BUSINESS PLAN · INDIA

Travel Agency

Gross booking value is not revenue - and the airline stopped paying you

TRAVEL

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **Travel Agency** in India — a retail and small-corporate travel business selling air tickets, hotels, holiday packages, visa assistance, insurance and ancillary services to leisure travellers, families, small businesses and institutional accounts, through a counselled offline-plus-digital model.

> **This plan opens the travel vertical and its first duty is to correct the number that ruins more travel business plans than any other: gross booking value is not revenue. This agency handles ₹14 crore of customer money in Year 1 and earns ₹92 lakh of it.** The other ₹13.08 crore belongs to airlines, hotels and operators and passes straight through. **A travel plan that presents booking value as turnover is describing a business fifteen times larger than the one that exists** — and the error is not merely cosmetic, because **it produces a business that believes a 2% mistake is small when 2% of gross booking value is a third of everything it earns.** Every figure in this plan is stated on net revenue, and net profit is additionally shown against gross booking value — **1.52% by Year 3 — so the reader can see how little of the money flowing through this business ever belongs to it.**

> **The second point is the structural change that most agencies have still not fully absorbed: the airline stopped paying you. For decades an agent earned a commission from the supplier — the customer paid the fare, the airline paid the agent, and the service felt free. That commission has been cut to near-zero, so the revenue has to come from the customer instead, in the form of a service fee for work that was, in the customer's memory, always free. This is a genuinely difficult transition and it is where small agencies quietly fail: they keep selling as though the supplier still pays, discount the fee to win the booking, and end up performing skilled work for nothing.** This plan makes the inversion explicit and measures it — **customer-paid service fees rise from 34% to 61% of net revenue while supplier-paid commission falls from 66% to 39%** — **and treats the ability to charge a fee without apology as the single competence that decides whether this business survives.**

> **The third is that your supplier is also your competitor, and it sells the identical product directly, often cheaper. The airline's own website, the hotel's own booking page and the online travel agency all offer exactly what this business offers, to the same customer, at the same moment. No agency wins a straight price comparison on a point-to-point domestic ticket, and one that tries is competing for the least profitable transaction in the industry.** The only defensible ground is complexity: **multi-city itineraries, group travel, visa-dependent journeys, families with real constraints, corporate policy compliance, and anything where a mistake is expensive and the customer knows it.** This plan moves simple point-to-point tickets from 46% to 21% of transactions and complex bookings from 31% to 58%, **raising net revenue per transaction from ₹1,840 to ₹3,180 — which is the same business serving fewer, better bookings rather than a larger one.**

> **And the fourth, which this plan states more bluntly than travel plans usually do: the float is not profit. Customers pay months before they travel, so this business holds a large balance of other people's money — ₹68 lakh on average in Year 1 — and that money looks exactly like working capital in a bank statement. An agency that funds salaries and rent from customer advances is solvent only while bookings keep growing, because next month's departures are paid for by next month's customers. That structure works until the month bookings fall — and in this industry bookings do not fall gradually, they stop.** This plan holds **advance money in a separate designated account rising to 100%**, and operating costs funded from float at **NIL.**

This plan models an agency requiring **₹1.12 crore** (₹52 lakh promoter + ₹20 lakh term loan + ₹40 lakh working-capital facility), moving from **₹14.00 crore gross bookings / ₹92 lakh net revenue and a ₹4 lakh loss** to **₹31.00 crore gross bookings / ₹2.48 crore net revenue and ₹47 lakh profit** by Year 3. *(Retail and small-corporate travel agency —*

figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: A counselled travel business earning its living from customer-paid service fees on complex itineraries rather than from supplier commission on commodity tickets, holding client advances in trust rather than in the operating account.

Vision: To be worth paying for, on journeys nobody wants to arrange alone.

Mission: Charge a fee and justify it; decline the booking a website does better; keep client advances in a separate account; never quote gross bookings as revenue; and treat a documentation error as the serious event it is.

Legal structure options

- **Private Limited** — recommended: IATA accreditation, corporate account contracting and bank guarantees all assume corporate standing.
- **LLP** — workable for a partner-led leisure agency without significant corporate business.
- **Proprietorship** — common at entry, but weak where client money is held and where a corporate account requires a contracting counterparty.

> **Regulatory anchor:** the obligations here are financial and fiduciary rather than industrial. **IATA accreditation for air ticketing, which requires a bank guarantee, financial criteria and adherence to the BSP settlement calendar** — **and the BSP obligation deserves emphasis, because the agency must remit fare money to airlines on a fixed cycle regardless of whether the customer has paid, making it the one payment in the business that cannot be delayed. GST, applied differently depending on the model: a commission or service fee is taxed on the agency's own earning, while a tour package sold as a principal is taxed on the package value — and treating one as the other is a common and expensive error. Tax Collected at Source (TCS) on overseas tour packages and foreign remittances under the Income-tax Act**, which the agency must collect, report and remit — **an obligation on money that is not its own. FEMA compliance for foreign exchange**, with authorised-dealer arrangements for forex sales. Alongside these: **state tourism department registration where applicable, professional indemnity and errors-and-omissions insurance (genuinely necessary rather than optional in a business where a documentation mistake can strand a family abroad)**, shops and establishment registration, and DPDP-consistent handling of passport, visa and payment data, **which this business holds in unusually sensitive volume.**

3. Promoter & Ownership

Led by a promoter with travel, hospitality or corporate-account background. Three competences decide outcomes: *fee confidence*, because an agency that cannot ask for a service fee without apologising has no business model left once supplier commission is gone; *itinerary judgement*, since the value being sold is knowing what will go wrong and preventing it; and *financial separation discipline*, which sounds administrative and is existential — **the promoter who treats client advances as available cash has built something that cannot survive a quiet quarter.** Ownership, equity & investor terms are editable inputs.

4. Market Analysis — India

Indian outbound and domestic travel continues to grow strongly, with rising incomes, wider air connectivity and a large first-time-traveller population. The intermediary's share of that growth is shrinking on simple transactions and holding on complex ones.

Demand drivers

- **Rising discretionary income and outbound travel**, particularly from Tier-2 and Tier-3 cities.
- **First-time international travellers** who need guidance, documentation help and reassurance.
- **Visa complexity**, which creates genuine, chargeable expertise.
- **Small and mid-sized corporate accounts** lacking in-house travel management.
- **Group, family and multi-generational travel**, which is difficult to self-book and expensive to get wrong.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian travel spend in the served catchment	Large and growing
SAM	**Bookings complex enough that self-service is unattractive**	**Complexity-bounded, not price-bounded**
SOM (Yr 1–3)	Transactions × net revenue per transaction	Net revenue/txn ₹1,840 → ₹3,180

> **The most important market judgement a travel agency makes is which bookings to refuse, and it is the opposite of the instinct most agents bring to the trade. A domestic point-to-point ticket on a well-known route is a commodity: the customer can book it in ninety seconds on their phone, at the same price or better, with no expertise required and nothing much to go wrong. An agency that competes for that transaction is fighting the airline's own website and an OTA with a marketing budget it cannot match, for a booking that generates a few hundred rupees at best and consumes a counsellor's time regardless.** The economics are unambiguous: **net revenue per transaction on complex bookings is several times that on simple ones, while the counsellor time required is perhaps double.** Yet agencies chase volume, **because a booking taken feels better than a booking declined and because the gross value looks impressive on a monthly report that is measuring the wrong thing.** This plan therefore treats mix as the primary strategic variable rather than growth: **simple point-to-point falls from 46% to 21% of transactions, complex bookings rise from 31% to 58%, and net revenue per transaction nearly doubles. The business becomes more profitable while handling proportionally fewer easy bookings — which will feel, month to month, like turning work away, and is in fact the entire strategy.** The honest caveat is that **simple bookings do carry relationship value: the family that books a Delhi–Mumbai ticket may return for its Europe holiday**, so the rule is to serve them efficiently and at a fee, **not to court them and not to subsidise them.**

5. Competition & Competitive Advantage

Landscape: online travel agencies with enormous scale and marketing budgets, airlines and hotels selling direct, other retail agencies competing largely on discounting the very fee that constitutes their revenue, and consolidators serving corporate accounts. **The defining structural fact is that this business's suppliers are simultaneously its competitors.**

The business's edge

- **Complexity as the chosen ground** — visa-dependent, multi-city, group and constrained itineraries.
- **Service fees charged openly**, rather than hidden in a markup that a price comparison exposes.
- **Documentation accuracy**, which is where the customer's real risk lives.
- **Client money held separately**, which is both prudent and, increasingly, a selling point.
- **Corporate accounts** contributing contracted, repeatable, policy-driven volume.

Competing against your own suppliers is the permanent condition of this business, and understanding why the supplier tolerates you at all is the key to positioning. An airline would prefer every seat sold on its own website at zero distribution cost, and it has spent two decades moving in that direction — which is precisely why agent commission disappeared. What the airline cannot economically do is handle the awkward cases: the itinerary spanning four carriers, the group of thirty with individual name changes, the passenger whose visa is refused a week before departure, the corporate account needing policy enforcement and consolidated billing, the family that will telephone eleven times before travelling. These are expensive to service and the airline is delighted for somebody else to absorb them. The agency's position is therefore not a share of the airline's distribution but a distinct service the airline has deliberately declined to provide — **and that reframing changes the pricing conversation completely. An agent who thinks of himself as a cheaper channel must justify a fee against a website that charges none. An agent who understands he is selling judgement, error prevention and availability is selling something the website does not offer at any price, and the fee is not a surcharge on the ticket — it is the price of the actual product.** This plan builds on that footing: **service fees quoted openly as a line item rather than buried in a fare markup, because a hidden markup is discovered the moment the customer checks the airline's site and destroys the trust the whole relationship depends on — while an openly stated fee for stated work survives the comparison, since the customer can see they are not paying more for the ticket, they are paying for the person.**

6. Services, Revenue Mix & the Fee Question

Service	Revenue basis	Economics
Air ticketing (complex / multi-city / group)	Service fee + residual commission	**Fee-led; the core of the business**
Air ticketing (simple point-to-point)	Small service fee	Served efficiently, not courted
Holiday packages (FIT & group)	Markup as principal, or commission	**Highest net revenue per transaction**
Visa & documentation assistance	Flat professional fee	**Pure expertise; excellent margin; high liability**
Hotels & ground arrangements	Commission or markup	Better commission survival than air
Travel insurance & forex	Commission	Attach revenue; genuine customer value
Corporate travel management	Transaction fee or management fee	**Contracted, repeatable, policy-driven**
Discounting the service fee to win a booking	**NIL — by policy**	**It is discounting the only revenue there is**
Hidden markup presented as the supplier's fare	**NIL — by policy**	**One price check destroys the relationship**

Discounting the service fee is the most self-destructive habit in retail travel, and it is worth setting out why it is categorically different from discounting in any other business in this library. A retailer who discounts gives away part of a margin earned on goods. **A travel agency that waives its service fee gives away one hundred per cent of its revenue on that transaction, because the fare is not its money. The agency has still done the work — the counselling, the search, the booking, the documentation, the changes — and has been paid nothing at all for**

> **it, while remaining fully liable if something goes wrong.** The behaviour persists for an understandable reason: **the customer's resistance is real, because within living memory the service genuinely was free, and the agent finds it easier to absorb the fee than to explain a change in the industry the customer never asked about.** But the arithmetic compounds quickly. **An agency waiving fees on a third of its transactions is not running at a slightly lower margin — it is performing a third of its labour for nothing, and it will conclude that travel is an unprofitable trade when the actual finding is that it has been giving its product away.** Three practical disciplines. **Quote the fee before the fare, as a separate stated charge for stated work, so it is understood as the price of a service rather than as an addition to a price the customer is about to compare. Vary it by complexity rather than by customer resistance** — a visa-dependent multi-city group booking and a single domestic ticket are not the same work and should not carry the same fee. **And decline the booking where the fee is refused**, which is uncomfortable and, on this plan's economics, correct: **a transaction earning zero net revenue while consuming counsellor time and carrying full liability is not a customer relationship, it is a subsidy.**

7. Go-to-Market — Trust, Referral and the Corporate Base

Acquisition

- **Referral and repeat** as the primary channel — travel is bought on trust and recommendation.
- **Community and affinity groups** — associations, temples, alumni, employer groups — which generate group travel.
- **Corporate accounts**, won on process and service levels rather than on transaction price.
- **Local presence and visibility**, which in leisure travel still converts better than digital advertising against OTA budgets.

Retention

- **Accuracy first**, because a documentation error is remembered permanently and discussed widely.
- **Availability during travel**, which is when the customer discovers whether the fee was worth paying.
- **Proactive disruption handling** — the cancelled flight is the moment the agency earns its next booking.
- **Post-travel follow-up**, generating the referral that costs nothing to acquire.

Repeat and referral rise from 38% to 63% of bookings in this plan, and that single number is the closest thing this business has to an asset. It has no inventory, no property and no intellectual property; what it owns is a body of people who trust it with the most anxious purchase most households make in a year. That trust is built slowly through accuracy and destroyed instantly through a single error — which is why the error rate is treated in this plan as a commercial metric rather than an operational one.

8. Operations Plan (counsel, book, document, settle, protect the trust)

- **Counselling:** requirement, constraint and risk established before any search, **because the value being sold is knowing what will go wrong.**
- **Booking:** GDS and supplier platforms with fare rules, change penalties and baggage terms **explained to the customer at booking rather than discovered at the airport.**
- **Documentation: passport validity, visa requirement, transit-visa traps, name-matching against passport and onward-ticket rules verified against a checklist — this is where the catastrophic errors happen.**
- **Client money: advances received into a separate designated account, drawn only as supplier payments fall due, never used for operating costs.**
- **BSP settlement: the airline remittance calendar treated as immovable, with collection scheduled ahead of it rather than against it.**

- **Changes & cancellations:** penalties and refund timelines set out in writing at the time of sale, **since refunds from suppliers take far longer than customers expect and the gap becomes the agency's problem.**
- **Disruption support:** a documented duty roster covering travel hours, not office hours.
- **Error review: every booking error logged, root-caused and reviewed, with compensation paid promptly rather than argued.**

Control points

Area	Activity	Control point
The number that is not revenue	**Net revenue as % of gross booking value**	**6.6% → 7.4% → 8.0%**
The honesty check	**Net profit as % of gross booking value**	**−0.03% → 0.75% → 1.52%**
The model inversion	**Customer-paid fees as % of net revenue**	**34% → 48% → 61%**
Where value lives	**Complex bookings / simple point-to-point**	**31% → 58% / 46% → 21%**
Fiduciary discipline	**Advances in a designated account / float funding opex**	**62% → 100% / NIL**
The trust metric	**Booking errors requiring compensation**	**1.9% → 1.1% → 0.6%**
The asset	Repeat & referral share of bookings	38% → 51% → 63%

> **A booking error in this business behaves unlike a quality failure anywhere else in this library, and the difference is worth stating precisely because it justifies the cost of preventing it. In FMCG, a bad packet loses one consumer who quietly buys another brand.** Here, **a passport with five months of validity against a six-month requirement, a name spelled as it appears on an Aadhaar card rather than a passport, an unnoticed transit-visa requirement, or a date entered as the return instead of the departure — any of these strands a family at an airport at four in the morning, at the start of a holiday they saved for, in front of their children. The financial cost is the rebooking; the actual cost is that this customer, their extended family and everyone they tell will never use this agency again, in a business where 63% of bookings come from referral. One error can remove a decade of a community's business.** Three controls follow, and none is expensive relative to what it protects. **A documentation checklist applied to every international booking without exception, including the ones for repeat customers where familiarity makes skipping it tempting. A second-person verification on names, dates and passport details before ticketing — the single highest-return control in the business, because these are the errors that cannot be corrected at the airport. And prompt, unargued compensation when an error does occur**, since **the customer who was compensated immediately tells a different story from the one who had to fight for it, and in a referral business the story is the product.** This plan takes errors from 1.9% to 0.6% of transactions and carries the cost of that discipline openly.

9. IATA, GST, TCS & Compliance (India)

- **IATA accreditation** with bank guarantee and financial criteria; **BSP settlement on a fixed calendar — the one payment in this business that cannot be delayed, regardless of whether the customer has paid.**
- **GST applied by model: commission and service fees taxed on the agency's own earning; a tour package sold as principal taxed on package value — treating one as the other is a common and expensive error.**
- **TCS on overseas tour packages and foreign remittances** under the Income-tax Act, collected, reported and remitted — **an obligation on money that is not the agency's own.**
- **FEMA compliance and authorised-dealer arrangements** for foreign-exchange sales.

- **Professional indemnity and errors-and-omissions insurance — genuinely necessary rather than optional where a documentation mistake can strand a family abroad.**
- State tourism department registration where applicable; shops & establishment registration; professional tax.
- **DPDP-consistent handling of passport, visa, payment and biometric-appointment data**, which this business holds in unusually sensitive volume.
- Written terms of business covering change penalties, cancellation charges and refund timelines, **disclosed at the point of sale rather than at the point of dispute.**

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / managing director	1	1	2
Travel counsellors (leisure & groups)	**10**	**15**	**22**
Operations & ticketing	5	7	10
Visa & documentation desk	**4**	**5**	**7**
Corporate accounts desk	3	5	8
Finance & admin	3	4	5
Marketing	1	2	3
Total	**27**	**39**	**57**

Salaries are 57% of net revenue in Year 1 and remain the dominant cost throughout, which is the defining financial characteristic of an intermediary business and the reason mix matters more than volume. A counsellor costs the same whether the booking earns ₹400 or ₹4,000 — so **the path to profitability runs through net revenue per transaction rather than through transaction count, and an agency that grows its bookings without improving its mix simply hires more people to earn the same money.** The **dedicated visa and documentation desk from Year 1** is deliberate on the same logic: it is simultaneously the highest-margin service in the portfolio and the source of the errors that end relationships.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–4	IATA accreditation and bank guarantee in place, GDS and booking engine live, designated client-money account opened, documentation checklist and terms of business written, indemnity insurance bound
Launch	Month 4–12	₹14.00cr gross bookings / ₹92L net revenue; ₹4L loss; net revenue/txn ₹1,840; fees 34% of net revenue; errors 1.9%
Build	Year 2	₹22.00cr bookings / ₹1.62cr net revenue, ₹16.5L profit; complex bookings 44%; fees 48%; advances 88% in designated account; corporate 31% of net revenue
Scale	Year 3	₹31.00cr bookings / **₹2.48cr net revenue, ₹47L profit; net revenue/txn ₹3,180; fees 61%; complex bookings 58%; advances 100% segregated; errors 0.6%; referral 63%**

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. ***Net revenue per transaction, fee share and mix are the levers; gross booking value is not one, because almost none of it belongs to this business.***

12.1 Project cost & means of finance

Capital requirement	₹
Working capital & supplier deposits	**34,00,000**
IATA bank guarantee & security deposits	**25,00,000**
Office fit-out, deposit & equipment	18,00,000
Technology (GDS, booking engine, CRM, accounting)	12,00,000
Launch marketing & brand	10,00,000
Initial operating losses	8,00,000
Legal, licences, registrations & indemnity insurance	5,00,000
Total project cost	**1,12,00,000**
Promoter contribution	52,00,000
Term loan	20,00,000
Working-capital facility / overdraft	40,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
GROSS BOOKING VALUE (customer money handled — NOT revenue)	**14,00,00,000**	**22,00,00,000**	**31,00,00,000**
Less: fares, hotel and supplier cost passed through	*(13,08,00,000)*	*(20,38,00,000)*	*(28,52,00,000)*
NET REVENUE (commission + service fees + markup)	**92,00,000**	**1,62,00,000**	**2,48,00,000**
Net revenue as % of gross booking value	**6.6%**	**7.4%**	**8.0%**
— Air ticketing (fees + residual commission)	30,00,000	50,00,000	72,00,000
— Holiday packages (FIT & group)	26,00,000	48,00,000	78,00,000
— Visa & documentation fees	14,00,000	26,00,000	42,00,000
— Hotels & ground arrangements	12,00,000	21,00,000	32,00,000
— Insurance, forex & ancillary	10,00,000	17,00,000	24,00,000
Salaries	**52,00,000**	**82,00,000**	**1,18,00,000**
Marketing & customer acquisition	8,00,000	14,00,000	20,00,000
Rent, utilities & office	9,00,000	11,00,000	14,00,000
Technology (GDS, booking engine, CRM)	7,00,000	9,00,000	12,00,000

Bank guarantee, IATA & payment-gateway charges	**6,00,000**	**9,00,000**	**13,00,000**
Booking errors, compensation & bad debt	**4,00,000**	**5,00,000**	**6,00,000**
Admin, compliance & insurance	5,00,000	7,00,000	10,00,000
Finance cost (interest)	3,00,000	4,00,000	5,00,000
Depreciation	2,00,000	2,50,000	3,00,000
Total expenses	**96,00,000**	**1,43,50,000**	**2,01,00,000**
Net profit / (loss) before tax	**(4,00,000)**	**18,50,000**	**47,00,000**
Net margin on NET REVENUE	(4.3%)	11.4%	19.0%
NET PROFIT AS % OF GROSS BOOKING VALUE (the honesty check)	**(0.03%)**	**0.84%**	**1.52%**
CUSTOMER-PAID SERVICE FEES AS % OF NET REVENUE	**34%**	**48%**	**61%**
Supplier-paid commission as % of net revenue (structurally falling)	**66%**	**52%**	**39%**
COMPLEX BOOKINGS / SIMPLE POINT-TO-POINT (% of transactions)	**31% / 46%**	**44% / 33%**	**58% / 21%**
NET REVENUE PER TRANSACTION	**₹1,840**	**₹2,460**	**₹3,180**
Salaries as % of net revenue	56.5%	50.6%	47.6%
AVERAGE CUSTOMER ADVANCE FLOAT HELD	**68,00,000**	**1,04,00,000**	**1,42,00,000**
Advances held in a separate designated account	**62%**	**88%**	**100%**
FLOAT USED TO FUND OPERATING COSTS	**NIL**	**NIL**	**NIL**
BOOKING ERRORS REQUIRING COMPENSATION	**1.9%**	**1.1%**	**0.6%**
Repeat & referral share of bookings / corporate share of net revenue	38% / 22%	51% / 31%	63% / 38%
Service fees discounted to win a booking / hidden fare markups	**NIL / NIL**	**NIL / NIL**	**NIL / NIL**

12.3 Unit economics & break-even

- **₹31 crore of gross bookings produces ₹47 lakh of profit — 1.52%. That comparison is the discipline this vertical is built on: a plan quoting the first number as turnover is describing a business fifteen times larger than the one that exists.**
- **Salaries are 57% of net revenue and a counsellor costs the same whether a booking earns ₹400 or ₹4,000 — so profitability runs through net revenue per transaction, and an agency growing bookings without improving mix hires more people to earn the same money.**
- **The revenue base is migrating from supplier-paid to customer-paid**, 34% to 61% **— and an agency that does not make that transition is performing skilled work for a commission that no longer exists.**
- **Visa and documentation is the highest-margin service and the largest liability simultaneously**, which is why it carries a dedicated desk from Year 1.
- **Break-even: Year 2. The constraint is counsellor capacity and mix, not capital — this business can take more bookings than it can profitably serve.**

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4

Opening balance (operating account, excluding client float)	30,00,000	26,00,000	22,00,000	18,00,000
Collections (customer receipts incl. advances)	3,68,00,000	4,12,00,000	4,46,00,000	4,74,00,000
Supplier settlements (BSP, hotels, operators) & operating costs	3,72,00,000	4,16,00,000	4,50,00,000	4,76,00,000
Closing balance	**26,00,000**	**22,00,000**	**18,00,000**	**16,00,000**

> **The float is the most dangerous feature of this business and it is dangerous precisely because it feels like success. Customers pay for holidays months before departure, so a growing agency always has a large and rising bank balance — ₹68 lakh on average in Year 1 against net revenue of ₹92 lakh. The money is in the account, the bank statement is healthy, and nothing in day-to-day operations distinguishes it from money the business has earned. It is not earned. It belongs to customers who have not yet travelled, and it is owed to airlines, hotels and operators who have not yet been paid.** The failure mode is well established and depressingly common. **An agency begins meeting salaries and rent from the float — never as a decision, always as a drift — and this works perfectly while bookings grow, because each month's departures are funded by the following month's advances. The structure is only ever one quiet quarter from collapse, and travel demand does not decline gently: a pandemic, a geopolitical event, a visa-policy change or a single adverse season stops bookings rather than slowing them, at which point the advances stop arriving while the departures already sold still have to be paid for. The agency then discovers it has spent money belonging to customers who are about to ask for their holidays.** Four controls, and the first two are non-negotiable: **client advances received into a separate designated account and drawn only as supplier payments fall due — 62% rising to 100% here; operating costs funded exclusively from earned net revenue and the working-capital facility, with float funding opex held at NIL; the BSP settlement calendar treated as immovable, with collection scheduled ahead of it rather than against it; and a cash position reported monthly with client money shown separately, so the promoter never mistakes the aggregate balance for the company's own money. Every travel business that has failed publicly in India failed at exactly this point, and none of them intended to.**

12.5 Key Performance Indicators to Monitor

- **The real size: net revenue (never gross bookings); net revenue as % of GBV; net profit as % of GBV; net revenue per transaction.**
- **The model inversion: customer-paid fee share versus supplier commission; fee realisation against list; bookings declined on fee refusal.**
- **Mix:** complex versus simple transaction share; visa and package attach; corporate share of net revenue; counsellor productivity in net revenue per head.
- **Fiduciary & trust: client float held and segregation %; float funding opex (must be NIL); BSP settlement adherence; booking errors and compensation; repeat and referral share.**

13. Funding Requirement & Bankability

Total ask: **₹20 lakh term loan plus a ₹40 lakh working-capital facility** against ₹52 lakh promoter contribution. Four points. **First, a lender must read this plan on net revenue and disregard gross booking value entirely for coverage purposes** — **₹31 crore of bookings services nothing; ₹2.48 crore of net revenue does, and a proposal presenting the first figure as turnover should be sent back rather than adjusted.** **Second, the security position is thin by nature**: **there is no plant, no stock and no property — the assets are a bank guarantee already pledged to IATA, office equipment, and a customer base that cannot be charged**, so this is promoter-strength lending supported by CGTMSE or similar rather than asset-backed credit. **Third, and the most important diagnostic available in this trade: ask whether client advances are held in a separate designated account, and what**

proportion of operating costs were funded from float in the last twelve months. An agency drawing on customer money for salaries is not a business with a liquidity issue — it is a business whose solvency depends on next month's bookings, and that is a different and far more serious finding than any ratio in the accounts will show. Fourth, price the demand-shock risk honestly rather than treating it as a tail event this industry has demonstrated within recent memory that its revenue can go to zero — not decline, stop — while fixed costs and refund obligations continue, and a facility structured without headroom for that possibility is mispriced.

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital & supplier deposits	34,00,000	30.4%
IATA bank guarantee & security deposits	25,00,000	22.3%
Office fit-out, deposit & equipment	18,00,000	16.1%
Technology (GDS, booking engine, CRM, accounting)	12,00,000	10.7%
Launch marketing & brand	10,00,000	8.9%
Initial operating losses	8,00,000	7.1%
Legal, licences, registrations & indemnity insurance	5,00,000	4.5%
Total	**1,12,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
Gross booking value is not revenue	**OPENS THE TRAVEL VERTICAL AND SETS ITS ANCHOR CONVENTION: THIS AGENCY HANDLES ₹14 CRORE OF CUSTOMER MONEY IN YEAR 1 AND EARNS ₹92 LAKH OF IT — THE OTHER ₹13.08 CRORE BELONGS TO AIRLINES, HOTELS AND OPERATORS AND PASSES STRAIGHT THROUGH. A TRAVEL PLAN PRESENTING BOOKING VALUE AS TURNOVER IS DESCRIBING A BUSINESS FIFTEEN TIMES LARGER THAN THE ONE THAT EXISTS, AND THE ERROR IS NOT COSMETIC: IT PRODUCES A BUSINESS THAT BELIEVES A 2% MISTAKE IS SMALL WHEN 2% OF GROSS BOOKING VALUE IS A THIRD OF EVERYTHING IT EARNS** → every figure stated on net revenue, with net profit ALSO shown against GBV (−0.03%→0.84%→1.52%) **SO THE READER CAN SEE HOW LITTLE OF THE MONEY FLOWING THROUGH THIS BUSINESS EVER BELONGS TO IT**
The airline stopped paying you	**FOR DECADES THE SUPPLIER PAID THE AGENT — THE CUSTOMER PAID THE FARE, THE AIRLINE PAID THE COMMISSION, AND THE SERVICE FELT FREE. THAT COMMISSION HAS BEEN CUT TO NEAR-ZERO, SO REVENUE MUST NOW COME FROM THE CUSTOMER AS A SERVICE FEE FOR WORK THAT WAS, IN THE CUSTOMER'S MEMORY, ALWAYS FREE. THIS IS WHERE SMALL AGENCIES QUIETLY FAIL: THEY KEEP SELLING AS THOUGH THE SUPPLIER STILL PAYS, DISCOUNT THE FEE TO WIN THE BOOKING, AND END UP PERFORMING SKILLED WORK FOR NOTHING** → fees 34%→48%→61% of net revenue against commission 66%→39%; **THE ABILITY TO CHARGE A FEE WITHOUT APOLOGY TREATED AS THE SINGLE COMPETENCE THAT DECIDES WHETHER THIS BUSINESS SURVIVES**

Your supplier is your competitor	**THE AIRLINE'S WEBSITE, THE HOTEL'S BOOKING PAGE AND THE OTA SELL THE IDENTICAL PRODUCT TO THE SAME CUSTOMER AT THE SAME MOMENT, OFTEN CHEAPER — NO AGENCY WINS A STRAIGHT PRICE COMPARISON ON A POINT-TO-POINT DOMESTIC TICKET, AND ONE THAT TRIES IS COMPETING FOR THE LEAST PROFITABLE TRANSACTION IN THE INDUSTRY. BUT WHAT THE AIRLINE CANNOT ECONOMICALLY DO IS HANDLE THE AWKWARD CASES — THE FOUR-CARRIER ITINERARY, THE GROUP OF THIRTY WITH NAME CHANGES, THE REFUSED VISA A WEEK BEFORE DEPARTURE, THE FAMILY THAT WILL TELEPHONE ELEVEN TIMES — AND IT IS DELIGHTED FOR SOMEBODY ELSE TO ABSORB THEM → AN AGENT WHO THINKS OF HIMSELF AS A CHEAPER CHANNEL MUST JUSTIFY A FEE AGAINST A WEBSITE THAT CHARGES NONE; ONE WHO UNDERSTANDS HE IS SELLING JUDGEMENT, ERROR PREVENTION AND AVAILABILITY IS SELLING SOMETHING THE WEBSITE DOES NOT OFFER AT ANY PRICE**; complex bookings 31%→58%, simple point-to-point 46%→21%, net revenue/txn ₹1,840→₹3,180
Discounting the fee gives away 100% of revenue	**CATEGORICALLY DIFFERENT FROM DISCOUNTING ANYWHERE ELSE IN THIS LIBRARY: A RETAILER WHO DISCOUNTS GIVES AWAY PART OF A MARGIN EARNED ON GOODS; AN AGENCY THAT WAIVES ITS SERVICE FEE GIVES AWAY ONE HUNDRED PER CENT OF ITS REVENUE ON THAT TRANSACTION, BECAUSE THE FARE IS NOT ITS MONEY — THE WORK IS STILL DONE, THE LIABILITY STILL CARRIED, AND NOTHING AT ALL IS EARNED. AN AGENCY WAIVING FEES ON A THIRD OF ITS TRANSACTIONS IS PERFORMING A THIRD OF ITS LABOUR FOR NOTHING, AND WILL CONCLUDE THAT TRAVEL IS AN UNPROFITABLE TRADE WHEN THE ACTUAL FINDING IS THAT IT HAS BEEN GIVING ITS PRODUCT AWAY** → fee quoted BEFORE the fare as a separate stated charge; varied by complexity rather than by customer resistance; **AND THE BOOKING DECLINED WHERE THE FEE IS REFUSED, BECAUSE A TRANSACTION EARNING ZERO NET REVENUE WHILE CONSUMING COUNSELLOR TIME AND CARRYING FULL LIABILITY IS NOT A CUSTOMER RELATIONSHIP, IT IS A SUBSIDY** (fees discounted: NIL; hidden markups: NIL, since **A HIDDEN MARKUP IS DISCOVERED THE MOMENT THE CUSTOMER CHECKS THE AIRLINE'S SITE**)
The float is not profit	**THE MOST DANGEROUS FEATURE OF THIS BUSINESS, DANGEROUS PRECISELY BECAUSE IT FEELS LIKE SUCCESS: CUSTOMERS PAY MONTHS BEFORE DEPARTURE SO A GROWING AGENCY ALWAYS HAS A LARGE AND RISING BANK BALANCE — ₹68 LAKH AGAINST ₹92 LAKH OF NET REVENUE — AND NOTHING IN DAILY OPERATIONS DISTINGUISHES IT FROM MONEY THE BUSINESS HAS EARNED. IT IS NOT EARNED: IT BELONGS TO CUSTOMERS WHO HAVE NOT TRAVELLED AND IS OWED TO SUPPLIERS NOT YET PAID. AN AGENCY BEGINS MEETING SALARIES FROM THE FLOAT — NEVER AS A DECISION, ALWAYS AS A DRIFT — AND IT WORKS PERFECTLY WHILE BOOKINGS GROW, BECAUSE EACH MONTH'S DEPARTURES ARE FUNDED BY THE FOLLOWING MONTH'S ADVANCES; THE STRUCTURE IS ONLY EVER ONE QUIET QUARTER FROM COLLAPSE. EVERY TRAVEL BUSINESS THAT HAS FAILED PUBLICLY IN INDIA FAILED AT EXACTLY THIS POINT, AND NONE OF THEM INTENDED TO** → advances in a separate designated account drawn only as supplier payments fall due (62%→88%→100%); opex funded exclusively from earned revenue and the WC facility (float funding opex: NIL); BSP calendar treated as immovable; cash reported monthly with client money shown SEPARATELY

One error can remove a decade of business	**A BOOKING ERROR BEHAVES UNLIKE A QUALITY FAILURE ANYWHERE ELSE: IN FMCG A BAD PACKET LOSES ONE CONSUMER WHO QUIETLY BUYS ANOTHER BRAND. HERE, A PASSPORT WITH FIVE MONTHS' VALIDITY AGAINST A SIX-MONTH REQUIREMENT, A NAME SPELLED FROM AN AADHAAR CARD RATHER THAN A PASSPORT, AN UNNOTICED TRANSIT VISA, OR A DATE ENTERED AS RETURN INSTEAD OF DEPARTURE STRANDS A FAMILY AT AN AIRPORT AT FOUR IN THE MORNING, AT THE START OF A HOLIDAY THEY SAVED FOR, IN FRONT OF THEIR CHILDREN. THE FINANCIAL COST IS THE REBOOKING; THE ACTUAL COST IS THAT THIS CUSTOMER, THEIR EXTENDED FAMILY AND EVERYONE THEY TELL WILL NEVER RETURN — IN A BUSINESS WHERE 63% OF BOOKINGS COME FROM REFERRAL** → documentation checklist on EVERY international booking including repeat customers where familiarity makes skipping it tempting; **SECOND-PERSON VERIFICATION ON NAMES, DATES AND PASSPORT DETAILS BEFORE TICKETING — THE HIGHEST-RETURN CONTROL IN THE BUSINESS, BECAUSE THESE ARE THE ERRORS THAT CANNOT BE CORRECTED AT THE AIRPORT**; prompt unargued compensation, since **THE CUSTOMER COMPENSATED IMMEDIATELY TELLS A DIFFERENT STORY FROM ONE WHO HAD TO FIGHT, AND IN A REFERRAL BUSINESS THE STORY IS THE PRODUCT** (errors 1.9%→0.6%)
Demand does not decline — it stops	**THE SINGLE HONEST RISK THIS VERTICAL MUST CARRY AND MUST NOT SOFTEN: A PANDEMIC, A GEOPOLITICAL EVENT, A NATURAL DISASTER OR A VISA-POLICY CHANGE TAKES REVENUE TO ZERO RATHER THAN REDUCING IT, WHILE FIXED COSTS AND REFUND OBLIGATIONS CONTINUE — AND THE ADVANCES STOP ARRIVING WHILE DEPARTURES ALREADY SOLD MUST STILL BE PAID FOR** → client money segregated so a shock is a revenue problem rather than a solvency one; corporate and contracted share built to 38% of net revenue as the most resilient segment; cost base kept variable where possible; **AND THE RISK PRICED INTO THE FACILITY RATHER THAN TREATED AS A TAIL EVENT**
Regulatory & fiduciary exposure	**BSP SETTLEMENT IS THE ONE PAYMENT THAT CANNOT BE DELAYED REGARDLESS OF WHETHER THE CUSTOMER HAS PAID**; GST differs between commission and principal tour-package models and **TREATING ONE AS THE OTHER IS A COMMON AND EXPENSIVE ERROR**; **TCS ON OVERSEAS PACKAGES AND REMITTANCES IS AN OBLIGATION ON MONEY THAT IS NOT THE AGENCY'S OWN**; FEMA and authorised-dealer compliance for forex; **PROFESSIONAL INDEMNITY AND E&O INSURANCE GENUINELY NECESSARY WHERE A DOCUMENTATION MISTAKE CAN STRAND A FAMILY ABROAD**; DPDP-consistent handling of passport, visa and payment data held in unusually sensitive volume

15. SWOT Analysis

Strengths **Complexity chosen as the competitive ground, where suppliers cannot economically compete**; service fees charged openly rather than hidden in a markup a price check exposes; **client money segregated — prudent and increasingly a selling point**; documentation accuracy as a deliberate discipline; referral base rising to 63% of bookings.	**Weaknesses** **Salaries at 57% of net revenue, with a counsellor costing the same on a ₹400 booking as a ₹4,000 one**; no securable assets beyond a pledged bank guarantee; **supplier commission structurally declining and outside the agency's control**; loss-making in Year 1; single-error reputational exposure.
Opportunities Rising outbound travel from Tier-2 and Tier-3 cities; **first-time international travellers who need guidance and will pay for it**; visa complexity creating genuine chargeable expertise; **small and mid-sized corporates without in-house travel management**; group and multi-generational travel that is hard to self-book.	**Threats** **Suppliers selling direct and OTAs with unmatched marketing budgets**; further erosion of residual commission; **demand shocks that stop revenue entirely rather than reducing it**; competitors discounting the very fee that constitutes industry revenue; a single documentation failure in a referral-driven market.

16. Recommended AiSevak Tools for This Business

This travel agency would use AiSevak's Travel vertical tools in operations:

- **The real size: gross-booking-value versus net-revenue dashboard, net revenue per transaction by booking type, net profit expressed against GBV, counsellor productivity in net revenue per head.**
- **The fee model: service-fee schedule by complexity, fee-realisation-against-list tracking, bookings declined on fee refusal, commission-versus-fee revenue split trend.**
- **Fiduciary control: client-advance ledger with designated-account segregation, float-versus-own-cash reporting, BSP settlement calendar with collection scheduled ahead of it, refund-obligation ageing.**
- **Accuracy:** international-booking documentation checklist (passport validity, transit visas, name matching, onward-ticket rules), second-person verification log, error register with root cause and compensation.
- **Compliance:** GST commission-versus-package model selector, TCS computation and remittance tracker for overseas packages, indemnity-cover register, DPDP data-handling log for passport and payment records.

17. Key Assumptions & Notes

- Travel agency: retail and small-corporate travel business selling air tickets, hotels, holiday packages, visa assistance, insurance and forex to leisure travellers, families, small businesses and institutional accounts through a counselled offline-plus-digital model. ▯ **ANCHOR PLAN — OPENS THE TRAVEL VERTICAL AND SETS ITS CONVENTION.**
- **⚠ GOVERNING CONVENTION FOR THE WHOLE TRAVEL VERTICAL, SET HERE: (a) GROSS BOOKING VALUE IS NOT REVENUE — ₹14 CRORE HANDLED, ₹92 LAKH EARNED; A PLAN QUOTING GBV AS TURNOVER DESCRIBES A BUSINESS FIFTEEN TIMES LARGER THAN THE ONE THAT EXISTS, AND PRODUCES A BUSINESS THAT BELIEVES A 2% MISTAKE IS SMALL WHEN 2% OF GBV IS A THIRD OF EVERYTHING IT EARNS. (b) THE AIRLINE STOPPED PAYING YOU — REVENUE HAS MIGRATED FROM SUPPLIER-PAID COMMISSION TO CUSTOMER-PAID SERVICE FEES FOR WORK THAT WAS, IN THE CUSTOMER'S MEMORY, ALWAYS FREE. (c) YOUR SUPPLIER IS YOUR COMPETITOR AND SELLS THE IDENTICAL PRODUCT DIRECTLY, SO THE ONLY DEFENSIBLE GROUND IS COMPLEXITY. (d) DISCOUNTING THE SERVICE FEE GIVES AWAY 100% OF REVENUE ON THAT TRANSACTION, BECAUSE THE FARE IS NOT THE AGENCY'S MONEY. (e) THE FLOAT IS NOT PROFIT — CUSTOMER ADVANCES ARE OTHER PEOPLE'S MONEY AND AN AGENCY FUNDING OPERATIONS FROM THEM IS SOLVENT ONLY WHILE BOOKINGS GROW.**
- **ON WHICH BOOKINGS TO REFUSE — THE OPPOSITE OF THE INSTINCT MOST AGENTS BRING: A DOMESTIC POINT-TO-POINT TICKET IS A COMMODITY THE CUSTOMER CAN BOOK IN NINETY SECONDS AT THE SAME PRICE OR BETTER, AND AN AGENCY COMPETING FOR IT IS FIGHTING THE AIRLINE'S OWN WEBSITE AND AN OTA WITH AN UNMATCHABLE MARKETING BUDGET, FOR A BOOKING WORTH A FEW HUNDRED RUPEES THAT CONSUMES COUNSELLOR TIME REGARDLESS. YET AGENCIES CHASE VOLUME, BECAUSE A BOOKING TAKEN FEELS BETTER THAN A BOOKING DECLINED AND THE GROSS VALUE LOOKS IMPRESSIVE ON A MONTHLY REPORT MEASURING THE WRONG THING** → mix as the primary strategic variable (simple 46%→21%, complex 31%→58%, net revenue/txn ₹1,840→₹3,180); **THE BUSINESS BECOMES MORE PROFITABLE WHILE HANDLING PROPORTIONALLY FEWER EASY BOOKINGS — WHICH WILL FEEL LIKE TURNING WORK AWAY AND IS IN FACT THE ENTIRE STRATEGY.** Honest caveat: simple bookings carry relationship value, so serve them efficiently AND at a fee, **NOT COURTED AND NOT SUBSIDISED.**
- **ON THE FLOAT: EVERY TRAVEL BUSINESS THAT HAS FAILED PUBLICLY IN INDIA FAILED AT EXACTLY THIS POINT, AND NONE OF THEM INTENDED TO — THE MONEY IS IN THE ACCOUNT, THE BANK STATEMENT IS HEALTHY, AND NOTHING IN DAY-TO-DAY OPERATIONS DISTINGUISHES CLIENT MONEY FROM EARNED MONEY. TRAVEL DEMAND DOES NOT DECLINE GENTLY: A PANDEMIC, A GEOPOLITICAL EVENT, A VISA-**

POLICY CHANGE OR A SINGLE ADVERSE SEASON STOPS BOOKINGS RATHER THAN SLOWING THEM, AT WHICH POINT THE ADVANCES STOP ARRIVING WHILE THE DEPARTURES ALREADY SOLD STILL HAVE TO BE PAID FOR — AND THE AGENCY DISCOVERS IT HAS SPENT MONEY BELONGING TO CUSTOMERS WHO ARE ABOUT TO ASK FOR THEIR HOLIDAYS → designated client account (62%→88%→100%), float funding opex NIL, BSP calendar immovable, monthly cash reporting with client money shown separately.

- Economics & cash — **₹31 CRORE OF GROSS BOOKINGS PRODUCES ₹47 LAKH OF PROFIT, WHICH IS 1.52% — THAT COMPARISON IS THE DISCIPLINE THIS VERTICAL IS BUILT ON. SALARIES ARE 57% OF NET REVENUE AND A COUNSELLOR COSTS THE SAME WHETHER A BOOKING EARNS ₹400 OR ₹4,000, SO PROFITABILITY RUNS THROUGH NET REVENUE PER TRANSACTION AND AN AGENCY GROWING BOOKINGS WITHOUT IMPROVING MIX SIMPLY HIRES MORE PEOPLE TO EARN THE SAME MONEY** (Y1 −₹4L → Y3 ₹47L; net margin on net revenue −4.3%→11.4%→19.0%; net profit on GBV −0.03%→1.52%; fees 34%→61% of net revenue; errors 1.9%→0.6%; referral 38%→63%; break-even Year 2; **THE CONSTRAINT IS COUNSELLOR CAPACITY AND MIX, NOT CAPITAL — THIS BUSINESS CAN TAKE MORE BOOKINGS THAN IT CAN PROFITABLY SERVE**). Regulatory: IATA accreditation with bank guarantee and **BSP SETTLEMENT AS THE ONE PAYMENT THAT CANNOT BE DELAYED**; GST differing between commission and principal package models; **TCS ON OVERSEAS PACKAGES AND REMITTANCES AS AN OBLIGATION ON MONEY THAT IS NOT THE AGENCY'S OWN**; FEMA and authorised-dealer arrangements; professional indemnity and E&O insurance; state tourism registration; DPDP-consistent handling of passport, visa and payment data. Lender note: **READ THIS PLAN ON NET REVENUE AND DISREGARD GROSS BOOKING VALUE ENTIRELY FOR COVERAGE — ₹31 CRORE OF BOOKINGS SERVICES NOTHING; ₹2.48 CRORE OF NET REVENUE DOES, AND A PROPOSAL PRESENTING THE FIRST AS TURNOVER SHOULD BE SENT BACK RATHER THAN ADJUSTED**; security is thin by nature — **NO PLANT, NO STOCK, NO PROPERTY; THE ASSETS ARE A BANK GUARANTEE ALREADY PLEDGED TO IATA, OFFICE EQUIPMENT AND A CUSTOMER BASE THAT CANNOT BE CHARGED**, so promoter-strength lending with CGTMSE support rather than asset-backed credit; **ASK WHETHER CLIENT ADVANCES ARE HELD IN A SEPARATE DESIGNATED ACCOUNT AND WHAT PROPORTION OF OPERATING COSTS WERE FUNDED FROM FLOAT IN THE LAST TWELVE MONTHS — AN AGENCY DRAWING ON CUSTOMER MONEY FOR SALARIES IS NOT A BUSINESS WITH A LIQUIDITY ISSUE BUT ONE WHOSE SOLVENCY DEPENDS ON NEXT MONTH'S BOOKINGS, A FAR MORE SERIOUS FINDING THAN ANY RATIO WILL SHOW**; and **PRICE THE DEMAND-SHOCK RISK HONESTLY RATHER THAN AS A TAIL EVENT, SINCE THIS INDUSTRY HAS DEMONSTRATED WITHIN RECENT MEMORY THAT ITS REVENUE CAN GO TO ZERO — NOT DECLINE, STOP — WHILE FIXED COSTS AND REFUND OBLIGATIONS CONTINUE.** ₹1.12cr, GBV 14.00→31.00cr, net revenue 92L→2.48cr, 27→57 staff, net revenue/txn ₹1,840→₹3,180. Figures illustrative, exclude GST.

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