

Regulatory Procedure (LICENSING REQUIREMENTS FOR TRAVEL AGENCIES)



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1 Disclaimer

This information memorandum is to introduce the subject matter and provide a general idea and information on the said matter. Although, the material included in this document is based on data/information gathered from various reliable sources; however, it is based upon certain assumptions, which may differ from case to case. The information has been provided on as where is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out due diligence and gather any additional information which is necessary for making an informed decision, including taking professional advice from a qualified consultant/technical expert before taking any decision to act upon the information.

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2 Introduction of SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need based capacity building programs of different types in addition to business guidance through help desk services.

3 Role of Legal Services Cell, SMEDA

The Legal Services Cell (LSC) as part of Business & Sector Development Services (B&SDS) Division of SMEDA plays a key role in providing guidance an overall facilitation and support to SMEs on legal matters.

LSC believes that information dissemination to SMEs on the existing regulatory environment is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate SMEs LSC has developed user-friendly systems, which provide them detail description of the laws and regulations including processes and steps required for compliance.

The purpose of this document is to provide SMEs either individuals or companies with information pertaining to the tilted subject, which a business entity has to comply with. Entrepreneurs interested in enhancing their understanding about the procedures and rights can also use the document. For convenience of the reader's sample of various forms, instructions how fill up the forms and important addresses are also included.

4 Applicable Laws

Travel Agencies Act, 1976 (hereinafter referred as “the Act”) and Travel Agencies Rules, 1977 (hereinafter referred as “the Rules”) are the basic laws to provide guidelines for the development, regulation and control of the profession of travel agencies in Pakistan.

Before going further, we will ascertain the actual meaning of Travel Agency under the Act. As per section 2 sub section (f) “Travel Agency” means a person, by whatever name called, who:

- i) Makes, directly or indirectly, on commercial basis arrangements for the passage of the tourists, or use of transport, or transportation of their baggage or goods by sea, air rail or road;
- ii) Makes arrangements for lodging, transport or other services relating to travel of persons with in Pakistan or arranges entertainment, sightseeing, excursion and guide services, whether the arrangements are made on the basis of comprehensive all inclusive rates or on the basis of separate charges for each service provided; or
- iii) Has been delegated general authority in respect of sales for the airlines or other carriers, either directly or through a sub-contract

5 Licensing Requirements

Section 6 of the Act clearly prohibits any person to hold him/her self out or act as travel agency unless he/she holds a license. Also section 6 (2) of the Act prohibit all airlines or other carriers to delegate general authority in respect of sales, either directly or through a sub contract, to a person who does not hold a license.

6 Fields of Operation

A license may be granted to an applicant for one or more of the following fields of operation:

- a) Booking of passages and baggage by Air, Rail, Road or Sea for citizens of Pakistan or tourists for any destination;
- b) Organizing group tours for citizen of Pakistan to a foreign country or countries;
- c) Organizing group tours of citizens of Pakistan or foreigners within Pakistan;
- d) Organizing or arranging sightseeing, providing or arranging sports including shooting (hunting) entertainment or arranging trekking or mountain climbing for tourists within Pakistan; and
- e) Providing or arranging accommodation and transportation for tourists/group tours within Pakistan or outside Pakistan.

7 Procedure to Obtain License

Travel agency licensing requirement is a provincial matter and comes under the following legislation in the respective provinces:

- a Islamabad Capital Territory and Punjab: The Travel Agencies Act 1976. (can be accessed at www.pakistancode.gov.pk)
- b) Balochistan: Balochistan Travel Agencies Act 2014 (can be accessed at blncode.pitb.gov.pk)
- c) Sindh: The Sindh Travel Agencies Act, 2011 (can be accessed at www.pas.gov.pk)
- d) KPK: Travel Agencies (Amendment) Act, 2013 (can be accessed at www.pakp.gov.pk/2008)

However all provinces follow the procedure given below:

Any person intending to organize and operate a travel agency shall propose a name for the same and check for its availability with the Deputy Controller Department of Tourist Services and apply to the same in Form-I (attached herewith) together with the following documents:

- i) Certificate from a bank certifying that applicant holds a capital of not less than two lac rupees (Rs. 200,000)
- ii) An investment statement showing assets and liabilities duly certified by an appropriate authority i.e. Chartered Accountant or Income tax practitioner.
- iii) An attested copy of National Tax Registration Number of the firm.
- iv) Attested copies of lease/rent agreement /proof of the ownership of the premises.
- v) In case of Partnership Firm, attested copies of Registration Certificate, Partnership Deed duly attested and Form C for Registrar of Firms.
- vi) In case of Limited Company, attested copies of Incorporation Certificate, Memorandum and Articles of Association, Form-A and Form-29 duly certified from Securities Exchange Commission of Pakistan (SECP).
- vii) A sketch of the office showing various counters windows etc. with measurement showing its covered area not less than 250 Sq. Ft.
- viii) A list of staff showing their designations, qualification, training and experience in travel trade business along with attested copies of the supporting documents.
- ix) Attested copies of National Identity Card of the Proprietor/Partners/Directors/Chief Executive/Manager and employee.
- x) Photocopy of registration of a vehicle of 800cc or above.

If the Controller is satisfied that the applicant is a fit person for the grant of a license, he may grant him a license in, on payment of the fee specified below:

(As amended by S.R.O. 89 (KE)/2010, dated 30-4-2010)

(Pak Rupees)

Sr. No	FIELD OF OPERATION	License fee for main office	License fee for each branch office
(a)	Booking of passages and baggage by air rail, road or sea for citizens of Pakistan or tourists for any destination.	8,000/-	4,000/-
(b)	Organizing group tours for citizen of Pakistan to a foreign country or countries.	10,000/-	5,000/-
(c)	Organizing group tours of Citizens of Pakistan or foreigners within Pakistan	10,000/-	5,000/-
(d)	Organizing or arranging sightseeing, providing or arranging sports including shooting (Shikar), entertainment or arranging trekking or mountain climbing for tourists within Pakistan.	12,000/-	8,000/-
(e)	Providing or arranging Accommodation and transportation for tourists within Pakistan or outside Pakistan	4,000/-	2,000/-

A license shall not be granted to an applicant if:

- a) The applicant, or the manager or any partner or director of the applicant, has been convicted of an offence which, in the opinion of the Federal Government involves moral turpitude;
- b) The applicant is a minor or insane person;
- c) The financial position of the applicant is, in the opinion of the Federal Government, such as would prevent the applicant from acting as a travel agency efficiently;
- d) The applicant has had no experience of travel arrangements required to operate the business of a travel agency and has not employed persons who have had such experience; or
- e) The applicant does not have an office of a prescribed minimum standard or does not engage experienced and trained employees or licensed guides or does not provide such transportation facilities as may be prescribed.

8 Business Guarantee Fund

As per section 7 of the Act, a licensed Travel Agency shall either furnish such bank guarantee or maintain in a scheduled bank; a business guarantee fund of the following amount, namely:

(As amended by S.R.O. 89 (KE)/2010, dated 30-4-2010)

(Pak Rupee)

Sr.no	FIELD OF OPERATION	Business Guarantee Fund/Bank Guarantee for Main Office	Business Guarantee Fund/Bank Guarantee for Branch Office
(a)	Booking of passages and baggage by air rail, road or sea for citizens of Pakistan or tourists for any destination.	200,000/-	75,000/-
(b)	Organizing group tours for citizen of Pakistan to a foreign country or countries.	150,000/-	55,000/-
(c)	Organizing group tours of Citizens of Pakistan or foreigners within Pakistan	150,000/-	55,000/-
(d)	Organizing or arranging sightseeing, providing or arranging sports including shooting (Shikar), entertainment or arranging trekking or mountain climbing for tourists within Pakistan.	150,000/-	75,000/-
(e)	Providing or arranging accommodation and transportation for tourists within Pakistan or outside Pakistan	50,000/-	20,000/-

9 Conditions of License

The following shall be the conditions of the license, namely:-

- a) The licensee shall prominently display the license granted to him in his office premises
- b) The license shall be in the name of a specific person, for a specific business, place or places;
- c) The license shall not be transferable

- d) The licensee shall limit his field of operation to the activity or, activities for which the license is granted;
- e) The licensee shall have at least one year's practical experience and professional know how to run a travel agency, or he shall employ a professionally qualified and experienced manager;
- f) The licensee shall employ experienced and trained staff for travel and tour operation work;
- g) The licensee shall be a citizen of Pakistan;
- h) The licensee shall obtain prior permission of the Controller if he desires to change his field of operation or branches and shall get his license modified accordingly;
- i) The licensee shall promptly and immediately inform the Controller of any change in the nature or composition of his firm obtain his permission and get his license endorsed accordingly or have a fresh license issued to run the business;
- j) The licensee shall get his service charges approved by the Committee through the Controller and no change in such charges shall be made without the prior approval of the Committee;
- k) The licensee shall not charge for his services except in accordance with the rates approved by the Committee;
- l) The service charges duly approved by the Committee shall be prominently displayed by the licensee in his office premises and brought to the notice of the tourists and other clients concerned before entering into a contract with them;
- m) The licensee shall have a properly planned office in a suitable locality with distinct and separate counters for booking passages, baggage or goods by sea , air, rail or road, group tours, sight-seeing and entertainment bookings with such other work facilities as may be desirable for the activities undertaken by him;
- n) The licensee engaged in group tours at sightseeing activities shall employ on a regular basis sufficient number of licensed tourist guides duly, trained at the Tourism and Hotel Training Institute of Pakistan
- o) The licensee shall furnish any information in respect of his business that may be sought by the Controller;
- p) The Controller or an officer duly authorized by him shall have free access and right of inspection to the premises of the licensee and his records
- q) The licensee shall quote the number of his license prominently in all his correspondence and commercial publications;
- r) The licensee shall, within fifteen days of the grant of license, open a business guarantee fund under sub-rule (1) of rule 14, or furnish a bank guarantee under sub- rule (2) of that rule, 4 {Provided that the bank guarantee fund be opened or as the case may be, the bank guarantee may be furnished within a further period of thirty days on payment of late fee of five thousand rupees and}
- s) The licensee shall not carry out any business related to travel and tour operation work

with any person or organization, which does not hold a valid license granted under the Act.

10 Renewal of a License

The license may be renewed on payment, within fifteen days from the date of its expiry, provided that the application for renewal of a license is made before the date of its expiry. If the application for renewal of a license is made after the date of its expiry, it shall be renewed on payment of late fee of five thousand rupees.

11 Code of Conduct

11.1 A licensee shall adhere to ethical commercial practices and shall refrain from objectionable activities such as overselling undercutting, misleading tourists, clients or principles and failing to fulfill his commitments.

11.2 The following shall be regarded unethical practices, namely:

- a) Misleading the public or any client;
- b) Damaging the reputation of another licensee or principal;
- c) Claiming to provide a better service than in fact he does;
- d) Unjustly delaying the discharge of debits accruing from his business transactions;
- e) Failing to afford necessary facilities to the Controller or an officer authorized by him in this behalf to inspect the office premises and records;
- f) Failing to maintain a high standard of reputation or doing anything which is against the interests of Pakistan or which jeopardizes its prestige or security;
- g) Failing to have good relations with the public, tourists and clients.

11.3 A licensee, in relation to the general public, tourists and his clients, shall:

- a) Not do anything damaging to the interest of the public, tourists and clients;
- b) Keep himself and his employees fully informed of all aspects of domestic and international travel services to as to give his clients truly professional travel service and secure for them the best possible services;
- c) Make the general public, tourists and his clients aware of the services provided in an all inclusive travel cost quotation;
- d) Not make misleading and doubtful superlative statements in his dealings, advertisements and brochures;
- e) In the event of a dispute, make every effort to settle the matter amicably at the earliest possible.
- f) Employ only salaried sales representatives operating mainly outside his business

premises and shall ensure that they are trained, experienced and fully informed in the business of travel trade;

- g) Ensure that information supplied by him in whatever form for all inclusive tours shall contain comprehensive and accurate information with regard to the firm or organization responsible for the tour, the means of transport, name of carrier, type and class thereof provided, destinations and itineraries, durations of tours and halts at each place, types and classes of accommodation, facilities, of meals offered and any other special arrangements such as entertainment;
- h) If alterations have to be made in the information referred to in clause (g) for which bookings have already been made by the tourists, inform them without delay giving them an option to accept the alteration or cancel the bookings, and shall promptly refund the amounts due to them, if any, provided, that this shall not be binding when the alterations arise out of circumstances beyond the control of the licensee.
- i) Conduct business at advertised prices only except where price changes become necessary due to changes in currency exchange rates, fares and hotel rates.

11.4 A licensee shall:

- a) Follow the best traditions of salesmanship, abiding by his contractual undertakings with them and following all relevant rules;
- b) Ensure that his employees have full knowledge of current tariffs and regulations of the principals;
- c) Accept or release all offers of accommodation as quickly as possible and within the stipulated period; and
- d) Settle all accounts without delay and within the agreed period.

11.5 A licensee shall not violate the provisions of the Act or the rules made there under or the terms and conditions of the license.

12 FORMS

12.1 FORM-I: Form of Application License

<p>Form-I</p> <p><i>(Reference Rule 3(1) of Travel Agencies) Rules, 1977</i></p> <p>FORM OF APPLICATION LICENCE</p> <p>Please furnish typed replies) Separate sheets may be used where necessary)</p> <p>*****</p>	
1	Name of the person/firm
2	Business address (if Registered, please give registered address). If the principal place of business is outside Pakistan or the Company is incorporated outside Pakistan give name and address of the duly authorized agent, in Pakistan
3	Nature of the firm whether proprietary, partnership, private company, public company, limited or unlimited.
4	Year of establishment (year of registration in case of partnership/company. Please attach attested copy of registration certificate).
5	<p>a) Telephone number with number of lines.</p> <p>b) Telegraphic/telex/cable address.</p> <p>c) Details of branch office, if any established/Proposed to be established.</p>
6	Capital invested (Please indicate clearly the paid-up capital and enclosed certificate of appropriate authority in support of your statement).
7	Names and address of directors/partners/manager, indicating qualifications and experience of each in travel business (separately for those heading each branch office).
8	Name of banker (Please attach reference from the bank).

12.2 FORM-II: Form of License

<p>FORM –II {See rules 3(3)} Form of license <i>Insignia of</i> Pakistan D.T.S.</p>	
<p>Mr./Miss/Mrs./Messrs. _____ address _____ is/are hereby granted a license to operate as a travel agency under the Travel Agencies Act, 1976, for the following field/fields of operation:</p>	
<p>i) . ii) . iii) . iv) .</p>	
<p>This license is also valid for the following branches, namely:-</p>	
<p>1) (with the full address of each branch). 2) . 3) .</p>	
<p>This license is valid for the year _____ and shall expire on the 30th June. _____ unless renewed in accordance with the said Act and the rules made there under from time to time.</p>	
<p>Given this _____ day of _____ (date) (month & year)</p>	
<p>Signature of the Controller</p>	
<p>(1) Renewals for the year.....</p>	
<p>Signature of the Controller</p>	

12.3 FORM-IV: Bank Guarantee

FORM –IV {See rules 14(2)} BANK GUARANTEE
<p>Know all men by these presents that we, Bankers at in the district of hereinafter called the Guarantor, bind ourselves to stand as guarantor to the (Controller) and undertake to pay at any time to the order of the Controller any amount not exceeding Rupees On behalf of Mr./Miss/Mrs./Messers a licenced travel agency without prior reference or confirmation from the said licensee</p> <p style="text-align: center;">This guarantee shall be valid and shall remain in force and binding on the Guarantor until it is redeemed by order of the Controller or an officer duly authorised by him in this behalf.</p> <p>Dated</p> <p>...</p> <p>Place...</p> <p style="text-align: right;">Manager_____</p> <p style="text-align: right;">Official seal of the bank_____</p> <p style="text-align: center;">i. Witness..... ii. Witness</p> <p>N.B. ---- This guarantee shall be executed on stamp paper of the appropriate value prescribed under the Stamp Act, 1899.</p>

12.4 FORM-V: Form of Bank Certificate in respect of Business Guarantee Fund

FORM –V {See rules 14(3)} Form of bank certificate in respect of the Business Guarantee Fund
<p>We do hereby certify that</p> <p style="margin-left: 40px;"><i>(name of bank with branch)</i> Mr./Miss/Mrs./Messers has/have deposited with us an amount of Rs..... as the Business Guarantee Fund on <i>(date)</i> vide Account No..... to be held on trust on his/her/their behalf and to be operated only to be the order of the Controller or an officer duly authorised by him in this regard.</p> <p>Dated...</p> <p>Place....</p> <div style="text-align: right; margin-right: 100px;"> Manager _____ Official seal of the bank _____ </div> <p style="margin-left: 100px;">1. Witness.....</p> <p style="margin-left: 100px;">2. Witness</p>

13 Important Contacts

Controller,

Department of Tourist Services, Capital Territory Islamabad,
Shaheed- e-Millat Road, 13th Floor, Jinnah Avenue,
Islamabad.

Tel: +92-51-9203772

Fax: +92-51-9223013

Deputy Controller,

Department of Tourist Services, Punjab
8-B, Faisal Town,
Lahore.

Tel: +92-42-99232410

Fax: Not available

Deputy Controller,

Directorate of Tourist Services, Department of Tourism, Sindh
Pitham, St. No.16, Block no.4, Clifton 5,
Karachi.

Tel: +92-21-0302 2972966

Fax: Not available

Deputy Controller,

Directorate of Tourist Services, KPK
4th Floor, F.C Plaza, Sunehri Masjid Road,
Peshawar.

Tel: +92-91-9210008

Fax:+92-91-9213000

Deputy Controller,

Directorate of Tourism, Baluchistan
Mali Bagh, Near Pashto Academy, Mechongy Road,
Quetta.

Tel: +92-81-9202537-2827775

Fax:Not Available