16.7 SUGGESTED READINGS

- Chand Mohinder (2006) Travel Agency Management-An Introductory Text, 2nd. (Ed.), Anmol Publications Pvt. Ltd., New Delhi.
- Hollway (1999) the Business of Tourism, Pitman.
- Ministry of Tourism, Govt. of India, Annual Report 2005, 2006.
- Negi J.M., (2001) Travel Agency and Tour Operator - Concepts and Principles, Kanishka Publications, New Delhi.

16.8 REVIEW QUESTIONS

1. Explain the procedure for approval of a travel agency lay down by the Ministry of Tourism, Govt. of India.
2. Discuss the procedure to establish a travel agency.
3. Discuss the procedure for approval of tour operator by the Ministry of Tourism, Govt. of India.
4. Discuss the how you would establish a travel agency after passing this course in the hill area.



UNIT 17 ROLES AND CONTRIBUTION OF LEADING INTERNATIONAL AND NATIONAL ASSOCIATIONS/ORGANISATION

Structure

- 17.1 Introduction
- 17.2 Objective
- 17.3 Tourism Organisation
- 17.4 International Tourism Organisation
 - 17.4.1 WTO
 - 17.4.2 Others Organisation
 - 17.4.2.1 IATA
 - 17.4.2.2 UFTAA
 - 17.4.2.3 PATA
 - 17.4.2.4 WTTC
- 17.5 Government Tourism Organisation : India
 - 17.5.1 Central Government
 - 17.5.1.1 Department of Tourism
 - 17.5.1.2 ITDC
 - 17.5.2 State Government / Union Territories
- 17.6 Private Sector Tourism Organisation : India
 - 17.6.1 IATO
 - 17.6.2 TAAI
 - 17.6.3 FHRAI
- 17.7 Summary
- 17.8 Glossary
- 17.9 Answer to check your progress
- 17.10 References
- 17.11 Suggested Readings
- 17.12 Terminal and Model Questions

17.1 INTRODUCTION

Participation is the key word. The growth and development of any discipline depends to a large extent on the manner in which it associates itself with those pursuing similar disciplines. The international organisations provide a platform where ideas are exchanged and problems of mutual interest discussed. In other words, organisation means combination of a group of individuals whose main purpose is to achieve through group action the objectives for which it has been set up.

Association of an organisation with a particular discipline with similar such organisations becomes a combined effort to develop the discipline. This association can be at various levels – Local, Regional, National and International. The tourism organisations emerged with the objective of developing and promoting the subject of tourism. The role of tourism organisation in strengthening tourism by way of combined efforts is therefor of vital importance.

This unit focuses on some of the organizations that perform the catalyst, planning, development, and promotion functions within destinations. There are numerous organisations existing today. Some of these organisations are specifically concerned with development and promotion of tourism at the International level while others deal with the development and promotion of tourism in a particular region. There are other international organisations which do not concern themselves specifically with tourism but with field indirectly connected with tourism like airlines, travel agents and the hoteliers.

17.2 OBJECTIVES

After reading this unit you will be able to-

1. To understand the need for tourism organization
2. Familiarize yourself with various types of tourism organisations
3. Know about the main objectives of tourism organization.
4. Learn about the functions and relevance of some of these organizations.
5. To learn how national, regional, and trade organizations are structured and operated.

17.3 TOURISM ORGANISATIONS

Over the years a number of organisations have emerged in tourism. They have played a vital role in tourism policy formation, planning, promotion, infrastructure and resort development, protecting the rights of tourists, negotiations etc. Factors like importance of tourism in generating foreign

exchange, employment prospects, national interests and at times the stage of development have determined the need for such organisations and accordingly influenced their growth and functions.

These organisation exist in public sector as well as private sector and at different levels i.e. global, national, state and local. For example, World Tourism Organisation, Indian Tourism Development Corporation, Uttarakhand Tourism Development Board etc. A recent addition has been of some NGO's devoting full time to issues concerning tourism. Different segments of the industry also have their own organisations to defend and promote their rights like the Travel Agents Association of Tourist Guides Association.

17.4 INTERNATIONAL ORGANISATIONS

International cooperation in any field of activity in the modern world has assumed a great importance. In the field of tourism, organisations emerged with the objective of developing and promoting the subject of tourism. The international organisations in particular have played a key role in strengthening tourism by way of combined efforts and therefore their role is of vital importance.

Various international organisations in the field of tourism are operating today. It is difficult to discuss every such organisations, hence we mention about a few important ones here. For example; WTO, IATA, UFTAA, PATA etc.

17.4.1 WORLD TOURISM ORGANISATIONS (WTO)

Today, the World Tourism Organization (WTO) is the most widely recognized and the leading international organization in the field of tourism. World Tourism Organisations (founded 1975) is a specialized agency of the United Nations (UN). It is a successor to the International Union of official Travel Organisations (IUOTO) which existed from 1947 to 1975. Its membership includes 145 countries and territories and more than 350 affiliate members representing local government, tourism associations, educational institutions and private-sector companies, including airlines, tour operators and hotel groups. The World Tourism Organization plays a role in promoting the development of responsible, sustainable and universally accessible tourism, paying particular attention to the interests of developing countries. WTO compiles the world tourism rankings. It is a significant global body concerned with the collection of statistical information on international tourism. This organization represents public sector tourism bodies from most countries in the world and the publication of its data makes possible comparisons of the flow and

growth of tourism on a global scale. WTO headquarters are at Madrid (Spain) and there are three organs through which WTO functions:

1. General Assembly (meets every two years)
2. Executive Council (meets twice a year)
3. The Secretariat (permanent office at Madrid)

General Assembly

It is the supreme organ of the organisation. It meets every two years to approve the budget and programme of work and to debate topics of vital importance to the tourism sector. It also provides general guidelines for the administration of the organization. Every four years it elects a Secretary-General. The General Assembly is composed of delegates representing full members, associate members and representatives of Affiliate Members. The General Assembly has created six subsidiary organs in the form of Regional Commissions. These are: Africa, the Americas, East Asia and the Pacific, South Asia, Europe and Middle East. The commissions meet at least once a year and are composed of all the full members and associate members from that region. Affiliate members from the region participate as observers.

Executive Council

It is the governing board of WTO. It is responsible for ensuring that the organization carries out its work and adheres to its budget. It meets at least twice a year and is composed by members elected by the general assembly in a ratio of one for every five full members. At host country of UNWTO's headquarters, Spain has a permanent seat on the Executive Council. Representatives of the Associate Members and Affiliate Members participate in executive council meeting as observers. The Executive Council has created subsidiary organs. These are as follows: Technical Committee for Programme and Coordination (TCPC), Committee on Budget and Finance (CBF), Facilitation Committee, Environment Committee, Sub-Committee for the review of applications for affiliate membership, Sub-Committee on Statistics, Joint WTO-IATA Working Party. The subsidiary organs of the council meet on a regular basis to discuss matters falling within their competence and on which they report to the council.

Secretariat

The Secretariat of the organization consists of the secretary general and the staff members. The Secretary General is responsible for carrying out the general policy and work programme of the organization in accordance with the directions of the General Assembly and the Executive Council. The Secretary General ensures the legal representation of the organization. The present structure of the secretariat comprises general management, one division (relations, cooperation and development), three services (general administration, finance, conference and documents), six sections (personnel, statistics, studies, Africa / Middle East, the Americas / Europe, East Asia and Pacific / South Asia) and four units (technical cooperation, vocational training, public information and publications, documentation and technical information).

Aims

The aims of the organization are defined in article 3 of the statute which is divided into the following three sections:

1. The fundamental aim of the organization shall be the promotion and development of tourism with a view to contributing to economic development, international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedoms for all without distinction to race, sex, language or religion. The organization shall take all appropriate action to attain this objective.
2. In pursuing this aim, the organization shall pay particular attention to the interests of the developing countries in the field of tourism.
3. In order to establish its central role in the field of tourism the organization shall establish and maintain effective collaboration with the appropriate organs of the United Nations and its specialized agencies. In this connection the organization shall seek a cooperative relationship with and participation in the activities of the United Nations Development Programme as a participating and executing agency.

Membership

There are three categories of members of the organization. The categories are:

- (1) **Full Members:** Full members are all the sovereign states.
- (2) **Associate Members:** Associate members are the territories or groups of territories not responsible for their external relations but

whose membership is approved by the state assuming responsibility for their external relations.

- (3) Affiliate Members:** Affiliate members are international bodies, both inter-governmental and non-governmental concerned with specialized interests in tourism, as well as commercial and non-commercial bodies and associations whose activities are related to the aims of WTO or fall within its competence.

WTO is the only intergovernmental organisation open to the operating sector. This combination of public and private sector involvement encourages a hands-on approach to strategic issues affecting the industry. WTO also provides a forum for industry to “establish the frameworks and global standards of travel and tourism”. It attempts consolidation of one or the world’s fastest growing industries. WTO’s activities include:

1. Technical Cooperation
2. Education and Training
3. Environment and Planning
4. Facilitation and Liberalisation
5. Marketing and Promotion
6. Publication

17.4.2 OTHER ORGANISATIONS

Besides WTO there are a number of organizations at the international level and we give brief details about the same:

17.4.2.1 International Air Transport Association (IATA)

International Air Transport Association, popularly called by acronym IATA. It was founded in Havana, Cuba in April 1945. It is a nongovernmental organization and membership consists of practically all air carriers. The Active members are engaged in international operations whereas the Associate membership consists of domestic airlines. International Air Transport Association (IATA) also provides statistical data on international air travel and acts as a clearing house for air ticket coupons.

Objectives

IATA has objectives of:

- Safety and Security: to promote safe, reliable, secure, regular, and economic air transport for the benefit of travelers.
- Industry recognition: to achieve recognition of the importance of air transport worldwide social and economic development.

- Financial viability: to assist the industry to achieve adequate levels of profitability, by optimizing revenues (yield management) while minimizing costs (fuel, charges and taxation).
- Standards and Procedures: to develop cost-effective, environmentally-friendly, standards to facilitate the operations on international air transport.
- Products and Services: provide high-quality, value for money, industry required products and services that assist the airlines in meeting the needs of the consumers.
- Industry support: to identify and articulate common industry positions and support the resolutions of key industry issues (congestion, infrastructure).
- Research: to research the problems and issues related to the industry.

The IATA founded in 1945, the activities of IATA have increased over the years. Today its services and roles include:

1. Setting rates on global routes agreeable to member airlines.
2. Planning of time tables for international flights.
3. Standardizing and coordination of certain services like baggage checks, reservations, etc.

IATA Membership

Membership of IATA provides a reputation on the international level. IATA members enjoy the support of an internationally renowned organization that represents leads and serves one of the most dynamic industries in the world.

At the time of its establishment there were only 57 members in 1945 while IATA now represents some 230 airlines in over 120 countries from around the globe. It covers approximately 93% of the world's international scheduled traffic; IATA members include the world's leading passenger and cargo airlines.

IATA membership is open to both scheduled and non-scheduled airlines, covering the following categories:

- Active Members- Airlines operating international and/or domestic services.
- Associate Members- Airlines operating domestic services only.

Though, the formal IATA membership only applies to airlines. But other industry partners can participate in different IATA programmes and benefit from a wealth of resources to carry out their operations:

1. Airlines- IATA Membership is open to both scheduled and non-scheduled airlines
2. Airports- Airport Advisors brings airports and IATA Member airlines together to increase the efficiency of the air transport industry.
3. Travel Agencies and Other Travel & Tourism Intermediaries- Travel and Tourism accreditation and code services simplify the business relationship between agents and airlines as well as other tourism service providers.
4. Freight Forwarders- IATA accreditation provides industry recognition for cargo agents.
5. Industry Suppliers- IATA Strategic Partnerships programme allows suppliers and service providers to interact with IATA and its member airlines in the development of industry solutions.

17.4.2.2 UNITED FEDERATION OF TRAVEL AGENTS ASSOCIATION (UFTAA)

The United Federation of Travel Agents Associations (UFTAA) emanate from the Universal Federation of Travel Agents Associations created in Rome, Italy, on November 22nd 1966. UFTAA was originally founded as a result of a merger of two large world organizations, FIAV and UOTAA, recognizing the need to unify travel agencies and tour-operators into one international federation. Its members are national organizations and regional organizations. It aims representing the travel agency industry and travel agents at different forums and negotiates on their behalf.

Functions of UFTAA

To comply with its mission, the confederation develops the following functions:

1. To unite and consolidate the federations of Travel Agents National Associations and to globally enhance the interests of their members.
2. To represent the travel agents' activities before various world-wide bodies, governmental authorities and suppliers;
3. To work towards the adoption of measures that will ease travel for the consumer and to offer services to its member federations;
4. To be an investigation and information centre supporting the member federations' work and to offer information for technological development;
5. To offer, as a voluntary mechanism, an arbitration service which assists in solving conflicts resulting from commercial relations for which amicable settlement cannot be reached;

6. To organize a world congress of travel agents and other meetings necessary to the exchange and transmission of knowledge.

17.4.2.2 PACIFIC ASIA TRAVEL ASSOCIATION (PATA)

The Pacific Asia Travel Association (PATA) was founded in 1951. PATA continues to be the leading authority, advocate and catalyst for the responsible development of Asia Pacific's Travel and Tourism Industry. The Association had 44 founder members. India which was an associate member of PATA since 1957, became a full-fledged active member in 1964.

PATA's uniquely structured organization has helped unite the many facets of tourism in the region. PATA provides leadership and advocacy to the collective efforts of nearly 100 government, state and city tourism bodies, more than 55 airlines and cruise lines and hundreds of travel industry companies. In addition, thousand of travel professionals belong to a global network of PATA chapters.

PATA activities include assisting small and up-and coming destinations to develop their infrastructure, providing expertise and planning group travel schemes, destinations, hotels operations and discounts. It provides up-to date information and practical and theoretical experience in the field of tourism. Through its Research, Development, Education and Marketing Councils, PATA serves as a central source, supporting its diverse membership in tactical marketing programmes for their destinations and products together with training and educational programmes for human resource development. The PATA publication, Pacific Travel News, its relied upon by wholesale and retail travel agents as an important source of authoritative material on the Pacific. PATA also publishes its Hotel Directory and Travel Guide listing the hotels, resorts and travel services in the Pacific area. PATA has produced the Pacific Area Destination Handbook which compiles in a single volume all the data that is required for the planning and sale of travel and is the world's most authoritative and comprehensive handbook on 31 Pacific Destinations. PATA has nine categories of membership: Active Government, Associate Government, Active Carrier, Associate Carrier, Active Industry, Allied, affiliated Allied, Associate and Sustaining.

PATA Chapters

To assist in the fulfillment of the objectives of the Pacific Area Travel Association, the Board of Directors is empowered to encourage the development and to authorize establishment of PATA Chapter at any place in the world. The primary purpose of a Chapter is to conduct

continuing education programmes to keep PATA members abreast of the changes in Pacific travel. The Chapters also do considerable promotional work, and several times each year stage social events for the members. PATA chapters represent the association's vast geographical reach, both within and beyond the PATA region: Asia, Americas, Europe and the Pacific.

17.4.2.3 WORLD TRAVEL AND TOURISM COUNCIL (WTTC)

The World Travel and Tourism Council (WTTC) is the forum for global business leaders in tourism industry. WTTC is the only body representing the private sector in all parts of the industry worldwide. These include accommodation, transportation, cruises, catering, entertainment, recreation and travel-related services. WTTC mission is to raise awareness of the economic and social contribution of travel and tourism and to work with governments on policies that unlock the industry's potential to create jobs and generate prosperity. The activities of the council can be summarized under three broad themes: Global Activities, Regional Initiatives and Economic Research. Further we list few other organizations:

- International Federation of Tour Operators (IFTO)
- International Youth Hostel Federation (IYHF) which represents national youth hostel association.
- International Hotel Association (IHA) which represents the hotel and restaurant industry.

17.5 GOVERNMENT TOURISM ORGANISATIONS: INDIA

In most of the countries the tourism policy is formulated and in some cases operationalised also under a National Tourist Organisation. Matters related to development, promotion, marketing etc. are looked after by such official organizations. In fact their major functions are Policy formation, planning, promotion, marketing, legislation, regulation human resources development through training, and Coordinating between public and private sectors, etc.

17.5.1 Central Government

17.5.1.1 Department of Tourism

The Ministry of Civil Aviation and Tourism, a branch of the Government of India, is the apex body for formulation and administration of the rules, regulations and laws relating to the development and promotion of tourism. In India, the Department of Tourism, which comes under the

Ministry of Civil Aviation and Tourism, functions as the National Tourist Organisation. The administrative head of the Department of Tourism is the secretary (Tourism). As tourism professional you may have to deal with the department and its officials from time to time. The primary task of the department is to lay down the policy, collect tourism related data, attend to enquiries related to tourism, publicise India as destination, regulate the activities of different segments of the tourism industry etc. Accordingly various advisory bodies and committees are formed to implement the policies. The main function of Department of Tourism, both organizational and promotional is performed by the following seven divisions:

1. Planning and Programming
2. Publicity and Conference
3. Accommodation
4. Travel Trade and Hospitality
5. Supplementary Accommodation and Wildlife
6. Market Research
7. Administration

The functions performed by department of tourism are as follows:

- Collection, compilation and dissemination of tourist information in India and abroad, and attending to enquiries of international tourists,
- Cooperation with international travel and tourist organization
- Development of tourist facilities of interest to tourist
- Publicity at home and abroad with the object of creating an overall awareness of the importance of tourism
- Simplification of frontier formalities in respect of international tourists
- Regulation of activities of the various segments of the travel and hotel Industry to tourist needs.
- Compilation of statistics and market research and their utilization for more effective tourism promotion.

As part of its marketing and publicity activities, department of tourism brings out 'Incredible India' theme brochures, destination leaflets, maps, films, CDs etc on various topics. As the organization representing the central government, Department of Tourism plays an important role in development of tourism in India and promoting India as a tourist destination in overseas market.

17.5.1.2 India Tourism Development Corporation (ITDC)

ITDC is another government organization that plays a major role in tourism promotion, travel and infrastructural development and expansion of tourism in the country. It is the second most important organization after India tourism. It works as a public sector organization. The ITDC is a hospitality, retail and education company owned by Govt. of India, under

Ministry of Tourism. ITDC came into existence in October 1966 by merging the Hotel Corporation of India Ltd, the India Tourism Corporation Ltd, and the India Tourism Transport Undertaking Ltd. ITDC works in close cooperation with India Tourism and the Central Ministry of Tourism. Broadly, the main objectives and functions of the Corporation are:

- To construct, take over and manage existing hotels and market hotels, Beach Resorts Travellers' Lodges and Restaurants etc.;
- To provide transport, entertainment, shopping and conventional services;
- To produce, distribute, tourist publicity material;
- To render consultancy-cum-managerial services in India and abroad;
- To carry on the business as Full-Fledged Money Changers (FFMC), restricted money changers etc;
- To provide innovating, dependable and value for money solutions to the needs of tourism development and engineering industry including providing consultancy and project implementation.

In a nutshell, the achievements of ITDC are – promoting the largest hotel chain in India and providing all tourist services, i.e. accommodation, catering, transport, duty free shopping, in-house travel agency, entertainment facility, publicity, consultancy etc. under a single window.

17.5.2 STATE GOVERNMENT / UNION TERRITORIES

On the pattern of central government, the state government and union Territories have their own Tourism Departments and Tourism Development Corporations. At all airports, major railway stations and bus stands tourist information centres have been set up by these departments. State tourism development corporations (STDC) concentrate largely on the domestic tourists. For this, STDCs are involved in construction of low income tourist rest houses, development of tourist centres, publicity, guide provision and arrangement of sightseeing tours, establishment of art galleries and provision of shopping and wayside amenities to name a few. They are also actively engaged in:

1. Policy formation at their levels
2. Promotional Activities
3. Destination Development
4. Providing Guide Services
5. Conducting sightseeing tours and
6. Providing lodging etc.

CHECK YOUR PROGRESS 1

- 1- Explain the need for organizations in the tourism industry.

- 2- Explain the role of WTO in tourism promotion.
- 3- Discuss the aims of IATA.
- 4- What do the following abbreviations stand for?
 - a) WTTC
 - b) STDC

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17.6 PRIVATE SECTOR ORGANISATIONS IN INDIA

In this section we discuss the most prominent organizations of the private sector in tourism.

17.6.1 INDIAN ASSOCIATION OF TOUR OPERATORS (IATO)

The Indian Association of Tour Operators (IATO) was established in the 1981. The idea has been “to promote international understanding and goodwill to the ultimate advantage”. A joint forum of tour operators, the association promotes and aids the development of tourism in India. This is done either directly or through discussions and meetings with other bodies and agencies.

The membership is open to organizations of good professional reputation and standing who have been connected with tourism and / or travel industry for at least one year. However, there are certain other conditions also as per the category of membership.

Membership:

IATO has five categories of membership: Active, Allied, Associate, Overseas and Honorary. All its active members are recognized and approved by the Indian Government’s Department of Tourism and have at least three years experience of handling International Tourists to India, before being admitted to the IATO Fraternity.

Active Member

Eligibility for this category includes:

- A firm or company having an established place of business in India.
- Recognized by the department of tourism as a tour operator / travel agent for a minimum period of one year, and
- Its major substantial part of activity of promotion of tourism and foreign exchange earning in a year is minimum Rs. 10,00,000/-

Allied Member

Any firm or company, which is regularly engaged or associated with the tourism and travel industry and is recognized by the state or central government or by their trade association such as carrier companies, hoteliers, caterers, excursion agents, transport contractors, forwarding and clearing agents, shipping companies, state tourist organizations and trade publications.

Other Categories

Other categories of members include Overseas Allied Members, Associate Members and Honorary Members.

Aims

To promote international understanding and goodwill to the ultimate advantage was the general objective of the establishment of IATO. All income of the association shall be utilized towards the promotion of the aims and objectives of IATO. The IATO main aims to:

- Promote national integration, international welfare and goodwill.
- To take all steps which may be necessary for promoting, encouraging and assisting in the development to tourism throughout the country and to take initiatives to secure the welfare of the tourism trade in all respects.
- To set up and maintain high ethical standards in the industry.
- To promote equal opportunities for all visitors to enjoy the tourism and travel facilities without distinction of race, colour, creed or nationality.
- To try to amicably settle the disputes of the members of this association by referring the disputes for settlement to a sub-committee to be constituted for such purpose by the executive committee.

17.6.2 TRAVEL AGENTS ASSOCIATION OF INDIA (TAAI)

Travel Agents Association of India (TAAI) was established by a group of twelve leading travel agents in 1951, is perhaps the largest Travel Association of India. Now TAAI has got a staggering 2400 members under its banner with the objective to regulate the travel industry in India. Down the years, TAAI has earned the reputation as the voice of the Travel and Tourism industry in India by dint of their dedicated, dynamic and professional service. The primary purpose was to:

- Protect the interests of those engaged in the industry,
- Promote its orderly growth and development and
- Safeguard the travelling public from exploitation by unscrupulous and unreliable operators.

TAAI is a professional coordinating body consisting of various segments of the travel and tourism industry. It is recognised as the main representative body of the travel industry in India. It is a non political, non-commercial and a non-profit making body. It is very much aware of the unprecedented pace in which the travel industry is growing. Therefore, to keep a check on any unethical practices by the member agencies, TAAI has got a strict Code of Ethics that sets certain parameters for the members. These norms ask the travel agents and tour operators to maintain an honest and clear relation with the travellers with proper information on deals, schemes and monetary issues. Apart from the rapport with the travellers, TAAI makes sure that the members keep the spirit up with the Fellow Members and other Travel Agents.

Objectives

The set of primary objectives for TAAI has been clearly mentioned as:

- Apply superior technical skills to the job on hand.
- Deliver the highest quality of service.
- Act with responsibility within sound financial parameters.
- Build trust and credibility in the marketplace.
- Helping promote, maintain and stimulate the growth of travel and tourism in the country.
- Maintaining close contact with world bodies and representing matters affecting the travel and tourism industry of India.
- Educating and equipping members to meet future challenges through seminars, conventions and sharing of thoughts and experiences.
- Gathering and disseminating useful information on travel and tourism among members for their guidance.

The membership spot of TAAI is multi-faceted with Active, Allied and Associate members comprising of IATA accredited Travel Agencies, Airlines and General Sales Agencies, Hotels and Tour operators. The membership criteria for each category differs as the Active members (travel agent) need to be an IATA Agent; whereas the Inbound Tour Operators must be recognized by the Department of Tourism, Government of India.

17.6.3 THE FEDERATION OF HOTEL AND RESTAURANT ASSOCIATION OF INDIA (FHRAI)

The Federation of Hotel and Restaurant Associations of India FHRAI, formed in 1954 is the apex industry association at national level of all hotels and restaurants in India. It was incorporated as a company under the Indian Companies Act. On 7th December 1955. The four Regional Associations (Hotels & Restaurants Association of Eastern India: Kolkata; Hotels & Restaurants Association of Northern India: New Delhi; Hotels & Restaurants Association of Western India: Mumbai; South India Hotels & Restaurants Association: Chennai) and many state-level Associations of hotels and restaurants are affiliated with FHRAI. In addition, there are about 3000 direct members, including hotels, restaurants and associate members (suppliers, and other hospitality industry-related establishments). The member hotels include all 5-star deluxe, 5-star, 4-star and 3-star properties, alongside hotels of other categories, and representing all national and international chains present in the country.

The principal objectives of the federation are to:

- Unite the four regional associations in a representative national organization.
- Create a national fraternity of the hotel and restaurant establishments located all over India.
- Consider and take decisions on all questions of interest to the hotel and restaurant industry.
- Act as an information centre and disseminate statistical and other information concerning the hotel and restaurant industry and advise its members on matters of importance to them.
- Promote and market the hospitality industry of India, especially hotels and restaurants, in the national and international market,
- Coordinate and liaise with the Ministry / Department of Tourism and other concerned Departments / Agencies of the Central and State Governments to achieve accelerated growth of the hotel and restaurant industry by securing suitable incentives for this industry.

FHRAI provides an interface between the Hospitality Industry, Political Leadership, Academics, International Associations and other Stake Holders. FHRAI is committed to promote and protect the interests of the Hospitality Industry. With more than 3691 members comprising of approximately 2358 hotels, 1178 restaurants, 155 associate members and the 4 regional associations, FHRAI is truly the voice of the Hospitality Industry that brings several million dollars to the exchequer and employs more than 17 million direct workers. FHRAI members are always kept abreast with the latest trade information and trends, statistical analysis and reports on various topics that have a direct impact on the Industry,

Government notifications and circulars. FHRAI helps the Hospitality Industry to grow, prosper and keep in pace with the development in the International scenario.

CHECK YOUR PROGRESS 2

1. Discuss the role and functions of IATO.
2. Discuss the functions of TAAI.
3. Mention the objectives of FHRAI.

17.7 SUMMARY

More and more countries in the Third World are assigning industry states to tourism. In fact Tourism Industry has different constituents related to various services. WTO represents governmental tourist interests and aids in world tourism development. Most of these constituents have their representative organizations. Tourism Organisations have been formed to plan, develop and monitor all tourism related activities around the globe. They play an important role in marketing destinations and managing a country's tourism industry. Most governments play a regulatory as well as development role in tourism through such agencies as civil aeronautics boards, federal aviation administration's, customs offices, passport bureaus, and so on. In Tourism we find organizations at International and national levels in both private as well as public sectors. These organizations represent the interests of their members and help in coordinating certain services along with standardizing them.

17.8 GLOSSARY

- **Agent:** one who acts or has the power to act as the representative of another. Most frequently in travel anyone other than a principal, such as a retail travel agent, receiving agent, ticket agent, local operator or wholesaler.
- **Air Coupon:** One flight coupon that allows passengers to fly internationally on several airlines.
- **Infrastructural Facilities:** These include facilities like: Airport, Roads, Drainage, and Buildings etc. at a destination.
- **Promotion:** All activities such as advertising, publicity, personal selling and public relations which are carried out to enhance sales.
- **Travel Agent:** An individual or a firm who is authorized by the airlines, hotels, etc. to enhance the sale of all travel related services.
- **Tour Operator:** A company or a firm which designs tour packages and makes them available to customers through travel agents.

17.9 ANSWER TO CHECK YOUR PROGRESS

Check Your Progress 1

1. See Section 17.1 and 17.2
2. See Sub-Sections 17.4.1
3. See Sub-Sections 17.4.2.1
4. a) World Travel and Tourism Council
b) State Tourism Development Corporation

Check Your Progress 2

1. See Sub-Sections 17.6.1
2. See Sub-Sections 17.6.2
3. See Sub-Sections 17.6.3

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17.11 SUGGESTED READINGS

- Rob Davidson: *Tourism*; London, 1983
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17.12 TERMINAL AND MODEL QUESTIONS

1. What do you know about IATO and PATA?
2. Write an essay on the objectives of UFTAA.
3. Discuss the main objectives and functions of WTO.
4. Discuss the functions of Government Tourism Organisations at the national and state levels in India.
5. WTO has made poverty alleviation through tourism one of its leading priorities. Do you believe this is feasible? What are the major problems you anticipate they will encounter in their efforts to develop and implement this priority?