

# **AIRFARE & TICKETING**

## **PART-1**



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## **ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING**

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self- instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual- skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is

particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore, the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self- instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)

## **PREFACE**

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect. All the best for your studies from our team!

# AIRFARE & TICKETING PART-1

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### **BLOCK 1 : INTRODUCTION TO AIR TICKETING**

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UNIT 1 HISTORICAL CONVENTIONS ON AIR TRAVEL

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UNIT 3 AIR TICKETING & TICKETING PROCESS

UNIT 4 TRENDS IN AIRLINE INDUSTRY

# **INTRODUCTION TO AIR TICKETING**

## **Block Introduction :**

Air travel has changed dramatically over the last century, from the early days of flight and the "golden age of travel" to modern-day budget airlines and current legislation in response to the COVID-19 pandemic. This section takes you on a journey through time to bring you the most significant events in commercial aviation history.

## **Block Objectives :**

**After understanding this block learners will have knowledge and its objectives is :**

- To provide the learner with a knowledge about beginning of IATA, Milestones in International Civil Aviation
- To make learner understand about the Airports and its classification
- To provide knowledge about Traffic Conference Sub Areas
- To provide information about IATA Global Indicators

## **Block Structure :**

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**Unit 2 : Types of Airlines & Airport Management**

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**UNIT STRUCTURE**

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**1.0 LEARNING OBJECTIVES :**

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- To provide the learner with a knowledge about beginning of IATA
- To make learner understand about the Milestones in International Civil Aviation
- To provide knowledge of ICAO and the United Nations
- To provide information about Milestones in International Civil Aviation
- To know Some important years in International Civil Aviation

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## **1.1 INTRODUCTION :**

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The history of aviation spans more than two thousand years. The Dream of flying came true after invention of first flying machine. From the earliest forms of aviation, such as kites and efforts at tower jumping, through supersonic and hypersonic flight by propelled, heavier-than-air jets. This machine was started using by Europe and US between the two World Wars as commercial air transport. In 50's when civil air transport started it was not as pleasant as it started with tragedy. After realising from these accidents, companies took it as opportunity of learning and new jet engine aircrafts had been designed. These incidents also allowed them to think about parameters such as size, range, and speed as well as fuel efficiency.

Commercial air travel began in 1914, when Tony Jannus piloted the world's first scheduled passenger service between Tampa and St Petersburg. Despite the fact that commercial aviation did not take off immediately, throughout the 1920s, a growing number of enterprises attempted to capitalise on this milestone, with varied degrees of success. Air travel has now become a normal and practically vital aspect of people's lives throughout the world whether developed or developing nations. Despite the fact that many aspects of air travel have altered, airfares have worked in the favour of both customer as well as service providers.

### **1.1.1 The Early Days IATA :**

A sense of organised body was felt to aid customers in developing a safe, functional, efficient, inexpensive, and dependable air transportation network, which resulted in the development of international organisations.

Initially the IATA (International Air Transport Association) was started as small entity which grows gradually. However, until 1939 it was limited to a European dimension later Pan American joined to it. After WW-II immediately started handling worldwide responsibilities with a more systematic organization and a larger infrastructure. This organization's main purpose was to encourage regular and safe air travel for the benefit of the people. It was suggested that an international organisation be established to promote air commerce and analyse the challenges involved with air travel. It was also a concern for collaboration among air transport companies involved in international air transport, either directly or indirectly. As it was hard to convince the traveller to access air transport, the organisation had to invest their focus on safety and reliability of airline operations. The highest standards in air navigation, an airport infrastructure and flight operation was required for that.

After ICAO (International Civil Aviation Organization) that coordinated regional air navigation and support for airports and operational aids in countries which could not themselves afford such services came into existence on 4 April 1947, IATA provided vital inputs.

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## **1.2 CONVENTION ON INTERNATIONAL CIVIL AVIATION :**

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When the commercialisation of air transport had been started, various thoughts like accountability for unfortunate incidents had been senesced by different governments. The French government suggested in August 1923 that a diplomatic conference be held in November 1923 with the goal of finalising a convention on liability in international air carriage. To refer to short notice for this convention many nations showed their inability it was deferred. The

participant of this event were diplomats, hence it was felt that technical, legal and professional experts has to be included for better result and this leads to Warsaw convention.

### **1.2.1 Warsaw Convention :**

The Warsaw Convention, which has 152 members from all around the world, was established in 1929. It was the first treaty to define out the conditions under which airlines might be held accountable for passenger death or injury, baggage loss or damage, and delays, as well as the amount of compensation that could be sought and the use of national laws.

The Warsaw Convention, on the other hand, has been subjected to a patchwork of revisions and supplemental "private" agreements among air carriers (often referred to as the Warsaw System of responsibility), with varied degrees of acceptance by the nations. The main reason for these changes was dissatisfaction with the low liability limitations for passenger injury and death. This patchwork resulted in a lack of consistency in the rules that were applied to passengers on the same trip. Hence, The Montreal convention revised it in 1999.

### **1.2.2 Chicago Convention :**

On December 7, 1944, the Convention on International Civil Aviation signed by 52 nations. The Provisional International Civil Aviation Organization (PICAO) was founded pending adoption of the Convention by 26 States. The Chicago Convention was born out of this conference, which attempted to answer questions such as who flies and where they fly. The landmark Bermuda Agreement of 1946 between the United States and the United Kingdom was the first of nearly 4,000 bilateral air transport agreements signed and registered with the International Civil Aviation Organization (ICAO).

The Convention established sovereignty of each state over its airspace, as well as five freedoms (later expanded to nine by the addition of four unofficial freedoms) that govern states' ability to operate air transport flights (including passenger, cargo, and mail carriage) across, into, and within the airspace of other states.

### **1.2.3 Rio de Janeiro :**

Rio de Janeiro hosted the first international transportation conference in 1947. Nearly 400 resolutions dealing with all aspects of aviation travel were passed unanimously.

### **1.2.4 Montreal Convention 1999 (MC99) :**

This was created to modernise and replace the Warsaw Liability System. It creates similar rules for airlines to follow while flying between member signees on international flights. The convention has been approved by 133 parties, including the European Union and 132 International Civil Aviation Organization Member States.

The Montreal Convention establishes passenger rights in the event of lost or delayed luggage, aircraft delays and cancellations, and a variety of other injuries. It was the first piece of legislation that outlined what airlines should do in the event of aircraft delays and cancellations, delayed or lost luggage, and passenger injury or death due to an accident.

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### **1.3 ICAO AND THE UNITED NATIONS :**

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The drafters of the Convention on International Civil Aviation foresaw the establishment of a post-war organisation similar to the United Nations at the Chicago Conference. The International Civil Aviation Organization (ICAO), a United Nations specialised agency, was established in 1944 to promote the safe and orderly development of international civil aviation around the world. It establishes the rules and regulations required for aviation safety, security, and facilitation, as well as for the efficiency, economic development, and improvement of aviation's environmental performance. The Organization provides as a forum for cooperation among its 192 Member States in all areas of civil aviation.

Resolution A1-2 was adopted by unanimous majority of the 32 Contracting States represented at the 3rd Plenary Meeting of the inaugural ICAO Assembly in May 1947. The agreement on a relationship with the United Nations (UN) was adopted, and the President of the Council was authorised to sign a protocol putting the agreement on a relationship between the UN and ICAO into effect.

As a United Nations Specialized Agency, ICAO collaborates closely with the UN, particularly the Economic and Social Council. In addition to its technical role, ICAO collaborates with other UN Specialized Agencies and International Organizations, including :

- The International Telecommunications Union (ITU)
- The International Atomic Energy Agency (IAEA)
- The International Labour Organization (ILO)
- The International Maritime Organization (IMO)
- The Universal Postal Union (UPU)
- The World Meteorological Organization (WMO)
- The World Health Organization (WHO) and
- The World Tourism Organization (UNWTO)

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### **1.4 MILESTONES IN INTERNATIONAL CIVIL AVIATION :**

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International civil aviation has seen lots of ups and down. It is rapidly growing and more people are now travelling through commercial flights because of affordability. The major milestones in civil aviation and cargo management must be known to you to deeply understand the aviation sector. The following are major and recent milestones in aviation sector :

#### **1.4.1 Air Cargo Deregulation :**

In 1977, Congress took the initial steps toward airline economic deregulation by allowing freight carriers to operate on any domestic route and charge whatever the market would bear. The CAB could certify new domestic cargo carriers one year after the bill was signed into law, as long as they were found "fit, willing, and able." There would no longer be the more difficult, and so restrictive, task of determining public convenience and necessity, as there had been in the past.

#### **1.4.2 Airline Deregulation Act of 1978 :**

The Airline Deregulation Act, passed by Congress on October 24, 1978, and signed into law by President Jimmy Carter four days later, was a watershed moment. For years, there had been growing pressure for airline deregulation,

notably among economists who had pointed out in several studies that deregulated intrastate airfares were far lower than rates for equivalent interstate trips. However, in the mid-1970s, a sequence of events heightened the pressure and brought the problem to a head.

#### **1.4.3 Passenger Deregulation :**

The Airline Deregulation Act of 1978 brought the same free-market competitive premise to the passenger side of the industry. Domestic route and schedule restrictions were removed, as were government controls over domestic pricing.

#### **1.4.4 Open Skies :**

In the 1990s, the United States made a concerted effort to liberalise its international aviation markets, owing to strong airline traffic growth, more liberal trade policies by many partners, and the growing importance of global airline alliances. As of April 2000, the US had signed 45 "Open Skies" agreements, allowing for the interchange of traffic rights without limits on routes, carriers, or capacity, as well as more liberal pricing, charters, cooperative marketing agreements, and other economic opportunities.

#### **1.4.5 Growth in Air Travel :**

Since deregulation, air travel has grown significantly due to increased competition on the vast majority of routes, substantial discounting, and more available flights. U.S. airlines carried 240 million passengers in 1977, the last full year of government supervision of the airline industry. They were transporting over 640 million people by 1999. According to a recent Gallup poll, 80% of the adult population in the United States has flown at least once, with more than one-third of them doing so in the previous year.

#### **1.4.6 Frequent Flyer Programs :**

Deregulation has spawned marketing innovations, the most notable of which are frequent flyer programmes, which offer free tickets and other perks to loyal clients. Most major airlines have one, and many smaller airlines have their own, as well as tie-ins to larger programmes. While the programmes differ, the core elements remain the same. Once a consumer enrolls, every mile flown with the sponsoring carrier or other airlines participating in the sponsor's programme is awarded with points. Free tickets and upgrades that convert coach tickets to first or business class tickets are tied to specific point totals.

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### **1.5 SOME IMPORTANT YEARS IN INTERNATIONAL CIVIL AVIATION :**

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**1916 :** The First Pan-American Aeronautics Conference, held in Santiago, Chile, advises the American republics to explore the necessity of unifying their aerial regulations in order to develop an international air code.

**1919 :** On the 13th of October 1919, at the Peace Conference held in Paris under the supervision of the League of Nations, the Convention Relating to the Regulation of Aerial Navigation is signed.

**1925 :** The First International Conference on Private Air Law is held in Paris to address the issue of airline accountability and to begin the monumental task of codifying private air law.

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**1926 :** in Vienna, the International Federation of Freight Forwarders Associations (FIATA) was founded.

**1927 :** The United States of America organised the first International Air Post Congress in The Hague, Netherlands. The Conference leads to an agreement that designates airlines as officially recognised mail carriers, with a maximum remuneration of 6 postal gold francs every metric tonne–kilogram. It also establishes important norms and regulations for the acceptance and prompt delivery of airmail by signatory nations, the speedy treatment of airmail by countries without air services, and the foundation of international airmail accounting systems.

**1928 :** The United States and twenty other Western Hemisphere countries sign the Pan American Convention on Commercial Aviation (Havana Convention) in Havana, Cuba, on February 20, 1928.

**1929 :** On October 12, 1929, the Convention for the Unification of Certain Rules Relating to International Air Carriage by Air is signed in Warsaw, and it enters into force on February 13, 1933.

**1933 :** The first International Sanitary Convention for Aerial Navigation is signed (without a conference) at The Hague to protect communities from diseases that could be brought by aircraft and to safeguard flying personnel from diseases caused by flying.

**1937 :** The Pan–American Conference in Lima in 1937 develops plans for the formation of a Permanent American Aeronautical Commission (Comisión Aeronáutica Permanente Americana, CAPA), but it never comes into being.

**1938 :** In Brussels, the Fourth International Conference on Private Air Law will be held. The conference adopts an Additional Protocol to the Rome Convention for the Unification of Certain Rules Relating to Damage Caused by Foreign Aircraft to Third Parties on the Surface, which allowed insurers to employ some fundamental defences. The Rome Convention was signed on May 29, 1933. Both were superseded by the same–named Rome Convention of 1952.

**1944 :** Representatives from 54 countries meet in Chicago in response to the United States government's invitation to "make arrangements for the immediate establishment of provisional world air routes and services" and "to establish an interim council to collect, record, and study data concerning international aviation and to make recommendations for its improvement." "Discuss the principles and methods to be followed in the adoption of a new aviation convention," the Conference is also invited to accomplish.

**1947 :** The Organization's standing as a Specialized Agency responsible for taking necessary action under its basic instrument, the Chicago Convention, is recognised by an agreement between the newly–created United Nations and ICAO. The International Civil Aviation Organization (ICAO) became a member of the United Nations family of organisations on this date.

**1948 :** The Geneva Convention on the International Recognition of Aircraft Rights, generally known as the Geneva Convention, is adopted at the ICAO Assembly's 2nd Session. It is the first product of the International Civil Aviation Organization's (ICAO) effort in the field of air law.

**1949 :** The first conference is called by the International Civil Aviation Organization (ICAO) to standardise States' efforts in the distribution of aeronautical information.

**1950** : Adoption of the Standards and Recommended Practices for Air Traffic Services and Search and Rescue by the ICAO Council.

**1951** : The ICAO Council has approved the Standards and Recommended Practices for Aircraft Accident Investigation and Aerodromes.

**1952** : An updated Convention on Damage Caused by Foreign Aircraft to Third Parties on the Surface is adopted and signed in order to harmonise, on an international basis, the legislation relating to recovery by persons who suffer damage on the surface caused by foreign aircraft while limiting the liability of those responsible for such damage.

**1955** : The European Civil Aviation Conference (ECAC) was founded in November 1955 on the initiative of the Council of Europe and with the active support of the International Civil Aviation Organization. Its headquarters are in Neuilly-sur-Seine, France (ICAO).

**1956** : ICAO implements the final form of the ICAO alphabet. Many other international and national organisations, such as NATO, the International Telecommunications Union (ITU), and the International Maritime Organization (IMO), have embraced it.

**1961** : On September 18, 1961, the Guadalajara Convention, a supplement to the Warsaw Convention of 1929, related to international air carrying done by a party other than the contracting carrier, is signed.

**1963** : On September 14, Tokyo, Japan, signs the Tokyo Convention on Offenses and Other Acts Committed on Board Aircraft. It establishes internationally agreed-upon standards for the quick release of all aircraft, passengers, and crew members in the case of unlawful aviation interference.

**1967** : The 'International Agreement on the Procedure for Establishing Tariffs for Scheduled Air Services' has been made available for signature (ECAC).

**1968** : The Protocol on the Authentic Trilingual Text of the Convention on Chicago, 1944, is adopted by the International Conference of Plenipotentiary Representatives in Buenos Aires.

**1969** : The African Civil Aviation Commission (AFCAC) is established following the adoption of the constitution by the Constitutive Conference convened by the International Civil Aviation Organization (ICAO) and the Organization of African Unity (OAU) in Addis Ababa, Ethiopia.

**1970** : On the 16th of December, the Convention for the Suppression of Unlawful Seizure of Aircraft is signed in The Hague, Netherlands. It contains extensive requirements on how states establish jurisdiction over the offence, how the perpetrator is apprehended, and how the offender is prosecuted or extradited.

**1971** : On March 8, 1971, the Guatemala City Protocol is signed in Guatemala City. It proposes a comprehensive revision of the rules of the Warsaw Convention of 1929, as amended by The Hague Protocol of 1955, relating to the air carrier's obligation for international passenger and cargo carrying.

**1978** : The Montreal Protocol amends the Rome Convention on Damage Caused by Foreign Aircraft to Third Parties on the Surface of 1952, which streamlined the Convention and altered the liability limits. It was held at ICAO Headquarters in Montreal.

**9/11** : On September 11, 2001, four commercial jetliners – two American Airlines and two United Airlines Boeing 757 and 767 aircraft – are hijacked by

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a group of suicide terrorists, marking a watershed moment in worldwide civil aviation. Two of these planes flew into and deliberately destroyed the World Trade Centre Towers in New York, one flew into and deliberately destroyed a section of the Pentagon in Washington, DC, and the fourth plane crashed in a field near Pittsburgh, PA, presumably after some passengers attempted to apprehend the terrorists.

**☐ Check Your Progress :**

1. The European Civil Aviation Conference (ECAC) was founded in :  
a. January 1957    b. June 1963    c. May 1967    d. November 1955
2. The original World Trade Centre was destroyed on  
a. September 11, 1911                      b. November 11, 2001  
c. September 11, 2001                      d. September 11, 2011
3. Tokyo Convention was signed in the year of :  
a. 1963                      b. 1967                      c. 2001                      d. 2011
4. MC99 was created to modernise and replace the:  
a. Montreal Convention                      b. Warsaw Liability System  
c. Rio de Janeiro Conference                      d. Chicago Conference
5. In 1916, The First Pan-American Aeronautics Conference, held in:  
a. Montreal    b. Santiago    c. Chicago    d. Washington
6. On December 7, 1944, Chicago Convention was signed by \_\_\_\_\_ nations.  
a. 72                      b. 52                      c. 82                      d. 32
7. The Warsaw Convention was established in 1929, which has \_\_\_\_\_ members from all around the world.  
a. 176                      b. 192                      c. 152                      d. 161
8. Geneva Convention is adopted at the ICAO Assembly's \_\_\_\_\_ Session.  
a. 5th                      b. 4th                      c. 3rd                      d. 2nd
9. In 1914, the world's first commercial scheduled passenger service between Tampa and St Petersburg, piloted by:  
a. Tony Jannus                                      b. JRD Tata  
c. Tom Cruise                                      d. None of the above

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**1.7 LET US SUM UP :**

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Aviation contributes in economic development, job generation, international trade, and tourism. It is recognised by the international community as a vital facilitator in achieving the United Nations Sustainable Development Goals. The aviation sector is growing at a quick pace and will continue to do so in the future. Since 1916, there are many conferences held at different locations for continuous improvement.

ICAO collaborates with the Convention's 193 Member States and industry groups to develop international civil aviation Standards and Recommended Practices (SARPs) and policies to promote a safe, efficient, secure, economically viable, and environmentally responsible sector.



Following WWII, the United States immediately began to handle global duties with a more methodical organisation and a greater infrastructure. The principal goal of this organisation was to promote regular and safe air travel for the benefit of the general public. It was proposed that an international organisation be formed to promote air commerce and analyse the issues that come with flying.

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## **1.0 ANSWER FOR CHECK YOUR PROGRESS :**

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### **Check Your Progress :**

- |      |      |      |      |      |
|------|------|------|------|------|
| 1. d | 2. c | 3. a | 4. b | 5. b |
| 6. c | 7. b | 8. d | 9. a |      |

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## **1.9 GLOSSARY :**

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**Commercial Aviation :** Operation of aircraft for remuneration or hire is a feature of civil aviation.

**Deregulation :** The word refers to the Airline Deregulation Act of 1978, which deregulated airline routes and prices in the United States.

**Frequent Flyer :** A person who travels by plane on commercial flights on a regular basis, especially if they are enrolled in an incentive programme for such travellers. Jet airliner: Often known as a jetliner, is a plane that is powered by jet engines.

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## **1.10 ASSIGNMENT :**

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1. "World Trade Centre is the tallest building in the Western Hemisphere, and the sixth-tallest in the world." Find top ten tallest building in the world.

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## **1.11 ACTIVITIES :**

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1. Collect information on various Frequent Flyer Programs and their significance in the travel and tourism industry.

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## **1.12 CASE STUDY :**

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Every 15 years, the aviation industry doubles in size. Changes in government regulations have a role in this expansion. The airline market privatisation and deregulation have influenced trends in the industry. The United States, the European Union, China, India, the African countries, and the countries of Southeast Asia serve as representative markets and are covered in greater depth.

It is demonstrated that deregulation of the air transportation sector has become a mainstream development, and that deregulation has influenced aviation markets in a number of favourable ways. Deregulation resulted in increased competition, lower fares, higher flight frequencies, more connections, and more passengers. However, deregulation is far from complete, indicating the possibility of additional improvements in aviation markets. Second, we provide a brief overview of the global airline privatisation process.

Many studies have shown that public airline ownership is linked to significant financial losses, but private airline ownership can help to minimise such losses by enhancing efficiency and income. However, the government still owns or controls a substantial portion of today's airlines.

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1. Why deregulation is needed.
2. What are the impact of deregulation on:
  - a. Economy of an area
  - b. Level of service

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**1.13 FURTHER READINGS :**

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1. Air Transport Management : An international perspective by Lucy Budd and Stephen Ison.
2. Air Transport System by Schmitt, Dieter, Gollnick, Volker
3. Air Transport in the 21st Century : Key Strategic Developments by John F. O'Connell, George Williams

# *Types of Airlines & Airport Management*

## UNIT STRUCTURE

- 2.0 Learning Objectives
- 2.1 Introduction
- 2.2 Airport Planning
  - 2.2.1 Airport Components and Terminal Configurations
- 2.3 Introduction Growth of Air Transport
- 2.4 Classification of Airports
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- 2.10 Assignment
- 2.11 Activities
- 2.12 Case Study
- 2.13 Further Reading

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### 2.0 LEARNING OBJECTIVES :

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After understanding this block learners will have knowledge and its objectives are :

- To provide the learner with a glimpse of Airport planning and its Components
- knowledge about class of Airports
- To make learner understand about the types of Airlines

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### 2.1 INTRODUCTION :

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An airline is a firm that provides passenger and freight air transportation. Airlines range in size from tiny businesses with one or two planes to massive global corporations. While the industry grew slowly at first, after World War II, it took off in a big way, thanks in part to a large number of returning aviators. Air travel has grown commonplace by the 1990s.

Every airline operates in their own ways. Some, for example, purchase their aircraft, customizing them to offer special services such as reclining beds for passengers. These companies staff their planes with pilots and cabin crew who train to work specifically for them. Others lease their aircraft and staff from other companies. In either case, the company is heavily supported by large ground staffs which include reservation agents, cleaners, caterers, and loaders, among many others.

When an airline carries passengers, it establishes a series of regular routes along with a consistent schedule. Most of these routes are set up on the hub and spoke model, with the company having a central hub through which many flights are routed. Passengers can purchase tickets directly through the airline, or through licensed resale agents. Most passenger air carriers also sign codeshare agreements, allowing them to cooperate with other carriers to offer more flights.

Freight carriers often operate on a defined timetable, using a variety of pre-determined routes to efficiently transport packages from one location to another. It may use delivery vehicles to supplement its planes, or it may merely provide bulk transit from one airport to another, with clients responsible for transporting freight to and from the airport. These planes' cabins are also configured differently than passenger planes, allowing crews to load freight and packages onto the planes.

Air transporting persons and commodities is a quick and efficient means to get them from one location to another. As the airline industry grew in popularity, prices fell, making flying a more affordable means of transportation. Government regulation has also grown in order to ensure that air travel is safe and secure for both passengers and cargo. Because many airlines offer flights between nations with differing degrees of domestic control, international norms are also enforced. Cheap domestic flights, luxury intercontinental trips, and overnight global shipping for crucial products are all specialties of different airlines.

On long-haul flights, backup crews may be required. Commercial airliners often include two pilots and, on older models, a flight engineer.

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## **2.2 AIRPORT PLANNING :**

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Airport planning is a method of establishing rules for the efficient development of airports in accordance with local, state, and national objectives. One of the most important goals of airport planning is to ensure the efficient use of airport resources in order to meet aviation demand in a cost-effective manner.

It entails the design, construction, and operation of terminals, runways, and other ancillary infrastructure for airlines. Developing an airport necessitates a large sum of money as well as a foresight of future airline and passenger growth. The Airports Authority of India (AAI) is in charge of airport development in India.

### **2.2.1 Airport Components and Terminal Configurations :**

An airfield and terminals are the two main components of an airport. A conventional airfield has two (or one) parallel taxiing lanes as well as a runway for take-offs and landings (taxiway). Runways are identified according to the direction they are facing (rounded magnetic azimuth in decimal).

The connecting lanes between the runway and the taxiing lanes are normally at an angle to allow planes that have recently landed to exit the runway quickly. Depending on the plane's size, modern airport designs allow two of three departing choices per landing direction.

Although there is a wide variety of terminal designs, most fit within the following configurations:

#### **2.2.1.1 Standard :**

The linear orientation of terminals allows several planes to board passengers simultaneously (through jet bridges) and represents one of the most common

terminal design. This design can be expanded into piers or a series of concourses linked by underground passages and internal transit systems. The drawback of these designs is the long lateral movements of passengers and luggage between gates. This is particularly the case for large hubs where passengers can contemplate several minutes of walking between gates.

#### **2.2.1.2 Satellite :**

The satellite is an answer to the lack of terminal space by permitting the stowage of several planes on a smaller terminal surface. The satellite is often linked to the rest of the airport by a hall or an underground passage.

#### **2.2.1.3 Shuttles :**

Some airports opt for shuttles, which enables them to reduce the size of the terminal and maximize the number of planes that can be serviced. However, this involves longer boarding times. The usage of shuttles is often applied at major airport facilities where regular jet bridges service large planes while smaller domestic planes are parked on a pad and serviced by buses. In situations of congestion, shuttles can be used for unloading passengers, which frees gates for boarding. In a normal situation, freight planes are loaded and unloaded by shuttles (haulers bringing air unit load devices), so the use of shuttles in the design is prevalent in air cargo operations.

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### **2.3 INTRODUCTION GROWTH OF AIR TRANSPORT :**

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As per recent estimation, air travel demand will grow at a rate of 4.3% per year over the next 20 years. If this rate of growth is maintained until 2036, the air transportation industry will provide 15.5 million direct jobs and \$1.5 trillion in GDP to the global economy.

Air transport is an important factor for economic growth and development. Air transport facilitates integration into the global economy and offers important connectivity at the national, regional and international levels. It helps to generate trade, promote tourism and create employment opportunities. The World Bank has been financing aviation-related projects for more than sixty years. Currently, the WBG is actively involved in projects related to air traffic policy and regulation, safety, infrastructure renewal, institutional strengthening and capacity building in all regions.

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### **2.4 CLASSIFICATION OF AIRPORTS :**

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Airports can be classified in different ways. One of the classifications according to NPIAS (National Plan of Integrated Airport Systems)

- (a) **Primary :** Airports that experience more than 10,000 annual airline passenger enplanements.
- (b) **Non Primary :** Airports that experience at least 2,500 annual airline passenger enplanements, but less than 10,000.
- (c) **Reliever :** Airports that are labelled by the FAA as providing congestion relief for non-commercial traffic to a congested primary commercial service airport.
- (d) **General Aviation :** Airports that do not fall into any of the above categories.

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## **2.5 TYPES OF AIRLINES :**

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Airlines are often grouped into different categories and precise definitions can vary in different parts of the world. There are three categories in Airlines: Major, National and Regional.

- (a) **Major Airlines :** A large airline is defined as an airline with an annual turnover of more than £1–Billion. Typically, large airlines are also the top employers among airlines.
- (b) **National Airlines :** Scheduled airlines with annual operating revenues of £100–Million to £1–Billion are a step down from the large airlines. These airlines may fly to specific parts of the country, as well as long–distance routes and overseas destinations.
- (c) **Regional Airlines :** These airlines serve certain areas of the country, filling niche markets that major and national carriers may overlook. This is the airline industry's fastest–growing segment, which can be further divided into three subgroups: Large, Medium and Small Regional.
  - (i) **Large Regional :** These are scheduled carriers with £20–Million to £100–Million in annual revenue. They operate aircraft that can accommodate more than 60 passengers.
  - (ii) **Medium Regional :** These airlines operate on a smaller scale, with operating revenues of under £20–Million, and often use only small aircraft.
  - (iii) **Small Regional :** These airlines don't have a set revenue definition, but are usually referred to as "commuter airlines." They use small aircraft with less than 61 seats.

The airline industry is similar to any other business in that there are various sorts of airlines based on the needs of their consumers.

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## **2.6 IMPORTANT CIVIL AVIATION ORGANISATIONS :**

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There are few organisations in the field of civil aviation which are important from the operation point of view of international as well as domestic flights. Lets us understand these organisation and know about the working also.

### **2.6.1 International Organisation :**

#### **2.6.1.1 International Air Transport Association (IATA) :**

The International Air Transport Association (IATA) is the world's airline trade association, representing 290 carriers and 82% of all air traffic. They support a wide range of aviation activities and assist in the development of industry policy on crucial aviation issues.

#### **2.6.1.2 Airports Council International (ACI) :**

The Airports Council International (ACI) is the world's only global trade association representing airports. ACI, which was founded in 1991, represents the interests of airports with governments and international organisations such as the International Civil Aviation Organization (ICAO), develops standards, policies, and recommended practises for airports, and provides information and training opportunities to raise standards around the world.

### **2.6.1.3 World Tourism Organization (UNWTO) :**

The United Nations' World Tourism Organization (UNWTO) is in charge of promoting responsible, sustainable, and universally accessible tourism. It is world's largest tourist organisation, promotes tourism as a driver of economic growth, inclusive development, and environmental sustainability, and provides leadership and assistance to the industry in the advancement of knowledge and tourism policies around the world.

### **2.6.2 National Organisation :**

#### **2.6.2.1 Ministry of Civil Aviation (MoCA) :**

When it comes to national aviation policy and implementation, the MoCA is the ultimate authority in the aviation industry. Airport facilities, air traffic services, and aviation passengers and cargo are all regulated by this organisation.

#### **2.6.2.2 Directorate General of Civil Aviation (DGCA) :**

The Directorate General of Civil Aviation (DGCA) is the primary supervisory agency for aviation management in India. General management, airport development, aviation safety, air traffic, air worthiness, flight standard, information and regulation, air engineering technologies, approvals, and air training are among the 10 divisions that the DGCA oversees.

#### **2.6.2.3 Airport Authority of India (AAI) :**

AAI is in charge of airport ground facilities, air route facilities, telecommunications facilities, and navigation facilities, as well as planned enhancements and maintenance management.

#### **2.6.2.4 Bureau of Civil Aviation Security (BCAS) :**

BCAS is in charge of air transport safety and security, which includes legislation based on ICAO safety standards, oversight of aviation safety rules, implementation of appropriate aviation safety measures, and traffic controller training.

#### **☐ Check Your Progress :**

- Airports Council International (ACI) was founded in :  
a. 1991                      b. 1981                      c. 1881                      d. 1891
- Airports that experience at least 2,500but less than 10,000 annual airline passenger enplanements are called \_\_\_\_\_.  
a. Major airports                      b. Regional airport  
c. Non Primary airport                      d. Primary airport
- \_\_\_\_\_ is in charge of airport development in India.  
a. DGCA                      b. MoCA                      c. BCAS                      d. AAI
- An airline with an annual turnover of more than ₹ 1 billion is called  
a. Major airlines                      b. Regional airport  
c. Non Primary airport                      d. Primary airport
- An airfield and terminals are the two main components of an airport.  
a. Taxiway and Runways                      b. Shuttles and Haulers  
c. Both                      d. None of these

6. Small regionals aircraft are those aircraft with less than \_\_\_\_\_ seats.  
a. 69                      b. 61                      c. 16                      d. 76

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### **2.7 LET US SUM UP :**

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Not every airline is the same. Airlines, like most businesses, have different levels of stratification. Airlines are either publicly or privately held; nevertheless, the government owns the airlines in many nations. The amount of income generated by an airline determines its ranking. The federal government then categorises it into one of three categories: major, national, or regional. There are distinct routes for each of the three types of airlines. Larger airlines typically provide more destinations and longer itineraries.

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### **2.8 ANSWER FOR CHECK YOUR PROGRESS :**

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#### **Check Your Progress :**

- |      |      |      |
|------|------|------|
| 1. a | 2. c | 3. d |
| 4. a | 5. a | 6. b |

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### **2.9 GLOSSARY :**

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**Airport :** An airport is a place where planes can land and take off. They usually include hard-surfaced landing strips, a control tower, hangars, and passenger and cargo cabins.

**Block Hour :** Block hours are the airline industry basic measure of aircraft utilization. Block hour is the time from the minute the aircraft door closes at departure of a revenue flight until the moment the aircraft door opens at the arrival gate.

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### **2.10 ASSIGNMENT :**

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1. Find out Important organizations for aviation industry in this world.

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### **2.11 ACTIVITIES :**

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1. Make a comparison of working and responsibility of international and domestic civil aviation organisation.

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### **2.12 CASE STUDY :**

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#### **Mega Airport Projects: Kansai International Airport (Osaka)**

**Author : Dr. Jean-Paul Rodrigue**

With 25.7 million passengers handled in 2016, the Kansai International airport does not figure among the world's largest airports. It is however particularly remarkable in the sense that it was the first airport project entirely constructed on an artificial island, which is a major innovation. The construction of airports in Japan has been facing serious space constraints due to the obvious lack of available flat land nearby major metropolitan areas. For instance, when the construction of a new airport in Tokyo (Narita) was announced in the 1960s, it led to massive protests because of the expropriation of scarce agricultural land. Therefore, when a new airport facility was required in the Osaka metropolitan area, a decision was made to locate the new airport on an artificial island exclusively built for such a purpose. The goal to avoid the political and social



fallout of a mega airport project thus led to additional construction costs and engineering challenges.

The purpose of the project was to provide additional regional air capacity since the Osaka airport (Itami) was getting congested. Construction of the artificial island started in 1987 followed by the airport terminal in 1991. The airport opened in 1994, an impressive time achievement for such a complex project. It was designed to handle international traffic, including cargo, while the Osaka Itami airport reverted to domestic traffic only. Because of the unique geographical constraints of Japan, the airport was built with strong engineering requirements to be able to withstand earthquakes and typhoons. The resiliency of this engineering was soon tested with the 1995 Kobe Earthquake leaving the airport undamaged.

Another important engineering challenge that added up substantially to construction costs was the gradual sinking of the airport due to the geological conditions of the Osaka Bay. While it was predicted that the island would sink by about 6 meters, by 2000 it had sunk by over 9 meters. The airport still continues to sink but at a lower rate. Linking the airport to the mainland also required the construction of a 3.7 km bridge, which was also a major project. The Kansai International Airport thus became a pioneering mega engineering project that set the stage for other similar projects such as Centrair International Airport in Nagoya and Chek Lap Kok in Hong Kong.

1. Why this project was costly ?
2. What were the barriers in this project? How did they overcome from it.

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### **2.13 FURTHER READING :**

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**Annex 11** : The Convention on International Civil Aviation; Air Traffic Services.

**UNIT STRUCTURE**

- 3.0 Learning objectives
- 3.1 Introduction
- 3.2 Air Ticket Important Travel Document
- 3.3 Details on Ticket
- 3.4 Utility of An Airline Ticket
- 3.5 The Process of Air Ticketing
  - 3.5.1 Booking
  - 3.5.2 Ticketing
- 3.6 Requirements for Airline Tickets
- 3.7 Issuing of Tickets Without IATA/ARC
- 3.8 Ticketing for Low-Cost Carriers
- 3.9 Innovation and Technology in Air Ticketing
- 3.10 Let Us Sum Up
- 3.11 Answers for Check Your Progress
- 3.12 Glossary
- 3.13 Assignment
- 3.14 Activities
- 3.15 Case Study
- 3.16 Further Reading

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**3.0 LEARNING OBJECTIVES :**

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- To provide learner with a knowledge of air ticket an importance travel document
- To make learner understand about the process of air ticketing
- To create understanding about the basic requirement for issuing air ticketing
- To provide information about upcoming innovation and technology in air ticketing

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**3.1 INTRODUCTION :**

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American Airlines was the first to create the modern concept of air ticketing in 1952, and it has since played a significant role in the flight booking industry. While the introduction of the e-ticket has rendered manual issuance and paper tickets obsolete, the necessity of ticketing remains unchanged, and knowing its role is critical for any newcomer to the travel business.

In most cases, a ticket is only valid on the airline for which it was purchased. An airline can, however, endorse a ticket that is accepted by other airlines, sometimes on a standby basis or with a confirmed seat.

The International Air Transport Association is the group that sets the standards. The International Air Transport Association (IATA) declared that as of June 1, 2008, IATA member airlines would no longer issue paper tickets. After then, tickets are issued and stored electronically.

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### **3.2 AIR TICKET IMPORTANT TRAVEL DOCUMENT :**

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An airline ticket is a document or electronic record provided by an airline or travel agent that indicates that a passenger is entitled to a seat on a flight journey. An airline ticket can be one of two types: a paper ticket with coupons or vouchers, or an electronic ticket with no coupons or vouchers (commonly referred to as an e-ticket).

The ticket, in any form, is essential for obtaining a boarding card at the airport during check-in. The passenger is then permitted to board the aircraft using the boarding card and the corresponding ticket.

The ticket is usually for a certain flight. An 'open' ticket, which enables travel on any flight between the destinations stated on the ticket, is also available. This is more expensive than a ticket for a specific flight. There are some tickets that are refundable. Lower-cost tickets, on the other hand, are frequently non-refundable and may come with a variety of additional restrictions. A ticket can only be used by one person. If more than one passenger is travelling together, the tickets are linked by the same record location or reservation number, which is assigned if the tickets are purchased at the same time. If not, most airlines' reservation systems will allow you to link the tickets together. This permits all members of a party to be processed as a group, allowing for the same seat assignments (if available at the time of the assignment).

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### **3.3 DETAILS ON TICKET :**

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Tickets, regardless of their type, provide the following information :

- The passenger's name
- The issuing airline
- A ticket number, including the airline's three-digit code at the start of the number
- The cities between which the ticket is valid for travel
- Flight for which the ticket is valid (unless the ticket is "open")
- Baggage allowance. (Not always visible on a printout but recorded electronically for the airline)
- Fare. (Not always visible on a printout but recorded electronically for the airline)
- Taxes. (Not always visible on a printout but recorded electronically for the airline)
- The "Fare Basis", an alphabetic or alphanumeric code that identifies the fare
- Restrictions on changes and refunds. (Not always shown in detail, but referred to)

- Dates for which the ticket is valid
- "Form of payment", i.e. details of how the ticket was paid for, which will in turn affect how it would be refunded.
- The exchange rate used to calculate any international parts of the fare and tax
- A "Fare Construction" or "Linear" showing the breakdown of the total fare
- Times on airline tickets are generally for the local time zone where the flight will be at that moment.

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### **3.4 UTILITY OF AN AIRLINE TICKET :**

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To comprehend why ticketing is so crucial, it's necessary to first comprehend what is a ticket. A flight ticket serves three basic purposes in broad terms :

- **Tickets guarantee passengers a seat on the flight :** For passengers, a ticket is proof that the seat has been paid for and that it is theirs alone – no one else will be able to take it. It's a travel document in this sense. The ticket comprises information about the booking, such as the PNR number, passenger information, and information on the itinerary, fare, and payment, for the airline.
- **Tickets create a contract between the passenger and the seller :** A ticket is what binds the contract and sets the conditions and responsibilities for post-booking services like changes, cancellations, and refunds, whether purchased directly from an airline or through an agent.
- **When multiple airlines are involved, tickets establish responsibilities :** Multiple airlines may be involved in some itineraries as part of a code share or interlining agreement. A ticket can help divide responsibilities between the validating carrier (the airline that sold the ticket) and the operating carrier in several situations (the airline operating the flight).

Airlines transfer tickets among themselves during the flight. However, at any given time, the ticket can only be held by one airline. When an airline owns a ticket, it is accountable for the passenger and will update the ticket with the passenger's journey status, such as checked-in, boarded, and flown. This is carried out for a number of reasons:

- **Assigning responsibility for the traveller :** If the operating carrier owns the ticket, it is responsible for rescheduling passengers if its aircraft is delayed.
- **To prevent errors of miscommunication :** For example, a validating carrier may refund a passenger for a flight that has already been provided by the operating carrier.
- **To trigger payments between the airlines :** After the journey, the ticket circles back to the validating carrier as proof that the flight being successfully delivered. This lets the validating carrier know that it should pay the operating carrier its share.

The ticket's central position in defining obligations and payments is one of the reasons it is so crucial and thus so strictly managed.

### 3.5 THE PROCESS OF AIR TICKETING :

### Air Ticketing and Ticketing Process

Now that we know what a flight ticket is, let's look at when ticketing occurs in the flight booking process. The following steps can be used to break down the process of making an online booking:



The last two steps of air ticketing are highlighted for better understanding. It's crucial to remember that, while booking and receiving an e-ticket on your favourite booking site may appear to be a single, fluid procedure, they're actually two separate phases with separate processes.

#### 3.5.1 Booking :

Two critical events must occur in order for a flight to be booked:

- 1. A PNR is created :** A Passenger Name Record (PNR) is a digital file containing passenger information, contact details and itinerary information. When you book a flight, a PNR is created and logged in the airline's Computer Reservation System (CRS), creating an official record of your booking on the airline's system.
- 2. Payment is made :** To guarantee your seat on the plane, airlines need proof of payment. When you pay for your ticket, the form of payment is added to the PNR and the price information is attached in file called as a Transitional Stored Ticket (TST). These two files together contain the information what will later appear in your final flight ticket.

Your flight has been successfully booked and paid for at this stage. You do not, however, have the authority to board the jet. You must first obtain a ticket in order for this to occur.

#### 3.5.2 Ticketing :

After your booking, your PNR (together with its TST) is transferred to a ticketing server, which checks the information and issues the e-ticket. The booking has been ticketed, and the seat is now yours.

Ticketing usually happens right after a booking, however this isn't always the case. PNRs can also be queued for ticketing with a pre-determined date and time for issuance. The booking and ticketing process differs slightly in specific circumstances, such as waitlisted tickets, open-return flights, or overbooking.

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### **3.6 REQUIREMENTS FOR AIRLINE TICKETS :**

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Due to the sheer importance of ticketing in the airline industry, it is tightly regulated, and many airlines place rigorous restrictions on who can issue tickets on their behalf. This is primarily a financial concern.

Airlines want a global network of agents and booking sites to sell their tickets, but they also want to ensure that it is done in a controlled manner and that they are paid. As a result, huge accrediting organisations were formed to function as payment mediators between airlines and agents, with the airlines receiving a payment guarantee from all agents selling their tickets in exchange for the agents' ability to sell tickets for those airlines. This means that in order to issue tickets on behalf of an airline, sellers must be accredited. There are two major ticketing accrediting organisations in the world :

1. **International Air Transport Association (IATA) :** With nearly 300 member airlines in over 170 countries, IATA is the world's largest international airline association. IATA manages the Billing and Settlement Plan (BSP), a financial processing system that collects and distributes payments and commissions between member airlines and agencies, among other things. All agents registered outside of the United States must have IATA accreditation in order to issue tickets for any IATA airline.
2. **Airlines Reporting Corporation (ARC) :** The ARC, which has over 200 member airlines, is a similar association for agents registered in the United States or US territories. The ARC's primary function is to act as a middleman between agents and airlines by using its own payment processor. To provide tickets for its member airlines, all US-registered agencies require ARC accreditation.

So, in order to start expanding your booking business, you require IATA or ARC accreditation. Yes, one must have accreditation to print the air tickets. However, in the following topics, we'll show you how to handle ticket distribution without the hassle and expense of accreditation.

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### **3.7 ISSUING OF TICKETS WITHOUT IATA/ARC :**

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While IATA/ARC accreditation is required for tickets, it is not required for booking. Self-Service flight booking APIs, for example, allow you to browse, price, and book flights on roughly 500 airlines across the world without requiring any official accreditation.

However, you'll need to be able to send your passengers an e-ticket after they've made their purchase to complete the deal. You can do so by engaging with one of several IATA/ARC accredited organisations that will issue tickets on your behalf (for a fee):

- **Airline consolidators :** Consolidators are essentially wholesalers of airline tickets, negotiating big volumes of discounted flights from airlines and then reselling them to partner agencies. Non-accredited agents can also use them as ticketing partners. In this situation, you make the reservation (generating the PNR and receiving money) and then queue the PNR for

consolidator ticketing. For start-ups, online travel agencies (OTAs), and other online booking enterprises, this is the greatest solution.

- **Host agencies :** Host agencies are IATA/ARC accredited companies that provide independent agents with membership-based access to tools and services (including tickets). The independent agents act as affiliates for the host agency in this way. Most host agencies provide end-to-end services – training, marketing, and GDS access – and cater to at-home agents rather than online travel companies.
- **Franchises :** Host agencies provide services to a network of independent agents who are free to choose their own brands and strategies, whereas franchises provide pre-branded, out-of-the-box travel agencies with access to the franchisor's ticketing certification. Brick-and-mortar travel agents are best suited for this alternative.

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### **3.8 TICKETING FOR LOW-COST CARRIERS :**

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Low-Cost Carriers (LCCs) are a notable exception to the aforementioned standard ticketing methods. LCCs aren't usually members of IATA/ARC, and you could argue that the concept of ticketing doesn't exist for them.

Unlike traditional airlines, LCCs offer a single-step booking and "ticketing" process. When the airlines receive payment, they offer the traveller a reference number that they can use to maintain their reservations and get their boarding passes. LCCs don't issue "tickets" as such.

As LCCs do not issue tickets, sellers are unable to issue tickets on their behalf in the same way that IATA/ARC member airlines may. However, there are a few ways to purchase and "ticket" LCC flights through the GDS and provide your passengers with a reference number and boarding pass:

- **E-ticketing** – for those few LCCs those are members of IATA/ARC (or have agreements with member airlines), you can book and ticket them in the exact same way you would a traditional IATA/ARC member airline.
- **Light ticketing** – Light ticketing is similar to e-ticketing, but instead of the agent sending payment through the BSP/ARC, the airline bills the traveler's credit card directly and issues a confirmation number. The GDS then creates an "artificial" ticket for the agent's records.
- **Ticketless** – The simplest of the three options, ticketless is a streamlined version of light ticketing with no "artificial" ticket needed. The agent sends credit card information, and the airline confirms the flight and issues a confirmation directly to the traveller.

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### **3.9 INNOVATION AND TECHNOLOGY IN AIR TICKETING :**

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The current role of air ticketing in the industry, as well as the major activities and processes involved are very pain taking. This may not be the case in the future; instead, traditional PNRs, TSTs, and tickets may be replaced by a new, single record: IATA's One Order.

Switching from traditional ticketing to One Order, according to IATA, will help streamline the airline industry's internal operations and provide modern customers with a shopping experience similar to that of popular sites like Amazon, where customers can simply add items to a cart, pay with a credit card, and receive a single reference number in return. Customers book flights using

**Airfare & Ticketing**  
**Part-1**

airline bookings software, which is a customer interface of the reservation system. These programmes are used by airlines to perform all of their booking-related duties and to speed up the reservation process.

When handling the flight-booking process, airline bookings systems take into account a number of criteria, including available inventory (seats available), airline timetables, and tax rates. When determining flight fares at the time of purchase, all of these factors are taken into account.

Airlines bookings software is used by airline personnel to manage the entire reservation process, which can be complex, and airline passengers may become irritated. Technology must be used to relieve the load on man and material.

**❑ Check Your Progress :**

1. Modern concept of air ticketing was first coined by \_\_\_\_\_ in 1952.
  - a. British Airline
  - b. Air India
  - c. American Airlines
  - d. Lufthansa
2. The decision for not issuing any paper ticket by IATA member airlines came into effect on :
  - a. June 5 2000
  - b. June 1, 2008
  - c. June 15, 2018
  - d. June 21, 2020
3. IATA is the world's largest international airline association.
  - a. True
  - b. False
  - c. None of the above
4. Full form of acronym PNR is :
  - a. Passenger Name Record
  - b. Personal Number Record
  - c. Public Number Reader
  - d. None of the above options
5. After air ticket is booked PNR is created and logged in the airline's \_\_\_\_\_
  - a. General Sales Agent data base
  - b. Computer Reservation System (CRS)
  - c. E-mail
  - d. All of the above options
6. The number of Airline Reporting Corporation members are :
  - a. 100
  - b. 200
  - c. 300
  - d. 400
7. Ticket can be booked by travel agent with IATA/ARC accreditation but issued only by :
  - a. Airline consolidators
  - b. Host Agencies
  - c. Franchise
  - d. All of the above options

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**3.10 LET US SUM UP :**

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Today's flight booking process is believed to be simpler than before because there are no ticket agents and you don't need to call them to reserve a paper ticket. Even so, a single booking necessitates a number of distinct activities, all of which are interconnected. Due to the multiple links to various services, systems, and distribution channels, the majority of these operations remain overly difficult. Considering the fact that airports and airlines are slow to adopt new technologies, GDSs and multiple airline flight booking APIs are still used to ensure seat and fare distribution.



The air ticketing system is entirely software-based, allowing you to streamline the consumer ticketing procedure. Ticketing system software gives you all the information you need to handle problems, as well as the ability to prioritise, track, and automate routine support chores. All these aspects will be covered in this unit.

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### **3.0 ANSWER FOR CHECK YOUR PROGRESS :**

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#### **Check Your Progress :**

- |      |      |      |      |
|------|------|------|------|
| 1. c | 2. b | 3. a | 4. a |
| 5. b | 6. b | 7. d |      |

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### **3.12 GLOSSARY :**

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**Franchises :** When individual or a group is granted permission by a government or a firm to engage in specific commercial activities.

**Inventory :** A comprehensive list of items such as real estate, inventory, or a building's contents.

**Low-cost Carriers :** LCCs are airlines that are often classified as less expensive, no-frills, or budget.

**PNR :** It's an abbreviation for "Passenger Name Record," and it's also used as a sectoral booking number.

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### **3.13 ASSIGNMENT :**

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1. What are the factors affecting the pricing of an Air ticket ?
2. Explain the processing of generating air ticket.

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### **3.14 ACTIVITIES :**

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1. Collect some quotation about flight tickets offered by different Airlines on the route of your choice and compare the price.

---

### **3.15 CASE STUDY :**

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#### **The effect of the economic crisis on the behaviour of airline ticket prices**

The impact of external factors like the economy on airline ticket price behaviour has not been investigated in the specialised literature. The economic crisis has affected the price behaviour of various types of intermediaries over time. We chose the Madrid–New York route because of its high demand, which allows us to book a significant number of flights and because it is used for both business and leisure travel. To simulate real travellers' behaviour when making bookings, we used round-trip costs that were displayed on the internet two months ahead to departure.

In 2009 and 2013, we chose flights that left on the 18th of June and returned eight days later on the 26th of June to avoid peak holiday periods. The findings reveal that the economic crisis has had an impact on price behaviour in terms of both price level and dispersion, with a definite increase in price level and a fall in price dispersion. Furthermore, the economic downturn has slowed the usual sharp increase in average price as the flight departure date approaches.

**Airfare & Ticketing**  
**Part-1**

1. According to above situation what do you think about dynamic nature of pricing Ticket ?
2. What customer behaviours affect the price ?

---

**3.16 FURTHER READING :**

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1. "Flying off course – The economics of international airlines" by R. Doganis
2. "Airline Marketing and Management" by S. Shaw

**UNIT STRUCTURE**

- 4.0 Learning Objectives
- 4.1 Introduction
- 4.2 Future Trends
  - 4.2.1 Artificial Intelligence
  - 4.2.2 Automation
  - 4.2.3 In-Flight Connectivity
  - 4.2.4 Skills and Workforce
  - 4.2.5 Biometrics
  - 4.2.6 Rising Passenger Demand
- 4.3 Current Trends India
- 4.4 Global Trends
  - 4.4.1 Contactless Technology
  - 4.4.2 Health Passport
  - 4.4.3 Increase Flexibility
  - 4.4.4 Location-Based Services
  - 4.4.5 Airport Digitisation
  - 4.4.6 Integration and Standardisation
  - 4.4.7 Green Airports
  - 4.4.8 Rising Sustainability Concerns
- 4.5 Trends After Covid-19
- 4.6 India's Role in ICAO
- 4.7 Let Us Sum Up
- 4.8 Answers for Check Your Progress
- 4.9 Glossary
- 4.10 Assignment
- 4.11 Activity
- 4.12 Case Study
- 4.13 Further Reading

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**4.0 LEARNING OBJECTIVES :**

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- To assess the globe trends in aviation sector
- To provide information about current trends in India
- Discussion on the trends at the time of Covid-19 pandemic
- To understand the role of India in ICAO

---

## **4.1 INTRODUCTION :**

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The global aviation business has never had it so bad, and for two years in a row. With worldwide travel limitations, grounded fleets, benched workers, uncertainty in travel schedules, ticket liabilities, and financial burn, the global aviation sector has never had it so bad. It isn't just about travel limitations. Airlines not being allowed to fly to particular places, visas not being provided, inbound lockdowns, and several countries' bans on Indian travellers have all contributed to the chaos. It has also spiralled into severe demand contraction as a result of job losses and reduced income, as well as a dread psychosis that may last long after the pandemic is over.

Aviation operations are made easier by state-of-the-art automation and ever-improving technology. New aeroplanes with excellent fuel efficiency and other devices are on the way to help airline and airport operations. Expectations from customers have risen.

During the last few years, India's civil aviation authority has established itself as one of the country's fastest expanding sectors. With the on-going global pandemic covid-19, the world had locked inside their home. However, gradually we can see the boom in the travel industry. Airline industry as an inseparable element in global travel is putting its significance. During worldwide lockdown it proved its role as an efficient carrier for necessary items.

India is currently regarded as the world's third-largest domestic civil aviation authority market and it is predicted to become the world's largest domestic civil aviation market in the next 10 to 15 years.

Advanced concepts such as "walk through security" have been developed using cutting-edge technology, while biometrics can be utilised to automate verification processes and decrease manpower burdens.

Security systems have quickly become a key trend at airports, which now have the most up-to-date security systems for security checks. Cyber-security services have been quickly integrated into IT solutions by suppliers.

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## **4.2 FUTURE TRENDS :**

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Passengers' favourite mode of transportation has shifted in recent years to low-cost airlines. Travellers today demand a completely individualised experience from the moment they purchase their trip until they arrive at their destination. The aviation sector can use Sentiment Analysis to figure out what their customers want and then tailor their customer strategy to meet those needs. Future trends that may be incorporated in the near future, depending on how advanced they are currently. Some of the future trends are listed here:

### **4.2.1 Artificial Intelligence :**

AI is being used to provide travellers with a personalised travelling experience in order to maximise consumer satisfaction. Artificial intelligence is customising, optimising, and scaling up airline-passenger digital interactions. AI and machine learning applied to passenger social sentiment is assisting the airline sector in curating services to meet the needs of passengers.

### **4.2.2 Automation :**

Pilotless planes may soon become a reality as machines get smarter as a result of recent technological developments. Hybrid RPA (Robotic Process

Automation), when combined with AI cognition, can allow an aircraft to finish a journey without the need for human interaction. Even today, planes fly for the most of the journey on autopilot, with manual pilots taking control just for take-off and landing. Given the uncertainty and risks involved with a flight, it is highly improbable that no manual pilots would be present on future flights. Due to the unpredictable nature of machines, they are unreliable in an emergency, necessitating the use of a human pilot to man the plane and safely complete the journey.

#### **4.2.3 In-Flight Connectivity :**

The world is becoming increasingly linked, and connection is becoming a commercial requirement. In the coming days, airline passengers can expect in-flight connectivity, eliminating the need to disconnect phones while flying. Following the introduction of free Wi-Fi services at airports, airlines are also beginning to offer the service on-board. Delta Airlines has announced that Wi-Fi will be available on all domestic and international flights, allowing passengers to have a more enjoyable travel experience.

#### **4.2.4 Skills and Workforce :**

Despite the fact that we are moving toward a future of upgraded planes and automated flights, we will not be able to accomplish our goal without overcoming the current skill gap in the workforce. Everyone in the aviation industry, from pilots to employees to engineers to air traffic controllers and safety inspectors, must up-skill in order to be relevant and competent in the digital future. To oversee the move from manual to automated, there will be numerous legal and moral adjustments. Due to the predominance of automation, some employment in the sector will be automated, but new jobs for manual workers will be created as well.

#### **4.2.5 Biometrics :**

In near future Biometric verification methods such as fingerprint authentication, facial recognition, and retinal scanning will become the norm. Paperless verification procedure can replace the use of paper which also helps in protection of environmental concern. The integration of biometric systems for border control, airport check-ins, on-boarding, and migration formalities will also support in this regards. The baggage claim procedure, which normally takes hours, after including biometric, will allow passengers to follow their bags in real time.

#### **4.2.6 Rising Passenger Demand :**

To meet increased demands, new technologies and capabilities are required, as well as additional prices. Digital distribution also opens up new ways to gain clients and extract value from the data generated by distribution.

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### **4.3 CURRENT TRENDS INDIA :**

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During the previous three years, India's civil aviation industry has become one of the country's fastest expanding industries. India has surpassed numerous countries to become the world's third largest domestic aviation market, and it is likely to overtake many more to become one of the world's major air passenger markets in the near future. According to India Brand Equity Foundation (IBEF), India is expected to leave behind UK by 2024. According to IATA, India will overtake China and the US as the world's third-largest air passenger market by 2030.

AAI intends to set up a Mobile Command Post (MCP) at each of its major airports to combat and coordinate any type of aviation emergency. It's part of AAI's safety upgrade initiative, which aims to fulfil greater safety standards at all international and major domestic airports in the wake of a large increase in aviation traffic in recent years.

India's airline industry is at the forefront of its privatisation and internalisation ambitions. The domestic market has been taken over by private airlines. More than 85% of the Indian market is controlled by Jet Airways, SpiceJet, IndiGo, Vistara, AirAsia India, and Go Air. Since the introduction of competition from private carriers in the 1990s, India's national carriers Air India have lost ground to their commercial counterparts. It has a market share of around 12–13%. The large presence of private carriers and low-cost carriers in the Indian aviation market saves money, lowers fares, and increases demand for air travel.

As a result of Air India's privatisation, market concentration in the Indian aviation industry will rise, surpassing that in telecom. Based on FY20 revenues, the Tata will control approximately 80% of those with their three airlines plus IndiGo Airlines. Based on FY21 revenues, it is predicted to have an 81 percent share. Tata Sons owns a majority ownership in Tata SIA Airlines, which operates Air Vistara, and AirAsia India, in addition to Air India.

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#### **4.4 GLOBAL TRENDS :**

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##### **4.4.1 Contactless Technology :**

Airlines are making the whole consumer experience contactless, from check-in to purchase to in-flight entertainment, as a result of the on-going pandemic's impact. In this end-to-end contactless experience, the customer's smartphone is used for check-in, payment options, and in-flight entertainment selection. It can also look for Covid-19 symptoms.

##### **4.4.2 Health Passport :**

For entry into many countries, documentation of vaccination is required. The IATA wants airlines to put a health "passport app" within their consumer-facing apps to make this procedure easier. One such "health passport," designed to demonstrate proof of immunisation.

##### **4.4.3 Increase Flexibility :**

Airlines' flexible change and cancellation procedures are becoming a thing of the past. Change fees were eliminated early in the pandemic. Travellers may book with confidence, knowing that they will not be fined if their plans change. Many airlines have eliminated change fees and are now providing cash reimbursements for last-minute cancellations. Each airline, of course, has its own rules.

##### **4.4.4 Location-Based Services :**

Targeted marketing, such as store locations and discounts in the airport, as well as new purchasing models such as online purchases and offsite delivery of items, will boost non-aeronautical revenue for airports. Suppliers have offered passenger tracking and flow management systems, as well as tailored technology that uses Bluetooth and Wi-Fi to follow customers' locations and give information.

#### **4.4.5 Airport Digitisation :**

Airport digitisation is rapidly rising, supporting trends such as increased automation and tailored passenger services. As a result, the control centre will have visibility into all operations and will be able to effectively monitor and manage performance against Key Performance Indicators (KPIs). Suppliers offer a variety of analytic services that integrate with all airport operations and work with airport operators to develop new ways to ensure seamless communication throughout the airport.

#### **4.4.6 Integration and Standardisation :**

Airports can employ standardised platforms that interface effortlessly with platforms from other providers and third-party apps thanks to integrated systems. Suppliers are aware of the value of integrated platforms. They can supply end-to-end platforms that integrate multiple airport segments thanks to partnerships with other vendors.

#### **4.4.7 Green Airports :**

Airports will increasingly focus on generating energy from renewable sources and upgrading energy management technologies in order to meet stringent noise and air pollution criteria.

#### **4.4.8 Rising Sustainability Concerns :**

The airline industry is booming. Developing sustainability strategies, such as a programme of initiatives to reduce carbon emissions, planning for a variety of scenarios (such as a material reduction in demand or government action), evaluating potential SAF (Sustainable Aviation Fuel) supply chain partnerships, determining how to participate in offset schemes, recycling and waste management initiatives, and requiring Original Equipment Manufacturer (OEM) participation in long-term aircraft innovations.

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### **4.5 TRENDS AFTER COVID-19 :**

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Airlines and airports will face new challenges as they work to restore normal operations after the Covid-19 pandemic. New routes, new generation aircraft, and even insect infestations – airlines and airports will face some novel challenges as they work to restore normal operations after being mothballed during the Covid-19 pandemic.

The drop in tours and travels following the pandemic is a crucial issue hurting the aviation sector, since a big number of international and domestic flights are being cancelled all over the world to prevent the virus from spreading. Governments all over the world are cancelling foreigners' visas and shutting down affected areas, which is one of the main reasons for the aviation industry's slowdown.

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### **4.6 INDIA'S ROLE IN ICAO :**

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Dr. Shefali Juneja has been appointed Chairperson of the International Civil Aviation Organization's (ICAO) Aviation Security Committee. She is also the first female chairperson of this strategic committee. After a 12-year hiatus, India has taken on this responsibility. Dr. Juneja previously worked as a Joint Secretary in the Ministry of Civil Aviation, where she was in charge of International Agreements from 2012 to 2019. She was India's chief bilateral air services negotiator for six years, and she was instrumental in transforming

bilateral air service negotiations by implementing Open Skies in accordance with the National Civil Aviation Policy 2016.

Through its seven Regional Offices, ICAO also serves as a critical coordination platform in civil aviation. However, the organisation is not an international aviation regulator and has no authority over national governments in the international priority areas for which it was established. She specializes in policy planning for environmental mitigation in aviation, including the development of sustainable aviation fuels and ICAO environment negotiations. Dr. Shefali, a well-known public speaker, is motivated to effect change by addressing gender issues affecting the educational and career development of young girls, who are the foundation of every society.

**❑ Check Your Progress :**

1. India is regarded as the world \_\_\_\_\_ largest domestic civil aviation market.  
a. 1st                      b. 2nd                      c. 3rd                      d. 4th
2. RPA acronym stands for:  
a. Remote Processing Automation    b. Robotic Process Automation  
c. Random Process Automation    d. Report Process Automation
3. Who has been recently appointed as Chairperson of ICAO Aviation Security Committee?  
a. Edward Warner                      b. Olumuyiwa Benard Ali  
c. Eenam Gambhir                      d. Dr. Shefali Juneja
4. Green Airports will focus on generating energy from renewable sources in order to meet stringent noise and \_\_\_\_\_ criteria.  
a. Customer satisfaction                      b. Air pollution  
c. Customer convenience                      d. Product differentiation
5. Fingerprint authentication, facial recognition, and retinal scanning are part of \_\_\_\_\_  
a. Artificial Intelligence                      b. Biometrics  
c. Both a and b                      d. None of the above options
6. To combat aviation emergency AAI is setting up \_\_\_\_\_ at major airports.  
a. Command Posts                      b. Central Reserve Police Force  
c. Mobile Command Posts                      d. All of the above options
7. Health Passport is the demonstration proof of \_\_\_\_\_  
a. Traveller is healthy                      b. Traveller is vaccinated  
c. Medical Tourist                      d. None of the above options
8. The \_\_\_\_\_% Indian market is controlled by Jet Airways, SpiceJet, IndiGo, Vistara, AirAsia India, and Go Air.  
a. 75                      b. 80                      c. 85                      d. 90

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**4.7 LET US SUM UP :**

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Due to rapid growth of the civil aviation industry, airspace has become increasingly congested. Most major airports around the world are experiencing



increasing delays as a result of this overcrowding. This situation has a significant impact on airports, airlines, and passengers. The number of annual flights in the global market has steadily increased. However, COVID-19 was a game changer for the growth of this industry.

---

#### **4.8 ANSWER FOR CHECK YOUR PROGRESS :**

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##### **Check Your Progress :**

- |      |      |      |      |
|------|------|------|------|
| 1. c | 2. b | 3. d | 4. b |
| 5. b | 6. c | 7. b | 8. c |

---

#### **4.9 GLOSSARY :**

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**Key Performance Indicator (KPI) :** A method of assessing an organization's effectiveness and progress toward its objectives.

**Sustainability :** Addressing our own needs without jeopardising future generations' ability to meet own needs.

**Revenue :** The average sales price multiplied by the number of units sold equals revenue, which is computed as the average sales price multiplied by the number of units sold.

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#### **4.10 ASSIGNMENT :**

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1. What is the role of automation and robotics in the field of air ticketing ?
2. How artificial intelligence helpful to customer and service provider in aviation ?

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#### **4.11 ACTIVITY :**

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1. Find out the entire process of takeover of Air India by Tata group. Also analyse this deal as emotional or commercial.

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#### **4.12 CASE STUDY :**

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Air India, like any other government-owned enterprise, is losing money and is in debt. The Maharajah is being kept alive on a ventilator with taxpayer money. The government of India's transaction advisor identified several reasons why the first attempt to sell a 76% stake in Air India failed miserably. Government of India's 24% ownership and equivalent rights, heavy debt of around INR 38,000 crores, macroeconomic fluctuations, no individual bidding, consistent losses, and buyers' inability to form a cartel within the given time period are among the reasons. The government, on the other hand, is eager to use its final option, which is to sell it. The government has now attempted a second time to modify and sell it under favourable terms. Disinvestment should be the last option, especially for a rich entity and a national carrier like Air India.

1. What are the reasons responsible for its failure ?
2. Do you think Disinvestment is the last option, especially for a rich entity and a national carrier like Air India? Justify.

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#### **4.13 FURTHER READING :**

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1. Airline Operations and Management by Gerald N. Cook and Bruce G. Billig
2. Passenger Air Tariff (PAT) Guide

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## **BLOCK SUMMARY**

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Aviation has a long and illustrious history dating back over two thousand years. After the invention of the first flying machine, the dream of flying became a reality. From the earliest types of aviation, such as kites and attempts at tower jumping, through powered, heavier-than-air jets capable of supersonic and hypersonic flight.

Every airline operates in their own ways. Some, for example, purchase their aircraft, customizing them to offer special services such as reclining beds for passengers. These companies staff their planes with pilots and cabin crew who train to work specifically for them.

After a 12-year break India got an opportunity as Dr. Shefali Juneja has been nominated as Chairperson of International Civil Aviation Organization's (ICAO). She is also the strategic committee's first female chairperson. India has assumed this task Air India is losing money and is in debt, just like every other government-owned company. With government money, the Maharajah is kept alive on a ventilator. The first attempt to sell a 76 percent stake in Air India failed horribly, according to the government of India's transaction counsel.

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## **BLOCK ASSIGNMENT**

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### **Short Question Answer**

1. What is Open Sky policy ?
2. Enlist the important milestone in the aviation history.
3. What is the major classification of airports ?
4. Explain the role of Airport Council International and DGCA.
5. What is the utility of air ticket ?
6. How automation, AI and biometrics will change the working in aviation sector ?

### **Long Question Answer**

1. Discuss the role of ICAO and United Nation for smooth operation of commercial flights.
2. Discuss the wide variety of terminal design and the configurations.
3. What is the process of air ticketing? Explain the booking and ticketing process in detail.
4. What are the common trends seen in aviation sector at the time of Covid-19 pandemic ?

**Airfare & Ticketing  
Part-1**

❖ **Enrolment No. :**

1. How many hours did you need for studying the units ?

<b>Unit No.</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>No. of Hrs.</b>				

2. Please give your reactions to the following items based on your reading of the block :

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Language and Style	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Illustration used (Diagram, tables etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Conceptual Clarity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Check your progress Quest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Feed back to CYP Question	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____

3. Any other Comments

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# **AIRFARE & TICKETING**

## **PART-1**



**DR. BABASAHEB AMBEDKAR OPEN UNIVERSITY**  
**AHMEDABAD**

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The content is developed by taking reference of online and print publications that are mentioned in Bibliography. The content developed represents the breadth of research excellence in this multidisciplinary academic field. Some of the information, illustrations and examples are taken “as is” and as available in the references mentioned in Bibliography for academic purpose and better understanding by learner.’

## **ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING**

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self- instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual- skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is

particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore, the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self- instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)



## **PREFACE**

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect. All the best for your studies from our team!

# AIRFARE & TICKETING PART-1

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#### **Unit 1      Airport and Airline Codes**

Introduction, Airport Codes, Airline Codes or Designators, IATA Designators, ICAO Airline Codes or Designators, Accounting Code or Prefix Code, Reference List of IATA, ICAO and Prefix Codes of Airlines Across The Globe

#### **Unit 2      Global Indicators & IATA Traffic Conference**

Introduction, Traffic Conference Area 1 (TC 1), Traffic Conference Area 2 (TC 2), Traffic Conference Area 3 (TC 3), Global Indicators, Western Hemisphere, Eastern Hemisphere, Pacific, Pacific North, Atlantic Pacific, Atlantic, South Atlantic, Far East, Russia

#### **Unit 3      Air Traffic Control**

Introduction, History of Air Traffic Control, Air Traffic Control Tower, Ground Control or Ground Movement Control, Air Control or Local Air Control, Flight Data and Clearance Delivery, Approach and Terminal Control, Call Signs, Technology used by Air Traffic Control, Services Provided by Air Traffic Control, Challenges in Air Traffic Control

#### **Unit 4      Billing and Settlement Plan**

Introduction, Electronic Billing System, Types of Electronic Billing System, The Billing and Settlement Plan System (BSP), Mechanism of Billing and Settlement Plan, Payment Workflow in Billing and Settlement Plan, Advantages of Billing and Settlement Plan, Key Features of Billing and Settlement Plan (BSP), New Generation IATA Settlement System (New Gen ISS)



**Dr. Babasaheb Ambedkar  
Open University Ahmedabad**

**BBAATR-202**

## ***Airfare & Ticketing Part-1***

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### **BLOCK 2 : AIR TRAVEL GEOGRAPHY**

---

UNIT 1 AIRPORT AND AIRLINE CODES

UNIT 2 GLOBAL INDICATORS

UNIT 3 AIR TRAFFIC CONTROL

UNIT 4 BILLING AND SETTLEMENT PLAN

# **AIR TRAVEL GEOGRAPHY**

## **Block Introduction :**

Travel is an essential aspect of human life and itinerary for travel is a planned route or journey for a traveller. Planning an Itinerary is important as it links all journey points of a traveller from the source of start of the journey, the stoppages at various destinations and back to the point of origin. The first unit of the block acquaints you to international airline and airport codes and their relevance in itinerary planning for a tourist. Once a tourist decides his itinerary of travel, the calculation of fares for tickets purchased on a flight happens through the direction of travel in the itinerary. To calculate the fare based on direction of travel, the block highlights the importance of global indicators and travel conference areas and their relevance in itinerary planning and fare calculation. Airliners during their course of flight from take off to landing needs to be guided safely and monitored effectively. The block explains the role of the Air Traffic control in ensuring the same. Airlines to sell their tickets have a network of travel agents. To communicate with each travel agent separately and vice versa is a tedious procedure. The IATA billing and settlement plan acts as a mediator between the travel agent and the airlines for an effective transaction and movement of funds. The block details out the role and functions of the Billing and Settlement Plan.

## **Block Objectives :**

- To define and understand components of an itinerary.
- To list and identify airline codes and airport codes and understand its importance in itinerary planning for air travel.
- To list and identify the Traffic Conference Areas, Global Indicators (GI) of travel as a part of itinerary preparation, fare calculation and ticketing.
- To understand the role, function, challenges and aspects of technology involved in Air Traffic Control.
- To discuss on the role of Billing and Settlement Plan (BSP) of IATA and its functions as a conduit between travel agents and airlines globally.

## **Block Structure :**

**Unit 1 : Airport and Airline Codes**

**Unit 2 : Global Indicators**

**Unit 3 : Air Traffic Control**

**Unit 4 : Billing and Settlement Plan**

---

**UNIT STRUCTURE**

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- 1.9 Assignment**
- 1.10 Activities**
- 1.11 Case Study**
- 1.12 Further Reading**

---

**1.0 LEARNING OBJECTIVES :**

---

- To define an itinerary and airline itinerary.
- To understand the components of itinerary planning for air travel.
- Identify airport codes and its importance in itinerary planning for air travel.
- Identify airline codes and its importance for planning itinerary.
- To list airline codes of the world.

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**1.1 INTRODUCTION :**

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Itinerary is a planned route or journey for a traveller. Planning an Itinerary is important as it links all journey points of a traveller from the source of start of the journey, the stoppages at various destinations and back to the point of origin. As a student of aviation and travel, you have to understand the importance of planning an itinerary as it shows the essentials of all the tour ingredients and provide essential information. A flight itinerary is the proposed route for the flight. It includes the departure airports, arrival airports, connecting airports if any, time of the flight, flight number, passenger name, confirmation number and other details. To have knowledge of flight itineraries, you should understand the exact location of the city in relation to the continent, country state, and airport in a logical sequence. The study of Computer Reservation system starts with the basic identification of airports and that are part of different cities located across different countries across the globe. The computer system works on codes or

Location Identifiers as they are called to identify airports in the preparation of an itinerary.

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## **1.2 AIRPORT CODES :**

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Airport codes are Location Identifiers. They are three letter geo-codes given to different airports across the globe. The assignment of this three letter geo-codes is governed by IATA (International Air Transport Association) under resolution 763 and is governed by its office in Montreal. The International Air Transport Association or IATA is a trade world's airlines founded in 1945. It has a membership of 290 airlines in 120 countries. The basic objectives of IATA include safety of air travel, simplification of business, environment concerns and services. The IATA airport codes are used mostly on

- a. All Tickets pertaining to Airlines
- b. Baggage tags of Airlines
- c. Airline Timetables
- d. Reservation portals of computer reservation system.

The Airport Codes can be named after the Name of the City, Name of the Airport (usually in cities with multiple airports) or are named after a district. A lot of cities that have undergone a change of name use the original Airport code that was assigned earlier.

Apart from IATA airport codes there is an ICAO Airport Code or a Location identifier. The ICAO (International Civil Aviation Organization) uses four letter codes for each airport across the globe under document 7910. The ICAO was created in 1947 with the support of the United Nations. The work for information regions for air traffic control and identification of airports were undertaken. ICAO airport codes are used for

- a. Air Traffic Control
- b. Airline Operations
- c. Flight Planning
- d. Facilitating weather stations

The ICAO airport codes are distributed according to the region and country. The first letter of the ICAO code stands for the Continent in which the airport is located; the second letter of the code stands for the country or group of countries in a continent; the last two letters identify each airport. There is an exception to the rule in case of large countries; the first letter designates the country and rest of the three letters identify the airport. An example to this is USA which being a large country has a country code of K and all ICAO airport codes in USA begins with the letter K; India has a country code of V for all ICAO airport codes. The letters I,J,A and X are not currently used as identifiers for any country in the ICAO airport code. There are a lot of airports that do not have a designated ICAO code. In such cases *ZZZZ* is issued as a pseudo code. Example: Aerodromes in the Antarctic used for research purpose use a *ZZZZ* code.

Sr. No.	Airport Name	IATA Code	ICAO Code	Country/City
1	Heathrow International Airport	LHR	EGLL	London, United Kingdom
2	Al Ain International Airport	AAN	OMAL	United Arab Emirates
3	Sardar Patel International Airport	AMD	VAAH	Ahmedabad, India
4	Chhatrapati Shivaji International Airport	MUM	VABB	Mumbai, India
5	Kempegowda International Airport	BLR	VOBG	Bengaluru, India

**Illustration of some Airport Codes with IATA Code and ICAO Code**

**☐ Check Your Progress – 1 :**

- For ICAO airport codes India has a country code of  
a. F                      b. C                      c. H                      d. V
- Baggage Tags are designated with Airport codes of  
a. ICAO                  b. IATA                  c. SITA                  d. No Codes
- Airports with no designated ICAO codes are designated as  
a. YYYY                  b. ZZZZ                  c. MMMM                  d. XYXY
- IATA code for Chhatrapati Shivaji International airport is  
a. BLR                      b. MUM                      c. VABB                      d. VOBG

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**1.3 AIRLINE CODES OR DESIGNATORS :**

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Airline Codes or Designators are assigned to every airline operating around the globe for several different purposes. The codes are assigned by the International Air Transport Association (IATA) and International Civil Aviation Organization (ICAO). The purpose of both the bodies in issuing designators is different and the structure of the codes issued by both the bodies is also different. Airline Codes or designators can be classified under

- Two Character Airline Designator from IATA
- Three Character Airline Designator from ICAO
- Airline Call signs or Telephony Designators

**1.3.1 IATA Designators :**

IATA designates airlines with specific codes for the purpose of

- Airline reservations
- Timetable preparations
- Ticketing purpose
- Tariff
- Air way bills
- Telecommunication

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The format for IATA airline designator codes are alphanumeric characters (letters or digits. (Example of the format aa(y)). The third letter is optional and has not been used though there are 3 characters assigned to airline designators. IATA has not used the optional third character in any assigned code because of the non compliance of some "central reservations systems". IATA has three types of designators :

- a. Unique
- b. Numeric/alpha and
- c. Controlled duplicate

A controlled duplicate is a code issued to two different airlines whose destinations do not overlap and they share the same code. The code of any airline that closes its operations automatically becomes delisted and the same can be reassigned after a period of 6 months.

**1.3.2 ICAO Airline Codes or Designators :**

International Civil Aviation Organization allocates unique three letter airline codes or designators and Telephony designators to all airlines. ICAO had been assigning codes to airlines since 1947. Initially ICAO used to follow a two letter system but later migrated to a three letter system and made it official since 1987. The main purpose of ICAO designators is

- a. Air Traffic Control
- b. Communication
- c. Conformation and implementation of global norms by all local civil aviation authorities.

Telephony Designators are call signs that are assigned to airlines to have an effective communication between the pilot and the Air traffic control.

Airline	Call Sign
South African Airways	SPRINGBOK
British Airways	SPEEDBIRD
Air France	AIRFRANS

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**1.4 ACCOUNTING CODE OR PREFIX CODE :**

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Every airline is assigned an accounting code, or prefix code. This code consists of 3 numbers, as assigned by IATA. The code is unique among all the airlines and is used for purpose of office use and accounts of the airline.

**Example :**

Air India the national carrier of India has an accounting code of 098 and all flight tickets issued by the airline will start with 098.

**☐ Check Your Progress – 2 :**

- 1. An accounting code of an airline designated by IATA is
  - a. 4 digit number
  - b. 3 digit number
  - c. 3 digit alpha code
  - d. No code



2. Air Traffic Control is undertaken through
  - a. IATA designators
  - b. SITA designators
  - c. ICAO designators
  - d. Alpha Codes
3. The pilot and Air Traffic Control communicate through
  - a. ICAO designators
  - b. Commands
  - c. IATA designators
  - d. Telephony designators
4. The acronym ICAO stands for
  - a. International Civil Aviation Organization
  - b. International Carrier Air Organization
  - c. International Civil Air Organization
  - d. International Civil Defence Organization
5. The acronym IATA stands for
  - a. International Air Traffic Association
  - b. International Air Transport Association
  - c. International Aircraft Transport Association
  - d. International Air Token Association

**1.5 REFERENCE LIST OF IATA, ICAO AND PREFIX CODES OF AIRLINES ACROSS THE GLOBE :**

Sr. No.	Airline Name	IATA Code	ICAO Code	Prefix Code	Country
1	Aegean Airlines	A3	AEE	390	Greece
2	Air Lingus	EI	EIN	053	Ireland
3	Aero Republica	P5	RPB	845	Colombia
4	Aeroflot	SU	AFL	555	Russian Federation
5	Aerolineas Argentinas	AR	ARG	044	Argentina
6	Aero Mexico	AM	AMX	139	Mexico
7	Africa World Airlines	AW	AFW	394	Ghana
8	Air Algerie	AH	DAH	124	Algeria
9	Air Arabia	G9	ABY	514	United Arab Emirates
10	Air Astana	KC	KZR	465	Kazakhstan
11	Air Baltic	BT	BTI	657	Latvia
12	Air Botswana	BT	BOP	636	Botswana
13	Air Burkina	2J	VBW	226	Burkina Faso
14	Air Cairo	SM	MSC	381	Egypt
15	Air Canada	AC	ACA	014	Canada
16	Air China	CA	CCA	999	People's Republic of China
17	Air Corsica	XK	CCM	146	France

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18	Air Europa	UX	AEA	996	Spain
19	Air France	AF	AFR	057	France
20	Air India	AI	AIC	098	India
21	Air Italy	IG	ISS	191	Italy
22	Air Koreo	JS	KOR	120	DPR Korea
23	Air Macau	NX	AMU	675	Macau, SAR, China
24	Air Madagascar	MD	MDG	258	Madagascar
25	Air Malta	KM	AMC	643	Malta
26	Air Mauritius	MK	MAU	239	Mauritius
27	Air Namibia	SW	NMB	186	Namibia
28	Air New Zealand	NZ	ANZ	086	New Zealand
29	Air Peace	P4	APK	710	Nigeria
30	Air Seychelles	HM	SEY	061	Seychelles
31	Air Tanzania	TC	ATC	197	Tanzania
32	Alaska Airlines	AS	ASA	027	USA
33	Alitalia	AZ	AZA	055	Italy
34	American Airlines	AA	AAL	001	USA
35	Asiana Airlines	OZ	AAR	988	Korea
36	Austrian	OS	AUA	257	Austria
37	Avianca Costa Rica	LR	LRC	133	Costa Rica
38	Avianca Ecuador	2K	GLG	547	Ecuador
39	Avianca Peru	TO	TPU	530	Peru
40	Bahamas Air	UP	BHS	111	Bahamas
41	Bamboo Airways	QH	BAV	926	Vietnam
42	Batik Air	ID	BTK	938	Indonesia
43	Biman Bangladesh	BG	BBC	997	Bangladesh
44	Blue Air	DB	BMS	475	Romania
45	British Airways	BA	BAW	125	United Kingdom
46	Brussels Airlines	SN	BEL	082	Belgium
47	Bulgaria Air	FB	LZB	623	Bulgaria
48	Caribbean Airlines	BW	BWA	106	Trinidad and Tobago
49	Cathay Pacific	CX	CPA	160	Hong Kong
50	Cebu Pacific	5J	CEB	203	Phillipines
51	China Express Airlines	G5	HXA	987	People's Republic of China
52	Com Air	MN	CAW	161	South Africa

**Airport and  
Airline Codes**

53	Condor	DE	CFG	881	Germany
54	Croatia Airlines	OU	CTN	831	Croatia
55	Cubana	CU	CUB	136	Cuba
56	Cyprus Airways	CY	CYP	078	Cyprus
57	Delta Airlines	DL	DAL	006	USA
58	Egypt Air	MS	MSR	077	Egypt
59	Emirates	EK	UAE	176	UAE
60	Ethiopian Airlines	ET	ETH	071	Ethiopia
61	Etihad Airways	EY	ETD	607	United Arab Emirates
62	Finnair	AY	FIN	105	Finland
63	Fly Dubai	FZ	FDB	141	United Arab Emirates
64	Garuda	GA	GIA	126	Indonesia
65	Gulf Air	GF	GFA	072	Bahrain
66	Indigo	6E	IGO	312	India
67	Iran Air	IR	IRA	096	Iran
68	Japan Airlines	JL	JAL	131	Japan
69	Jazeera Airways	J9	JZR	486	Kuwait
70	Jet Blue	B6	JBU	279	USA
71	Kenya Airways	KQ	KQA	706	Kenya
72	KLM	KL	KLM	074	Netherlands
73	Korean Air	KE	KAL	180	Korea
74	Kuwait Airways	KU	KAC	229	Kuwait
75	Lufthansa	LH	DLH	220	Germany
76	Malaysia Airlines	MH	MAS	232	Malaysia
77	Myanmar International Airlines	8M	MMA	599	Myanmar
78	Oman Air	WY	OMA	910	Oman
79	Pegasus Airlines	PC	PGT	624	Turkey
80	Pakistan International Airlines	PK	PIA	214	Pakistan
81	Qantas	QF	QFA	081	Australia
82	Qatar Airways	QR	QTR	157	Qatar
83	Royal Jordanian	RJ	RJA	512	Jordan
84	SAS	SK	SAS	117	Sweden
85	Saudi Arabian Airlines	SV	SVA	065	Saudi Arabia

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86	Silk Air	SQ	SIA	065	Singapore
87	Spice Jet	SG	SEJ	775	India
88	Srilankan Airlines	UL	ALK	603	Sri Lanka
89	Swiss	LX	SWR	724	Switzerland
90	Thai Airway International	TG	THA	217	Thailand
91	United Airlines	UA	UAL	016	USA
93	Virgin Atlantic	VA	VOZ	795	United Kingdom
94	Vistara	UK	VIT	228	India
95	Vietnam Airlines	VN	HVN	738	Vietnam

### 1.6 LET US SUM UP :

As a student of aviation and travel, you have to understand the importance of planning an itinerary. The planned route or journey for a traveller that is planned by aviation experts is of prime consideration for a traveller. Planning an Itinerary is important as it links all journey points of a traveller from the source of start of the journey, the stoppages at various destinations and back to the point of origin. To understand an itinerary you should be acquainted to airport codes, bodies like IATA and ICAO, different airlines and their codes, their country of origin and operation. The internet is a good source for you to look up for the aspects discussed in the unit and to have better understanding visually and in depth.

### 1.7 ANSWERS TO CHECK YOUR PROGRESS :

#### Check Your Progress – 1 :

1. d            2. b            3. b            4. b

#### Check Your Progress – 2 :

1. b            2. a            3. d            4. c            5. c

### 1.8 GLOSSARY :

**IATA** : International Air Transport Association

**ICAO** : International Civil Air Organization

**ZZZZ** : Pseudo Code used for airports not having a designated ICAO code.

**IATA Designators** : Unique and specific codes designated to airlines for the purpose of reservations, ticketing, tariff, telecommunication and other activities by IATA.

**ICAO Designators** : Unique 3 letter airline codes for the purpose of Air Traffic Control assigned by ICAO.

### 1.9 ASSIGNMENT :

1. Write the IATA airport codes for the following airports and the country to which they belong :

Name of Airport	IATA Code	Country
Kempegowda International Airport		
Kansai International Airport		
Jomo Kenyatta International Airport		
Dubai International Airport		
Suvarna Bhumi Airport		

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**1.10 ACTIVITIES :**

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1. Download logo of various International carriers and create an e–scrapbook file for reference.
2. Arrange the carrier name and logo country wise.
3. Include major airports of the country in the e–scrapbook.

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**1.11 CASE STUDY :**

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Mr. Singh was travelling from PAT to BLR with a stopover at MUM, by AI XXX and AI XYZ. He was a first time traveller. At MUM there was a change of terminal building for departure to BLR by AI XYZ and Mr. Singh also did not go through the tickets properly to check the same. On his arrival from PAT, he sat at the arrival terminal of MUM and did not know how to catch the connecting flight. After some time he received a call from the airline on his phone enquiring about his boarding. By the time he enquired and reached his gate for departure for the BLR flight, the boarding process was complete and gates were closed.

1. Which airport was Mr. Singh scheduled to travel from ?
2. What was the place of destination for Mr. Singh ?
3. In which airport did the stopover took place ?
4. Which Airline was Mr. Singh scheduled to board from PAT and MUM ?
5. What are the standard timing norms for passengers at any airport in India for domestic and International travel ?
6. Which agency of the government manages security at Indian airports ?

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**1.12 FURTHER READING :**

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1. <https://www.iata.org>
2. <https://www.airlines–infocom.com>
3. <https://www.icao.in>

**UNIT STRUCTURE**

- 2.1 Introduction
- 2.2 Traffic Conference Area 1 (TC 1)
- 2.3 Traffic Conference Area 2 (TC 2)
- 2.4 Traffic Conference Area 3 (TC 3)
- 2.5 Global Indicators
  - 2.5.1 Western Hemisphere
  - 2.5.2 Eastern Hemisphere
  - 2.5.3 Pacific
  - 2.5.4 Pacific North
  - 2.5.5 Atlantic Pacific
  - 2.5.6 Atlantic
  - 2.5.7 South Atlantic
  - 2.5.8 Far East
  - 2.5.9 Russia
- 2.6 Let Us Sum Up
- 2.7 Answers to Check Your Progress
- 2.8 Glossary
- 2.9 Assignment
- 2.1 Activities
- 2.11 Case Study
- 2.12 Further Reading

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**2.0 LEARNING OBJECTIVES :**

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- To list and identify the Traffic Conference Areas as specified for preparation of an itinerary.
- To list, identify and understand the Global Indicators (GI) of travel as a part of itinerary preparation.
- Understand the use of Global indicators for airline fare calculation and ticketing.

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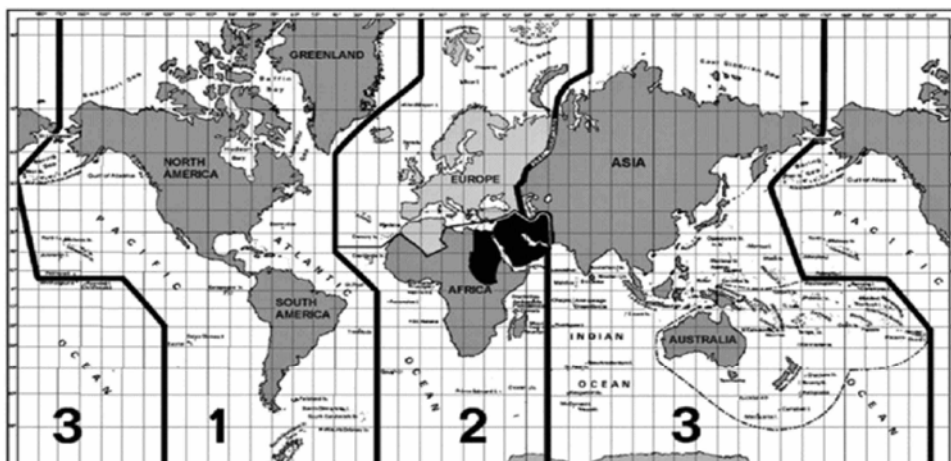
**2.1 INTRODUCTION :**

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This unit focuses on the direction in which travel has to be planned for any traveller. To understand the direction of travel, you have to understand the how the travel industry bifurcates the entire earth and the different countries into Traffic Conference Areas. The world is divided into four parts or hemispheres; the Western, Eastern, Southern and Northern Hemisphere. The imaginary line known as the Equator horizontally divides the earth equally into the Northern and

the Southern hemisphere. The Prime Meridian is a vertical imaginary line divides the Earth equally into the Western and Eastern Hemispheres. Countries on the southern part of Equator are located in the Southern Hemisphere and to the North of the Equator are located in the Northern Hemisphere. The countries located on the Eastern side of the Prime Meridian are located in the Eastern Hemisphere and Countries on the Western Side of the Prime Meridian are located in the Western Hemisphere.

The division of the Earth through these imaginary lines is not followed in air travel as there would be lot of challenges related to fare calculation. To negate this issue and to ease fare construction process the International Air Transport Association (IATA) has divided the globe into three areas also known as Traffic Conferences.



**Illustration of Traffic Conference Areas as specified by IATA**

**2.2 TRAFFIC CONFERENCE AREA 1 (TC 1) :**

The Areas under Traffic Conference 1 (TC 1) comprises of the following countries :

Continent	Region	Country
North America		Canada, Greenland, Mexico, St. Pierre & Miquelon, USA including Alaska, Hawaii, Puerto Rico and US Virgin Islands
	United States Territories	American Samoa, Johnston Atoll, Swains Is., Baker Is., Kingman Reef, Palmyra Is., Guam, Midway Is., Wake Is., Howland Is., Northern Mariana Is., Jarvis, Saipan.
	Caribbean	Anguilla, Dominican Republic, Netherlands Antilles, Antigua and Bermuda, Grenada, St. Kitts and Nevis, Barbados, Haiti, St. Vincent and The Grenadines, Cayman Islands, Jamaica, Trinidad and Tobago, Cuba, Martinique, Turks and Caicos Is., Dominica, Montserrat, British Virgin Islands
	Central America	Belize, El Salvador, Honduras, Costa Rica, Guatemala, Nicaragua.

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South America		Argentina, Ecuador, Peru, Bolivia, French Guiana, Suriname, Brazil, Guyana, Uruguay, Chile, Panama, Venezuela, Colombia, Paraguay
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**2.3 TRAFFIC CONFERENCE AREA 2 (TC2) :**

The Areas under Traffic Conference 2 (TC 2) comprises of the following countries :

Continent	Region	Country
Europe		Albania, Germany, Norway, Algeria, Gibraltar, Poland, Andorra, Greece, Portugal, Armenia, Hungary, Romania, Austria, Iceland, Russia (in Europe), Azerbaijan, Ireland, San Marino, Belarus, Italy, Serbia, Belgium, Latvia, Slovakia, Bosnia & Herzegovina, Liechtenstein, Slovenia, Bulgaria, Lithuania, Spain, Croatia, Luxembourg, Sweden, Cyprus, Macedonia, Switzerland, Czech Republic, Malta, Tunisia, Denmark, Moldova, Turkey, Estonia, Monaco, Ukraine, Finland, Montenegro, United Kingdom, France, Morocco, Georgia, Netherlands.
Antarctica		
Middle East		Bahrain, Jordan, Saudi Arabia, Egypt, Kuwait, Sudan, Iran, Lebanon, Syria, Iraq, Oman, United Arab Emirates, Israel, Qatar, Yemen
Africa	Central Africa	Malawi, Zambia, Zimbabwe.
	Eastern Africa	Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Tanzania, Uganda.
	South Western Africa	Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland.
	Western Africa	Angola, Benin, Burkina, Faso, Cameroon, Cape Verde, Central African Republic, Chad, Congo, Brazzaville, Congo Kinshasa, Côte D'Ivoire, Equatorial Guinea, Gabon, Gambia, Ghana, Guinea, Guinea – Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Sao Tome and Principe, Senegal, Sierra Leone, Togo.
	Indian Ocean Islands	Comoros, Madagascar, Mauritius, Mayotte, Reunion, Seychelles, Libya.



## **2.4 TRAFFIC CONFERENCE AREA 3 (TC 3) :**

The areas under Traffic Conference 3 (TC 3) comprises of the following countries :

<b>Continent</b>	<b>Region</b>	<b>Country</b>
Asia	South Asia	Afghanistan, India, Pakistan, Bangladesh, Maldives, Sri Lanka, Bhutan, Nepal.
	South East Asia	Brunei, Darussalam, Kyrgyzstan, Palau, Cambodia, Laos, Philippines, China (excluding Hong Kong SAR and Macao SAR), Macao SAR, Russia (in Asia), Chinese Taipei (Taiwan), Malaysia, Singapore, Guam, Micronesia, Thailand, Hong Kong SAR, Mongolia, Turkmenistan, Indonesia, Myanmar, Uzbekistan, Kazakhstan, Northern Mariana Is., Viet Nam(Saipan, Rota), Japan Korea
Oceania	South West Pacific	American Samoa, Nauru, Solomon Is, Australia, New Caledonia, Tonga, Cook Islands, New Zealand, Tuvalu, Fiji, Niue, Vanuatu French Polynesia, Papua New Guinea, Wallis and Futuna Is., Kiribati, Samoa.

### **☐ Check Your Progress – 1 :**

1. Austria lies in
  - a. TC 1
  - b. TC2
  - c. TC 3
2. Montreal is a part of
  - a. TC1
  - b. TC 2
  - c. TC 3
3. Imaginary horizontal line dividing the Earth equally is called
  - a. Equator
  - b. Tropic of Cancer
  - c. Prime Meridian
4. Papua Guinea is part of
  - a. TC1
  - b. TC 2
  - c. TC 3

## **2.5 GLOBAL INDICATORS :**

You have learnt in the previous section how the world is divided into three Traffic Conference Areas by IATA for the ease of calculating Passenger Air fares which are a part of the itinerary. The Traffic Conference areas would help you to understand the direction of travel that a passenger undertakes in his itinerary. Once you have understood the Traffic Conference Areas it is very important for you to learn the Global Indicators. Global Indicators are two letter codes used in fare construction for an airline in an itinerary. It is the first step for construction of airfares and is used to determine routes, stopovers etc. Choosing an incorrect Global Indicator during fare construction may lead to choosing the wrong fare for the itinerary.

### **2.5.1 Western Hemisphere (WH) :**

Any travel itinerary originating and ending in the Western hemisphere or Traffic Conference 1 (TC 1) will have WH as the global indicator.

**Example :** Travel from Washington DC in USA to Lima in Peru will have WH as the global indicator.

### **2.5.2 Eastern Hemisphere (EH) :**

Any travel within the Eastern Hemisphere the global indicator shall be EH.

**Example 1 :** Kolkata in India (TC 3) to Bangkok in Thailand (TC 3)

**Example 2 :** Madrid in Spain (TC 2) to Bangkok in Thailand (TC 3)

**Example 3 :** Madrid in Spain (TC 2) to Cairo in Egypt (TC 2)

### **2.5.3 Pacific (PA) :**

Any travel across the Pacific Ocean will have a global indicator of PA

**Example 1 :** Montreal in Canada (TC 1) to Jakarta in Indonesia (TC 2)

**Example 2 :** Mexico City in Mexico (TC1) to Cape Town in South Africa (TC 2) via Hong Kong (TC 3)

### **2.5.4 Pacific North (PN) :**

The global indicator is similar to PA, however, the global indicator is applied whenever the travel is conducted between a region in Traffic Conference 1 (TC 1) and Traffic Conference 2 (TC 2) via North America across the Pacific Ocean. Example: Santiago in Chile (TC 1) to Auckland in New Zealand (TC 2) via Los Angeles in United States of America (TC1)

### **2.5.5 Atlantic Pacific (AP) :**

Any travel happening between both the Atlantic Ocean and the Pacific Ocean, will have a global indicator of AP. The travel shall cross both the oceans. Example: Istanbul in Turkey (TC 2) to Tokyo in Japan (TC 3) via New York in United States of America (TC 1)

### **2.5.6 Atlantic (AP) :**

Any travel across the Atlantic Ocean, will have a global indicator of AP.

**Example 1 :** New York in United State of America (TC1) to Madrid in Spain (TC 2).

**Example 2 :** New York in United States of America (TC1) to Sydney in Australia (TC 3) via London in United Kingdom (TC 2).

**Example 3 :** Rio de Janerio in Brazil (TC 1) to Seoul in South Korea (TC 3) via London in United Kingdom (TC 2).

### **2.5.7 South East Asia or South Atlantic (SA) :**

Any travel originating from the following countries in South America abbreviated as ABCUP (Argentina, Brazil, Chile, Uruguay, Paraguay) and going to South East Asia or South Asia or Indian Ocean islands or South Africa or any direct Trans Atlantic flight will have a global indicator of SA. Example: Buenos Aries in Argentina (TC 1) to Mumbai in India (TC 3) via Cape Town in South Africa (TC 2).

In the example the flight originates from an ABCUP country and is going to Mumbai which is in South Asia. Though the flight has crossed the Atlantic but it has taken a stopover at Cape Town in South Africa.

### **2.5.8 Far East (FE) :**

Any travel that happens between European part of Russia or Russia to the West of the Ural Mountains and Ukraine to any region in the Traffic Conference 3 (TC 3), except Japan and Korea, the global indicator for the same shall be FE. Example: Moscow in Russia (TC 3) to Beijing in China (TC3).

In this the case the global indicator can be EH also but since the flight is originating from the European part of Russia, FE shall be the most appropriate indicator.

### **2.5.9 Russia (RU) :**

Any travel that happens between European part of Russia or Russia to the West of the Ural mountain except for travel to Central Asian countries, Kazakhstan, Kyrgyzstan, Mongolia, Russia in Asia, Tajikistan, Turkmenistan, Uzbekistan via Japan and Korea.

**Example 1 :** Moscow in Russia (TC 3) to Osaka in Japan (TC 3)

**Example 2 :** Beijing in China (TC 3) to Moscow in Russia (TC 3) via Osaka in Japan (TC 3)

**Example 3 :** Beijing in China (TC 3) to Moscow in Russia (TC 3) via Seoul in Korea (TC 3)

#### **□ Check Your Progress – 2 :**

- Two Letter words used in Fare Construction is
  - Fare Code
  - Fare Indicator
  - Global Indicator
- Travel Originating from ABCUP country to India would have a GI of
  - EH
  - AP
  - SA
  - FE
- Any travel across Pacific Ocean shall have a GI of
  - AP
  - PA
  - PN
  - FE
- Imaginary line vertically dividing the Earth into halves is
  - Prime meridian
  - Equator
  - Tropic of Cancer
  - Tropic of Capricorn

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## **2.6 LET US SUM UP :**

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To understand the direction of travel, you have to understand the how the travel industry bifurcates the entire earth and the different countries into Traffic Conference Areas. Geographically the world is divided into the Western, the Eastern, the Southern and the Northern Hemisphere. To undertake Itinerary planning and Fare construction you have to understand the aspects as mentioned in the unit.

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## **2.0 ANSWERS TO CHECK YOUR PROGRESS :**

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### **Check Your Progress – 1 :**

1. b            2. a            3. a            4. c

### **Check Your Progress – 2 :**

1. c            2. c            3. b            4. a

---

**2.8 GLOSSARY :**

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- TC :** Traffic Conference
- GI :** Global Indicator
- WH :** Western Hemisphere
- EH :** Eastern Hemisphere
- PA :** Pacific
- PN :** Pacific North
- AP :** Atlantic Pacific
- SA :** South Atlantic
- FE :** Far East
- RU :** Russia

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**2.9 ASSIGNMENT :**

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1. Know the Locations :

Indicate the Traffic Conference Areas and the Continent for the following countries :

<b>Country</b>	<b>Traffic Conference Area</b>	<b>Continent</b>
Ghana		
Honduras		
Mumbai		
Puerto Rico		
Taipei		

2. Indicate the Global Indicators for the under mentioned itineraries :

<b>Itinerary</b>	<b>Global Indicator</b>
New York in USA to Santiago in Chile	
Kolkata in India to Colombo in Sri Lanka	
Montreal in Canada to Canberra in Australia via Lisbon in Portugal	
Lima in Peru to Mauritius in Indian Ocean	
Vladivostok in Russia to Jakarta in Indonesia	

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**2.10 ACTIVITIES :**

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1. Indicate the 3 Traffic Conference Areas on a globe.
2. Mark each Global Indicator zones on a globe and see the direction of travel.
3. Create imaginary itineraries and see on globe how the direction of travel shall be; locate the Traffic conference areas from the source to the destination and the applicable GI.

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### **2.11 CASE ANALYSIS :**

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Mr. Sam was on a tour across the globe. He had reached Tel Aviv to explore the beauty and culture of Israel. His next destination was to explore the commercial city of Seoul in South Korea. His flight to Seoul was not direct but was via London and New York.

1. Which are the countries that Mr. Sam will visit from his source of journey to his destination ?
2. What are the Traffic Conference Areas of the countries of his travel ?
3. What shall be his Global Indicator for travel ?

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### **2.12 FURTHER READING :**

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1. [www.iata.org](http://www.iata.org)
2. International fare quote and rules
3. Travel Learning Platform; <https://tlearnings.com>
4. Tutorials on Global Indicators ; Amrita Haldankar; [www.youtube.com](http://www.youtube.com)

**UNIT STRUCTURE**

- 3.1 Introduction**
- 3.2 History of Air Traffic Control**
- 3.3 Air Traffic Control Tower**
  - 3.3.1 Ground Control or Ground Movement Control**
  - 3.3.2 Air Control or Local Air Control**
  - 3.3.3 Flight Data and Clearance Delivery**
  - 3.3.4 Approach and Terminal Control**
- 3.4 Call Signs**
- 3.5 Technology used by Air Traffic Control**
- 3.6 Services Provided by Air Traffic Control**
- 3.7 Challenges in Air Traffic Control**
- 3.8 Let Us Sum Up**
- 3.9 Answers to Check Your Progress**
- 3.10 Glossary**
- 3.11 Assignment**
- 3.12 Activities**
- 3.13 Case Study**
- 3.14 Further Reading**

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**3.0 LEARNING OBJECTIVES :**

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- To list the history and origination of Air Traffic Control.
- To understand the role and function of Air Traffic Control.
- To list some aspects of technology and mechanism used in Air Traffic Control operation.
- To list some of the challenges of Air Traffic Control.

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**3.1 INTRODUCTION :**

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Air Traffic Control (ATC) is a support service given from a designated area in the ground, to aircrafts that are ready to land or take off or are in a designated airspace. The air traffic control guides, directs and assists pilots in the airspace and at the airport. The service from the ground is provided by a team of experts known as Air Traffic Controllers. Air traffic control specialists are also known as ATC's. They are the people who incorporate the right combination of skills and technology for safe and controlled flow of air traffic in the global business of aviation.

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### 3.2 HISTORY OF AIR TRAFFIC CONTROL :

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- The air age started in 1903 with the Wright Brothers succeeding to conquer the skies.
- The earliest common use of the aviation was for military purpose and postal services across cities covering short distances.
- The primary concern of airport personnel in the earlier times was the management of the aircraft that was destined to fly, a safe take off for the aircraft and landing. Air traffic during the time was minimal and complex operations and managing multitude of aspects was not necessary.
- With time a significant number of passengers started using aircrafts as a medium of travel, the number of operational flights increased. It became imperative to put in place a systematic set of air traffic control principles to manage aircrafts flying within a particular country and also beyond borders.
- The first attempt to develop Air traffic control rules were in the year 1922 under the International Commission on Air Navigation (ICAN), a body directed by the League of Nations.
- The first air traffic controller appointed was Archic League at St. Louis in the year 1929.
- The first aerodrome control tower was set in Croydon airport in 1920. It was a wooden hut at a height of 15 feet from the ground with windows on all the sides used for basic traffic management at the airport, weather and location information to pilots.
- The first airport traffic control tower regulating the arrival, departures and surface movements at the airport was started at Cleveland in the United States in 1930.
- The use of radar as a technological device for managing air traffic was introduced in 1950. Its function was to monitor and control busy airspace around those airports that were busy. The invention led to the introduction of the approach and the departure control facilities.
- The first Air Route Traffic Control Centre (ARTCC) that directs flight movements from departure to destination started in 1935 at Newark in the United States followed by some other cities in the United States. The ARTCC controls flights in a specified region of airspace known as Flight Information Region (FIR). The control leads to safe movement of flights and prevents any type of collisions. In the United States there are 22 ARTCC located at different places. These facilities outside the United States are generally known as Area Control Centre.
- After a massive mid air mishap at the Grand Canyon in 1956, the United States government passed on the responsibility of the air traffic control to the Federal Aviation Administration (FAA) in 1958.
- European countries set up EURO CONTROL a body for entire consortium of European nations to streamline air traffic regulations and implement the concept of a "Single European Sky". The process was accepted and implemented by many countries of Europe.
- Air Traffic Control and Air Traffic Management in India is undertaken by the Airports Authority of India (AAI). It provides its services over the

Indian airspace and adjoining oceanic areas in accordance with ICAO SARPS, complete automation and sectorization. It ensures all its air traffic controls with dynamic decision making facilities, flexibility of management of airspace and leading to contribution of a safe and efficient flow of traffic over Indian air space.

❑ **Check Your Progress – 1 :**

1. The acronym ATC stands for
  - a. Air Transport Control
  - b. Air Traffic Corporation
  - c. Air Transport Corporation
  - d. Air Traffic Control
2. The first attempt to develop Air traffic control rules was in
  - a. 1920
  - b. 1921
  - c. 1922
  - d. 1923
3. The first aerodrome control tower was at
  - a. Minnesota Airport
  - b. Croydon Airport
  - c. Washington DC
  - d. Newark
4. The Single European Sky concept is managed by
  - a. EUROCONTROL
  - b. EURCONTROL
  - c. EUROPE
  - d. EUROCENTRAL

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### **3.3 AIR TRAFFIC CONTROL TOWER :**

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Air Traffic Control towers play a versatile role in efficient management of airspace and air traffic management. The primary method of control of the airport environment is undertaken is visual observation. The observation is done from the airport control tower that is erected at a considerable height from where the entire airport can be observed. The towers are tall windowed structures located at the airport premises. The Airport traffic controllers are responsible for efficient movement and vehicles on the taxiways and runways. They are also responsible for aircrafts near to the airport generally between 10 to 20 km range. The radar and surveillance systems are used for approaching and departing traffic that are airborne. The systems typically show the map of the area, position of various aircrafts, aircraft identification tags, speed, altitude of the aircraft and many other aspects. In event of adverse weather conditions at the airport, Surface Movement Radar systems are used for locating moving objects and preventing any mishap on the ground. With technological advancements many countries have set up Remote Virtual Towers to manage airports remotely. The key areas of focus for the Air Traffic Control tower are

- Ground Control
- Local air control
- Flight clearance delivery

#### **3.3.1 Ground control or Ground Movement Control :**

The Air traffic control (ATC) at different airports is responsible for monitoring of all the airport movement areas. These are the areas where the vehicles operating in the airport are permitted to move without any restriction. The ATC is also responsible for monitoring of the designated restricted zones in the airports. These areas need prior clearance of the ATC for any movement of vehicles or personnel. These areas may include taxiways, holding areas, inactive



runways, intersections etc. Even for any maintenance work in these areas a clearance has to be obtained from the ATC. The ground movement control is undertaken by the ATC as per the regulations of the country and the authorities that are defined as standard operating procedures in manuals. Any clearance and instruction that are passed by the ATC may happen through designated formats or through VHF/UHF radio sets. The airport vehicles that operate without radios normally respond to ATC signals through aviation light signals. The personnel working on the ground at an airport communicate with the ATC via radio sets or cell phone.

Ground control is a very important task for smooth operations of the airport. It incorporates ease in the processes of departures, safety, security and efficiency. The airports around the globe that is bigger in size and busy use Surface Movement Radars for tracking of aircrafts and vehicles on the ground. These radars also aid the ATC in times of poor visibility at the airport. Technology of these radars provide a real time high quality mapping of the area, can be integrated with other systems and also provide automated safety alerts for prevention of any hazards. Some of the systems used are AMASS, ASDE-X etc.

### **3.3.2 Air Control or Local Air Control :**

The Air Traffic Control (ATC) is also responsible for active runway surfaces. The active runways clears aircrafts for take offs and landings as per the regulations of the country. The air control also instructs aircrafts on safety issues and the norms that are to be followed by the aircrafts. There is a continuous communication between air control and ground control at any airport for a safe and efficient air traffic and airport management. The clarity in communication is highly essential and is done through Crew Resource Management or Team Resource Management. These are set of specialized training procedures to avoid human errors that may lead to accidents. Air control gives route clearances to aircrafts before taxiing.

### **3.3.3 Flight Data and Clearance Delivery :**

The Air Traffic Control (ATC) is also responsible for route clearances for aircrafts. Route clearances are the route that an aircraft will fly after departure. The process is often automatic at busy airports through Ground Management Planners (GMP) system. Busy airports follow a slot system to reduce congestion and save fuel for aircrafts. The ATC monitors the slot system and any re-routing activities that are to be undertaken for aircrafts in case of any emergency at the airport. The flight data is combined with clearance delivery and the same is available to both pilots and controllers pertaining to various types of information as is required for both pilots and clearance delivery personnel on the ground. This data exchange is automated for easy exchange and execution.

### **3.3.4 Approach and Terminal Control :**

The approach and terminal control at different airports is undertaken by radar control facility. The facility controls the traffic of aircrafts between 50 km to 100 km radius of the airport. Wherever there is more than one airport in the vicinity, one terminal control can handle multiple airports. The boundary of a Terminal Control Centre depends from airport to airport. The Heathrow airport at London has a Terminal control centre with 190 km radius and 20,000 feet altitude. The Approach and Terminal Control provides Air Traffic Control Services within the airspace. The flow for the same is categorized into arrivals,

departures and over flights. The Terminal control ensures that aircrafts approaching and departing are at the right altitude, maintain correct speed and adhere to all the procedures as per the regulations as laid down by the authorities.

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### **3.4 CALL SIGNS :**

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Call Signs are unique designation or identifiers followed globally and are a pre-requisite to safe air traffic separation and communication between the Air Traffic Control and aircraft. The call signs are permanently allocated by ICAO to scheduled flights. These are 3 letter combinations followed by the flight number. A call sign is used for both verbal as well as written communication. A call sign may be different for a verbal and a written communication. Eg British Airways for a particular flight may follow a call sign of BAW 832 for written communication whereas for verbal communications it may follow SPEEDBIRD 832. Call Signs reduce any confusion between the Air Traffic Control and the aircraft. To prevent further confusion due to large number of flights operating in some busy airports at any given point of time, alphanumeric call signs that are not based on any flight numbers may also be used. Often flight controllers use the unique tail numbers of aircrafts as call signs to prevent any confusion.

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### **3.5 TECHNOLOGY USED BY AIR TRAFFIC CONTROL :**

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The present Air Traffic Control system is comprised of 2 sub systems. The first one is En Route that determines aircrafts moving along the airway network at higher altitudes. The second sub system is the Terminal Area that determines aircrafts flying at lower speed and altitude. These aircrafts are either scheduled to arrive or depart at the airport or pass through airport terminals without landing. With the advancement of technology there is use of a lot of equipment at the Air Traffic Control. The major equipment components used at Air Traffic Control facilities are

- **Surveillance Radar :** Surveillance radars are of 2 types. The Primary Surveillance Radar (PSR) installed at Air Traffic Control returns signals from aircraft structures and helps in determining the range and bearing of the aircraft. The Secondary Surveillance Radar (SSR) is one of the major equipment that triggers response from aircrafts with transponders and receives information about the aircraft. The SSR tracks individual aircrafts for its identity, altitude and other aspects and is a major tool used by the Air traffic control.
- **Airborne Transponders :** Transponder radio transmitters are designed to respond to ground communication with a strong signal. The ground equipment and transponders together constitute the ATC RBS system. Manual radars often cannot detect several factors of an aircraft. Modern procedures require that aircrafts should be equipped with transponders that respond to various queries by ATC from ground. Codes are used for communication in transponders and they have the ability to respond to around 4096 different types of codes.
- **Navigational Aids :**
- Primarily radio navigation is the main communication device used by the ATC. They are very high frequency VOR systems operating in the VHF band and are used for voice communications.

- Distance Measuring Equipment (DME) is a system integrated to the VOR that emits signals and allows air crew to determine distance to VOR stations.
- Inertial Navigation Systems (INS) is equipment fitted in modern aircrafts that permit them to navigate without primary reference to ground based radio transmitters.
- Navigational Computers are fitted in aircrafts that can map routes from source to destination and can operate without VOR. The equipment is known as RNAV and use the INS system. The routing facility allows aircrafts to avoid any congestion, get slots and save fuel. RNAV routes require clearance from ATC controllers.
- Computers are widely used by Air Traffic Control. It process flight plans, correlate radar and transponder returns, filter extraneous signals that may obscure a controlled aircraft, generate display on controller's console. The computer systems are handled by human interface. The terminals that are busy use ARTS II and ARTS III computer systems.
- Though voice radio is the primary system of communication at ATC but transmission of data in form of machine readable signals are also used. These are known as Digital data link.

Air Traffic control across the globe is working towards modernization and replacement of obsolete equipments. There is also substantial effort in increasing system capacity to accommodate growth, addition of new capabilities, features, automation, new technology and better management of existing resources.

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### **3.6 SERVICES PROVIDED BY AIR TRAFFIC CONTROL :**

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The services provided by Air Traffic Control are multifarious and varied. It is a team of dynamic personnel interacting with technology with precision and agility to keep the skies safe. To enumerate some of the services provided by ATC, they are

- Tracking of aircrafts in flight, through surveillance radars on ground and airborne transponders to maintain adequate separation between different flights and detect any conflicts that arise and resolve.
- Provide navigation aids according to established procedures and regulations.
- Inform about conditions that may be expected along an expected route for flights. The information may range from weather to other information to provide a safe and efficient flight.
- Processing of Traffic Management that compares flight plans, tracking of intended routes, anticipating of potential conflicts and challenges, ensuring smooth and efficient flow of traffic through reduction of congestion and delay.
- Providing landing services through operating airport control towers, Instrument Landing systems and other aids used in safe landing.

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### **3.7 CHALLENGES IN AIR TRAFFIC CONTROL :**

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Air Traffic Control operates in a very dynamic and often unpredictable environment. It requires quick decision making and enormous planning especially is busy airports to efficiently administer flight operation to and from an airport.

**Airfare & Ticketing**  
**Part-1**

However, challenges in operations are endless and air traffic controllers encounter the same every day. Some of the challenges encountered by Air Traffic Control are

- Work at ATC happens in an environment where personnel involved always need to be agile. There cannot be any lax in the approach as it may lead to human errors. Often busy airport operations and continuous communications lead to high pressure of work for ATC personnel. Modern work methodologies are incorporated at ATC's to reduce the stress factor and ensure efficiency.
- Often during peak times ATC's at different airports face congestion challenges. The same leads to higher fuel consumptions and delays. ATC's use modern routing and slot systems to avoid such situations and encourage aircrafts to follow standard protocols to increase efficiency.
- Traffic at airports due to several factors due to inclement weather, technical defects, maintenances, mishaps often hamper smooth airport operations leading to delays and more aircrafts on the ground than required.
- Weather often possesses severe challenges leading to decrease in landing and airborne rate. Flight progress strips guide aircrafts in inclement weather. Previously manual system using coordinates were used for flights for guiding them in bad weather.
- Obsolete equipment and technology used by some ATC around the globe possess challenge of communication with aircrafts and management of the airport.
- Huge cost of maintenance of equipments and systems also become challenge for some airport ATC's.
- Availability of skilled manpower to handle ATC operations and continuous training on global process changes also become a challenge for some countries.

☐ **Check Your Progress – 2 :**

1. Specialized training undertaken for clarity in communication to avoid human errors is called
  - a. Crew Management
  - b. Crew Random Management
  - c. Class Management
  - d. Crew Resource Management
2. The acronym GMP stands for
  - a. Ground Movement Planners
  - b. Ground Movement plan
  - c. Ground Management Planners
  - d. None of the options
3. Unique flight designators used for communication between ATC and aircraft is known as
  - a. Care Sign
  - b. Call Signs
  - c. Call Bell
  - d. Care Bell
4. The acronym PSR stands for
  - a. Primary Surveillance Radar
  - b. Peer Surveillance Radar
  - c. Primary security radar
  - d. Prime Security Radar

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### 3.8 LET US SUM UP :

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In this unit you would know about the importance of Air Traffic Control in effectively managing airport operations. Air Traffic Management concept started with the increased number of passenger planes flying across the globe. Today it is a specialized operation using latest technology that helps in flight management, landing, take off, handling emergency situations, resolving issues of congestion, communicating and generating various types of interactive data. The operations of the ATC are handled by a team of dynamic specialists who work diligently round the clock with perfect precision.

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### 3.0 ANSWERS TO CHECK YOUR PROGRESS :

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#### Check Your Progress – 1 :

1. d            2. c            3. b            4. a

#### Check Your Progress – 2 :

1. d            2. c            3. b            4. a

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### 3.10 GLOSSARY :

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**VHF** : Very High Frequency.

**UHF** : Ultra High Frequency

**Multitude** : A large number of things.

**Imperative** : Of vital importance.

**League of Nations** : First worldwide intergovernmental organization for maintaining world peace.

**Aircraft Identification Tag** : Aircraft data plate containing vital information of aircraft and is generally made of metal.

**Radar** : Detection system using radio waves to determine distance, angle or velocity of objects.

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### 3.11 ASSIGNMENT :

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At a remote airport that handled only 3 early morning flights, the air traffic controller during night shift gave permission to a team of maintenance personnel to work on the runway at 5:30 AM and went off to sleep. Before sleeping he had given clearance to the incoming flight scheduled at 6 : 20 AM. He had informed the maintenance people to leave by 6 : 10 AM with their vehicles and clear the runway. He fell asleep as he was doing continuous night shifts with even ill health as there was no person to replace him. At the scheduled time the flight arrived and touched the runway as it had necessary clearance of ATC. The ground maintenance people got delayed and forgot the arrival of the flight. Just as the flight was about to touch down, they managed to move their vehicle and prevent a major mishap.

- List the faults in the entire scenario ?
- Who are the parties who are at fault and explain the nature of the fault ?
- What should have been an ideal scenario in this case ?

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### **3.12 ACTIVITIES :**

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1. List 5 airports from different parts of the globe.
2. Mention the processes followed by ATC in all the 5 airports.
3. List the technology used by different airports for their ease of operation

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### **3.13 CASE STUDY :**

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The sky at the airport one of the busiest in the country was dotted with aircrafts circling for landing. The ATC officials were busy mapping flights on radars, communicating on radio devices and clearing flights for landing and departures. Suddenly the communication system at the ATC started given alarm and it was a response from a flight that had developed technical snag during the circling process. The flight was brought in schedule for landing on a emergency basis delaying other flights and emergency procedures were immediately communicated by the ATC to ground staff. As the flight approached an emergency landing with the snag, on touchdown two of the rear wheels burst and caught fire. The aircraft somehow managed to stop in the middle of the runway. Emergency services managed to douse the fire but the flight was stranded in the middle of the runway for other emergency procedures. As the sky was busy with a lot of flights hovering for landing, the ATC initiated the opening of the second runway that was partially under maintenance.

- a. Was the decision of the ATC opening the second runway correct or some other alternative could have been implemented ?
- b. What emergency communication should the ATC undertake and with whom during such a situation ?

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### **3.14 FURTHER READING :**

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1. <https://www.iata.org>
2. <https://www.airlines-infocom.com>
3. <https://www.icao.in>
4. [www.aai.aero](http://www.aai.aero)

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**UNIT STRUCTURE**

- 4.0 Learning Objectives
- 4.1 Introduction
- 4.2 Electronic Billing System
  - 4.2.1 Types of Electronic Billing System
- 4.3 The Billing and Settlement Plan System (BSP)
  - 4.3.1 Mechanism of Billing and Settlement Plan
  - 4.3.2 Payment Workflow in Billing and Settlement Plan
- 4.4 Advantages of Billing and Settlement Plan
- 4.5 Key Features of Billing and Settlement Plan (BSP)
- 4.6 New Generation IATA Settlement System (New Gen ISS)
- 4.7 Let Us Sum Up
- 4.8 Answers to Check Your Progress
- 4.9 Glossary
- 4.1 Assignment
  - 4.1.1 Activities
  - 4.1.2 Case Study
  - 4.1.3 Further Reading

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**4.0 LEARNING OBJECTIVES :**

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- To enumerate on Electronic Billing system mechanism and its use in the aviation industry.
- To discuss on the role of Billing and Settlement Plan (BSP) of IATA and its functions as a conduit between travel agents and airlines.
- To list the advantages, key features and New Gen ISS system under the Billing and Settlement Plan.

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**4.1 INTRODUCTION :**

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Billing and Settlement Plan (BSP) is a modern day consolidated system that facilitates electronic billing system and allows the exchange of data and fund transactions between a travel agency and an airline. An electronic billing system is a concept in which the seller or the merchant sends its bills or invoices over the internet and the travel agencies pay and settle the same online. Electronic billing systems have replaced the traditional system of paper bills cutting down on operational expenses as well as time.

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**4.2 ELECTRONIC BILLING SYSTEM :**

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Electronic billing and payment processes across the globe started during the late 20th century. Electronic billing emerged as a subset of internet banking

and development of various accounting software. The widespread communication medium over the internet also provided the impetus to the growth of the electronic billing system. Electronic billing systems typically follow a path and a process that encompasses the following steps

<b>STEP 1</b>	<b>BILLING DATA AGGREGATED IN A BILLING SYSTEM</b>
<b>STEP 2</b>	<b>BILL IS GENERATED BY BILLING SYSTEM</b>
<b>STEP 3</b>	<b>BILLING FORWARDED TO ELECTRONIC BILLING SYSTEM</b>
<b>STEP 4</b>	<b>BILL AGGREGATED AND SENT TO CUSTOMER/ PARTY</b>
<b>STEP 5</b>	<b>NOTIFICATION RECEIVED BY CUSTOMER/ PARTY THROUGH EMAIL</b>

#### **4.2.1 Types of Electronic Billing System :**

Electronic billing systems can be broadly categorized under two heads

- **Direct Electronic Billing System :** In this system the customer or the party logs into the website of the merchant and pays the bill. While purchasing an airline ticket when a customer pays for the ticket through the airline website, it is an indicator of direct electronic billing system.
- **Bank Aggregator System :** In this system the bill is integrated to the bank's bill pay system and customer logs into the website of the bank and pays for the bill of the merchant.

Electronic billing requires bills and payments to be transmitted using an accepted format and coding standards. The coding standards are accepted and set by global associations. There are 4 main parties involved in an electronic payment

- Bill Payment provider
- Bill Service provider
- Consolidator
- Customer Service provider

All the parties work together to handle the end to end processes of electronic billing.

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#### **4.3 THE BILLING AND SETTLEMENT PLAN SYSTEM (BSP) :**

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Billing and Settlement plan (BSP) is an electronic billing and universal settlement system of International Air Traffic Association (IATA). The BSP simplifies the interchange of data and funds between travel agents and airlines. A travel agent books tickets for multiple airlines. In a BSP system the agent do not need to communicate with each individual airline for settling the bills of the tickets issued on behalf of the airline. The communication happens through a single system generated platform for all the airlines. There is consolidation of information and financial flow over the platform used by the travel agent and the airline. The Billing and Settlement plan of IATA acts as a mediator between the airline and the travel agent. BSP also acts as a conduit collecting payments from different agents and distributing them to different airlines. BSP acts as a single



point of settlement. The operations of the Billing and Settlement plan of IATA is undertaken in over 180 countries of the world serving around 370 participating airlines. The BSP proceeds of IATA is nearly USD 250 billion per year. The Airline Reporting Corporation (ARC) is a similar organization like the BSP with similarity in functions. The ARC operates in the United States, Puerto Rico and some other countries.

❑ **Check Your Progress – 1 :**

1. Electronic billing happens
  - a. through paper bills
  - b. Manually
  - c. Through LAN only
  - d. Over Internet
2. Payment through merchant website during purchase in Electronic billing is known as
  - a. Bank Aggregator system
  - b. Bank Payment System
  - c. Direct Electronic Billing System
  - d. Merchant Payment System
3. The acronym BSP stands for
  - a. Bill Settlement Plan
  - b. Billing and Settlement Plan
  - c. Bill Service Provider
  - d. None of the options
4. BSP acts as a \_\_\_\_\_ between airline and travel agent
  - a. Conduit
  - b. Consultant
  - c. Revenue analyst
  - d. Cashier

**4.3.1 Mechanism of Billing and Settlement Plan :**

The Billing and Settlement Plan mechanism works in 3 stages. To enumerate

**Stage 1 :** A connection of agent system is made. The compliance of financial criteria of the airlines and the agent is checked through various documents.

**Stage 2 :** The contract between the agent and the airlines is undertaken. The permission of ticket issuance is received by the agent on behalf of the airline.

**Stage 3 :** The system of Billing and Settlement plan is introduced and a cycle of payment is launched through the system for the agent. A considerable amount of training is undertaken for the agent for workability of the system.

**4.3.2 Payment Workflow in Billing and Settlement Plan :**

The workflow for payments during ticketing involves different scenarios and information flow happens for the electronic billing system differently. The process work flow of 2 major scenarios that are taken into consideration when a traveller purchases an airline ticket from an agent when enumerated are as

**Scenario 1 : Agent is Merchant of Record**

In this scenario the following steps happen in the process

**Step 1 :** Online Travel Agent/ Travel Agent sell tickets to travellers.

**Step 2 :** Agents request tickets through the Global Distribution System (GDS).

## **Airfare & Ticketing Part-1**

**Step 3 :** GDS accesses Airline Passenger Service System (PSS) for real time data on availability.

**Step 4 :** Agents collect amount on behalf of airline and issue ticket.

**Step 5 :** GDS sends information about ticket issued to BSP Processing Centre electronically.

**Step 6 :** BSP Processing Centre sends billing report to agent via BSP electronically.

**Step 7 :** Agent pays amount as scheduled under contract with BSP to the clearing bank.

**Step 8 :** Clearing bank distributes the money to the airlines.

The commission of the agent, from the airlines, on sale of tickets are netted from the remittance undertaken.

### **Scenario 2 : Airline is Merchant of Record**

In this scenario the following steps happen in the process

**Step 1 :** Online Travel Agent/ Travel Agent sell tickets to travellers.

**Step 2 :** Agents request tickets through the Global Distribution System (GDS).

**Step 3 :** GDS accesses Airline Passenger Service System (PSS) for real time data on availability.

**Step 4 :** GDS sends information about ticket to BSP link.

**Step 5 :** Processing Centre of BSP sends transaction invoice data to airline payment processor.

**Step 6 :** Payment processor allows traveller to pay airline directly through agent gateway.

**Step 7 :** Airline payment processor sends money to the airline.

The commission of the agent, from the airlines, on sale of tickets are paid by IATA to the agents after sometime.

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## **4.4 ADVANTAGES OF BILLING AND SETTLEMENT PLAN :**

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The Billing and Settlement plan has multifarious advantages both to the airline as well as to the client. To enumerate the advantages they are

### **➤ Benefits to Airline :**

- The time consumed in the entire process is very less. The system responds in real time and generates the necessary data with the issue of the ticket. Paperwork that was followed earlier was time consuming and couldn't be done parallel. There was considerable lead time in executing the paperwork from the time of issuing of the ticket leading to payment delays.
- Work has been simplified through automated computations. The use of technology has made the processing of the work faster and much simpler.
- The BSP system generates automated reports with the click of buttons making decision making quicker and easier.
- The BSP system has ensured single ticket issuance to all travel agents through the system making it very convenient.

- There is an effective control over the systems being followed in operational areas of the airline ticketing and agent network.
- The BSP has ensured a modern and technologically advanced way of selling tickets.
- The technological advancement and implementation of the BSP system has led airline companies into a much easier system of monitoring of such a complex task.
- There is requirement of very less amount of resources especially manpower resources.
- One settlement covers all the agents across selling tickets on behalf of the airline.
- **Benefits to Client :**
- The BSP system has made the ticket purchase procedure for the client automated and simplified.
- There is chance of less ambiguity in settlement and dispute between agents and airline companies leading to increased levels of professionalism.
- The agents are more confident in the selling process due to the incorporation of the BSP as a robust system.
- Legal support and security is obtained of tickets through the BSP system.

---

#### **4.5 KEY FEATURES OF BILLING AND SETTLEMENT PLAN (BSP) :**

---

All IATA travel agents receive access to Billing and Settlement plan links. The key features of Billing and Settlement Plan include

- Billing and statistics undertaken through the BSP.
- Report generation for easy decision making.
- Refund functionality.
- Agency debit/credit memos in case of non compliance by agents.
- Communication tools with IATA and airlines.

---

#### **4.6 NEW GENERATION IATA SETTLEMENT SYSTEM (NEW GEN ISS) :**

---

IATA in its continuous endeavour for an operational ease and better system implementation has launched a program known as New Gen ISS. The program is aimed at faster, safer and cost effective financial settlement services and transaction between an airline and a travel agent. The objective of the program is faster settlement of dues, safer management of funds and lower cost of distribution. The New Gen ISS program delivers

- A 3 level travel agent accreditation program where a travel agent chooses the best option for the business.
- Remittance holding capacity (RHC) to ensure a safer selling process.
- Global default Insurance (GDI) offering travel agents with flexible financial security option and reduce default losses to airlines.
- Introduction of IATA EASY PAY, a secure and cost effective pay as you go option.

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The 3 accreditations that IATA has rolled out for its agents to ease the operations of the Billing and Settlement Plan are

- **GO LITE :** It is a simple accreditation for an agent. In this accreditation the agent accredited by IATA is not a merchant. The agent uses an E Wallet of IATA (IATA EASY PAY) for transactions. This leads to zero deferred payments from the agent to the airline. The process also helps IATA to impose less stringent audit procedures and strict measures on the agents.
- **GO STANDARD :** GO STANDARD is the original method of accreditation which supports agents being merchants or airline being merchants. In this scenario both the agent and the airline can collect money for a ticket issued and transact the same through a BSP. Even agents can use E Wallet (IATA EASY PAY).
- **GO GLOBAL :** The accreditation is for those travel agents that are large and have presence across the globe. These travel agencies have multiple agents under its umbrella using multiple BSPs. The objective of the accreditation is to help larger agencies avoid accreditation for individual agencies under its umbrella to undergo the accreditation process.

**☐ Check Your Progress – 2 :**

1. BSP has operations spread over \_\_\_\_\_ countries of the world  
a. 190                      b. 170                      c. 160                      d. 180
2. The acronym GDS stands for  
a. Global Drive System                      b. Global Distribution Syndicate  
c. Global Distribution System                      d. Green Distribution System
3. The acronym PSS stands for  
a. Part System Software                      b. Passenger Service System  
c. Passenger System Software                      d. None of the Options
4. The acronym RHC stands for  
a. Remittance Holding Capacity                      b. Remittance Hiring Capacity  
c. Remittance Holding Control                      d. Remittance Hiring Control

---

**4.7 LET US SUM UP :**

---

Billing and Settlement Plan (BSP) is a modern day consolidated system that facilitates electronic billing system and allows the exchange of data and fund transactions between a travel agency and an airline. The Billing and Settlement plan mechanism works in 3 stages. The advantages of BSP are many and include less time required in processing and execution of the task, saving of operational cost, simplification of processes, automation of systems, effective control and utilization of minimal resource.

---

**4.0 ANSWERS TO CHECK YOUR PROGRESS :**

---

**Check Your Progress – 1 :**

1. d                      2. c                      3. b                      4. a

**Check Your Progress – 2 :**

1. d                      2. d                      3. b                      4. a

---

#### **4.9 GLOSSARY :**

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**Remittance :** Sending money as payment.

**Impetus :** Something that makes a process happen quickly.

**Aggregator :** Website or Program that collects related items of content and displays them.

**Consolidator :** Company that buys a supply of goods/services from different places and offer them for sale to public.

**Merchant :** Person or company involved in trade.

---

#### **4.10 ASSIGNMENT :**

---

1. Explain how IATA monitors and executes the Billing and Settlement plan physically across different continents and countries of the world ?
  2. In event of denial of payment by a travel agent, what is the role of IATA in the same ?
- 

#### **4.11 ACTIVITIES :**

---

1. Apart from the BSP and ARC that you have studied in the unit list 2 other Systems used by airline companies for settlement of funds.
  2. List the advantages and disadvantages of the BSP.
- 

#### **4.12 CASE STUDY :**

---

M/S Nova Air a travel agent operating from a city issued tickets for a particular airline a day after the contract with the airline and the travel agent had expired and not renewed. There were around 10 tickets issued for the airline. After a period of 10 days the airline sent reminders over emails for the settlement of the amount as settlement through BSP was not possible due to contract getting not renewed. The travel agent did not pay heed to the emails. The airline company has to proceed for legal recourse for a claim of its pending amount.

1. In the above scenario what went wrong on the part of the airlines and the travel agent ?
  2. How can such situations be monitored and avoided ?
- 

#### **4.13 FURTHER READING :**

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1. [www.iata.org](http://www.iata.org)
2. [www.altex.com](http://www.altex.com)
3. E-Library IATA

---

## **BLOCK SUMMARY**

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The units in the block provide an insight on planning of an itinerary; the role and importance of airline codes, airport codes and Geographical indicators that decide the direction of travel and fare computation. The block also explained the role of Air traffic Control in managing a safe sky and ground operations through use of technology and manpower. The block discusses on the global process of settlement of funds for airline tickets sold by a travel agent using a conduit between the travel agent and the airline known as Billing and Settlement plan promoted by the global body IATA majorly across different countries and other settlement plans too.

---

## **BLOCK ASSIGNMENT**

---

### **Short Question Answer**

- **Explain the following terms**
- 1. IATA Accreditations for Billing and Settlement Plan.
- 2. Traffic Conference Areas.
- 3. Difference between ICAO and IATA airport codes.
- 4. Difference between ICAO and IATA designators.
- 5. History of Air Traffic Control.
- 6. Modern Technology used in Air Traffic Control.

### **Long Question Answer**

1. What are Global Indicators ? Discuss the role of global indicators in itinerary planning ? List the different global indicators ?
2. Discuss the role of IATA and the Billing and Settlement Plan used for settlement of funds ?
3. Why is it essential to standardize airline and airport codes globally ?
4. Explain in detail the role of Air traffic control in monitoring airlines across the globe. List the challenges faced by Air traffic control ?

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❖ **Enrolment No. :**

1. How many hours did you need for studying the units ?

<b>Unit No.</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>No. of Hrs.</b>				

2. Please give your reactions to the following items based on your reading of the block :

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Language and Style	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Illustration used (Diagram, tables etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Conceptual Clarity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Check your progress Quest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Feed back to CYP Question	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

3. Any other Comments

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# **AIRFARE & TICKETING**

## **PART-1**



**DR. BABASAHEB AMBEDKAR OPEN UNIVERSITY**  
**AHMEDABAD**

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## **ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING**

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self- instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual- skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is

particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore, the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self- instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)

## **PREFACE**

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect. All the best for your studies from our team!

# AIRFARE & TICKETING PART-1

## Contents

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### BLOCK 3 : PLANNING AIR TRAVEL ITINERARY

---

#### **Unit 1 Introduction to Fare Construction**

Introduction, Travel Class, Fare Basis Codes, Types of Airfare, Basic Terms Related to Fare Formula

#### **Unit 2 Mileage and Routing System**

Introduction, Fare Calculation Basics, Mileage, Maximum Permitted Mileage (MPM), Ticketed Point Mileage (TPM), Extra Mileage Allowance (EMA), Extra Mileage Surcharge (EMS)

#### **Unit 3 Ticketing Procedures and Aspects**

Introduction, Higher Intermediate Point (HIP), Higher Intermediate Point Exceptions by Countries, Backhaul Check, Circle Trip, Routings, Transits and Stopovers, Open Jaw and Surface Trips



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## ***Airfare & Ticketing Part-1***

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### **BLOCK 3 : PLANNING AIR TRAVEL ITINERARY**

---

- UNIT 1 INTRODUCTION TO FARE CONSTRUCTION
- UNIT 2 MILEAGE AND ROUTING SYSTEM
- UNIT 3 TICKETING PROCEDURES AND ASPECTS

# ***PLANNING AIR TRAVEL ITINERARY***

## **Block Introduction :**

The calculation of airfare requires a vivid knowledge of several elements that requires to be managed. In the previous block, you have learnt about Traffic Conference Areas, Global Indicators, and various codes that decide the direction of travel. The units provide you a perspective of how differently the globe is divided for travel purpose and what are the benefits that you as a student of airline ticketing derive. The ticketing aspect and routing bifurcates our globe differently from the actual division undertaken geographically. The units emphasize basic terms on fare calculation and the importance of various aspects in constructing a fare. The unit explains every element with examples for easy understanding and also mentions the rules and exceptions as specified by IATA.

## **Block Objectives :**

- To identify and understand the importance of different fare basis codes, basic terms in airfare construction and fare calculation techniques used for ticketing in a given itinerary.
- To understand the importance of Extra Mileage Allowance and Extra Mileage Surcharge and their role in fare calculation.
- To understand Higher Intermediate points (HIP), Back Haul Check and Circle Trip and their role in fare calculation.
- To understand routings with special emphasis on Open Jaw routing for an itinerary.

## **Block Structure :**

**Unit 1 : Introduction to Fare Construction**

**Unit 2 : Mileage and Routing System**

**Unit 3 : Ticketing Procedures and Aspects**



# *Introduction to Fare Construction*

---

## **UNIT STRUCTURE**

- 1.1 Introduction**
- 1.2 Travel Class**
- 1.3 Fare Basis Codes**
- 1.4 Types of Airfare**
- 1.5 Basic Terms Related to Fare Formula**
- 1.6 Let Us Sum Up**
- 1.7 Answers to Check Your Progress**
- 1.8 Glossary**
- 1.9 Assignment**
- 1.1 Activities**
- 1.11 Case Study**
- 1.12 Further Reading**

---

### **1.0 LEARNING OBJECTIVES :**

---

- To identify and understand the importance of different fare basis codes used for ticketing in a given itinerary.
- List and identify the types of airfare relevant to the airline industry.
- List the basic terms related to airfare construction.

---

### **1.1 INTRODUCTION :**

---

Airfare calculation manually is a complex and cumbersome process and it requires a lot of understanding before you can actually undertake the same. You have already learnt about Airline codes, Airport codes, Traffic Conference areas and Global indicators. These are the basic steps to understand the direction of travel before constructing the fare for the actual travel. Fare Construction is application of various pre-determined rules in generating an airline ticket from a source to a destination to determine the final fare of an airline ticket. To learn further about fare construction you have to acquaint yourself to some more elements of fare construction.

---

### **1.2 TRAVEL CLASS :**

---

Majority of the airliners of the world divide the airline cabin into different class for different set of passengers. Each class of the airline have different benefits, comfort, service and price structure attached to it. Airline companies divide every seat of an aircraft into different categories and follow their own set of rules, services, facilities and pricing. Traditionally an aircraft was divided into three classes; First, Business and Economy. With price dynamics and services being the key to competition, additional classes like a Premium Economy have been added by airline companies.

### 1.3 FARE BASIS CODES :

Fare Basis codes are alpha numeric codes used by airlines, present on passenger tickets, to convey information to its staff and travel agents about the rules applicable to the particular fare charged. The fare basis codes may be 3 to 7 characters long depending on the airline and contains information about the price of the ticket, how many miles the passenger can obtain by flying, flexibility of the ticket in reference to refund, modify etc. Fare Basis codes start with a letter called Booking Codes that indicates the travel class of a passenger.

Booking codes were initially defined by the International Air Traffic Association (IATA) but soon there was deviation by a lot of Airlines from the IATA standards. The booking codes have in a lot of cases become airline specific. Booking codes are identifiers used by the revenue management team of the airline to determine how many seats can be sold at a particular fare level. Yield Management is one of the key focus areas to the business of any airline, as airline seats are highly perishable commodity. Seats if left vacant or unsold for an airline leads to loss for the airline. The most probable Booking Codes used by airlines are as :

Booking Code	Explanation of the Booking Code
P	Full Fare First Class Premium
F	Full Fare First Class
A	Discounted Fare First Class
J	Full Fare Business Class Premium
C,D	Full Fare Business Class
E,W	Economy Class (Full Fare Premium)
B,M,H,Y	Economy Class (Full Fare)
K,L,Q,V,U,T,X,N,O,S	Discounted Fare Economy Class

There is a combination of other letters or codes next to the Fare basis that indicates the feature of the ticket. The combinations are :

Code	Feature
E	It means that the fare sold is an EXCURSION fare. An Excursion fare has a minimum and maximum stay requirement at a destination and is usually for leisure travellers. The corresponding numbers that follow indicate the maximum stay in days or months.
H	The second letter as H after a booking code refers to HIGH SEASON fare
L	The second letter as L after a booking code refers to LOW season fare
W	The second letter as W after a booking code refers to Weekend fare.
X	If not the first letter, X denotes that the fare is valid on a Weekday
ID/AD	The letters ID/AD denotes Industry discounted fare or Travel agency staff discount

SPR/SVR	The codes are airline specific and may indicate a SUPER SAVER fare.
N	If not the first letter, N denotes that the fare refers to travel that is permitted in the night only.

Apart from the codes as mentioned above there are different passenger type codes in the fare structure and the same may vary in different airlines.

Passenger Type Code	Feature
AP/AB	Advance Purchase
BT	Bulk Inclusive tour
AN	Agent Non Refundable
BD	Budget Discounted
CD	Senior Citizen
CH	Child
EE	Excursion
GV	Group Inclusive tour
IN	Infant
IP	Instant Purchase
IS	Late Booking Fare
IT	Inclusive Tour
OW	One Way
OX	One Way Excursion
PX	Pax Fare
RT	Round Trip
RW	Round the World
SC	Ship Crew
SD	Student Fare
SS	Super Saver
SX	Superflex Fare
UU	Standby Fare
VU	Visit USA
ZZ	Youth Fare

**❑ Check Your Progress – 1 :**

- The Passenger Type Code IP stands for
  - Super Saver
  - Instant Purchase
  - Inclusive Tour
  - Senior Citizen
- The second letter W after a booking code denotes
  - High Fare
  - Low Fare
  - Child Fare
  - Weekend Fare

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3. The Booking Code A denotes
  - a. Economy Class Fare
  - b. First Class Fare
  - c. Discounted First Class Fare
4. The Booking code X denotes
  - a. Economy Class Fare
  - b. Discounted Economy Class Fare
  - c. First Class Fare

**1.4 TYPES OF AIRFARE :**

The price paid to travel on an aircraft of a particular carrier by a passenger is called Airfare. Airfares can be either Published or Unpublished. A Published airfare is the one that can be purchased by anyone from the Airlines, Airline Booking websites, Travel agencies or other Online booking sites. These fares are published by the Airline carriers on the public domain to make passengers aware of the fare being charged by a particular carrier on specific route/destination. Unpublished airfare is also known as Private Fare, Negotiated Fare, Consolidator Fare or Wholesale Fare. These fares are not published by the airline in the public domain. Airlines often give these fares to travel agencies under a service level agreement contract and confidentiality contracts. The objective of unpublished fares by airline companies is to ensure better yield management of the seats using price dynamics and by assigning it to a third party for selling it.

There are different types of published fares having own special rules, restrictions and availability. Various structures are designed by Airline companies to ensure optimal seat sales. The different types of published fares are as :

<b>Type of Fare</b>	<b>Detail</b>
APEX Fare	This is a discounted International fare which is purchased in advance. The number of days that the purchase has to be made in advance depends on the airline. There may be other restrictions imposed by airlines on such type of fares like fees for change or Non-refundable criteria.
Discount Fare	This is a cheap fare for a limited time on both International and Domestic sectors and may have a lot of restrictions. Example of such fares includes seat sale for particular sectors of flight or a Super Wednesday sale etc. There may be other restrictions as imposed by the airlines like Travel Dates, Minimum Stay, Maximum Stay, No refund etc
Full Fare/Unrestricted	This is the most expensive fare that the airlines publish. Refund and change are often permitted by the airlines in this type of fare. The tickets with Full fare can be purchased on the same date of travel. The price indicated by the airlines for this type of fare is a benchmark for discounted fares.
Joint Fare	When more than one airline work together as a partner under a contract to get a passenger to a particular destination

Through Fare	This type of fare means that one fare is charged to the passenger from his departure source to the destination source inspite of a stopover by the airline in a third city.
Bereavement Fare	This is usually a last minute discounted fare offered by the airlines and is often given to passengers who have to attend funerals in emergency. The facility is absolutely airline specific.
Open Jaw	This type of fare is for Return tickets where the Departure Source and the Destination source may be different each way. Open Jaw fares may be categorized as Destination Open Jaw or Origin Open Jaw.  Example of Destination Open Jaw : New York to Rome and Paris To New York  Example of Origin Open Jaw : New York to Rome and London to Boston
Multicity	This type of fare is for single Airline tickets with multiple stops. This type of ticket actually converts layovers to stopovers for travellers and saves a lot of money for them.  A layover is waiting at a destination for a connecting flight less than 12 hours whereas a Stopover is waiting for a connecting flight a destination for more than 12 hours.

### **1.5 BASIC TERMS RELATED TO FARE FORMULA :**

To construct an itinerary fare construction, different aspects are taken into consideration and the formula is derived. The same is applicable to all airlines; however, with modern Global Distribution Systems and Computer Reservation Systems the process is undertaken by the system.

1. **Fare Break Point (FBP) :** The destination where a given airline fares begins or ends.
2. **Global Indicator (GI) :** Global Indicators are two letter codes used in fare construction to determine the routing to which the fare applies in a given itinerary. (Detailed reference available in Block 2, unit 3)
3. **Neutral Unit of Construction (NUC) :** A NUC is a fictitious currency used by the airline Industry for fare calculation.
4. **Maximum Permitted Mileage (MPM) :** Maximum Permitted Mileage represents the maximum distance between two specified International points established on the basis of shortest combinations of non-stop sectors and where applicable, over specified construction points, increased by 20%. The Mileage manual of IATA contains close to 7 million MPM distances and is published every year.
5. **Ticketed Point Mileage (TPM) :** The actual distance in miles, which an aircraft has flown, for a particular itinerary, between all points from its source to the destination.

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6. **Extra Mileage Allowance (EMA)** : An additional mileage allowance deducted from the TPM and provided to an air ticket on a particular itineraries as specified.
7. **Higher Intermediate Point (HIP)** : A City between the city of origin and the fare break point has a higher fare than the destination 'city; the higher fare must be used.
8. **Excess Mileage Surcharge (EMS)** : An additional surcharge levied on the NUC for itineraries where the TPM is more than the MPM with no EMA. The surcharges in ticketing are decided by the Flight Ticketing manual.
9. **Rate of Exchange(ROE)** : The rates of exchange notified by IATA to convert local currency fare to NUC and to convert the NUC to the currency of the country from where the itinerary commences.
10. **Local Selling Fare (LSF)** : The currency in which the payment is done for a particular itinerary.

☐ **Check Your Progress – 2 :**

1. The actual distance in miles, which an aircraft has flown, for a particular itinerary is called
  - a. Ticketing Point Mileage
  - b. Maximum Permitted Mileage
  - c. Extra Mileage
2. A City between the city of origin and the fare break point has a higher fare than the destination 'city is known as
  - a. Extra Mileage Surcharge
  - b. Higher Intermediate Point
  - c. Surplus Point
3. When more than one airline work together as a partner under a contract to get a passenger to a particular destination, the fare charged is called
  - a. APEX Fare
  - b. Open Jaw
  - c. Bereavement Fare
  - d. Joint Fare
4. Last minute discounted fare offered by some airlines for death in someone's family is
  - a. Joint Fare
  - b. Bereavement Fare
  - c. Discounted Fare
  - d. APEX Fare
5. A passenger type code "CH" indicates
  - a. Senior Citizen
  - b. Infant
  - c. Excursion
  - d. Child
6. When departure source and destination is different each way, the fare is indicated as
  - a. Open Jaw
  - b. Apex
  - c. Bereavement
  - d. Joint

---

**1.6 LET US SUM UP :**

---

Any airline that issues a ticket indicates some codes that denote the Fare Basis codes. These codes are alpha numeric codes used by airlines, present on passenger tickets, to convey information to its staff and travel agents about the rules applicable to the particular fare charged. To optimize the yield of its seats and sales, airlines use a variety of fares and structures that are also denoted by codes. In the unit above you have studied about the types of fares and the codes

associated to them which shall be helpful to you in construction of tickets. There are certain basic elements that need to be understood in fare construction process. The unit above lists these elements as a glossary for easy understanding for you which shall help you to build your knowledge and understanding on the ticketing process.

---

### 1.0 ANSWERS TO CHECK YOUR PROGRESS :

---

#### Check Your Progress – 1 :

1. b            2. d            3. c            4. b

#### Check Your Progress – 2 :

1. a            2. b            3. d  
4. b            5. d            6. a

---

### 1.8 GLOSSARY :

---

- FBP** : Fare Break Point  
**NUC** : Neutral Unit of Construction  
**MPM** : Maximum Permitted Mileage  
**TPM** : Ticketed Point Mileage  
**HIP** : Higher Intermediate Point  
**EMA** : Extra Mileage Allowance  
**EMS** : Extra Mileage Surcharge  
**ROE** : Rate of Exchange  
**LSF** : Local Selling Fare

---

### 1.9 ASSIGNMENT :

---

1. Indicate the interpretation of the under mentioned booking codes :

Code	Interpretation
W	
T	
J	
F	
A	

2. Interpret the meaning of the following letters that appear next to Fare Basis codes :

Code	Interpretation
E	
X	
ID	
N	
L	

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3. Expand the following acronyms :

Term	Expansion
NUC	
FBP	
MPM	
TPM	
GI	

4. Interpret the meaning of the under mentioned Passenger type codes :

Code	Interpretation
EE	
IT	
CD	
OW	
RT	

---

**1.10 ACTIVITIES :**

---

1. Write definitions of the under mentioned terms :

Term	Definition
Fare Basis Codes	
Booking Codes	
Passenger Type Codes	
Discount Fare	
Open Jaw Fare	

---

**1.11 CASE STUDY :**

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Mr. Sharma planned a vacation to Bali from New Delhi with his family. He searched the internet and found a great offer on an airline that was giving cheap tickets for the Economy Class. The conditions for the trip that the airline mentioned for the ticket was a minimum stay of 5 nights and 6 days at Bali. The offer was only valid for passengers who were booking 30 days in advance from the date of departure. It was still 45 days for his planned vacation and Mr. Sharma decided to avail the offer. The only condition that Mr. Sharma was a little worried was a no refund on cancellation of ticket.

1. Indicate the code of the Class for which Mr. Sharma had booked the ticket ?
2. Indicate the fare basis code applicable to the above fare for Mr. Sharma ?
3. Indicate the type of fare applicable in the above condition ?
4. What is the Global Indicator for the trip that Mr. Sharma is planning ?

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**1.12 FURTHER READING :**

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1. Passenger Fares and Ticketing; <https://www.iata.org/courses>
2. Fare Basis Code; <https://www.en.m.wikipedia.org>
3. Air Fares and Airlines Management; Pondicherry University; <https://www.pondiuni.edu.in>



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**UNIT STRUCTURE**

- 2.1 Introduction
- 2.2 Fare Calculation Basics
- 2.3 Mileage
  - 2.3.1 Maximum Permitted Mileage (MPM)
  - 2.3.2 Ticketed Point Mileage (TPM)
- 2.4 Extra Mileage Allowance (EMA)
- 2.5 Extra Mileage Surcharge (EMS)
- 2.6 Let Us Sum Up
- 2.7 Answers to Check Your Progress
- 2.8 Glossary
- 2.9 Assignment
- 2.10 Activities
- 2.11 Case Study
- 2.12 Further Reading

---

**2.0 LEARNING OBJECTIVES :**

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- To list basic techniques of fare calculation of airlines.
- To understand the importance of Extra Mileage Allowance and its role in fare calculation.
- To understand and list the table for Extra Mileage Surcharge (EMS) applicable for fare calculation.

---

**2.1 INTRODUCTION :**

---

In the previous units you have studied about global indicators that decide the direction of travel, the NUC value and its relevance and calculations. In this unit you shall learn about the basics of fare calculation with emphasis on Extra Mileage allowance (EMA) and Extra Mileage (Surcharge) and how they play a role in the calculation of fares for an airline.

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**2.2 FARE CALCULATION BASICS :**

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Fare calculation in today's time is automated and is undertaken through advanced software and systems. Manual fare calculations are rarely undertaken, however, the factors to calculate the fare for a particular itinerary remain the same in both the cases and the following aspects are considered to undertake the same.

- The Origin of journey
- The termination point or destination of the journey
- Name of the Aircraft (carrier) the journey is undertaken.
- The calculation of the fare with the currency.

## Airfare & Ticketing Part-1

- The taxes that are to be paid.
- The spacing element in fare calculation
- The current Rate of Exchange and the NUC.

Let's take an Example for understanding the fare calculation in simple steps:

**Step 1 :** A ticket for One Way was bought for journey from Mumbai (MUM) in India to Dubai (DXB) in India by Indigo Airlines (6E) at Rs 4000.00.

- **Fare calculations begin with the source city or Airport with the code from where the traveller commences the journey. The journey always ends at the City or Airport where the traveller arrives.**
- **Commencement of Journey in this example is: Mumbai (MUM)**
- **Arrival point of the journey in this example is: Dubai (DXB)**

**Step 2 :** To complete the journey from the commencement points and Arrival points there should be a carrier (the airline in which the passenger shall be travelling).

- **The carrier in the above example is Indigo Airlines (6E)**

**Step 3 :** The calculation of fare also comprises of the amount paid for the ticket and the currency in which the amount was paid for the ticket.

- **The amount paid in the above example is 4000.00 and the currency in which the amount is paid is INR (Rs).**

**Step 4 :** Two decimal places are always mentioned for writing the currency in which the amount is paid - Rs 4000.00

- **The amount paid is mentioned during fare calculation twice; once before the currency and also after the currency.**

**Step 5 :** The word "END" should be mentioned after the amount paid indicating an end to the itinerary.

4000.00 INR 4000.00 END

- **The Rate of Exchange for the currency in which the purchase was done is mentioned after the "END".**

**Step 6 :** In the above example as Indigo Airlines is a flight from India and the currency of India is Rupees and also the purchase was done in the same currency the Rate of Exchange (ROE) would be 1.00000

- **In an itinerary the Rate of Exchange is mentioned in 5 decimal places.**
- **In the above example it would be written as ROE 1.00000**

**Step 7 :** Taxes if paid any start with XT. So from the above example the fare calculation is:

- **MUM 6E DXB 4000.00 INR 4000.00 END ROE 1.00000**

**Step 8 :** The rule of spacing for fare calculation mentions that there should be a space between words (alpha) and no space between digits (numeric). An underscore sign ( ) is used for the space. So if we reconstruct the above fare calculation it is

- **MUM\_6E\_DXB4000.00INR4000.00END\_ROE1.00000**

The under mentioned table categorizes the aspects that are categorized under Alpha and Numeric.

<b>Alpha Aspects in Fare Calculation</b>	<b>Numeric aspects in Fare Calculation</b>
City or Airport codes	Fare
Currency	Value of Rate of Exchange
Rate of Exchange	Tax Rates
Mileage	
Surcharges	
Inclusive Tour/Bulk Tour	
IT/BT	
END	
Tax Codes	

**❑ Check Your Progress – 1 :**

1. Airline code 6E stands for
  - a. Vistara Airlines
  - b. Spice Jet
  - c. Ryan Air
  - d. Indigo Airlines
2. The acronym ROE stands for
  - a. Random Order Execution
  - b. Rate of Execution
  - c. Rate of Exchange
  - d. Random Exchange
3. The term "XT" in an itinerary indicates that
  - a. Extra allowance paid
  - b. Taxes are paid
  - c. Taxes not paid
  - d. None of options
4. \_\_\_\_\_ sign is used for rule of spacing in an itinerary for alpha characters
  - a. Underscore
  - b. Hyphen
  - c. Semicolon
  - d. Fullstop

**2.3 MILEAGE :**

A mileage in air travel indicates distance travelled through the route that is permitted in an itinerary for which calculation of fare is done. The mileage depends on the travel from the source to the end point of the destination through a pre-designated Global Indicator.

**2.3.1 Maximum Permitted Mileage (MPM) :**

MPM stands for Maximum Permitted Mileage. It is the maximum mileage that is permitted for an itinerary between two cities. MPM is determined by IATA and it remains constant. However different global indicators have varying MPM and fares can be constructed accordingly. From each

If an example is considered it would be easier for you to understand.

- A passenger from Bali wanted to visit Venice.
- According to the IATA table there are 3 Maximum Permitted Mileage's (MPMs) as per global indicators from Bali to Venice. It means that the

## **Airfare & Ticketing Part-1**

traveller can reach Venice from Bali via 3 different routes each having a different Maximum Permitted mileage.

- The passenger has to choose a particular route or GI for his travel.
- The permitted GI's from Jakarta to Venice in the above case is travel through the Eastern Hemisphere (EH), Travel through Atlantic Pacific (AP) and travel through Trans Siberian (TS).
- The traveller supposes choose to travel via Trans Siberian (TS) itinerary. The itinerary consists of 3 stopovers Jakarta, Tokyo and Rome.
- The maximum permitted mileage for travel between Bali to Venice via Trans Siberian GI is 10832 miles.

### **2.3.2 Ticketed Point Mileage (TPM) :**

In fare calculation of airlines the acronym TPM stands for Ticketed point mileage. It is the actual number of miles that are used for constructing an Itinerary between two points or cities. TPM can be greater, less or equal to MPM since TPM is the actual miles that are used for constructing a particular itinerary.

If the TPM goes beyond the MPM then in that case a surcharge is levied during fare calculation

If we consider the above itinerary to understand the concept of Ticket Point Mileage (TPM) :

- The actual distance to be travelled between Bali to Venice is 10749 miles. As the actual distance travelled that is Ticketed Point Mileage is lower than the Maximum Permitted Mileage, no surcharge is levied.

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## **2.4 EXTRA MILEAGE ALLOWANCE (EMA) :**

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The acronym EMA in airline fare calculation stands for Extra Mileage Allowance. Extra mileage allowance is a grace allowance in mileage which is permitted when travelling via a certain city (point). According to the IATA tables, Extra mileage allowance is applicable for routings throughout the globe via certain points hence it is essential to always check for EMA table before applying a surcharge for the itinerary.

The EMA table is a standard format and is prepared by IATA.

If we consider an example to understand the concept of Extra Mileage Allowance. In the following situation :

- A passenger wants to travel between with itinerary Bali and Mumbai via Jakarta, Manila and Bangkok.
- Maximum Permitted Mileage according to IATA manual is 4011 miles.
- Ticketed Permitted Mileage for the above itinerary is 4087 miles.

The relation between MNP, TPM and EMA is :

- In this case TPM is greater than MPM and according to rule it is eligible for surcharge. However, in the above scenario, the EMA table states that travel is happening in Travel Conference Area 3 (TC 3), travel within Area commencing or via Mumbai, New Delhi, Karachi and Islamabad will qualify for Extra mileage allowance of 700.
- If the Extra Mileage Allowance of 700 miles is added the total MPM for the itinerary becomes 4011 miles + 700 miles = 4711 miles which is greater than the TPM of 4087 miles and hence no surcharge has to be paid.

- It is mandatory to check the Extra Mileage Allowance table of IATA during fare calculation.

## Mileage and Routing System

BETWEEN	AND	VIA	MILEAGE DEDUCTION
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### EXTRA MILEAGE ALLOWANCE (EMA)

NOTE - IN THE FOLLOWING TABLES "AND" MEANS "AND / OR" AND "OR" MEANS "OR"

#### AREA 1 EMA

Buenos Aires / Montevideo	Canada / Mexico / USA	Rio de Janeiro - Sao Paulo with no stopover at either point	510
Buenos Aires / Montevideo	Caracas	Wholly within South America	400

#### AREA 2 EMA

##### WITHIN EUROPE EMA

Aberdeen	Stockholm	Any routing	2
Amsterdam	Bergen	Any routing	150
Barcelona	Geneva	Basle (no stopover)	35
Barcelona	Lugano	Basle (no stopover)	10
Basle	Bilbao	Barcelona (no stopover)	79
Basle	Cork	Zurich	35
Basle	Santiago de Compostela	Barcelona (no stopover)	2
Bergen	Barcelona	Any routing	17
Bergen	Basle	Any routing	42
Bergen	Brussels	Any routing	195
Bergen	Dusseldorf	Any routing	96
Bergen	Faro	Any routing	42
Bergen	Geneva	Any routing	243
Bergen	Lisbon	Any routing	156
Bergen	Lyon	Any routing	56
Bergen	Madrid	Any routing	65
Bergen	Manchester	Oslo (no stopover)	83
Bergen	Paris	Any routing	167
Bergen	Porto	Any routing	76
Bergen	Rotterdam	Any routing	150
Bilbao	Geneva	Barcelona (no stopover)	102
Bilbao	London	Basle (no stopover)	323
Bilbao	Milan	Barcelona (no stopover)	14
Bilbao	Zurich	Barcelona (no stopover)	66
Bordeaux	London	Basle/Geneva (no stopover)	317
Copenhagen	Munich	Basle (no stopover)	199
Copenhagen	Prague	Basle (no stopover)	485
Copenhagen	Rome	Any routing	186
Cork	Guernsey	Any routing	115
Cork	Jersey	Any routing	86
Cork	London	Any routing	4
Faro	Stavanger	Any routing	64
Geneva	Ajaccio	Basle/Mulhouse (no stopover)	116
Geneva	Bordeaux	Basle/Mulhouse (no stopover)	142
Geneva	Marseille	Basle/Mulhouse (no stopover)	193
Geneva	Milan	Basle/Mulhouse (no stopover)	47

**Airfare & Ticketing  
Part-1**

<b>Air Fares &amp; Ticketing</b>			
<b>BETWEEN</b>	<b>AND</b>	<b>VIA</b>	<b>MILEAGE DEDUCTION</b>
<i>Nova Scotia/Prince Edward Island</i>		<i>Toronto</i>	
<i>New Brunswick/Nova Scotia/Prince Edward Island</i>	<i>Israel</i>	<i>Via Halifax-Montreal-Toronto</i>	<b>500</b>
<i>Newfoundland</i>	<i>Israel</i>	<i>Via St. Johns-Halifax-Montreal-Toronto</i>	<b>1600</b>
<i>Newfoundland</i>	<i>Europe</i>	<i>Via Halifax</i>	<b>700</b>
<b>BETWEEN AREAS 2 AND 3 EMA</b>			
<i>Europe</i>	<i>Australia</i>	<i>Harare-Johannesburg</i>	<b>518</b>
<i>Europe</i>	<i>South Asian Subcontinent</i>	<i>via both Mumbai and Delhi; or to/from Mumbai via Delhi; or to/from Delhi via Mumbai; or via both Islamabad and Karachi; or to/from Karachi via Islamabad; or to/from Islamabad via Karachi</i>	<b>700</b>
<i>Middle East</i>	<i>Australia</i>	<i>Harare-Johannesburg</i>	<b>588</b>
<i>Middle East/Europe/Libya</i>	<i>TC3 (except South West Pacific)</i>	<i>via both Mumbai and Delhi; or to/from Mumbai via Delhi; or to/from Delhi via Mumbai; or via both Islamabad and Karachi; or to/from Karachi via Islamabad; or to/from Islamabad via Karachi</i>	<b>700</b>
<b>BETWEEN AREAS 1 AND 3 VIA THE PACIFIC EMA</b>			
<i>USA (except Hawaii)/Canada</i>	<i>Area 3</i>	<i>Honolulu</i>	<b>800</b>

**Sample EMA Table of IATA Indicating Mileage Deductions**

**2.5 EXTRA MILEAGE SURCHARGE (EMS) :**

The acronym EMS stands for Excess mileage surcharge. Excess mileage surcharge is calculated when TPM or the total number of miles flown exceed MPM or Maximum permitted miles.

In the situation when TPM is greater than MPM. In that scenario a surcharge is added to the fare based upon a calculation, however, EMA or Extra mileage allowance should always be considered before calculating surcharge.

In the scenario discussed in the previous example although TPM was greater than MPM after adding EMA the chance for surcharge was negated. However such situations don't occur frequently and at times even after considering EMA the surcharge applies. In certain scenarios, the EMA plus MPM does not cover the TPM or total miles flown and the surcharge has to be applied.

The formula to calculate the surcharge is very simple. TPM (total miles flown) divided by MPM (Maximum permitted mileage) and the output or result that you will get after this division decides the surcharge you will apply for the itinerary as per below table.

<b>EXCESS MILEAGE SURCHARGE (EMS)</b>													
<b>1.</b>	<i>Divide the TPM by the MPM</i>												
<b>2.</b>	<table border="1"> <thead> <tr> <th><i>If the result is:</i></th> <th><i>Surcharge the fare by:</i></th> </tr> </thead> <tbody> <tr> <td><i>Over 1.00000 but not higher than 1.05</i></td> <td><b>5%</b></td> </tr> <tr> <td><i>Over 1.05000 but not higher than 1.10</i></td> <td><b>10%</b></td> </tr> <tr> <td><i>Over 1.10000 but not higher than 1.15</i></td> <td><b>15%</b></td> </tr> <tr> <td><i>Over 1.15000 but not higher than 1.20</i></td> <td><b>20%</b></td> </tr> <tr> <td><i>Over 1.20000 but not higher than 1.25</i></td> <td><b>25%</b></td> </tr> </tbody> </table>	<i>If the result is:</i>	<i>Surcharge the fare by:</i>	<i>Over 1.00000 but not higher than 1.05</i>	<b>5%</b>	<i>Over 1.05000 but not higher than 1.10</i>	<b>10%</b>	<i>Over 1.10000 but not higher than 1.15</i>	<b>15%</b>	<i>Over 1.15000 but not higher than 1.20</i>	<b>20%</b>	<i>Over 1.20000 but not higher than 1.25</i>	<b>25%</b>
<i>If the result is:</i>	<i>Surcharge the fare by:</i>												
<i>Over 1.00000 but not higher than 1.05</i>	<b>5%</b>												
<i>Over 1.05000 but not higher than 1.10</i>	<b>10%</b>												
<i>Over 1.10000 but not higher than 1.15</i>	<b>15%</b>												
<i>Over 1.15000 but not higher than 1.20</i>	<b>20%</b>												
<i>Over 1.20000 but not higher than 1.25</i>	<b>25%</b>												

If the output of TPM divided by MPM is greater than 1 but less than 1.05 your surcharge applicable would be 5%. If it's greater than 1.05 but less than 1.10 then you will apply surcharge as 10% and so and so forth as per the table above.

Let's take an example to understand the same :

1. MPM for itinerary from Bali to Mumbai is 4011 miles
2. EMA applicable as per table is 700 miles
3. Total MPM applicable is 4711 miles
4. TPM for itinerary undertaken is 5439 miles
5.  $EMS = TPM/MPM (5439/4711) = 1.1545$

As per EMS table result is between 1.15 and 1.20 and hence surcharge applicable is 20%. The surcharge will be added to the fare calculation.

**□ Check Your Progress – 2 :**

1. The acronym MPM stands for
  - a. Minimum Mileage
  - b. Maximum Par Mileage
  - c. Maximum Permitted Mileage
  - d. Maximum Paired Mileage
2. The acronym TPM stands for
  - a. Ticket Permitted Mileage
  - b. Ticket Pair Mileage
  - c. Ticketed Permitted Mileage
  - d. Twin Permit Mileage
3. TPM is
  - a. Maximum mile that can be travelled
  - b. Actual number of miles travelled
  - c. Minimum miles travelled
  - d. None of options
4. The acronym EMA stands for
  - a. Extra Mileage Allowance
  - b. Extra Mile Allowed
  - c. Extra Mileage Allowed
  - d. Extra Mile Allowance
5. The acronym EMS stands for
  - a. Extra Mileage Service
  - b. Extra Mile Surcharge
  - c. Extra Mileage Surcharge
  - d. Extra Mile Service
6. If we divide TPM by MPM and result is 1.05 then surcharge will be :
  - a. 0.5%
  - b. 5%
  - c. 50%
  - d. None of the options

---

**2.6 LET US SUM UP :**

---

The unit provides you an insight into the basics of fare calculation for an airline ticket for a particular itinerary. The unit also highlights different terms and their explanations used in fare calculation. Mileage in air travel indicates the distance travelled. IATA as a governing body has devised a table that indicates the Maximum Permitted Mileage (MPM) from a source city to a destination city. IATA according to the Global Indicators (GI) indicates different MPM calculations across different routes from a source to a destination city. The MPM is published in IATA handbook. Ticket Point Mileage (TPM) is the actual distance travelled

in an itinerary from a source city to a destination city. If the TPM is greater than the MPM, then a surcharge is levied based on calculations known as Extra Mileage Surcharge (EMS). Extra Mileage Allowance (EMA) is a grace allowance permitted in fare construction when itinerary is through a certain city or travel area as indicated in the handbook.

---

## 2.7 ANSWERS TO CHECK YOUR PROGRESS :

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### Check Your Progress – 1 :

1. d                      2. c                      3. b                      4. a

### Check Your Progress – 2 :

1. c                      2. c                      3. b  
4. a                      5. c                      6. b

---

## 2.8 GLOSSARY :

---

**Mileage** : Number of Miles travelled.

**MPM** : Maximum Permitted Mileage

**GI** : Global Indicator

**TPM** : Ticket Point Mileage

**EMA** : Extra Mileage Allowance

**EMS** : Extra Mileage Surcharge

---

## 2.9 ASSIGNMENT :

---

1. Calculate the following as applicable for the below mentioned itinerary :

Source of Journey	New York
Destination	Houston via Paris
MPM	7054 miles
TPM	8714 miles
EMA	?
Travel Conference Area in which Travel happens	?
EMS	?

---

## 2.10 ACTIVITIES :

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1. List the different Ticketing software used for generating Airline Tickets.
2. Indicate the platform and the principle of functioning of these softwares.
3. How they are different from manual system and what are the advantages.

---

## 2.11 CASE STUDY :

---

Mr. Tom purchased a ticket from a travel agent M/S Brightlight. The MPM for the journey was 6255 miles and the TPM was 6480 miles. He intended to travel from London to Bangkok via Mumbai. The travel agent charged him a ticket on British Airways that cost him 4000 NUC. He did not purchase his return ticket. On arrival he spent a month at Bangkok for his official work and while returning he found his ticket booked via the same route to be considerably



cheaper. He asked the travel agent from whom he was booking his return ticket and found that M/S Brightlight had not given him the mileage allowance.

- a. Why is the mileage allowance applicable in the case ?
- b. How much percentage of surcharges was charged by M/S Brightlight ?

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**2.12 FURTHER READING :**

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1. [www.iata.org](http://www.iata.org)
2. [www.talearnings.com](http://www.talearnings.com)
3. IATA ticketing Manual
4. IATA Handbook
5. [www.travelport.com](http://www.travelport.com)

**UNIT STRUCTURE**

- 3.1 Introduction
- 3.2 Higher Intermediate Point (HIP)
  - 3.2.1 Higher Intermediate Point Exceptions by Countries
- 3.3 Backhaul Check
- 3.4 Circle Trip
- 3.5 Routings
  - 3.5.1 Transits and Stopovers
- 3.6 Open Jaw and Surface Trips
- 3.7 Let Us Sum Up
- 3.8 Answers to Check Your Progress
- 3.9 Glossary
- 3.10 Assignment
- 3.11 Activities
- 3.12 Case Study
- 3.13 Further Reading

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**3.0 LEARNING OBJECTIVES :**

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- To understand Higher Intermediate points (HIP), their role in fare calculation and calculating fares using HIP's.
- To enumerate the importance of Back haul check in fare calculation and undertake fares using back haul check.
- To list Circle Trip components while doing fare calculation.
- To understand routings with special emphasis on Open Jaw routing for an itinerary.

---

**3.1 INTRODUCTION :**

---

In this unit you are going to learn about some complex components that are an integral part of fare calculation and happen in a given itinerary. Higher Intermediate point is an optimizing tool in fare calculation and is a check that has to be undertaken. The process of checking fares to all stops on an itinerary to ensure that the highest possible fare is charged. The unit highlights about Back haul check which is a minimum check applied to fare with a Higher Intermediate Point from origin to stopover point. The unit also highlights elements that you will study and are part of fare calculation like Circle Trip and Open Jaw.

---

**3.2 HIGHER INTERMEDIATE POINT (HIP) :**

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The acronym HIP stands for Higher Intermediate Point. Higher Intermediate point is a revenue optimizing tool in fare construction.

Higher intermediate point is a check that has to be done for an itinerary to check if any of the fare for an itinerary from point of commencement to the destination point should be less than the actual fare and in case if any of these points have a fare which is more than the actual fare from point of origin to destination then that fare will be applied and shall be considered as actual fare for the itinerary. The point or city due to which the fare has been raised is known as a Higher Intermediate point. The Higher Intermediate Point (HIP) chart is prepared by IATA.

The Neutral Unit of Construction or Neutral Unit of Currency (code: NUC) is a private currency used by the airline industry, to record fare calculation information. A set of exchange rates is issued by the International Air Transport Association (IATA) every month. The pricing procedure will also be changed - for all Airlines, when building tariffs for international transportation, neutral construction units will be used - NUC (Neutral Unit of Construction - established by IATA for calculating of international tariffs).

On the route-receipt NUC in the column "Fare calculation" will be shown the final tariff and all tariff surcharges, if any, will also be expressed in NUC. Then, the final NUC is converted at the rate of IROE to the currency of the country of the beginning of international transportation and this value is shown in the "FARE" column of the route-receipt.

Let us understand the concept of Higher Intermediate Point (HIP) with an example :

Mr. Sharma wants to travel to Aswan in Egypt from Mumbai in India. His itinerary is from Mumbai to Dubai to Cairo to Aswan (MUM-DXB-CAI-ASW). He has paid NUC value of 995.00 for the ticket.

**Source : MUM**

**Destination : ASW**

<b>MUM-ASW 995.00</b>				
	<b>Mumbai</b>	<b>Dubai</b>	<b>Cairo</b>	<b>Aswan</b>
<b>Mumbai</b>	NA	<b>292.03</b>	<b>862.81</b>	<b>995.00</b>
<b>Dubai</b>	NA	NA	<b>324.55</b>	<b>754.34</b>
<b>Cairo</b>	NA	NA	NA	<b>165.32</b>
<b>Aswan</b>	NA	NA	NA	NA

If you see the above chart, there is comparison of NUC level pricing for the itinerary from Mumbai to all cities on itinerary. A comparative check is also done from all subsequent cities to other cities for higher fare. After comparing the above chart you will notice the highest fare for this itinerary is NUC 995.00 which is between Mumbai to Aswan. In this case the origin and destination route itself has the highest fare hence HIP is the actual fare and there is no HIP for this itinerary.

If we take the same example again of Mr. Sharma travelling from Mumbai to Aswan taking the same itinerary MUM-DXB-CAI-ASW with a different pricing structure.

<b>MUM-ASW 945.00</b>				
	<b>Mumbai</b>	<b>Dubai</b>	<b>Cairo</b>	<b>Aswan</b>
<b>Mumbai</b>	NA	<b>292.03</b>	<b>962.81</b>	<b>955.00</b>
<b>Dubai</b>	NA	NA	<b>324.55</b>	<b>971.32</b>
<b>Cairo</b>	NA	NA	NA	<b>185.32</b>
<b>Aswan</b>	NA	NA	NA	NA

In this example, you will notice that multiple times there are NUC fares which are higher than the Actual fare between origin and destination. The fares that are higher are highlighted.

- Fare from Mumbai to Aswan is **955.00**
- Fare From Mumbai to Cairo is **962.81**
- Fare from Dubai to Aswan is **971.32**

In the above itinerary since Dubai to Aswan has the highest value the same is considered as Higher Intermediate Point and will be considered as Actual fare. You have seen from the example that if more than one HIP is found the highest fare must be used for the calculation. If 2 or more of the highest fares have the same value then either may be used. If a mileage surcharge has been calculated the same must be applied to the Higher Intermediate Point.

### **3.2.1 Higher Intermediate Point Exceptions by Countries :**

- **Africa :** For journeys between Kilimanjaro and Nairobi, HIP check will be for all ticketed points.
- **India :** For traffic originating in India and destined to Canada/USA, when stopovers are taken in Europe or UK, higher intermediate fares shall not be applicable from points in Europe/UK to Canada/USA.
- **Israel :** For travel originating in Israel, HIPs will be checked for all ticketed points from Israel. This does not apply to the HIP check from an intermediate point to another intermediate point or the fare construction point, or to fares with specified routings. Example: Travel: Tel Aviv-Frankfurt-X/London-New York. The HIP check is TLV-FRA, TLV-LON and FRA-NYC. (LON-NYC is not checked).
- **Malawi :** For travel originating in Malawi, the additional HIP check in each fare component shall be applied on all ticketed points in Malawi.
- **Turkey :** For travel between the Middle East and Turkey involving more than one point in Turkey, any higher intermediate point in Turkey must be charged whether or not a stopover is taken.
- **Western Africa :** For journey originating in Western Africa, the HIP check in each fare component shall be applied on all ticketed points in Western Africa.

There are additional HIP exceptions for which rules need to be referred.

❑ **Check Your Progress – 1 :**

1. The acronym HIP stands for
  - a. High in Point
  - b. High Intermediate point
  - c. Hinder Intermediate Point
  - d. Higher Intermediate Point
2. HIP chart is prepared by
  - a. ICAO
  - b. ICAF
  - c. IATA
  - d. All Airlines
3. The acronym NUC stands for
  - a. Natural Unit Currency
  - b. Neutral Unit of Construction
  - c. Neutral Unit Currency
  - d. None of the Options

---

### **3.3 BACKHAUL CHECK :**

---

You have learnt about Higher Intermediate Point in fare calculation. Before you learn about other components that are important in fare calculation, there are certain terms that you shall need to acquaint yourself with.

**Fare Break Point (FBP) :** Fare Break Point (FBP) is referred to as the destination where a given fare begins or ends.

**Higher Intermediate Fare :** An airfare that is higher at a midpoint than the destination or next fare break point.

**Backhaul Check :** The process of checking fares to all stops on an itinerary to ensure that the highest possible fare is charged. A back haul check is a minimum check applied to fare with a Higher Intermediate Point from origin to stopover point.

The formula for calculating a Backhaul check is

**(Higher Intermediate Point (HIP)/ Higher Intermediate Fare from Origin) - Origin to Destination Fare = DIFFERENCE**

The outcome of the above formula is a Difference. In the next step

**Difference + HIP from origin = MINIMUM FARE**

The Minimum Fare is compared to the Total Constructed Fare and whichever is higher is charged. If the Minimum Fare is 500 NUC and Total Constructed Fare 450 NUC the Minimum Fare - Total Constructed Fare results in a Plus Up. In this case it is (500 - 450 = 50). 50 NUC is the plus up. The Plus up is added to the Total Constructed Fare and Charged.

If the Total Constructed Fare is higher than the Minimum Fare no Plus Up is calculated and the Total Constructed Fare is charged.

Exceptions to Backhaul Check

One Way Backhaul Check does not apply to

- Fare Components and pricing units wholly within Europe.
- Journeys wholly between Argentina, Brazil, Chile, Uruguay, Paraguay and IATA Traffic Conference Area 2.
- Journeys wholly within IATA Traffic Conference Area 1 .

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To understand with an example the back haul check

**Example 1**

<b>Itinerary</b>	
Maldives (MLE) - Phuket (HKT) - Manila (MNL) - Hong Kong (HKG)	MLE-HKT-MNL-HKG
Maximum Permitted Mileage (MPM) for itinerary	7525 miles
Ticketed Permitted Mileage (TPM) for itinerary	6344 miles
<b>Fare Construction</b>	
MLE - HKG = 8150 NUC MLE - MNL = 8300 NUC (HIP) There is a Higher Intermediate Point (HIP) in the fare between Maldives and Manila.	
MLE - MNL(HIP)	8300 NUC
MLE - HKG	8150 NUC
Difference	150 NUC
Add HIP from Origin (MLE-MNL)	8300 NUC
Back Haul Minimum Fare	8450 NUC
Less Applicable Fare	8300 NUC
Back Haul Adjustment	150 NUC P
Minimum Fare to be Charged	8450 NUC
Fare Charged is Back Haul minimum fare which is higher than Mileage Constructed fare.	

The letter "P" indicates that Plus Up is applicable.

**Example 2**

<b>Itinerary</b>	
Nairobi (NBO)- Istanbul (IST) - Amman (AMM) - Jeddah (JED)	NBO-IST-AMM-JED
Maximum Permitted Mileage (MPM) for itinerary	4723 miles
Ticketed Permitted Mileage (TPM) for itinerary	4924 miles
<b>Fare Construction</b>	
NBO - JED = 958.11 NUC NBO - IST = 1284.38 NUC (HIP) NBO - AMM = 754.00 NUC There is a Higher Intermediate Point (HIP) in the fare between Nairobi and Istanbul.	
NBO - JED	958.11 NUC
NBO- IST (HIP)	1284.38 NUC

EMS 5%	64.21 NUC
(TPM is greater than MPM)	
Applicable Fare	1348.59 NUC
<b>Minimum Check using Back Haul rule</b>	
NBO - IST (HIP)	1284.38 NUC
Less NBO - JED	958.11 NUC
Difference	326.27 NUC
Add HIP from Origin (NBO-IST)	1284.38 NUC
Backhaul Minimum Fare	1610.65 NUC
Less Applicable Fare	1348.59 NUC
Back Haul Adjustment	262.06 NUC P
Minimum Fare to be Charged	<b>1610.65 NUC</b>
Fare Charged is Back Haul minimum fare which is higher than Mileage Constructed fare.	

The letter "P" indicates that Plus Up is applicable.

### 3.4 CIRCLE TRIP :

When a passenger flies from the origin to a destination and returning back to the point of origin it is known as Return Trip. Circle Trip (CT) is a special form of return trip. A circle trip is a return trip that usually includes multiple stops along the route of travel before returning to the point of origin. For example, London to Australia via Asia on the way out and Australia to London via the United States on way back.

Fare calculation in a Circle trip needs a lot of check to be undertaken as there are different fares for different destinations in a circle trip. A Circle trip fare is always higher than a direct Return fare. The highest Round trip fare from the origin shall be the Minimum Trip fare.

The comparison of Minimum trip fare to the Total constructed fare is undertaken and whichever is higher is charged. When the minimum fare is higher a plus up is calculated. If the constructed fare is higher than the minimum fare, then it shall be charged and no plus up needs to be calculated.

For journeys originating in Australia or New Zealand the Circle Trip check does not apply. For all other journeys Circle trip check applies.

Let's understand the fare calculation of Circle Trip through an example

#### Example

<b>Itinerary</b>		
London - Hong Kong - Singapore - Ho Chih Minh City - Jakarta- Mumbai- Moscow - London		LON-HKG-SIN-SGN-JKT-BOM-MOW-LON
<b>Fare Components</b>	<b>LON - JKT</b>	<b>JKT- LON</b>
<b>Surcharge</b>	<b>Applicable</b>	<b>Not Applicable</b>
Fare	3000.00 NUC	3000.00 NUC

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Higher Intermediate Points (HIP)	LON- HKG- 3050.00 NUC LON- SGN - 3400.00 NUC	MOW-JKT- 3200.00 NUC
HIP Fare Considered	3400.00 NUC	3200.00 NUC
Surcharge	120.00 NUC (@5%)	0.00 NUC(No Surcharge)
Sub Total	3520.00 NUC	3200.00 NUC
Total	6720.00 NUC	
Minimum Fare Check	<b>CIRCLE TRIP MINIMUM</b> LON_HKG_LON 6100.00 Minimum 6800.00 LON_SIN_LON 5800.00 (-) Total 6720.00 <b>LON_SGN_LON 6800.00</b> (=) Plus Up 80.00 LON_JKT_LON 6000.00 LON_BOM_LON 2700.00	
Fare to be Charged for the Itinerary in Circle Trip is 6800.00 NUC		

### 3.5 ROUTINGS :

When flying from your origin to your destination, there are two options :

- Non-stop flights flying directly without any touchdown between origin and destination.
- Flights that touch down and make a stopover.

The complexity of fares arises from stopovers. Flights can make stopovers for different reasons. They may be

- **Intermediate stop/technical stop** : The aircraft touches down to take on fuel, off-load passengers, or on-load passengers, then journey continues on the same plane with the same flight number.
- **Change of equipment/change of gauge** : Your flight touches down and you change to a different airplane. However, the flight number stays the same throughout your journey. Notice that a change of equipment with the same flight number still counts as a direct flight according to IATA rules.
- **Online transfer** : You change from one flight to another flight operated by the same carrier.
- **Interline transfer** : You change from one flight operated by one carrier to a flight operated by another carrier.

#### 3.5.1 Transits and Stopovers :

If your plane touches down and you transfer to another plane (either online or interline), you have two options:

- **Transit** : When you continue your journey as soon as possible, normally on the first scheduled flight onwards, but at least within 24 hours. In Central America, the rule is within 6 hours rather than 24 hours, and in North America it is within 4 hours.
- **Stopover** : When you stay more than 24 hours. With a stopover, you can fly from London to Sydney, but spend a few days en route in Singapore.



Stopovers provide a whole different set of fare rules. In North America, stopovers are any time spent that is more than 4 hours.

---

### **3.6 OPEN JAW AND SURFACE TRIPS :**

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In the Simple Travel section, a return trip was described as flying from your origin to your destination and back to your origin; your destination could also be referred to as your point of turnaround. There is another type of travel called Open Jaw (OJ) in which you return to a different airport than where you originated, or you leave from a different airport than where you arrived. This type of travel is called Open Jaw because your air routing looks like an open mouth (from the side) if you draw the routing on a map.

**Example 1 :**

You are flying from London Heathrow (LHR) to Paris (CDG) and then flying from Paris to Manchester (MAN). Your air routing is :

**Outbound :** LHR-CDG

**Inbound :** CDG-MAN

In the example above, the open jaw occurs at the origin, which is called an **Origin Open Jaw (OOJ)**. An open jaw at your destination is called a **Turnaround Open Jaw / Destination Open Jaw (TOJ)**

**Example 2 :**

The following example is an open jaw that occurs at the destination. For example you are travelling from London Heathrow (LHR) to Sydney, Australia (SYD). You decide to take a train from Sydney to Brisbane and then return to London.

The train trip from Sydney to Brisbane is referred to as a **surface sector**, which is any part of your journey in which the mode of travel is not flying. Surface sector travel can include non-flight options such as ship or boat. Your routing is:

**Outbound :** LHR-SIN-SYD

**Inbound :** BNE-SIN-LHR

**Example 3 :**

When you have an open jaw at either the origin or destination, you have a **Single Open Jaw (SOJ)**. If you have an open jaw at both the origin and destination, you have a **Double Open Jaw (DOJ)**. An example of the same where the journey starts from London Heathrow Airport to Singapore and Sydney and the return happens from Brisbane to Singapore to Manchester. A surface sector is indicated between Sydney to Brisbane and may also be indicated from Manchester to London.

**Outbound :** LHR-SIN-SYD

**Inbound :** BNE-SIN-MAN

**❑ Check Your Progress – 2 :**

1. The acronym FBP stands for
  - a. Fare Break Point
  - b. Fare Bill Point
  - c. Fare Bill Prank
  - d. Fare Break Point

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2. Back haul check is a minimum check done for
  - a. FBP
  - b. Return Fares
  - c. HIP
  - d. None of the options
3. Plus Up is calculated by
  - a. Maximum Fare - Total constructed fare
  - b. Minimum Fare - Total Constructed fare
  - c. Total fare - Total Constructed fare
  - d. All the options
4. Back Haul check is not applicable in
  - a. TC 1
  - b. TC 2
  - c. TC 3
  - d. All of the options
5. If a passenger starts his journey from Mumbai to Singapore to Hong Kong to Colombo to Mumbai, it is known as
  - a. Return Trip
  - b. One Way Trip
  - c. Circle Trip
  - d. Open Jaw
6. When you stay more than 24 hours at a destination and then again resume your journey
  - a. Transit
  - b. Stop over
  - c. Interline transfer
  - d. Online transfer

---

**3.7 LET US SUM UP :**

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The unit highlights Higher Intermediate Point as a differentiator in calculating fares that include multiple stops. The unit emphasizes on aspects of fare calculation like Back Haul Check. Back Haul Check is a process of checking fares to all stops on an itinerary to ensure that the highest possible fare is charged. A back haul check is a minimum check applied to fare with a Higher Intermediate Point from origin to stopover point. The unit acquaints you to calculations related to HIP and Back Haul fare through examples. The concept of routing is important in fare calculation and routings like Circle Trips and Open Jaw are discussed in the unit with their relevance to fare construction and rules applied.

---

**3.8 ANSWERS TO CHECK YOUR PROGRESS :**

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**Check Your Progress – 1 :**

1. b                      2. c                      3. a

**Check Your Progress – 2 :**

1. a                      2. c                      3. b  
4. a                      5. c                      6. b

---

**3.9 GLOSSARY :**

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- HIP :** Higher Intermediate Point  
**NUC :** Neutral Unit of Construction  
**IATA :** International Air Traffic Association  
**FBP :** Fare Break Point  
**CT :** Circle Trip

### 3.10 ASSIGNMENT :

#### Assignment 1 :

<b>Itinerary</b>	
Cairo (CAI) - Dubai (DXB) - Jeddah (JED) - Mumbai (BOM)	CAI-DXB-JED-BOM
Maximum Permitted Mileage (MPM) for itinerary	3700 miles
Ticketed Permitted Mileage (TPM) for itinerary	3870 miles
<b>Fare Construction</b>	
CAI - BOM = 1923.31 NUC CAI - JED = 2384.38 NUC CAI - DXB = 1021.00 NUC EMS Applicable is 5% a. Find the HIP fare in the itinerary. b. Calculate the applicable Surcharge in Value c. Do a Minimum Check using the Back Haul rule d. What is the Backhaul Minimum Fare ?	

### 3.11 ACTIVITIES :

1. List the different software used in fare calculation for airlines. Mention the function and principles of some of the software use in airfare calculation.

### 3.12 CASE STUDY :

Mr. Menon started his journey from New York by BA on 27th October and reached Istanbul. He proceeded from Istanbul on 29th October and reached Mumbai. On 31st October, Mr. Menon took a AI flight from Delhi for Dubai and on 2nd Nov, he boarded a EK flight from Dubai to Washington DC.

- a. What type of itinerary according to fare construction is been followed by Mr. Menon ?
- b. What does the codes AI, EK and BA stand for ?
- c. Mention the IATA codes for Istanbul, New York, Mumbai, Washington DC and Dubai ?

### 3.13 FURTHER READING :

1. [www.iata.org](http://www.iata.org)
2. [www.Talelearnings.com](http://www.Talelearnings.com)
3. [www.travelport.com](http://www.travelport.com)

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## **BLOCK SUMMARY**

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The key elements that were covered in the block highlight aspects related to fare construction related to different itineraries. Aspects like Higher Intermediate Points, Extra Mileage Allowance and Extra Mileage Surcharge that play a role in determining the fare for different itineraries have been discussed with relevant examples. The block also talks about different routing systems and how fare calculation is associated to different routings.

---

## **BLOCK ASSIGNMENT**

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### **Short Question Answer**

1. What is airline itinerary ?
2. Describe EMA and EMS ?
3. What are HIP and its importance in calculating airfare ?
4. Explain Back Haul Check
5. What is the meaning of term routings and stopover in aviation sector ?

### **Long Question Answer**

1. Explain the term NUC (Neutral Unit of Construction) and its applicability in fare calculation.
2. Describe in detail with example :
  - a. Origin Open Jaw
  - b. Single and double open Jaw
  - c. Open Jaw with surface sector
3. Write a detailed note on Circle Trip supporting with suitable example.

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❖ **Enrolment No. :**

1. How many hours did you need for studying the units ?

<b>Unit No.</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>No. of Hrs.</b>			

2. Please give your reactions to the following items based on your reading of the block :

<b>Items</b>	<b>Excellent</b>	<b>Very Good</b>	<b>Good</b>	<b>Poor</b>	<b>Give specific example if any</b>
<b>Presentation Quality</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
<b>Language and Style</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
<b>Illustration used (Diagram, tables etc)</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
<b>Conceptual Clarity</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
<b>Check your progress Quest</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
<b>Feed back to CYP Question</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____

3. Any other Comments

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# **AIRFARE & TICKETING**

## **PART-1**



**DR. BABASAHEB AMBEDKAR OPEN UNIVERSITY**  
**AHMEDABAD**

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## **ROLE OF SELF INSTRUCTIONAL MATERIAL IN DISTANCE LEARNING**

The need to plan effective instruction is imperative for a successful distance teaching repertoire. This is due to the fact that the instructional designer, the tutor, the author (s) and the student are often separated by distance and may never meet in person. This is an increasingly common scenario in distance education instruction. As much as possible, teaching by distance should stimulate the student's intellectual involvement and contain all the necessary learning instructional activities that are capable of guiding the student through the course objectives. Therefore, the course / self-instructional material are completely equipped with everything that the syllabus prescribes.

To ensure effective instruction, a number of instructional design ideas are used and these help students to acquire knowledge, intellectual skills, motor skills and necessary attitudinal changes. In this respect, students' assessment and course evaluation are incorporated in the text.

The nature of instructional activities used in distance education self- instructional materials depends on the domain of learning that they reinforce in the text, that is, the cognitive, psychomotor and affective. These are further interpreted in the acquisition of knowledge, intellectual skills and motor skills. Students may be encouraged to gain, apply and communicate (orally or in writing) the knowledge acquired. Intellectual- skills objectives may be met by designing instructions that make use of students' prior knowledge and experiences in the discourse as the foundation on which newly acquired knowledge is built.

The provision of exercises in the form of assignments, projects and tutorial feedback is necessary. Instructional activities that teach motor skills need to be graphically demonstrated and the correct practices provided during tutorials. Instructional activities for inculcating change in attitude and behavior should create interest and demonstrate need and benefits gained by adopting the required change. Information on the adoption and procedures for practice of new attitudes may then be introduced.

Teaching and learning at a distance eliminates interactive communication cues, such as pauses, intonation and gestures, associated with the face-to-face method of teaching. This is

particularly so with the exclusive use of print media. Instructional activities built into the instructional repertoire provide this missing interaction between the student and the teacher. Therefore, the use of instructional activities to affect better distance teaching is not optional, but mandatory.

Our team of successful writers and authors has tried to reduce this.

Divide and to bring this Self Instructional Material as the best teaching and communication tool. Instructional activities are varied in order to assess the different facets of the domains of learning.

Distance education teaching repertoire involves extensive use of self- instructional materials, be they print or otherwise. These materials are designed to achieve certain pre-determined learning outcomes, namely goals and objectives that are contained in an instructional plan. Since the teaching process is affected over a distance, there is need to ensure that students actively participate in their learning by performing specific tasks that help them to understand the relevant concepts. Therefore, a set of exercises is built into the teaching repertoire in order to link what students and tutors do in the framework of the course outline. These could be in the form of students' assignments, a research project or a science practical exercise. Examples of instructional activities in distance education are too numerous to list. Instructional activities, when used in this context, help to motivate students, guide and measure students' performance (continuous assessment)

## **PREFACE**

We have put in lots of hard work to make this book as user-friendly as possible, but we have not sacrificed quality. Experts were involved in preparing the materials. However, concepts are explained in easy language for you. We have included many tables and examples for easy understanding.

We sincerely hope this book will help you in every way you expect. All the best for your studies from our team!

# AIRFARE & TICKETING PART-1

## Contents

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### BLOCK 4 : AIR TRAVEL DOCUMENTS

---

#### **Unit 1      Passport & VISA**

Introduction, Evolution of Modern Passport, Passport in India, Appearance of India Passport, Identity Information Page on Indian Passport, Types of India Passport, Important Points to be Consider for Passport, VISA, Meaning of Visa, Types of Visa, Visa Issued by Purpose, Visa by Method of Issuing, Necessary Documents for Visa, Non-Visa Restrictions

#### **Unit 2      Custom and Currency Regulation**

Introduction, Understanding Indian Custom Regulations, Custom Formalities after Arrival at Airport from Foreign, Customs Duty and the Green Channel, Customs Duty and the Red Channel, Custom Regulation for Outbound Tourists, Duty Free Allowances and Entitlements, Duty Free Allowances for Indians and Foreigners Residing in India, Special Allowances for Professionals Returning to India, List of Prohibited/Restricted Goods and Penal Provisions, Currency Regulation

#### **Unit 3      Taxation in Airline & Tourism in India**

Introduction, Meaning of Tour Operator as per GST Act, GST Applicable for Tour Operators Services, Travel Agents in the GST Act, Air Fare under Indian GST Act, Tax to be Imposed – IGST/CGST/SGST, Taxes on Other Travel Service

#### **Unit 4      Health Regulation and Other Travel Document**

Introduction, Health Regulation for Travellers in India, Leaving India for International Destination, Persons Exempted from Production of Vaccination Certificate, Countries Regarded as Yellow Fever Infected, Health Regulation during Pandemic Covid-19, Travel Insurance, Types of Travel Insurance, Protected Area Permit (PAP) in India, General Protected Area Permit Requirements, Restricted Areas Permit (RAP) in India



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## ***Airfare & Ticketing Part-1***

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### **BLOCK 4 : AIR TRAVEL DOCUMENTS**

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UNIT 1 PASSPORT & VISA

UNIT 2 CUSTOM AND CURRENCY REGULATION

UNIT 3 TAXATION IN AIRLINE & TOURISM IN INDIA

UNIT 4 HEALTH REGULATION AND OTHER TRAVEL DOCUMENT

# ***AIR TRAVEL DOCUMENTS***

## **Block Introduction :**

Learners will study numerous travel documents such as passports, visas, health regulations, customs regulations, and currency regulations in this block. The learners have a good understanding of the types, uses, and requirements for these travel documents in each unit they study.

Air ticketing process isn't something you can do all alone without other important documents. It necessitates a slew of other paperwork before initiating ticketing process. Passports, visas, travel insurance, customs regulations, currency regulations, immunisation certificates, and other travel documents are all important and all the documents are inter-related to one another in some way or the other. For example to being the process of air ticketing one must have valid passport. Another example, to have visa one must have in possession with air ticket and passport and so on. This block deals with all such important travel documents.

## **Block Objectives :**

**The learner after successfully completing this block will be able to understand :**

- Evolution of Modern Passport
- Passport in India, its appearance and Types
- Meaning of Visa and Types of Visa
- Necessary Documents for Visa
- Non–visa Restrictions
- Custom Formalities after Arrival at Airport from Foreign
- Custom Regulation for Outbound Tourists
- Duty Free Allowances and Entitlements for Indian & foreigners
- Prohibited/Restricted Goods and Penal Provisions
- Meaning of Tour Operator as per GST Act
- GST Applicable for Tour Operators and Travel Agents Services
- Air Fare under Indian GST Act
- Taxes on other Travel Service
- Health Regulation for Travellers in Leaving India & Exempted
- Health Regulation during Pandemic Covid–19
- Travel Insurance and Types of Travel Insurance
- Protected Area Permit and Restricted Areas Permit in India

**Block Structure :**

**Unit 1 : Passport & VISA**

**Unit 2 : Custom and Currency Regulation**

**Unit 3 : Taxation in Airline & Tourism in India**

**Unit 4 : Health Regulation and Other Travel Document**



**UNIT STRUCTURE**

- 1.0 Learning Objective
- 1.1 Introduction
- 1.2 Evolution of Modern Passport
- 1.3 Passport in India
- 1.4 Appearance of India Passport
  - 1.4.1 Identity Information Page on Indian Passport
- 1.5 Types of India Passport
- 1.6 Important Points to be Consider for Passport
- 1.7 VISA
- 1.8 Meaning of Visa
- 1.9 Types of Visa
  - 1.9.1 Visa Issued by Purpose
  - 1.9.2 Visa by Method of Issuing
- 1.10 Necessary Documents for Visa
- 1.11 Non-Visa Restrictions
- 1.12 Let Us Sum Up
- 1.13 Answer for Check Your Progress
- 1.14 Glossary
- 1.15 Assignment
- 1.16 Activities
- 1.17 Case Study
- 1.18 Further Reading

---

**1.0 LEARNING OBJECTIVES :**

---

After reading and understanding this unit you will be able to :

- Know about the evolution of passport and Indian passport
- Acquainted with types of Indian passport and its appearance
- Know the types of Visa and necessary documents for Visa
- Have information related to non-visa restriction

---

**1.1 INTRODUCTION :**

---

One of the earliest known references to paperwork that served in a role similar to that of a passport was found in the Hebrew Bible. Approximately 450 BC, states that Nehemiah, an official serving King Artaxerxes I of Persia, asked permission to travel to Judea; the king granted leave and gave him a letter "to

the governors beyond the river" requesting safe passage for him as he traveled through their lands.

Arthashastra (3rd century BCE) make mentions of passes issued at the rate of one masha per pass to enter and exit the country. Chapter 34 of the Second Book of Arthashastra concerns with the duties of the Mudrādhyaksa (lit.'Superintendent of Seals') who must issue sealed passes before a person could enter or leave the countryside.

Etymological sources show that the term "passport" is from a medieval document that was required in order to pass through the gate (or "porte") of a city wall or to pass through a territory. In medieval Europe, such documents were issued to foreign travellers by local authorities (as opposed to local citizens, as is the modern practice) and generally contained a list of towns and cities the document holder was permitted to enter or pass through. On the whole, documents were not required for travel to sea ports, which were considered open trading points, but documents were required to travel inland from sea ports.

---

## **1.2 EVOLUTION OF MODERN PASSPORT :**

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King Henry V of England is credited with having invented what some consider the first passport in the modern sense, as a means of helping his subjects prove who they were in foreign lands. The earliest reference to these documents is found in a 1414 Act of Parliament. In 1540, granting travel documents in England became a role of the Privy Council of England, and it was around this time that the term "passport" was used. In 1794, issuing British passports became the job of the Office of the Secretary of State. The 1548 Imperial Diet of Augsburg required the public to hold imperial documents for travel, at the risk of permanent exile.

During World War I, European governments introduced border passport requirements for security reasons, and to control the emigration of people with useful skills. These controls remained in place after the war, becoming a standard, though controversial, procedure. British tourists of the 1920s complained, especially about attached photographs and physical descriptions, which they considered led to a "nasty dehumanisation". The British Nationality and Status of Aliens Act were passed in 1914, clearly defining the notions of citizenship and creating a booklet form of the passport.

In 1920, the League of Nations held a conference on passports, the Paris Conference on Passports & Customs Formalities and Through Tickets. Passport guidelines and a general booklet design resulted from the conference, which was followed up by conferences in 1926 and 1927.

While the United Nations held a travel conference in 1963, no passport guidelines resulted from it. Passport standardization came about in 1980, under the auspices of the International Civil Aviation Organization (ICAO). ICAO standards include those for machine-readable passports. Such passports have an area where some of the information otherwise written in textual form is written as strings of alphanumeric characters, printed in a manner suitable for optical character recognition.

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## **1.3 PASSPORT IN INDIA :**

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The Indian Passport Act of 1920 required the use of passports, established controls on the foreign travel of Indians, and foreigners travelling to and within

India. This passport act was based on the format agreed upon by the 1920 League of Nations International Conference on Passports. However, before independence the British Indian passport had very limited usage, being valid for travel only within the British Empire, Italy, Switzerland, Austria, Czechoslovakia, Germany, France, Spain, Norway, Sweden and Holland.

The use of British passport was discontinued after the establishment of the dominions of India and Pakistan in 1947, and its bearers were entitled to opt for Indian, Pakistani or British nationality. Passport laws were made strict in both the countries in 1952. Despite Pakistan's continued aggression and infiltration, Indian government allowed visa free arrival from Pakistan until the second Kashmir War. The current passport act came in existence in 1967.

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#### **1.4 APPEARANCE OF INDIA PASSPORT :**

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Contemporary ordinary Indian passports have deep bluish cover with golden coloured printing. The Emblem of India is emblazoned in the centre of the front cover. The words "भारत गणराज्य" in Devanagari and "Republic of India" are inscribed below the Emblem whereas "पासपोर्ट" in Devanagari and "Passport" in English are inscribed above the emblem. The standard passport contains 36 pages, but frequent travellers can opt for a passport containing 60 pages. Some early passports were handwritten, including some issued between 1997 and 2000 with 20 year validity dates. These passports have been ruled invalid by the Indian government and holders must replace them with machine-readable versions good for 10 years due to ICAO regulations.

##### **1.4.1 Identity Information Page on Indian Passport :**

The Bio data page contains the following information:

- Type : "P" – Stands for "Personal", "D" – Stands for "Diplomatic", "S" – Stands for "Service"
- Country code : IND
- Passport number
- Surname
- Given name (s)
- Sex
- Date of birth
- Place of birth
- Place of issue
- Date of issue
- Date of expiry
- Photo of passport holder
- Ghost picture of the passport holder (only passports issued since 2013)
- Signature of the passport holder
- The information page ends with the Machine Readable Passport Zone (MRZ).

The Demographics page at the end of the passport book contains the following information :

## Airfare & Ticketing Part-1

- Name of father or legal guardian
- Name of mother
- Name of spouse
- Address
- Old passport number
- File number

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### 1.5 TYPES OF INDIA PASSPORT :

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An Indian passport is issued by the Indian Ministry of External Affairs to Indian citizens for the purpose of international travel. It enables the bearer to travel internationally and serves as proof of Indian citizenship as per the Passports Act (1967). The Passport Seva (Passport Service) unit of the Consular, Passport & Visa (CPV) Division of the Ministry of External Affairs functions as the central passport organisation, and is responsible for issuing Indian passports on demand to all eligible Indian citizens. Indian passports are issued at 93 passport offices located across India and at 197 Indian diplomatic missions abroad.



#### 1. Ordinary Passport (Dark Blue Cover) :

The common man of India is issued the blue-coloured passport. This helps the custom, immigration officials and other authorities abroad distinguish between the common man and government officials of India holding high ranks.

The passport is issued for vacation, study and business trips abroad. It contains 36 or 60 pages. It is a "Type P" passport, where P stands for Personal.

#### 2. Official Passport (White Cover) :

The white passport is the most powerful one. Government officials are the eligible recipients of white passport. It is issued to persons travelling abroad for official work. The white passport makes it easy for the custom and immigration officials to identify the holder as a government official and give due treatment.

It is issued to individuals representing the Indian government on official business. It is a "Type S" passport, S stands for Service.

#### 3. Diplomatic Passport (Maroon Cover) :

A maroon passport is issued to Indian diplomats and senior government officials. For a high quality passport, a separate application has to be filed. Such passport holders become eligible for several benefits during foreign tours. In addition, they do not need a visa for flying abroad. Also, maroon passport holders are able to clear immigration formalities much faster than regular people.

It is issued to Indian diplomats, Members of Parliament, members of the Union Council of Ministers, certain high-ranking government officials and diplomatic couriers. Upon request, it may also be issued to high-ranking state-level officials travelling on official business. It is a "Type D" passport, with D standing for Diplomatic.

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### **1.6 IMPORTANT POINTS TO BE CONSIDER FOR PASSPORT :**

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1. **Emigration Check :** Holders of Emigration Check Required (ECR) type passports need a clearance called an Emigration Check from the Government of India's Protector of Emigrants when going to selected countries on a work visa. This is to prevent the exploitation of Indian workers (especially the unskilled and less-educated) when going abroad, particularly to Middle Eastern countries. ECR type passport holders travelling on a tourist visa do not need a clearance; this is known as an Emigration Check Suspension.
2. **Features :** Since 25 November 2015, Indian passports that are handwritten or with an original date of expiry extending to 20 years not have been valid under ICAO travel regulations. With more recent Indian passports the personal particulars of the passport holder, that were hitherto printed on the inner cover page, are printed on the second page of the document. Another added security feature in the newer non-handwritten passports is a ghost picture of the holder found on the right side of the second page. Apart from stymieing criminals from printing fake passports, recent changes also help prevent smudging of the document because of inkjet printers.
3. **Fees :** The price for a standard passport in India :
  - ₹ 1500 – Fresh issuance or reissue of passport (36 pages, standard size) with 10-year validity.
  - ₹ 2000 – Fresh issuance or reissue of passport (60 pages, 'jumbo' size) with 10-year validity.
  - ₹ 3500 – First time applicant or renewal with expedited ('tatkaal') service (36 pages) with 10-year validity.
  - ₹ 4000 – First time applicant or renewal with expedited ('tatkaal') service (60 pages) with 10-year validity.
  - ₹ 1000 – Fresh passport issuance for minors (below 18 years of Age) with 5-year validity or till the minor attains the age of 18, whichever is earlier.
  - ₹ 3000 – Duplicate passport (36 pages) in lieu of lost, damaged or stolen passport.
  - ₹ 3500 – Duplicate passport (60 pages) in lieu of lost, damaged or stolen passport.

Indian passports can also be issued outside India, for which fees varies by country.

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### **1.7 VISA :**

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Historically, immigration officials were empowered to permit or reject entry of visitors on arrival at the frontiers. If permitted entry, the official would issue a visa, when required, which would be a stamp in a passport. Today, travellers wishing to enter another country must often apply in advance for what

**Airfare & Ticketing**  
**Part-1**

is also called a visa, sometimes in person at a consular office, by post, or over the internet. The modern visa may be a sticker or a stamp in the passport, an electronic record of the authorization, or a separate document which the applicant can print before leaving home and produce on entry to the visited territory. Some countries do not require visitors to apply for a visa in advance for short visits.

In Western Europe in the late 19th century and early 20th century, passports and visas were not generally necessary for moving from one country to another. The relatively high speed and large movements of people travelling by train would have caused bottlenecks if regular passport controls had been used. Passports and visas became usually necessary as travel documents only after World War I. Hitherto, passports and visas were usually the same type of travel documents. In the modern world, visas have become separate secondary travel documents, with passports acting as the primary travel documents.

Visa applications in advance of arrival give countries a chance to consider the applicant's circumstances, such as financial security, reason for travel, and details of previous visits to the country. Visitors may also be required to undergo and pass security or health checks upon arrival at the port of entry.

**1.8 MEANING OF VISA :**

A visa (from the Latin charta visa, meaning "paper that has to be seen") is a conditional authorization granted by a territory to a foreigner, allowing them to enter, remain within, or to leave that territory. Visas typically may include limits on the duration of the foreigner's stay, areas within the country they may enter, the dates they may enter, the number of permitted visits or an individual's right to work in the country in question. Visas are associated with the request for permission to enter a territory and thus are, in most countries, distinct from actual formal permission for an alien to enter and remain in the country. In each instance, a visa is subject to entry permission by an immigration official at the time of actual entry, and can be revoked at any time. Visa evidence most commonly takes the form of a sticker endorsed in the applicant's passport or other travel document but may also exist electronically. Some countries no longer issue physical visa evidence, instead recording details only in immigration databases.

Some countries which restrict emigration require individuals to possess an exit visa to leave the country. These exit visas may be required for citizens, foreigners, or both, depending on the policies of the country concerned. Unlike ordinary visas, exit visas are often seen as an illegitimate intrusion on individuals' right to freedom of movement. Imposition of an exit visa requirement may be seen to violate customary international law, as the right to leave any country is provided for in the Universal Declaration of Human Rights.



**Specimen Visa**

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## 1.9 TYPES OF VISA :

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Each country typically has a multitude of categories of visas with various names. The most common types and names of visas include :

### 1.9.1 Visa Issued on the Basis of Purpose :

1. **Transit Visas :** For passing through the country of issue to a destination outside that country. Validity of transit visas are usually limited by short terms such as several hours to ten days depending on the size of the country or the circumstances of a particular transit itinerary.
  - Airside transit visa, required by some countries for passing through their airports even without going through passport control.
  - Crew member, steward, or driver visa, issued to persons employed or trained on aircraft, vessels, trains, trucks, buses, and any other means of international transportation, or ships fishing in international waters.
2. **Short–Stay or Visitor Visas :** For short visits to the visited country. Many countries differentiate between different reasons for these visits, such as:
  1. Private visa, for private visits by invitation from residents of the visited country.
  2. Tourist visa, for a limited period of leisure travel, no business activities allowed.
  3. Medical visa, for undertaking diagnostics or a course of treatment in the visited country's hospitals or other medical facilities.
  4. Business visa, for engaging in commerce in the country. These visas generally preclude permanent employment, for which a work visa would be required.
  5. Working holiday visa, for individuals travelling between nations offering a working holiday program, allowing young people to undertake temporary work while travelling.
  6. Athletic or artistic visa or Cultural exchange visa, issued to athletes and performing artists (and their supporting staff) performing at competitions, concerts, shows, and other events.
  7. Refugee visa, issued to persons fleeing the dangers of persecution, a war or a natural disaster.
  8. Pilgrimage visa: this type of visa is mainly issued to those intending to visit religious destinations and/or to take part in particular religious ceremonies. Such visas can usually be obtained relatively quickly and at a low cost; those using them are usually permitted to travel only as a group, however. The most well–known example is Saudi Arabia's Hajj visa.
  9. Digital nomad visa, for digital nomads who want to temporarily reside in a country while performing remote work. Thailand launched its SMART Visa, targeted at high expertise foreigners and entrepreneurs to stay a longer time in Thailand, with online applications for the visa being planned for late 2018. Estonia has also announced plans for a digital nomad visa, after the launch of its e–Residency program.

- 3. Long-Stay Visas :** Visas valid for long term stays of a specific duration include :
1. Student visa (F-1 in the United States), which allows its holder to study at an institution of higher learning in the issuing country. The F-2 visa allows the student's dependents to accompany them in the United States. Research visa may be considered in student visa where students doing fieldwork in the host country.
  2. Temporary worker visa, for approved employment in the host country. These are generally more difficult to obtain but valid for longer periods of time than a business visa. Examples of these are the United States' H-1B and L-1 visas. Depending on a particular country, the status of temporary worker may or may not evolve into the status of permanent resident or to naturalization.
  3. Journalist visa, which some countries require of people in that occupation when travelling for their respective news organizations. Countries that insist on this include Cuba, China, Iran, Japan, North Korea, Saudi Arabia, the United States (I-visa), and Zimbabwe.
  4. Residence visa, granted to people obtaining long-term residence in the host country. In some countries, such as New Zealand, long-term residence is a necessary step to obtain the status of a permanent resident.
  5. Asylum visa, issued to people who have suffered or reasonably fear persecution in their own country due to their political activities or opinion, or features, or association with a social group; or were exiled from their own country.
  6. Dependent visa, issued to certain family members of holder of a long-stay visa of certain other types (e. g., to spouse and children of a qualified employee holding a temporary worker visa).
- 4. Immigrant Visa :** Granted for those intending to settle permanently in the issuing country (obtain the status of a permanent resident with a prospect of possible naturalization in the future):
1. Spouse visa or partner visa, granted to the spouse, civil partner or de facto partner of a resident or citizen of a given country to enable the couple to settle in that country.
  2. Family member visa, for other members of the family of a resident or citizen of a given country. Usually, only the closest ones are covered :
    - Parents, often restricted to helpless ones, i. e. those who, due to their elderly age or state of health, need supervision and care;
    - Children (including adopted ones), often restricted to those who haven't reached the age of maturity or helpless ones;
    - Often also extended to grandchildren or grandparents, where their immediate parents or children, respectively, are for whichever reason unable to take care of them;
    - Often also extended to helpless siblings.



3. Marriage visa, granted for a limited period before intended marriage or conclusion of a civil partnership based on a proven relationship with a citizen of the destination country. For example, a German woman wishing to marry an American man would obtain a Fiancée Visa (also known as a K-1 visa) to allow her to enter the United States. A K-1 Fiancée Visa is valid for four months from the date of its approval.
4. Pensioner visa (also known as retiree visa or retirement visa), issued by a limited number of countries (Australia, Argentina, Thailand, Panama, etc.), to those who can demonstrate a foreign source of income and who do not intend to work in the issuing country. Age limits apply in some cases.
5. **Official Visas** : These are granted to officials doing jobs for their governments, or otherwise representing their countries in the host country, such as the personnel of diplomatic missions.
  - A diplomatic visa in combination with a regular or diplomatic passport.
  - Courtesy visas are issued to representatives of foreign governments or international organizations who do not qualify for diplomatic status but do merit expedited, courteous treatment – an example of this is Australia's special purpose visa.

### **1.9.2 Visa by the Method of Issuing :**

Normally visa applications are made at and collected from a consulate, embassy, or other diplomatic mission.

#### **1. On-Arrival Visas :**

Also known as visas on arrival (VOA), they are granted at a port of entry. This is distinct from visa-free entry, where no visa is required, as the visitor must still obtain the visa on arrival before proceeding to immigration control.

Almost all countries will consider issuing a visa (or another document to the same effect) on arrival to a visitor arriving in unforeseen exceptional circumstances, for example :

Under provisions of article 35 of the Schengen Visa Code, a visa may be issued at a border in situations such as the diversion of a flight causing air passengers in transit to pass through two or more airports instead of one. In 2010, Iceland's Eyjafjallajökull volcano erupted, causing significant disruption of air travel throughout Europe, and the EU responded by announcing that it would issue visas at land borders to stranded travellers.

Certain international airports in Russia have consul's on-duty, who have the power to issue visas on the spot. Some countries issue visas on arrival to special categories of travellers, such as seafarers or aircrew.

Some countries issue them to regular visitors; there often are restrictions, for example :

- Belarus issues visas on arrival in Minsk international airport only to nationals of countries where there is no consular representation of Belarus.
- Thailand only issues visas on arrival at certain border checkpoints. The most notable crossing where visas on arrival are not issued is the Padang Besar checkpoint for passenger trains between Malaysia and Thailand.

## **2. Electronic Visas :**

An electronic visa (e-Visa or eVisa) is stored in a computer and is linked to the passport number so no label, sticker, or stamp is placed in the passport before travel. The application is done over the internet, and the receipt acts as a visa, which can be printed or stored on a mobile device.

Russia maintains an e-Visa program for visitors from certain countries arriving to Russian Far East, Saint Petersburg, Leningrad Region and Kaliningrad Region. And will introduce a single electronic visa from 1 January 2021.

Authorities of Belarus, Chad, Republic of the Congo, Democratic Republic of the Congo, Equatorial Guinea, Ghana, Japan, Kazakhstan, Liberia, South Africa, and Tunisia have announced plans to introduce electronic visas in the future.

These lists are not exhaustive. Some countries may have more detailed classifications of some of these categories reflecting the nuances of their respective geographies, social conditions, economies, international treaties, etc.

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### **1.10 NECESSARY DOCUMENTS FOR VISA :**

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Although the requested documents vary from country to country, we strongly recommend that the documents mentioned below be ready with you.

- Passport (at least 1 year)
- Passport photocopy
- Completed visa application form
- Visa fee (required in foreign currency)
- Hotel reservation
- Round-trip airfare
- At least 3 biometric photographs
- Travel health insurance
- Bank statement documents for at least 3 months

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### **1.11 NON-VISA RESTRICTIONS :**

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- 1. Blank Passport Pages :** Many countries require a minimum number of blank pages to be available in the passport being presented, typically one or two pages. Endorsement pages, which often appear after the visa pages, are not counted as being available.
- 2. Vaccination :** An International Certificate of Vaccination or Prophylaxis is required to prove that someone has been vaccinated against yellow fever  
An increasing number of countries have been imposing additional COVID-19 related health restrictions such as quarantine measures and testing requirements. Many countries increasingly consider the vaccination status of travellers with regard to quarantine requirements or when deciding to allow them entry at all. This is justified by research that shows that the efficacy of the Pfizer vaccine lasts for six months or so.
- 3. Passport Validity Length :** In the absence of specific bilateral agreements, countries requiring passports to be valid for at least 6 months on arrival.



documents required, etc was studied in this unit. Both passport and visa are important documents used while travelling abroad.

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### **1.13 ANSWER FOR CHECK YOUR PROGRESS :**

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#### **Check Your Progress :**

- |      |      |      |      |
|------|------|------|------|
| 1. c | 2. b | 3. d | 4. c |
| 5. b | 6. d | 7. b | 8. a |

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### **1.14 GLOSSARY :**

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**Republic :** A state in which supreme power is held by the people and their elected representatives, and which has an elected or nominated president rather than a monarch.

**The League of Nations :** It was the first worldwide intergovernmental organisation whose principal mission was to maintain world peace.

**Diplomate :** A person appointed by a national government to conduct official negotiations and maintain political, economic, and social relations with another country or countries.

**Human Rights :** Human rights are moral principles or norms for certain standards of human behaviour and are regularly protected in municipal and international law.

**Round Trip :** A journey to one or more places and back again, especially by a route that does not cover the same ground twice.

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### **1.15 ASSIGNMENT :**

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1. Explain the evolution of passport over the period of time.
2. How many types of passport are in India ?
3. What are the information on the page of Indian passports ?
4. Explain the meaning of VISA and the basis on which visas are issued.
5. What are the restrictions other than visa to enter in the foreign country ?

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### **1.16 ACTIVITIES :**

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1. Ministry of External Affairs are planning to issue Orange Passport. Find out the purpose and importance of Orange Passport.

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### **1.17 CASE STUDY :**

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#### **United Kingdom Passport Agency: The passport delays of Summer 1999**

Delays in issuing passports earlier this year led to much anxiety and inconvenience for members of the public hoping to travel. By June, the Passport Agency had around 565,000 applications awaiting processing. Sir John Bourn, head of the National Audit Office, reported to Parliament today on the delays at the Agency during Summer 1999.

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head of the National Audit Office, reported to Parliament today on the delays at the Agency during Summer 1999.

Several factors contributed to cause the problems. The initial cause was the introduction from October 1998 of a new passport processing system in two of the Agency's six offices – Liverpool and Newport. The new system was intended to replace an ageing computer system and to produce a more secure passport. Siemens Business Services is responsible for developing and providing the new computer system and for undertaking the initial processing of applications.

**Sir John Singles Out :**

- a failure to assess and test adequately the time needed by staff to learn and work the new passport processing system, which involved some changes in clerical and administrative processes as well as computerisation;
- insufficient contingency planning in the event that implementation of the new system might not go according to plan. Extending the pilot from Liverpool to Newport before problems were fully overcome compounded the problem; and
- a failure to communicate effectively with the public, both at a personal level in dealing with calls from the public to its telephone enquiry bureau, and more generally via the media.

The strategy adopted by the Agency in early 1999 to get through the busy season rested on its past experience that it would be able to increase output by increasing overtime and hiring casual staff. A recovery plan was agreed between the Agency and the Home Office in March, including the recruitment of extra staff. However, the Agency did not foresee the loss in public confidence, which led to a sharp increase in applications and enquiries about them, once the delays attracted publicity. This was exacerbated by a higher volume of applications for child passports than the Agency expected. Whilst the Agency took action to make up for lost production in Liverpool and Newport – in May monthly output was 619,000 compared to a peak of 564,000 in the previous year – it was not able to make up for the increase in applications. The Agency was too reliant on using routine solutions, such as staff and managers working longer and longer hours to cope.

**On the Cost of The Problems :**

Sir John estimates that the cost of the additional measures taken by the Agency to deal with the failures during the year from October 1998 will be around £12.6 million, including £6 million for additional staffing.

Total compensation paid to members of the public for missed travel and other expenses currently amounts to £161,000, but is likely to rise further. Almost 500 travel dates were missed over the period and many more people were inconvenienced. Whilst the Agency's performance over the Summer was at or around its target of meeting 99.99 per cent of travel dates, the Home Office accepts that this target did not reflect a meaningful standard of service for the public.

The Agency has received compensation totalling £69,000 from its contractors for shortfalls in performance. The Agency has waived other compensation due from Siemens, estimated by the Agency to be worth £275,000. Initially, the waivers had been granted by the Agency to allow time for the new system to settle down. The Agency is now discussing with Siemens how the costs of the crisis are to be shared.

**On the Action Taken to Prevent the Problems Recurring :**

The Agency now faces a decision whether and when to roll out the system to its remaining offices. The new passport processing system has yet to achieve its performance targets; but the Agency and Siemens are now considering a range of measures to improve productivity. Nonetheless, the Report records that the unit cost to the taxpayer of producing a passport would rise, in the absence of other changes, to £14 in the medium term, compared to £12 in the Agency's business case. These costs are recovered through the passport fee, which also helps to recover the cost of some consular services provided by the Foreign and Commonwealth Office.

The Agency is also considering a number of additional measures to improve its services to the public including, for example, an expansion of its telephone enquiry service and passport issuing service to cope with demand during peak periods. These additional measures are likely to add over £3 to the cost of producing each passport, bringing the unit cost to over £17 from 2000–01.

**On the Lessons to be Learned :**

Sir John commented "this case highlights a number of important lessons which all departments and agencies delivering services to the public will wish to consider". The Report identifies ten points, in particular, including:

- a need for proper testing of new systems before committing to live operation, in particular for staff to learn and work the system;
- a need to have realistic contingency plans in place; and
- a need, when service delivery is threatened, to have the capability to keep the public well informed.

<https://www.nao.org.uk/report/united-kingdom-passport-agency-the-passport-delays-of-summer-1999/>

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**1.18 FURTHER READING :**

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1. A. K. Bhatia, International Tourism Management, (2019) Sterling Publishers Pvt. Ltd.
2. Sampad Kumar Swain & Jitendra Mohan Mishra, Tourism: Principles and Practices, (2011) Oxford University Press
3. Jagmohan Negi, Air Travel Ticketing and Fare Construction, (2009) Kanishka Publishing House

# *Custom and Currency Regulation*

## **UNIT STRUCTURE**

- 2.0 Learning Objective
- 2.1 Introduction
- 2.2 Understanding Indian Custom Regulations
- 2.3 Custom Formalities after Arrival at Airport from Foreign
  - 2.3.1 Customs Duty and the Green Channel
  - 2.3.2 Customs Duty and the Red Channel
- 2.4 Custom Regulation for Outbound Tourists
- 2.5 Duty Free Allowances and Entitlements
  - 2.5.1 Duty Free Allowances for Indians and Foreigners Residing in India
  - 2.5.2 Special Allowances for Professionals Returning to India
- 2.6 List of Prohibited/Restricted Goods and Penal Provisions
- 2.7 Currency Regulation
- 2.8 Let Us Sum Up
- 2.9 Answer for Check Your Progress
- 2.10 Glossary
- 2.11 Assignment
- 2.12 Activities
- 2.13 Case Study
- 2.14 Further Reading

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### **2.0 LEARNING OBJECTIVES :**

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After understanding this unit learner will able to :

- Understand the basics of India custom regulations
- Know about the custom formalities after arrival at airport from foreign
- Get clear about the custom regulation for outbound tourists
- Understand duty free allowances and entitlements
- Know various prohibited/restricted goods and penal provision of possessing them

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### **2.1 INTRODUCTION :**

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Tourists coming to India must make a declaration of the baggage and foreign currency in their possession. They are required to obtain the Currency Declaration Form from the Customs. It's mandatory to fill the Disembarkation Card handed to them by the airline during the course of the flight.

For smooth passage of the foreign visitors two channels for Customs clearance have been provided. While the Green Channel is for passengers not

having any dutiable articles or unaccompanied baggage, Red Channel is for passengers with dutiable articles or unaccompanied baggage or high value articles (the value to be entered on the Tourist Baggage Re-Export Form).

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## **2.2 UNDERSTANDING INDIAN CUSTOM REGULATIONS :**

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If you are travelling from the foreign to India or vice versa, it is better to know your rights and custom clearance in India. All the passengers who have prohibited or dutiable goods in their possession or goods in excess of their eligible Duty Free allowance shall ensure to file correct declaration of their baggage. Familiarity with custom regulations and baggage rules can go a long way in saving money, time and energy during travel. First, you will not have to pay more than what you own in terms of customs duty. Second, you will save time and energy by quickly doing the right thing and avoiding hassles at the airports in India. Last, knowing about rules prepares you in advance.

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## **2.3 CUSTOM FORMALITIES AFTER ARRIVAL AT AIRPORT :**

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When you arrive at the airport, you will have two options for clearing customs.

- Passing through the Green Channel if you do not have any dutiable goods.
- Passing through the Red Channel if you have any dutiable goods.

### **2.3.1 Customs Duty and the Green Channel :**

If you do not have any dutiable items,

- Fill the declaration form on board. You will receive the Customs Declaration Form on board before landing in India.
- Give the form to the custom official at the gate before leaving the terminal.
- Make sure that you fill the declaration of your baggage accurately.
- It is an offence to carry dutiable items and not declare customs.

### **2.3.2 Customs Duty and the Red Channel :**

If you have any dutiable items,

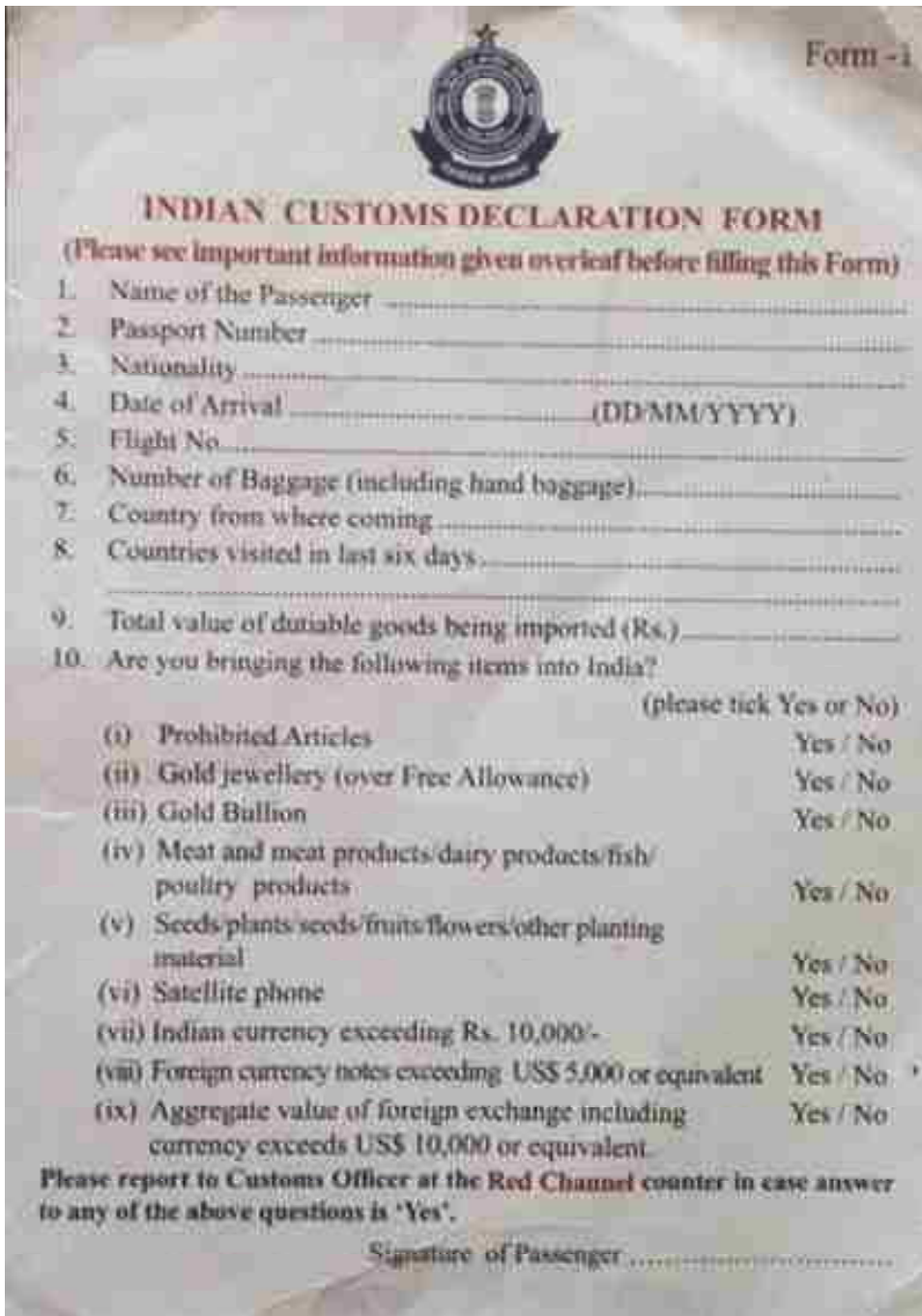
- Fill the declaration form on board. You will receive the Customs Declaration Form on board before landing in India.
- Give the form to the custom official at the gate before leaving the terminal.
- Make sure that you fill the declaration of your baggage accurately.
- Declare that you do not have value of foreign currency notes in excess of US \$ 5000 or equivalent. You should also declare that you do not have more than US \$10,000 aggregate value of foreign exchange including currency.






**2.4 CUSTOM REGULATION FOR OUTBOUND TOURISTS :**

All the passengers leaving India are subject to clearance by Custom authorities. Only bonafide baggage is allowed to be cleared by passengers. There is a procedure prescribed whereby the passengers leaving India can take the export certificate for the various high value items such as camera, video camera, as well as jewellery from the Customs authorities. Such an export certificate facilitates re-importation of such goods while bringing back the things to India as no duty is charged. The advantage of having the export certificate is that the concessions you are entitled to, when you return are not affected.



Form -1



**INDIAN CUSTOMS DECLARATION FORM**

(Please see important information given overleaf before filling this Form)

1. Name of the Passenger .....
2. Passport Number .....
3. Nationality .....
4. Date of Arrival ..... (DD/MM/YYYY)
5. Flight No.....
6. Number of Baggage (including hand baggage).....
7. Country from where coming .....
8. Countries visited in last six days.....
9. Total value of durable goods being imported (Rs.) .....
10. Are you bringing the following items into India?  
(please tick Yes or No)

(i) Prohibited Articles	Yes / No
(ii) Gold jewellery (over Free Allowance)	Yes / No
(iii) Gold Bullion	Yes / No
(iv) Meat and meat products/dairy products/fish/ poultry products	Yes / No
(v) Seeds/plants/seeds/fruits/flowers/other planting material	Yes / No
(vi) Satellite phone	Yes / No
(vii) Indian currency exceeding Rs. 10,000/-	Yes / No
(viii) Foreign currency notes exceeding US\$ 5,000 or equivalent	Yes / No
(ix) Aggregate value of foreign exchange including currency exceeds US\$ 10,000 or equivalent.	Yes / No

Please report to Customs Officer at the Red Channel counter in case answer to any of the above questions is 'Yes'.

Signature of Passenger .....

**Front Side of Indian Custom Declaration Form**

**IMPORTANT INFORMATION**

**Items prohibited for import include:**

1. Maps and literature where Indian external boundaries have been shown incorrectly.
2. Narcotic Drugs and Psychotropic Substances.
3. Goods violating any of the legally enforceable intellectual property rights.
4. Wild life products.
5. Counterfeit Currency notes/coin or fake Currency notes.
6. Specified Live Birds and animals.

**Customs Duty Free Allowance :**

Eligible Passenger	Origin Country	Duty Free Allowance
Passengers of Indian origin and foreigners of over 10 years of age residing in India	Nepal, Bhutan, Myanmar, China	Rs. 6,000
Passengers of Indian origin and foreigners of over 10 years of age residing in India	Other than Nepal, Bhutan, Myanmar, China	Rs. 35,000
Tourists of foreign origin	Anywhere	Gifts and souvenirs worth Rs.8,000
Indian passenger who has been residing abroad for over one year.	Anywhere	Gold jewellery : Gentleman - Rs. 50,000 Lady - Rs. 1,00,000
All passengers	Anywhere	Alcohol liquor or wine; 2 litres
	Anywhere	Cigarettes 200 numbers or Cigars upto 50 or Tobacco 250 grams
Passenger of 18 years and above	Anywhere	One laptop computer (note book computer)

Customs duty is leviable @ 36.05% (Basic Customs duty @ 35% + Education Cess @3%) on the value of dutiable goods that is in excess of the Duty Free Allowance.

Indian Customs is responsible for protecting the nation against the illegal import of prohibited items. Indian Customs officers have the authority to question you and to examine you and your personal property. If you are one of the passengers selected for questioning / examination, you will be treated in a courteous, professional and dignified manner.

If your baggage is mishandled / lost on arrival, please obtain endorsement of free allowance, if any, from Customs Officer at Mishandled Baggage Counter.

For updated information on items prohibited/restricted for import or in case of any difficulty or complaint, please contact the Customs PRO.

**INDIAN CUSTOMS WELCOMES YOU TO INDIA**

**Back Side of Indian Custom Declaration Form**

**2.5 DUTY FREE ALLOWANCES AND ENTITLEMENTS :**

Duty-free refers to the act of being able to purchase an item in particular circumstances without paying import, sales, value-added, or other taxes. Duty-free stores are an enticing perk of international travel. These retail businesses sell merchandise that is exempt from duties and taxes with the understanding they will be taken out of the country for use. Many popular duty-free items found in airport shops include liquor, chocolate, and perfume.

Under ordinary circumstances, host countries expect you to pay an import, sales, value-added (VAT), or local tax on goods you buy. However, when shopping in international airports, sea terminals, onboard cruise ships, and during international airline flights your purchase is made in no man's land. Hence, you are neither in nor out of any particular host country, including the one in which

the terminal is located. No man's land status is a justification for shielding you, as a passenger in transit, from host country taxes.

If you are returning to India from foreign, there are different rules that allow a person to carry his house hold stuff without paying any taxes or at minimum tax level. Details on allowed free of duty and the conditions are mentioned in subsequent topics.

### **2.5.1 Duty Free Allowances for Indians and Foreigners Residing in India :**

A Resident means a person holding a valid passport issued under the Passports Act, 1967 and normally residing in India

#### **I. For Passengers Coming from Countries Other Than :**

- (a) Nepal, Bhutan, Myanmar or China.
- (b) Pakistan by Land Route

Duty-Free Entitlements For Bonafide Baggage	For Passengers of age 10 Years & Above	For Passengers of age below 10 Years
Used personal effects (excluding jewellery) required for satisfying daily necessities of life	Free*	Free*
Other articles carried on person or in accompanied baggage (a) if stay abroad is for more than three days. (b) if stay abroad is upto three days.	Valued upto Rs.45,000/- Valued upto Rs.17,500/-	Valued upto Rs.17,500/- Valued upto Rs.3,000/-

\*If returning after stay abroad of more than three days.

#### **II. Passengers Coming From :**

- (I) Nepal, Bhutan, Myanmar or China, other than by land route
- (II) Pakistan by land route

Duty - Free Entitlements For Bonafide Baggage if Stay abroad for more than three days	For Passengers of age 10 Years & Above	For Passengers of age below 10 Years
Used personal effects (excluding jewellery) required for satisfying daily necessities of life	Free*	Free*
Other articles carried in person or in accompanied baggage	Valued upto Rs. 6,000/-	Valued upto Rs.3,000/-

#### **Tips : Customs Regulations**

- The free allowance is not applicable to the following goods
  1. Fire arms.
  2. Cartridges of fire arms exceeding 50.
  3. Cigarettes exceeding 100 or cigars exceeding 25 or tobacco exceeding 125 gms.
  4. Alcoholic liquor or wines in excess of 2 litres.
  5. Gold or silver any form, other than ornaments.
  6. Flat Panel (LCD/LED/Plasma) Television.

7. One laptop computer (notebook computer) over and above the said free allowances mentioned above is also allowed duty free if imported by any passenger of the age of 18 years and above. The free allowance shall not be pooled with the free allowance of any other passenger

- The goods over and above the free allowances are admissible for customs duty @ 35% + an education cess of 2%. The total rate is approximately 36.05%.
- Alcoholic drinks and tobacco products imported in excess of free allowance are chargeable to custom duty at the rates applicable to their commercial imports as per the Customs Tariff Act, 1975.
- Do not blindly pay the duty at the Airport. If you are not sure, you can always ask for the exact rules, and can estimate the customs duty you owe on your own.
- If you think you don't have anything that must be declared at the custom counter, you can come out through the green channel.

### **2.5.2 Special Allowances for Professionals Returning to India :**

An Indian passenger who was engaged in his profession abroad shall on his return to India be allowed clearance free of duty, in addition to the aforesaid allowances, articles in his bonafide baggage to the extent as mentioned below :

Depending on minimum the time period stayed abroad by the passenger and fulfilment of conditions, various articles are allowed free of duty up to a specified limit.

- a. 3–6 months : aggregate value of Rs. 60,000
- b. 6 months – 1 year : aggregate value of Rs. 1,00,000
- c. Minimum 1 year during preceding two years : aggregate value of Rs. 1,00,000
- d. Minimum stay of two years or more: up to a value of Rs. 5 lakhs

These allowances are subject to fulfilment of conditions and are only available on specific items. For further details, Rule 6 of the Baggage Rules, 2016 may please be referred.

The rate of duty applicable to some of the items imported by passengers transferring their residence from the foreign to India is 15% + educational cess @ 2% to a total of 15.3%. Remember that you have to show evidence of stay in foreign land for more than 365 days in the past 2 years.

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## **2.6 LIST OF PROHIBITED/RESTRICTED GOODS AND PENAL PROVISIONS :**

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Certain goods are prohibited (banned) or restricted (subject to certain conditions) for import and/or export. These are goods of social, health, environment, wildlife and security concerns. While it is not possible to list all the goods, more common of these are :

### **Prohibited Goods :**

- Narcotic Drugs and Psychotropic substances
- Pornographic material

- Counterfeit and pirated goods and good infringing any of the legally enforceable intellectual property rights
- Antiquities

**Restricted Goods :**

- Remote controlled drones and helicopters
- Firearms and ammunition
- Live birds and animals including pets
- Plants and their produce e.g. fruits, seeds.
- Endangered species of plants and animals, whether live or dead.
- Any goods for commercial purpose for profit , gain or commercial usage.
- Radio transmitters not approved for normal usage.
- Gold and Silver, other than ornaments (For import only)

**Penal Provisions :**

Please note that non-declaration, misdeclaration and concealment of imported goods is an offence under the Customs Act which may result in confiscation, fine, penalty and even prosecution". The Customs Act, 1962 empowers imposition of heavy penalties for those passengers who attempt to walk through the Green Channel with prohibited, restricted or dutiable goods.

- Misdeclare their goods at the Red Channel
- Attempt to export prohibited or restricted goods
- Abet the commission of any of the above offences

The penal provisions may lead to :

- Absolute confiscation of goods;
- Imposition of heavy fine in respect of the concerned goods if these are released;
- Imposition of penalty on individual or concerned entities;
- Arrest and prosecution including invocation of preventive detention in serious cases.

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## **2.7 CURRENCY REGULATION :**

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Foreign exchange can be bought from any authorised dealer, such as banks that deal in foreign currency. Besides these, money changers also provide exchange for business and private visits.

According to the Foreign Exchange Management Act 1999, the total value of Foreign Currency brought in by a person, in the form of Currency Notes, Travellers Checks etc. should not exceed a fixed total limit. The Currency Notes of any nationality should be considered in terms of USD or its equivalent exchange. If it is above this limit, then you need to declare it at the customs, and need to fill up a CDF (Currency Declaration Form). Indian and foreign currency in excess of prescribed limits:

1. Local currency (Indian Rupee–INR) up to maximum INR 25,000.
  - a. Not allowed for nationals of Bangladesh or Pakistan residing outside India;

**Airfare & Ticketing**  
**Part-1**

- b. If arriving from Bhutan or Nepal, only currency notes in denominations of maximum INR 100 is allowed.
  - c. Carrying of Indian currency notes in the denomination of Rs. 500 and Rs. 1,000 to Nepal is prohibited.
2. **Foreign Currencies :** The amounts exceeding USD 5,000 (or equivalent) in cash, or USD 10,000 (or equivalent) in traveller's cheques must be declared.

Foreign currencies include currency notes, traveller's cheques, cheques, drafts etc. (Re)-exchange only through banks and authorised money exchange points.

3. **Unspent Currency :** On return from a foreign trip, travellers must convert the unspent foreign currency back into rupees-currency notes within 90 days and travellers' cheques within 180 days of return.

Travellers can retain foreign exchange up to \$2,000, in the form of foreign currency notes or travellers' cheques for future use, provided it is unspent amount or a gift from a foreign resident.

No foreign exchange is available for visiting Nepal and Bhutan. Foreign exchange for travel abroad can be purchased from banks against payment in cash up to Rs 50,000. However, if the rupee equivalent exceeds Rs 50,000, the entire payment should be made through a crossed cheque or demand draft.

**Check Your Progress :**

1. If tourist is not carrying any dutiable item from foreign he/she must pass through \_\_\_\_\_
  - a. Green Channel
  - b. Yellow Channel
  - c. Red Channel
  - d. Blue Channel
2. The aggregate value of currency note, travellers cheque should not exceed \_\_\_\_\_
  - a. USD 500
  - b. USD 1000
  - c. USD 5000
  - d. USD 10000
3. Acronym of VAT is \_\_\_\_\_
  - a. Value Added Tax
  - b. Value Added Terms
  - c. Value Add-on Temporarily
  - d. None of the above options
4. Which of the following are not prohibited goods?
  - a. Drugs
  - b. Pornographic material
  - c. Antiquities
  - d. Plants and seeds
5. Customs duty is leviable at 35% and education cess at \_\_\_\_\_ %
  - a. 5
  - b. 4
  - c. 3
  - d. 2
6. Which of the following are not restricted goods ?
  - a. Fire arms
  - b. Live birds and pets
  - c. Pirated goods
  - d. Drones & helicopters
7. Arriving from Bhutan or Nepal, only currency notes in denominations of maximum \_\_\_\_\_ is allowed.
  - a. INR 100
  - b. INR 200
  - c. INR 500
  - d. INR 2000
8. Unspent currency from foreign trip can be converted with \_\_\_\_\_ days
  - a. 45
  - b. 90
  - c. 180
  - d. 225

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## 2.8 LET US SUM UP :

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Every passenger entering India has to pass through a Customs check. The passenger has to declare the contents of his baggage in the prescribed Indian Customs Declaration Form at airports the passenger has the option of seeking clearance through the Green Channel or through the Red Channel subject to the nature of goods being carried.

However, Green channel passengers must deposit the Customs portion of the disembarkation card to the Customs official at the exit gate before leaving the terminal.

It is better to be educated than be sorry. Understanding your rights as a traveller to the country you are visiting to do the right thing. The total value of Foreign Currency brought in by a person, in the form of Currency Notes, Travellers Checks etc. should not exceed total of 10,000 US Dollars or its equivalent. Foreign Currency Notes should not exceed 5,000 US Dollars or its equivalent. If it is above this limit, then you need to declare it at the customs, and need to fill up a CDF (Currency Declaration Form).

Knowledge of currency regulation, taxes and customs must be there. Customs regulations can be a bit confusing and knowing what is allowed duty free and what attracts customs duty will help you travel wisely.

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## 2.9 ANSWER FOR CHECK YOUR PROGRESS :

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### Check Your Progress :

- |      |      |      |      |
|------|------|------|------|
| 1. a | 2. d | 3. a | 4. d |
| 5. c | 6. d | 7. a | 8. b |

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## 2.10 GLOSSARY :

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**Customs Duty :** It refers to the tax imposed on goods when they are transported across international borders.

**Duty-Free :** It refers to the act of being able to purchase an item in particular circumstances without paying import, sales, value-added, or other taxes.

**FEMA Act :** The Foreign Exchange Management Act, 1999, is an Act of the Parliament of India "to consolidate and amend the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India".

**Prohibited :** The activity or things that has been forbidden or banned.

**Restricted :** The activity or things are limited in extent, number, scope, or action.

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## 2.11 ASSIGNMENT :

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1. Explain the usage of Red Channel and Green Channel at Custom Office on Airport.
2. What special allowances are there for professionals returning from India in terms of custom duty ?
3. Enlist the prohibited and restricted custom goods at the airport.
4. How foreign currency is regulated in India ?

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## **2.12 ACTIVITIES :**

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1. Visit the nearest foreign exchange company and find out the process of currency exchange.
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## **2.13 CASE STUDY :**

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### **Chinese Tourists and their Duty-Free Shopping in Guam**

It was a Saturday night and Francisca was sitting at her desk. The house was quiet, and all her housemates were out. Francisca decided to stay in, as she told herself that she really needed to get this done. What has been troubling her is quite a common issue for any student: her research philosophy.

Francisca knew the idea of her research project all along, thanks to her friends back home in Guam— a United States of America (USA) owned island located in the western Pacific Ocean with a population of approximately 160,000; and where tourism is the largest contributor to the local economy. One of Francisca's friends worked for a duty-free shopping retailer, operating in a number of airports across the world. During one conversation, Francisca's friend had mentioned that, although most tourists in Guam are from Japan and South Korea, this duty free retailer had decided to target Chinese tourists as one of its main customer segments. She had commented that new flight routes between China and Guam were believed to bring about 14,000 Chinese tourists to the island in 2014 (Guam Visitors' Bureau 2014, cited in Brown 2014).

Based on her initial research, Francisca had already decided that Chinese tourists and their spending power would be an interesting and topical area for her project. China was the fastest-growing tourism source market in the world, and Chinese expenditure on travel abroad had reached US\$ 102 billion in 2012; a 40% increase compared with the year 2011 (World Tourism Organization 2013). Moreover, according to the newest report produced by Global Blue, Chinese tourists had been the top spenders in tax-free shopping over the last few years, spending on average more than 800 Euros per transaction (Global Blue 2014). Understanding the buying behaviour of these highly valuable shoppers seemed an important topic for any global retailer, including those involved in duty free shopping. Francisca considered this was a very promising and practical idea for her research project.

Francisca had initially stated that the aim of her project would be to understand Chinese tourists' buying behaviours and motivations in duty-free shopping stores. She had discussed this with her project tutor, who had commented that she still needs to refine her research aim further. He had also emphasized that she needed to be clear about her own research philosophy as this would underpin her research design. Her friend had introduced the duty free retail manager in Guam, to Francisca, who had viewed metadata, citation and similar papers at core.ac.uk brought to you by CORE provided by Greenwich Academic Literature Archive given permission for Francisca to conduct her project in the store. The manager emphasized that, since the Chinese tourists are new customers for Guam, it would be really helpful for the store to know what kinds of consumers they were and what motivated them to shop at the duty-free. Based on this Francisca had revised her aim : to establish the characteristics of Chinese tourists, and how these characteristics affect their shopping motivations in duty-free stores.



Francisca believed that a data collection technique like interviewing would not enable her to address this research aim. She felt that interviewing a small number of tourists would not provide enough data to reveal the observed behavioural patterns of the majority of Chinese tourists in Guam. She wanted her findings to be representative of the actual behaviour of Chinese tourists in Guam, she wanted to collect quantitative data using a questionnaire which she could analyse statistically.

Francisca thoughts turned to her research philosophy. This she considered was more in line with positivism than other philosophies such as interpretivism. She was going to design a questionnaire asking Chinese tourists about their motives for shopping at duty-free in Guam. However she had a dilemma. From her research methods lectures, Francisca knew that as a positivist, she should maintain an independent and objective stance, not allowing her values or opinions to influence her research. However, when she was thinking about her research, she found herself constantly recalling her own shopping experiences in duty-free stores. She felt she could identify with tourists' motives to shop, such as buying a gift for family or friends. Her friend who worked at the duty-free store had also given her some ideas about Chinese tourists' motives for shopping. If she used such sources, her research design would be considered subjective. This, she felt, did not seem to fit with positivism.

Francisca reminded herself she needed to be objective. Even though she had some prior experiences of shopping in duty-free stores, she recognized that these were her views rather than those of other consumers. She also noted that she was interested in the patterns of the consumers' behaviours, rather than an individual's opinion. After further searching, she found a paper that might serve as her theoretical foundation, as the reported study investigated the possible reasons why consumers shop at airports. Crawford and Melewar (2003) provided several explanations for buying behaviour at airports, such as gift giving, killing time, and disposal of foreign currency. Francisca decided she could use the reasons identified in this study to design a questionnaire. She commented to herself, "by doing this the reasons identified will be derived from scientific research, not my own subjective experiences. My research idea is more aligned to positivism as I am observing the behavioural pattern of Chinese tourists, and looking to discover law-like generalisations, rather than just their perception as individuals."

Francisca had made up her mind. As air travel and Chinese tourists' spending continued to follow an upward trend, she believed that her research would be interesting and practical for the field of global retailers. Now it was time to enjoy the rest of Saturday night.

<https://core.ac.uk/download/82894173.pdf>

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## **2.14 FURTHER READING :**

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1. Dr. P Meganathan (PhD), R Lakshmanan, R Krishna Kumar, Turnaround Management (2021) BUUKS Publications
2. Jagmohan Negi, Air Travel Ticketing and Fare Construction, (2009) Kanishka Publishing House
3. Sampad Kumar Swain & Jitendra Mohan Mishra, Tourism: Principles and Practices, (2011) Oxford University Press

**UNIT STRUCTURE**

- 3.0 Learning Objective**
- 3.1 Introduction**
- 3.2 Meaning of Tour Operator as per GST Act**
- 3.3 GST Applicable for Tour Operators Services**
- 3.4 Travel Agents in the GST Act**
- 3.5 Air Fare under Indian GST Act**
  - 3.5.1 Tax to be Imposed – IGST/CGST/SGST**
- 3.6 Taxes on Other Travel Service**
- 3.8 Let Us Sum Up**
- 3.9 Answer for Check Your Progress**
- 3.10 Glossary**
- 3.11 Assignment**
- 3.12 Activities**
- 3.13 Further Reading**

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**3.0 LEARNING OBJECTIVES :**

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**After successfully comprehension of this unit learner will be able to :**

- Understand the meaning of tour operator as per GST act
- Know the applicable GST tax on tour operators services
- Find the taxes applicable on the services provided by travel agents
- Know about the taxes on other related services

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**3.1 INTRODUCTION :**

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The most important economic feature of activities related to the tourism sector is that they contribute to three high-priority goals of developing countries: the generation of income, employment, and foreign-exchange earnings. Indian tourism sector is expected to grow 6.7% to reach Rs. 35 trillion (USD 488 Billion) and accounting for 9.2% of the total economy by 2029. In India international tourism arrival is expected to be 30.5 million by 2028. However, domestic tourism will be the growth engine for India after this pandemic. These facts and figures are really encouraging, especially to the government at both central and state level. The reason for the encouragement is collection of revenue in the form of taxes. Tourism and aviation sectors contribute a lot to government revenue and this is evident from the fact that these fields are major contributor in GDP.

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**3.2 MEANING OF TOUR OPERATOR AS PER GST ACT :**

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'Tour Operator' shall mean any person engaged in the business of planning, scheduling, organizing, arranging tours (which may include arrangements for

accommodation, sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours. The definition is provided by the Explanation in Heading 9985 (Support Service; Supply of Tour Operator Service) of GST Tariff Act, 2017.

For example, Make my Trip, Expedia etc. These companies provide a complete package of tour which includes Boarding & Lodging, Transportation, Local Sightseeing, Guides etc. Now a days, this business has become purely an E-commerce business and all the big companies have their own web portal and mobile app.

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### **3.3 GST APPLICABLE FOR TOUR OPERATORS SERVICES :**

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As per Heading 9985 of GST Tariff Act, 2017, the rate of GST would be 5% (2.5% CGST+2.5% SGST) provided. On the other hand, the entity may charge GST at the rate of 18% (9% CGST+9% SGST) on the total amount. In that case, the entity will be eligible to take all input tax credit like rent, professional fee, lease line, telephone etc. on the services that the entity acquired for providing the underlined services i.e. tour operating.

However, most of the input tax credit will not be available to the entity due to the nature and place of supply of those services which are taken by the entity. The main expenditure that entity will occur would be of boarding & lodging. In case of hotel booking, the place of supply would be the location where the hotel is situated (sometime out of India also) and thus the hotel will charge CGST & SGST on the invoice. If the entity is not registered under GST in the state where the hotel is situated, the entity cannot take the input tax credit on that particular invoice.

1. Input tax credit on services availed by the entity will not be available. However, Input Tax Credit on the services taken from other tour operator is allowed.
2. The entity shall indicate in its invoice that the amount charged is gross amount and inclusive of charges of accommodation and transportation

**This can be best understood by example :**

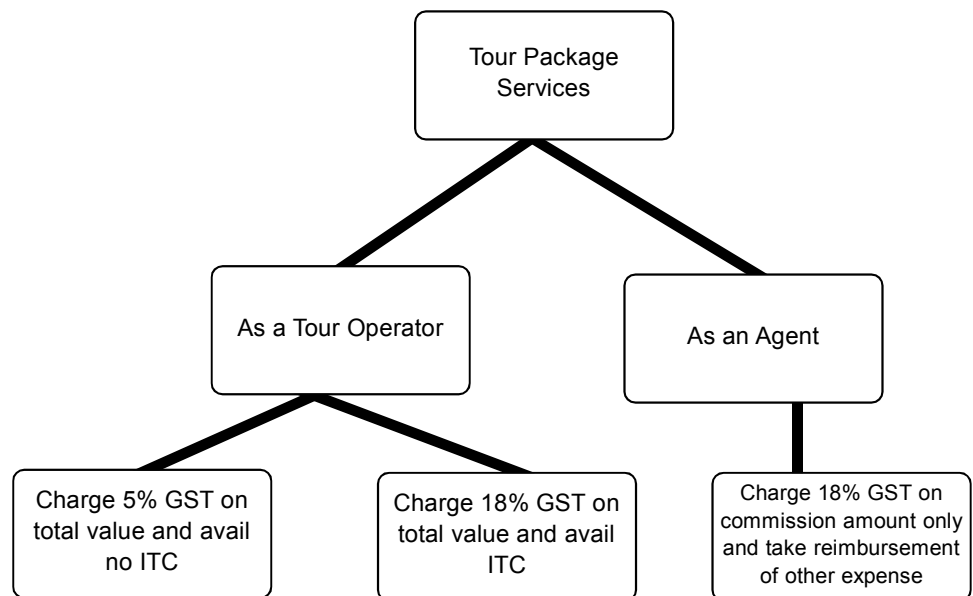
Therefore, if an entity offers a package to a customer for let's say Rs. 2,10,000/- inclusive of everything for 2 PAX travelling together. Then the invoice shall be generated for Rs. 2, 10,000/- (Rs. 10,000/- being CGST & SGST) and entity has to specifically mention in invoice that amount includes accommodation, meals, sightseeing and transportation etc. No input tax credit on services like hotels, air tickets etc. will be available to the entity. However, Input Tax Credit (ITC) may be taken on the tour operator services procured from another tour operator.

Suppose a customer from Ahmedabad approaches tour operator which is situated and registered in Delhi NCR for a complete package of 5D /6N tour to Bhopal. The entity quotes Rs. 2,10,000 (Excluding GST) for the tour of 2 person travelling together. The breakup of the charges is as follows :

**Calculation of Package Tour for 2 PAX**

Air fare (Economy class) from Ahmedabad to Bhopal and return	Rs. 95238	1,00,000
GST charged by the Airlines @ 5%	4762	
Hotel Charges	53571	
GST charged by Hotel @ 12%	6429	60,000
Other Charges	16950	
GST Charged @ 18%	3050	20,000
Entity's Fees		20,000
<b>Total</b>		<b>2,10,000</b>

In this case, entity can opt either to pay 5% GST (IGST) on Rs. 1,00,000/- i.e. Rs. 5,000/- and avail no input tax credit or to pay 18% GST (IGST) and may avail input tax credit. But the entity is not eligible to take input tax credit on Air fare and Hotel charges as the place of supply, in case of Hotel, would be Kerala and in case of Air fare, it would be in Delhi. However, if the entity gets itself registered in Kerala and Delhi, then it is possible for the entity to take input tax credit for these services also but that seems quite unfeasible considering the compliance burden which will be increased for the entity. Further, in this case the entity must raise an invoice indicating specifically that the amount charged is gross amount and inclusive of charges of accommodation and transportation.



**A graphical flow chart will explain both the options in much better way**

**3.4 TRAVEL AGENTS IN THE GST ACT :**

Though, most of the companies do operate as Tour Operator services, the entity may also provide services as an travel agent and charge commission on its service and take reimbursement in actual for the expenses that entity incurred for providing such services. Generally, small business entity opts for this model as in this model, the entity must pay tax only on the commission that it charges and not whole amount which is not even its revenue.

The entity may also opt to provide the underlined services on commission basis. In that case, the service will be categorized as 'Intermediary' and services like Boarding & Lodging etc. will be taken by the entity on behalf of customer. The entity will act as 'Pure Agent' and take reimbursement on actual basis from the customer.

**1. 'Intermediary' as per section 2(13) of IGST Act, 2017**

Intermediary means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account"

**2. 'Pure agent' as per the Explanation to Rule 33 of CGST Rules, 2017,**

Pure agent means a person who :

- Enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- Neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;
- Does not use for his own interest such goods or services so procured; and
- Receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

In this case, the entity has to enter into an agreement with the customer to act as his pure agent and authorize itself to incur the expenses for services like Hotel, Taxi etc. on behalf of customer. The entity, in this case, will charge its commission (whatever agreed) from the customer and will take reimbursement of the expenses on actual basis which it incurred on behalf of customer.

In this case, the entity has to enter into an agreement with the customer to act as his pure agent and authorize itself to incur the expenses for services like Hotel, Taxi etc. on behalf of customer. The entity, in this case, will charge its commission (whatever agreed) from the customer and will take reimbursement of the expenses on actual basis which it incurred on behalf of customer.

Let's understand this with our previous example. In that case, if the entity enters into an agreement with the customer to act as pure agent, then the entity will charge GST at the rate of 18% on Rs. 10,000/- only i.e. Rs. 1,800/- and will take reimbursement of Rs. 90,000/- as actual expense incurred on behalf of the customer.

Taking the previous example further, the entity has to raise an invoice for Rs. 10,000/- and add 18% GST thereupon and will indicate separately in the invoice for the payment made by the entity as pure agent on behalf of the customer.

Let's understand this with our previous example. In that case, if the entity enters into an agreement with the customer to act as pure agent, then the entity will charge GST at the rate of 18% on Rs. 10,000/- only i.e. Rs. 1,800/- and will take reimbursement of Rs. 90,000/- as actual expense incurred on behalf of the customer. However, in this model, there are certain conditions which need to be complied with. As per Rule 33 of CGST Rules, 2017,

**Airfare & Ticketing**  
**Part-1**

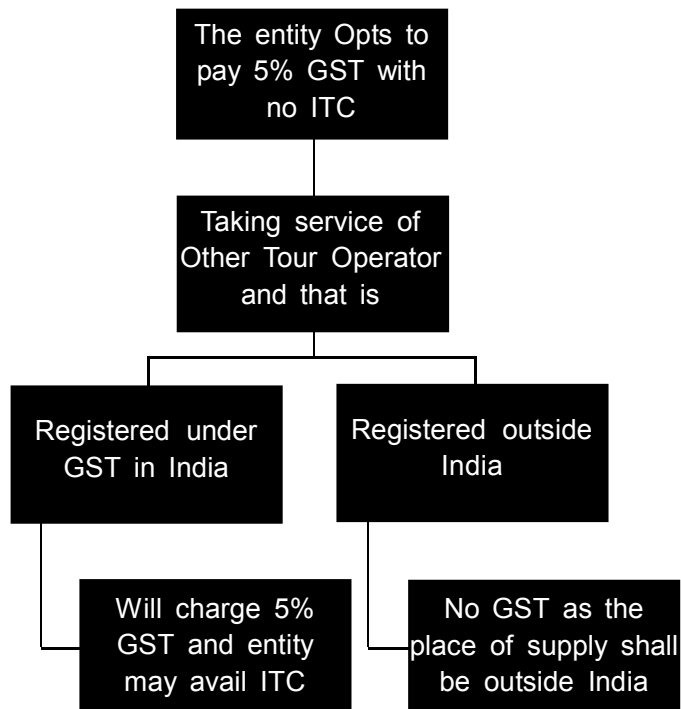
"Notwithstanding anything contained in the provisions of this unit, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely, – the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorization by such recipient; the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account"

Taking the previous example further, the entity has to raise an invoice for Rs. 10,000/- and add 18% GST thereupon and will indicate separately in the invoice for the payment made by the entity as pure agent on behalf of the customer.

In case the entity takes services of any other Tour Operator, let's say for planning the itinerary for the customers for particular packages, the entity can take input tax credit regardless of his choice to act as Tour operator or Agent.

For better understanding, let's continue with the example cited above. In that case, let's say 25% is the fixed charges for the other tour operator which will come out to be Rs. 2,500/- (on Rs. 10,000/-). Now, the other tour operator shall charge GST at the rate of 5% (i.e. Rs. 125/-). In this case, the entity can take input tax credit of Rs. 125/- even if the entity has opted to pay tax at the rate of 5% on the total amount.

Let's understand this with graphical depiction,



The GST shall be charged and paid at the time of payment or invoice whichever is earlier. Therefore, for the purpose of GST, the entity shall recognize its revenue on the payment basis. However, if the entity opts to act as 'Pure Agent' the GST shall be charged when the final invoice is raised or the receipts of the commission whichever is earlier.

### **3.5 AIR FARE UNDER INDIAN GST ACT :**

Air Ticket & Commission from Airlines Companies:

Basically Air travel agents derive following two type of income so air travel agent will raise 2 invoices.

1. Service fees @ 18% on invoice value to passenger (commission is charged), 1st Invoice.
2. Commission/incentive earning from airlines, 2nd Invoice

There are two options to charge GST, they are :

#### **Option A**

- GST Rate on 18% on Commission on issue of invoice on Airlines

#### **Option B**

- Domestic Fair: 5 % of Basic Fare i.e. 0.9 % basic fair (18%\*5%)
- International Fair 10% of Basic Fare i.e.1.8 % basic fair (18% \*10%)

Here basic fare means that part of the air fare on which commission is normally paid to the air travel agent by the airline.

#### **3.5.1 Tax to be Imposed – IGST/CGST/SGST :**

To decide the location of tax collection under GST by the respective government there is a mechanism to decide share of governments. The following 3 situations are there to decide GST share:

1. Service receiver located in India & registered under GST: Location of service Receiver
2. Service Receiver located in India but not registered under GST but his address is available on records: Location of Service Receiver
3. In case service Receiver address not available: Location of Service Provider

#### **1. Decision of IGST/CGST/SGCT in Case of Location of Supplier and Receiver :**

<b>Location of Supplier</b>	<b>Address of Service Receiver</b>	<b>Travel Place</b>	<b>Place of Supply as per GST</b>	<b>Tax Applicable</b>
Gujarat	Gujarat	India	Gujarat	CGST+SGST
Gujarat	Gujarat	Outside India	Gujarat	CGST+SGST
Gujarat	Delhi	India	Delhi	IGST
Gujarat	Delhi	Outside India	Delhi	IGST
Gujarat	Outside India	Outside India	Outside India	NO GST
Gujarat	Outside India	India	Outside India	Export of Service

#### **2. Decision of IGST/CGST/SGCT in Case of commission from Airlines :**

- Location of Airlines in India – Location of Service recipient
- Location of Airlines outside India – Location of service Provider

**Airfare & Ticketing  
Part-1**

Location of Supplier	Location of Airlines	Place of Supply for ATA	Tax Applicable
Gujarat	Gujarat	Gujarat	CGST+SGST
Gujarat	Delhi	Delhi	IGST
Gujarat	London	Gujarat	CGST+SGST

**3.6 TAXES ON OTHER TRAVEL SERVICE :**

**1. Taxes on Service like VISA, Passport etc.**

- All govt fees & consular charges paid on behalf of the consumer/client are outside the preview of GST.
- Service charge on the above service shall be subject to GST @ 18%.
- If the service is outsourced from another service provider GST Paid on agent invoice can be claimed as ITC & difference amount can be paid to government

**2. Railway Commission**

- GST for booking for railway is 18%
- Where the agent is receiving service charges the place of supply shall be location of receipt ant of service.

**3. Foreign Exchange**

The following option for determining value of supply for a person providing service in relation to purchase or sale of foreign currency & money changing:

**Option A**

1. When any currency is exchanged from India or to Indian Rupees. In that case value shall be difference between the Buying or selling rate and RBI reference rate, multiplied by total units of currency.
2. If in relation to the above case, RBI reference rate is not available. In that case value shall be 1% of gross amount of INR provided or received by the person changing the money.
3. If exchange of any one foreign currency to another foreign currency (or If neither of the currencies exchanged in INR). In that case value shall be 1% of lesser (lesser valued currency) of two amounts when converted into INR.

**Option B**

Gross Amount of Currency Exchanged	Value to be Considered for Supply of Service
Up to Rs. 1,00,000	1% of Gross amount of currency Exchanged, Subject to Minimum amount of Rs. 250.
Exceeding Rs. 1 Lakhs but less than 10 Lakhs	Rs. 1,000 + 0.5% of Gross amount of currency Exchanged
Exceeding Rs. 10 Lakhs	Rs. 5,000 + 0.1% of Gross amount of currency Exchanged, Subject to Maximum amount of Rs. 60,000



**4. Taxes on Other Miscellaneous Services**

- I. Services by the way of admission to amusement parks including theme parks, water parks, joy rides like camel ride, elephant ride, horse ride, jeep safari, merry go rounds, go carting & ballet will attract 18% GST from 25th January 2018 via notification no. 01/2018 .However the benefits of ITC will not be available to tour operator paying 5% GST.
- II. GST applicable for renting of motor vehicle shall be @ 5% with no ITC or 12% with ITC.
- III. GST for travel insurance is 18% but agent are required to register with IRDA as per Insurance act 1938
- IV. Other Services such as portal services, guide services etc attract 18% GST.
- V. Services by way of entrance to museum, national park, wildlife sanctuary, tiger reserve or zoo are fully exempted from GST.
- VI. Entrance fee for entry into Govt monuments are not specifically exempted. However service provided by central government, State government, Union territory or local authority are exempted if the consideration for such services does not cross Rs. 5,000/-
- VII. As per Notification No.47/2017 GST, Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 (24 of 1958) or any of the State Acts, for the time being in force are exempted from GST.
- VIII. Service by a specified organization in respect of religious pilgrimage facilitated by the ministry of external affairs of the govt of India under bilateral agreement is exempt from GST

**❑ Check Your Progress – 1 :**

1. GST on total value of service provided by tour operator is \_\_\_\_\_ % without ITC.  
a. 5                      b. 10                      c. 9                      d. 18
2. Acronym ITC in GST stands for \_\_\_\_\_  
a. Inward Tax Credit                      b. Informal Tax Credited  
c. Input Tax Credit                      d. None of the above options
3. Intermediary is explained under section \_\_\_\_\_  
a. 13 (2)                      b. 2 (13)                      c. 3 (2)                      d. 33
4. 'D' and 'P' stands for in the Indian passport  
a. Duration and Price                      b. Demographic and Passport  
c. Diplomatic and Personal                      d. None of the above options
5. In airlines GST is charge 5% (domestic fare) or 10% (international fare) of \_\_\_\_\_  
a. Total value of ticket  
b. Basic Airfare  
c. Full amount of ticket plus commission  
d. None of the above options

**Airfare & Ticketing**  
**Part-1**

6. GST levied on services like passport and visa is \_\_\_\_\_  
a. 5%                      b. 10%                      c. 9%                      d. 18%
7. How much charged to convert foreign currency into INR?  
a. Difference between buying/selling and RBI reference rate multiplied by units of currency  
b. In case RBI reference rated not available then 1% of of gross amount of INR  
c. Either option a or b, whichever is applicable  
d. None of the above
8. GST on the entrance ticket of museum, national-park, wildlife sanctuary, zoo are \_\_\_\_\_  
a. 5%                      b. 9%                      c. 18%                      d. Fully exempted

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**3.7 LET US SUM UP :**

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Tourism and aviation sectors are a heavily taxed sector, which makes this sectors lucrative to the government to promote and take benefit from revenue collection. There are various slabs of tax collection under present GST regime. Tour operators have to pay multiple taxes at rates between 18% and 23% on various services. On the total billing, GST at 5%, without input tax credit, is also levied. In aviation sector the GST is 5% of basic fare, that is 0.9% (18% X 5%) for domestic ticketing and, for international ticketing this is 1.8% (18% X 10%). Futher we have learnt so many other aspects of taxation in this unit.

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**3.8 ANSWER FOR CHECK YOUR PROGRESS :**

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**Check Your Progress :**

- |      |      |      |      |
|------|------|------|------|
| 1. a | 2. c | 3. c | 4. c |
| 5. b | 6. d | 7. c | 8. d |

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**3.9 GLOSSARY :**

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**IGST :** Integrated Goods and Services Tax (IGST) is a tax levied on all Inter-State supplies of goods and/or services and will be governed by the IGST Act.

**CGST :** Central Goods and Services Tax (CGST) is a tax levied on Intra State supplies of both goods and services by the Central Government and will be governed by the CGST Act.

**SGST :** State Goods and Services Tax (SGST) is a tax levied on Intra State supplies of both goods and services by the State Government and will be governed by the SGST Act.

**ITC :** Input credit means at the time of paying tax on output, you can reduce the tax you have already paid on inputs and pay the balance amount.

**Tour Operator :** A company that designs the holiday itinerary and content, contracts the services needed for the holiday, accommodation, transport, guides, tour leaders or tour managers etc and then markets the package.

**Travel Agent :** A person whose job it is to arrange travel for end clients (individuals, groups, corporations) on behalf of suppliers (hotels, airlines, car

rentals, cruise lines, railways, travel insurance, package tours) and earning commission out of this business.

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### **3.10 ASSIGNMENT :**

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1. What is the meaning of Tour Operator under GST heading ?
2. Differentiate the taxation between travel agent and tour operator under GST Act, 2017.
3. Explain the GST law applicable on the services of Airlines.
4. What are the provisions of taxation for currency exchange in India ?

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### **3.11 ACTIVITIES :**

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1. Currency regulations is not hard to understand but very essential part of travel tourism industry. Visit Forex office in your city and find out the working in it.

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### **3.12 FURTHER READING :**

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1. Jagmohan Negi, Air Travel Ticketing and Fare Construction, (2009) Kanishka Publishing House
2. A. K. Bhatia, International Tourism Management, (2019) Sterling Publishers Pvt.Ltd
3. Dr. P Meganathan (PhD), R Lakshmanan, R Krishna Kumar, Turnaround Management (2021) BUUKS Publications
4. <https://taxguru.in/goods-and-service-tax/gst-tour-operator-services.html>

**UNIT STRUCTURE**

- 4.0 Learning Objective
- 4.1 Introduction
- 4.2 Health Regulation for Travellers in India
  - 4.2.1 Leaving India for International Destination
  - 4.2.2 Persons Exempted from Production of Vaccination Certificate
  - 4.2.3 Countries Regarded as Yellow Fever Infected
- 4.3 Health Regulation during Pandemic Covid-19
- 4.4 Travel Insurance
- 4.5 Types of Travel Insurance
- 4.6 Protected Area Permit (PAP) in India
  - 4.6.1 General Protected Area Permit Requirements
- 4.7 Restricted Areas Permit (RAP) in India
- 4.8 Let Us Sum Up
- 4.9 Answer for Check Your Progress
- 4.10 Glossary
- 4.11 Assignment
- 4.12 Activities
- 4.13 Case Study
- 4.14 Further Reading

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**4.0 LEARNING OBJECTIVES :**

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**After working through this unit, you should be able to :**

- Understand the health regulations for travellers in India
- Know the health regulation during the Pandemic Covid-19
- Make learner understand the travel insurance and its types
- Know about the Protected Area Permit (PAP) and Restricted Area Permit (RAP)

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**4.1 INTRODUCTION :**

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The International Health Regulations (IHR) were founded in 1969, but its underpinnings can be traced to the mid-19th century, when measures to tackle the spread of plague, yellow fever, smallpox and particularly cholera across borders, with as little interference to global trade and commerce, were debated. To address the realisation that countries varied with regards to their sanitary regulations and quarantine measures, the first of these series of early international sanitary conferences, convened in Paris in 1851, in the same year that telegraphic communications became established between London and Paris and when 12

nations attended, of which 11 were European States and three signed the resulting convention. The 19th century witnessed 10 of these conferences

As per IHR the obligations to provide proper treatment of international travellers by States Parties, including some human rights and other protections, such as protection of personal health data, prior informed consent for examinations and procedures, and other provisions.

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## **4.2 HEALTH REGULATION FOR TRAVELLERS IN INDIA :**

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Any person, Foreigner or Indian, (excluding infants below six months) arriving by air or sea without a vaccination certificate of yellow fever will be kept in quarantine isolation for a period up to 6 days if :

- She/He arrives in India within 6 days of departure/transit from a yellow fever endemic area.
- Has come on a ship which has started from or transited at any port in a yellow fever endemic country within 30 days of its arrival in India provided such ship has not been disinfected in accordance with the procedure laid down by World Health Organisation (WHO).

### **4.2.1 Leaving India for International Destination :**

There is no health check requirement by Indian Government on passengers leaving India. Persons leaving for a yellow fever infected area are advised in their own interest to get them vaccinated and to be possession of valid yellow fever vaccination certificates before they leave the country.

An administrative arrangement for the health control of sea, air and land traffic exists between the Government of India and the Government of Bangladesh. It implies that, if any aircraft or ship or land traffic from a third country arrives first at any airport or port or border check post in either of the agreement countries and then directly (without touching any other third country enroute) reaches the second country of the agreement, all health checks will be completed in the country of first arrival and the travellers will be exempted from any further health check on arrival in the second country.

### **4.2.2 Persons Exempted from Production of Vaccination Certificate :**

The under mentioned persons are exempted from production yellow fever vaccination certificate:

- Infants below the age of six months.
- Any person suffering from some chronic illness and has poor resistance and is thereby exempted from being vaccinated.
- Crew and passengers of an aircraft transiting through an airport located in yellow fever infected area provided the health officer is satisfied that such persons remained within the airport premises during the period of stay.

### **4.2.3 Countries Regarded as Yellow Fever Infected :**

The following countries are regarded as yellow fever endemic:

**Africa :** Angola, Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Cote d' Ivoire, Democratic Republic of Congo, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Liberia, Mali, Mauritania, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Sudan, South Sudan, Togo, Uganda.

**South America :** Argentina, Bolivia, Brazil, Colombia, Ecuador, French Guyana, Guyana, Suriname, Trinidad (Trinidad only), Venezuela, Panama, Paraguay, Peru.

- A Yellow fever vaccination certificate is valid only if it conforms to the model. The validity period of an international certificate of vaccination for yellow fever is lifelong beginning 10 days after vaccination.
- Foreign nationals residing or who have passed through the Yellow fever endemic countries during the preceding six days, are granted visas only after the production of vaccination certificate of Yellow Fever. After checking the vaccination certificate an entry reads as "Valid Yellow Fever Vaccination Certificate Checked" is made in the passport of the foreigner.

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### **4.3 HEALTH REGULATION DURING PANDEMIC COVID-19 :**

The IHR requires countries to assess their disease surveillance and response capacities and to identify if they can adequately meet their requirements. The Covid-19 reports universally agree that the country's self-assessment capabilities are insufficient and that verification measures need to be improved upon. The governments need to increase investment in outbreak identification and response programs. These include technical help from external sources conditional on mobilising domestic resources, external financing for low income countries, pressure from the international community to increase investment, and considering outbreak preparedness as a factor in the International Monetary Fund's country economic assessments, which influence governments' budget priorities and access to capital markets. Another avenue under discussion is reform of Article 44 of the IHR, potentially through a new pandemic convention.

The restrictions on trade and travel during outbreaks are justified or not need to be thought once again. Because of increased attention and concern from the public and the media, many governments and many private companies restricted trade and travel during the outbreak Covid-19, though many of these measures were not necessary from a public health standpoint. These restrictions worsened financial repercussions and made the work of aid organizations sending support to affected regions more difficult.

There was broad consensus across the reports that bringing such restrictions to a minimum is critical to avoid further harm to countries experiencing outbreaks. Moreover, if governments assume that reporting will lead to inappropriate travel and trade restrictions, they may be hesitant to notify the international community about the outbreak. Potential solutions raised included the WHO and the UN more assertively "naming and shaming" countries and private companies that impose unjustified restrictions on WHO working with the World Trade Organization, International Civil Aviation Organization, and International Maritime Organization to develop standards and enforcement mechanisms for trade and travel restrictions.

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### **4.4 TRAVEL INSURANCE :**

With the increase in travel, one of the important things that travellers need to know about is Travel Insurance. This form of insurance helps cover a whole range of uncertainties and scenarios that can drain out a traveller's finances. Most countries require mandatory Travel Insurance while applying for a visa. But choosing the right Travel Insurance which covers all the risks of travel is important.

Travel Insurance is a type of insurance that covers different risks while travelling. It covers medical expenses, lost luggage, flight cancellations, and other losses that a traveller can incur while travelling.

Travel Insurance is usually taken from the day of travel till the time the traveller reaches back to India. Taking travel insurance ensures a comprehensive coverage in case of any emergency in another country. Travel Insurance is also available for trips taken in the home country of the traveller but it is a more popular option for travel abroad.

Some of the risks covered under Travel Insurance are :

- Personal accident cover, which covers insured's death, permanent total disability
- Accident & sickness medical expense reimbursement
- Dental treatment relief
- Emergency evacuation
- Repatriation of remains in case of death
- Baggage delay
- Loss of checked baggage
- Loss of passport
- Flight delay
- Hijack
- Home burglary
- Trip curtailment
- Trip cancellation
- Missed connection/missed departure
- Bounced hotel/airline booking

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#### **4.5 TYPES OF TRAVEL INSURANCE :**

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A travel insurance policy is ideal should you be contemplating travelling, either within the country or overseas. The purpose of your travel for business or leisure notwithstanding, purchasing travel insurance is the first step towards staying guarded against a range of risks and financial losses that could rear their ugly heads over the course of your trip. Based on your specific requirements, you can choose from a trove of travel insurance plans.

Domestic travel insurance, international travel insurance, medical travel insurance and senior citizen travel insurance are different types of travel insurance policies in India.

##### **1. Domestic Travel Insurance Plan :**

This policy is designed for customers intending to travel within the contours of the country. A domestic travel insurance policy insulates the policyholder from expenses that may result from treatment of a medical emergency, theft/loss of baggage and other valuables, delays/cancellation of flights, permanent disability, and personal liability (refers to third-party damages inflicted by you while you're on the trip).

**2. International Travel Insurance :**

This policy is designed in keeping with what customers travelling internationally would want. Besides the usual coverage offered by its domestic counterpart, an international travel insurance policy safeguards you (policyholder) against risks of a flight hijack, repatriation to India, etc.

**3. Medical Travel Insurance :**

The name is the marker here with the policy specifically designed to cover expenses emanating from medical emergencies and other healthcare-related concerns. However, the exact set of inclusions and exclusions will vary across insurance providers.

**4. Group Travel Insurance :**

Consider a group of employees travelling abroad to participate in a business conclave. In such a situation, it would not make sense for every individual in the group to purchase his/her own travel insurance policy for the simple reason that it could compound premiums considerably

A group travel insurance policy is of much help here considering it can help you save plenty on premiums, without having to compromise on the safety net against any unanticipated and adverse development that might take shape through the course of the trip.

**5. Senior Citizen Travel Insurance :**

Besides the usual advantages of purchasing travel insurance, a policy that is directed at senior citizens (generally belonging to the age group of 61–70 years) offers additional coverage against dental treatments/procedures as well as cashless hospitalization.

**6. Single and Multi-Trip Travel Insurance :**

As the name suggests, a single-trip travel insurance policy retains its validity through the time you are on a trip. It covers both medical as well as non-medical expenses (such as baggage loss, delays in flights, etc.).

Multi-trip travel insurance policy, on the other hand, provides extended coverage (lasting usually a year in most cases) so that frequent flyers don't have to go through the entire process of availing insurance every time they prep for travel.

In conclusion, you should choose a type that best fits your requirements, only after having accounted for what you might need the most over the course of travel.

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**4.6 PROTECTED AREA PERMIT (PAP) IN INDIA :**

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The Foreigners (Protected Areas) Order 1958 states that a Protected Area Permit (PAP) is required for non-Indian citizens to visit certain areas in India (mainly in the Northeast India). Certain requirements have to be fulfilled in order to get this permit. Indian citizens who are not resident in these areas need an Inner Line Permit (ILP) to enter these places. The Inner Line Permit is significantly easier to get.

While planning an international visit, Indians need to apply for and get a visa, among other things. Well, we all know this, but did you know that even Indians need to obtain an Inner Line Permit (ILP) to visit certain places in their own country.



Such permits are actually to visit sensitive places near the international border of India. This is done so that movement of people are regulated in those areas, tribal cultures are protected, and unsavoury incidents are minimised. So, here are some of the beautiful destinations where one will need ILP to visit them.

**1. Arunachal Pradesh :**

Arunachal Pradesh shares its borders with Myanmar, Bhutan, and China. Therefore, the area being sensitive, every non-local will require an Inner Line Permit to visit this awesome destination. Those planning to travel can get the permit for protected areas from the resident commissioner, the Government of Arunachal Pradesh, from the following cities, i.e., New Delhi, Kolkata, Guwahati, and Shillong. While a single e-ILP or Group e-ILP will cost INR 100 per person for a maximum of 30 days, one can also obtain the permit online.

**2. Nagaland :**

Nagaland shares its border with Myanmar to the east, and is home to around 16 tribes that are unique in their own way, and have their own distinct language, customs, and much more. Those seeking to visit this destination, will require an Inner Line Permit to visit it, which can be obtained from the deputy commissioner of Kohima, Dimapur, New Delhi, Mokokchung, Shillong, and Kolkata. Else, you can also get the permits online.

**3. Manipur :**

The Manipur Inner Line Permit (ILP) is an official travel document issued by the state government to allow inward travel of an Indian citizen visiting the beautiful state of Manipur for a specific time period.

**4. Mizoram :**

Mizoram shares a border with Myanmar and Bangladesh, and is home to several indigenous tribes. To visit this beautiful destination, it is mandatory that you have an inner line permit, which you can get from the liaison officer, government of Mizoram from the following cities, i.e., Silchar, Kolkata, Guwahati, Shillong, and New Delhi. However, those entering the state via flight, can get the special pass from the security officer on arrival at Lengpui Airport, Aizawl. Two types of Inner Line Permit (ILP) are available; one that is temporary, which remains valid for 15 days, while the other is the regular one, with a validity of six months.

**4.6.1 General Protected Area Permit Requirements :**

- Tourists have to travel in groups of at least 2
- They have to travel with a registered travel agent
- In some areas only certain entry/exit points are allowed. In certain areas non-Indians cannot enter at all
- Citizens of Pakistan, Bangladesh, China and Myanmar can get the PAP only with approval of the Ministry of Home Affairs

Normally the PAP (Protected Area Permit) has duration of 10 days, with the option of extending for another 7 days. The PAP is issued by the Ministry of Home Affairs. However, the different authorities of the concerned Indian states can also issue the PAP, and also the Indian missions abroad. Normally the travel agent will take care of getting the PAP for the tourists.

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## **4.7 RESTRICTED AREAS PERMIT (RAP) IN INDIA :**

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In addition, the Foreigners (Restricted Areas) Order 1963 states that a Restricted Area Permit (RAP) is required for non-Indians to visit certain areas in India. As of 2009, RAP are required for all visits to the Union Territory of the Andaman and Nicobar Islands and parts of the state of Sikkim. Unlike PAP, RAP are generally available for individual travellers and can be issued by overseas embassies or even, in some cases such as Port Blair's Vir Savarkar Airport, on the spot. Indian citizens do not need special permission to visit Restricted Areas.

### **1. Andaman & Nicobar :**

Indian National, there are no restrictions on entry in Andaman and Nicobar Islands. However, the entry to the tribal reserve area is prohibited.

As per the Foreigners (Restricted Areas) Order 1968, Restricted Area Permit (RAP) is required for non-Indians to visit Andaman and Nicobar Islands. The permits can be obtained from the immigration office at airport, or waterways port/stations for 30 days, subject to availability of valid visa. The permission can also extend for another 15 days with permission from Superintendent of Police, Andaman District, Port Blair. Tourists can also obtain RAP from foreigners Registration offices, and immigration office from New Delhi, Mumbai, Chennai, and Kolkata, where it can be duly submitted as well.

### **2. Sikkim :**

If you are seeking to visit the remote protected areas or the highest points, you will require a permit to do so. Reportedly, travellers will require permits for NathuLa Pass tour, Tsomgo-Baba Mandir trip, Dzongri trek, Singalila trek, Yumesamdong, Gurudongmar lake trip, Yumthang and Zero Point trip, and Thangu-Chopta Valley trip. The permits will be issued by the Tourism & Civil Aviation Department, and can be obtained at Bagdogra Airport and Rangpocheckpost. You can even take help of tour operators or travel agents to arrange the special permit.

### **3. Lakshadweep :**

All travellers will need a permit to visit Lakshadweep, as the Indian Union Territory keeps a check on the number of tourists visiting the paradise island. To get the permit, you will need a clearance certificate from a police station in your locality, along with all your identification documents. After getting the permit, you will have to submit it to the station house officer in Lakshadweep. One can get a permit online without much of a hassle.

Apart from above mentioned States the other Protected Areas in India are as follows :

- Parts of State of Gujarat
- Parts of State of Himachal Pradesh
- Parts of State of Jammu and Kashmir
- Parts of State of Rajasthan
- Parts of State of Uttarakhand

❑ **Check Your Progress :**

1. Acronym IHR stands for \_\_\_\_\_
  - a. Indian Health Regulation
  - b. International Health Regulation
  - c. Individual Health Regulation
  - d. None of the above options
2. An individual exempted from vaccination certificate below the age \_\_\_\_\_
  - a. 60 years
  - b. 36 years
  - c. 6 years
  - d. 6 months
3. Validity period of an international certificate of vaccination for yellow fever is lifelong beginning \_\_\_\_\_ days after vaccination.
  - a. 10
  - b. 20
  - c. 30
  - d. 45
4. In senior citizen travel insurance the age of person should be \_\_\_\_\_
  - a. Age group of 61–70
  - b. Age group of 51–60
  - c. Age group of 70 plus
  - d. None of the above options
5. Which State doesn't require Inner Line Permit ?
  - a. Arunachal Pradesh
  - b. Nagaland
  - c. Sikkim
  - d. Mizoram
6. Which State doesn't require permission to visit protected area ?
  - a. Gujarat
  - b. Himachal Pradesh
  - c. Haryana
  - d. Rajasthan
7. To visit general protected area atleast group comprises of \_\_\_\_\_ Persons.
  - a. 2
  - b. 3
  - c. 4
  - d. 5
8. Protected area Permit (PAP) is normally for \_\_\_\_\_ days
  - a. 7
  - b. 8
  - c. 9
  - d. 10

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**4.8 LET US SUM UP :**

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International Health Regulation (IHR) was adopted unanimously by governments of all WHO Member States during the World Health Assembly in May 2005. Its main objective is to prevent, protect against, control and provide a public health response to the international spread of disease in ways that are commensurate with and restricted to public health risks, and which avoid unnecessary interference with international traffic and trade. Measures have been taken to proactively address populist sentiment when reviewing the IHR effectiveness in the COVID–19 pandemic.

Travel insurance is a unique product that offers you financial help in case something were to go wrong while you're travelling. It covers a range of scenarios, including medical and dental emergencies, theft of your money or passport loss, flight cancellation and misplaced or lost luggage.

Protected Area Permit (PAP) requires all foreigners to obtain to visit certain protected areas in India, as well as Indian citizens who are not resident in these areas requiring an Inner Line Permit (ILP) to do so. A Restricted Area Permit (RAP) is required for all foreign nationals who plan to visit areas defined as restricted in India.

Health regulation, Travel insurance and Protected Area Permit or Restricted Area Permits are the three important regulations for a tourists. We have studied these in detail in this unit.

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#### **4.9 ANSWER FOR CHECK YOUR PROGRESS :**

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##### **Check Your Progress :**

- |      |      |      |      |
|------|------|------|------|
| 1. b | 2. d | 3. a | 4. a |
| 5. c | 6. c | 7. a | 8. d |

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#### **4.10 GLOSSARY :**

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**Vaccination :** It is the administration of a vaccine to help the immune system develop protection from a disease.

**Yellow Fever :** It is a tropical virus disease affecting the liver and kidneys, causing fever and jaundice and often fatal. It is transmitted by mosquitoes.

**Pandemic :** It is prevalent of a disease over a whole country or the world.

**Insurance :** An arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium.

**Business Conclave :** A conclave is a meeting of businesses at which the discussions are kept secret.

**Immigration :** The place at an airport or country's border where government officials check the documents of people entering that country.

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#### **4.11 ASSIGNMENT :**

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1. What is the importance of International Health Regulations ?
2. Explain the health regulations for the traveller leaving India.
3. Enlist the various risk covered under travel insurance.
4. Why is it necessary to take protected area permit or restricted area permit ?

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#### **4.12 ACTIVITIES :**

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1. Find out the procedure to enter into protected area or restricted area in India.

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#### **4.13 CASE STUDY :**

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**Negotiating For Protected Areas: How The Forests Of Anshi–Dandeli Were Increased**

– *by Sanjay Gubbi*

Dandeli Wildlife Sanctuary has seen several drastic changes in its boundaries. It was originally notified as a game sanctuary covering an area of 127 sq km on 10 May 1956. In 1975, post the euphoria of Project Tiger, it was declared a wildlife sanctuary and its area was expanded to 5,729 sq km. In 1987, to facilitate development projects – hydro–electric, a naval base, roads, transmission lines, mining and other industries – the area of the sanctuary came crashing down to 834 sq km. It was further reduced to 475 sq km through a final notification issued on 09 March 1998.

With the plethora of development activities, Dandeli saw levels of human habitation increase within its limits. In order to maintain a semblance of balance, in 1987, an area of 250 sq km had been carved out as Anshi National Park from Dandeli Wildlife Sanctuary. With the higher levels of vigilance and protection afforded to national parks, Anshi had greater hopes of retaining both forests and wildlife.

Balachandra Hegde of Sahyadri Wildlife Conservation Trust partnered with Wildlife Conservation Society – India (WCS India) Program as a keen and passionate conservationist. Growing up in a small village near Sirsi, Balu as he is known, is particularly attached to the Anshi–Dandeli forests. He took up the momentous task of digitising maps of the protected areas and reserved forests in Uttara Kannada. In 2002, while working with him to file a report on the region, we noticed several grating factors... while some forests outside the preserve of Anshi–Dandeli were still pristine, there were areas within the PA that had degraded significantly.

We decided to list a few important factors as we graded the forests in this region – contiguity with PAs in neighbouring Goa, terrain, quality of forest cover, potential as a wildlife habitat, current usage by large mammals, the importance of the forests from the eco–system services point of view (the tributaries of the Kaali river arise from these forests), and the extent of human habitation and development activity within the forest. We then carried out further field surveys in order to produce exact maps of the area.

Balu and I had hit upon a plan. We intended to approach the Forest Department with these maps and suggest an expansion of Anshi–Dandeli to include some of the pristine forests we had seen.

In August 2003, we took our maps and plans and met the Principal Chief Conservator of Forests (Wildlife). This began a long process that would stretch over seven years.

First step: we took RM Ray, who was the then PCCF, to the area. We proposed that about 140 sq km be added to Anshi NP and 452 sq km be added to Dandeli WS. He was convinced. He knew the area well from his work here in various capacities. He then held meeting with field officers to elicit their opinions.

As expected, a couple of the officers opposed the idea, because, with the proposal, they would lose out on areas where logging, bamboo extraction and other extraction activities were carried out. Ray was convinced that we had given him a practical plan with important long–term effects on wildlife conservation. His conviction meant that some officers agreed with him whole–heartedly while others did so reluctantly!

In our proposal, we had also suggested that 65 sq km of forests be removed from Dandeli Wildlife Sanctuary limits as these had high human density–seventy–nine per cent of the population within Dandeli lived in these parts, in Ambikanagar, Gund and Kumbarwada. Ambikanagar contained the township of a large power plant. It did not make sense to have such large human settlements within sanctuary limits; it would serve neither an ecological nor a management perspective. In fact, it would pose huge challenges in the management of the sanctuary.

Meanwhile, while rifling through old records, I found a document which would prove very handy in pushing this proposal. It was an old letter for diversion of forest land to build the Kodsalli and Kadra dams. A condition had been clearly

laid down then which said that "the forests around the origin of the Kaali River should be protected". Since the area we had proposed for inclusion into the PA held the origins of Kaali River, we now had another important fragment of approval in our favour.

We joined forces with local officers to develop the proposal and constantly followed up at both the local and state level to ensure that the proposals were sent to the Government. In this long bureaucratic process, some officers ensured that about half the areas we had suggested for inclusion were dropped.

We decided to take a practical approach to this: should we fight the dropping of these areas or focus on getting the remaining areas notified? We went ahead with what the field officers suggested. Our plan was to come back to the areas that had been dropped at a later time, and try to get them included once the first set of forest blocks had been included.

Unfortunately, at this time, the atmosphere at the State level was not very conducive for approval of the project. Sensing this, we decided to withdraw the pitch entirely for a short while so that it would not permanently sabotage the entire proposal.

In 2007, Ms. Meera Saxena became the Principal Secretary – Forests, Ecology and Environment. She was very supportive of conservation issues. As a bonus, Dr MH Swaminath had been appointed Secretary (Forests) and he was equally supportive. We started to follow up with these two officers.

In January 2007, as an impetus to the proposal, Anshi–Dandeli jointly received recognition, getting Tiger Reserve status.

We saw some success in September 2008, about six years after we had met RM Ray, then PCCF. An area of 163 sq km was notified to be added to Dandeli Wildlife Sanctuary and in August 2009, 78 sq km was notified to be included into Anshi National Park.

However, our work did not end here.

The newly added areas continued to be managed and administered by territorial divisions. Bamboo harvesting and other activities continued in what was legally a wildlife sanctuary and national park. The forests would be much safer, as we saw it, if they were transferred to wildlife divisions. Under the Forest Department, wildlife divisions report directly to the Principal Chief Conservator of Forests (Wildlife) and the entire focus of this division is protection and conservation of wildlife habitats. In wildlife divisions, there can be no commercial tree–felling and other such activities that are detrimental to wildlife.

We made several representations to transfer the newly added areas to wildlife divisions. However, one officer confided to me that there were committed 'works' in those areas hence our representations would be taken up only after those 'works' were completed.

In December 2010, when Mr. Kaushik Mukherjee became Principal Secretary – Forests, Ecology and Environment, I requested him to follow up on the issue and he immediately did so with the Forest Department. Finally, in February 2011, the areas that we had fought for were transferred to wildlife divisions.

Recently, we picked up the issue with the Forest Department once again, and another 243 sq km was added to ADTR. Kaushik Mukherjee, (who was now promoted as Additional Chief Secretary – Forests, Ecology Environment), BK Singh, Principal Chief Conservator of Forests (Wildlife), Dr MH Swaminath,

Additional Principal Chief Conservator of Forests (Wildlife), and Sunil Panwar, Deputy Conservator of Forests, ADTR were instrumental in this inclusion.

This notification has now connected ADTR to Bhimghad Wildlife Sanctuary and other PAs in Goa to form a contiguous PA network of 2,189 sq km with another 300 sq km of Reserved Forests in Maharashtra.

I hope this area will now be managed with purely wildlife conservation in focus.

We learned several lessons in the effort to add forests to Anshi–Dandeli, a struggle that began in 2002:

- Constant and long–term follow–up is necessary. This is a struggle that requires dedication and commitment from its participants.
- Strong understanding of the issue and its implications locally.
- Understanding of the response of officers to conservation issues. And importantly, knowledge of when to move, at the right time with the right people.
- Very importantly support and working with Government officials is the key to saving wildlife and their habitats.

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#### **4.14 FURTHER READING :**

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1. Jagmohan Negi, Air Travel Ticketing and Fare Construction, (2009) Kanishka Publishing House
2. A. K. Bhatia, International Tourism Management, (2019) Sterling Publishers Pvt. Ltd.

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## **BLOCK SUMMARY**

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The process of air ticketing cannot be completed stand alone. It requires lot of other documents to complete the process. Further to initiate planning of travel also require documents. Documents use in travel like passport, visa, travel insurance, custom regulation, currency regulation, vaccination certificate, etc are all important and they all are linked to each other in some or other way. Like for example to complete visa formalities one require valid passport, air ticket and other documents. Another example could be travel insurance for it require visa, passport and air ticket to confirm name of passenger, duration of travel and other information.

In this block, learners have studied about various travel documents like passport, visa, health regulation, custom regulation, currency regulation. The learners have clear concept about the types, use and requirement of these travel documents.



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## **BLOCK ASSIGNMENT**

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### **Short Question Answer**

1. What are the important points considered for preparing Indian passport ?
2. Explain the difference between visa on arrival and electronic visa.
3. What are the custom regulations for the outbound tourists?
4. What are the penal provisions for possessing prohibited and restricted goods at the airport ?
5. Differentiate between the term protected area permit and restricted area permit.

### **Long Question Answer**

1. Explain the duty free allowances and entitlement for the passengers coming from Nepal, Bhutan, Myanmar or China.
2. Describe the term Pure Agent explained under section 33 of GST.
3. How GST input can be taken/credited back dealing with tour operators ?
4. What is the meaning of term insurance ? What are the various types of travel insurance ?

**Airfare & Ticketing  
Part-1**

❖ **Enrolment No. :**

1. How many hours did you need for studying the units ?

<b>Unit No.</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>No. of Hrs.</b>				

2. Please give your reactions to the following items based on your reading of the block :

Items	Excellent	Very Good	Good	Poor	Give specific example if any
Presentation Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Language and Style	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Illustration used (Diagram, tables etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Conceptual Clarity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Check your progress Quest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____
Feed back to CYP Question	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ _____

3. Any other Comments

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