



# IAAI Newsletter

June 2016, IInd Fortnight Issue

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## *From the President's Desk...*



The Indian Aviation segment has evolved into a bustling, rapidly growing Industry with a factual global footprint that will eventually push India to become the third largest in the Global Aviation market by 2025.

The new rule for developing and making use of all available airstrips, increased regional connectivity and capping of fares for the regional flights will benefit the consumer to a certain level. With the liberalization of bilateral rights and code share agreements, our domestic carriers can facilitate passengers with extended services to their home cities. Promotion of helicopter usage will also boost our regional and domestic tourism and help provide emergency medical services.

The VAT on Aviation Turbine Fuel (ATF) plays a major role in the Regional Connectivity Scheme (RCS) and all State Governments must reduce VAT on ATF to 1% only as has been done by the Governments of AP and West Bengal. It also depends on the State Governments' readiness to provide free landing and parking facilities for such airline operations. There are around 420 airports and 31 inactive airports in India, out of which 30 airports can be made operational without any extra cost.

The proposed Viability Gap Funding (VGF) carries a 2% levy on air tickets and the airlines will ultimately transfer this burden on to the travelling public.

At this juncture, the economic viability and sustainability of these carriers should be looked into. Today, hiring an ATR aircraft on wet or dry lease, or generating funds for an LCC operation is not a big matter. Hefty security deposits are collected from OTAs, consolidated travel agents and traveling public, under "apex fares" offering tickets beyond summer or winter schedules. Many Agents and Public had bitter experience in the past – when East West airlines, Modiluft, NEPC and Kingfisher airlines were grounded – of losing millions of Rupees. Even SpiceJet faced such a crisis just before the takeover by Mr Ajay Singh.

Since IATA or the Regulator cannot control or compensate such losses, DGCA should enforce a counter guarantee from all carriers operating under the VGF scheme, guarantying the full refund and reimbursement of such monies to the traveling public and Travel Agents in order to avoid any further loss or cheating that had taken place in the past.

It would have been appreciated if the Regulator could economically cover the price capping for all domestic segments on a turnaround "value for money" proposition. And, in fact, our Regulatory system does not have such a mechanism to regulate oligopoly and also to control fluctuations and seasonal pricing.

The increased regional and domestic flights will offer better international connectivity and, correspondingly, tourism and other diversified business models will certainly increase and have better sustainability. But revenue to Travel Agents will not increase as no commission is being paid to them yet.

The Government must implement and enforce the Indian Aircraft Rules 1937, Rule 135 Clause 54(A), the Orders of DGCA on 5th March 2010 and MoCA on 16th September 2013 that have declared "Transaction Fee" illegal and have mandated Travel Agent's commission as an integral part of the FARE which forms the TARIFF. The fresh advisory of DGCA on 17th December 2012 and the Hon'ble Supreme Court Order on 23rd January 2013 forbid collection of any service charge over the ticketed amount. Here, the Indian National Law is being flouted by many foreign carriers and also by Air India, the National Carrier itself.

DGCA as the Regulator must exercise its power to ensure that all airlines operating to/from/ through India comply with this National Law in the payment of Commission to their appointed Travel Agents.

With warm regards

Biji Eapen

President -IAAI

## Aviation News

### Super Fares by Air India for unconfirmed bookings of Rajdhani Express



National carrier - Air India brings joy to passengers who are unable to get confirmed bookings on Rajdhani Express with its Super Fares scheme. Under the scheme, passengers can book the tickets four hours prior to the flight departure at a fare which is equivalent to that of Rajdhani Express (1AC). Passengers can avail an all-inclusive economy class one way fare on select Air India domestic routes starting June 26 till September 30, 2016.

Currently 21 Rajdhani Express trains run across the Indian Railways Network and close to 20,000 passengers travel with the train on daily basis. However, thousands of passengers are unable to get confirmed tickets due to non-availability of seats. Air India will bridge this gap as passengers can book the tickets through Air India booking offices or from [www.airindia.com](http://www.airindia.com) and reach their destination at the same cost of Rajdhani Express, but in much lesser time. While booking the tickets through Air India website, customers need to apply promo code 'SPOT'.

Source : [Travelbizmonitor.com](http://Travelbizmonitor.com)

### Government looking to cut off cabin baggage tags



The Government has revived the plan to provide respite to air travellers in India from the hassle of tagging their cabin baggage and then standing in the long queue at security checkpoints to get them stamped. The plan, which has been discussed by the Government since long, may happen soon with the Civil Aviation Ministry asking the Bureau of Civil Aviation Security (BCAS) to form a panel to review the necessity of cabin baggage tags and give its report within four weeks.

As part of the Standard Operating Procedure (SOP) followed at all the airports in the country, every passenger boarding a flight has to get a tag for the cabin baggage, which is then stamped at the security check and checked by the security personnel at the boarding gates to ensure that no unchecked baggage enters the aircraft. However, a section of the aviation industry feels that with the improvement in security at airports, there is no way a bag can enter the secure zone without being checked. Removing tags will be in-line with the international practice followed at airports abroad. Analysts, however, feel that the government should not abolish the cabin baggage tag but replace it with a system that is less cumbersome.

## Aviation News

# Oman Air plans to operate 175 weekly flights to India by 2018



Having completed 23 years of operations in the Indian market, Oman Air is looking at increasing flight frequency on the 6 routes, where it currently operates double daily flights. Currently, the airline operates 126 weekly flights from Muscat to 11 destinations in the Indian market, which totals to 21,147 seats. They enjoy a load factor of 90% on India routes, and by 2018 plan to operate 175 weekly flights, and increase frequency to triple daily flights from Mumbai, Delhi, Kochi, Bengaluru, Chennai and Hyderabad. Besides, the airline is to operate double daily flights to the remaining destinations.

The national carrier of the Sultanate of Oman has no plans to add new destinations from India to its route network. Additionally, by 2020, Oman Air plans to add 70 aircraft to its fleet, out of which 25 will be Airbus 350-800 wide body aircraft, while 45 will be narrow body Boeing 737 Next Generation Dreamliners. Besides, the airline will replace 13 Airbus 330 with 11 Boeing 787-800 aircraft, while remaining two will be Boeing 787-900 Dreamliners.

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## Aviation News

### West Bengal plans to develop two new airports



The West Bengal government will, under the new Regional Connectivity Scheme (RCS) announced by the Civil Aviation Ministry, seek to develop two new airports, at Malda and Coochbehar. These will be under a public-private partnership (PPP) model. If Bengal gets the Centre's nod to proceed, Viability Gap Funding (VGF) will be shared between the central ministry and state government in a 80:20 ratio. Andal airport in the vicinity of Durgapur, would not come under RCS, as it has already been built and is operational. The RCS scheme is for airports which do not have scheduled operations. Andal already has a flight schedule, though it has been impacted temporarily. The National Civil Aviation Policy announced last week mentions that the revival of airstrips and airports are to be "demand driven", depending on firm demand from airline operators. The indicative costs of a no-frills airport will be INR 50-100 crore, which the Ministry is prepared to spend on, without insisting on financial viability.

### Vistara looking at overseas operations in 18-24 months



vistara

Vistara is in the process of reviewing its plans to fly abroad, following the government amending the 5/20 rule which restricted new domestic airlines from flying abroad. After the new National Civil Aviation Policy, the airline should be ready to fly to foreign destinations after 18-24 months. Currently the airline has 11 aircraft in its fleet, which will touch 20 by June 2018. Phee Teik Yeoh, Chief Executive, Vistara, said, "Based on our current plan, our fleet size will touch 20 by June 2018. At the time it was formed, the airline had put in place a 10-year fleet plan, which included its international capacity as well. These plans are being dusted and revisited so that a clear flight path is put in place. The number of new aircraft that Vistara inducts will depend on routes and the frequencies it gets on them. Even though 70% of international traffic from India goes westwards, currently short and medium-haul flights — it doesn't mean that they will necessarily commence international operations to Western destinations. It could be the reverse.



## Hospitality News

### Keys Hotels plans to open 8-10 management contract hotels



Keys Hotels announced its expansion plan with asset light strategy for the future growth in the Indian market. The company has already started aggressively in this direction with the three new launches - Keys Hotels in Vishakhapatnam, Keys Hotels Malabar Gate in Calicut and Keys Lite Om Niwas in Jaipur.

Vishakhapatnam is an owned hotel the other two are franchisee hotels. The company also plans to open 8-10 new management contract hotels in the next 12-18 months by adopting assets light strategy. The three new hotels are strategically located with easy access to the railway station, bus stands and malls. The new hotels are well poised to cater to both business and leisure travellers from all over the country. While the Keys Hotel Malabar Gate, Calicut is ideal for nature lovers as it is situated 2kms away from the Calicut beach and 52 kms away from Thushagiri waterfalls, Keys Hotel Vishakhapatnam is best suited for history lovers as it is located at an optimal distance from the Visakha Museum, Submarine Museum and the Kailasa Giri. Keys Lite Om Niwas in Jaipur is best suited for people who are fond of architecture as it is strategically located near the iconic Pink City, Hawa Mahal, Jantar Mantar and Amber Fort.

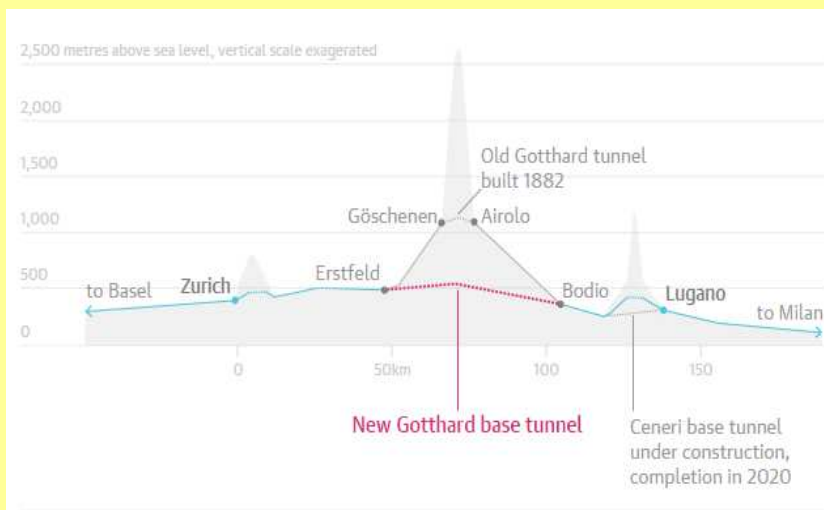
## Regional connectivity set to take off



Government revealed its ambitious regional connectivity scheme under which airfares will be capped at Rs 2,500 for up to one-hour flights on unserved and under-served routes. The scheme, mooted in the recently-released civil aviation policy to connect smaller cities, has been put up for stakeholders' consultations, including state governments, airlines and airport operators. The stakeholders have been given three weeks to submit their comments on the draft scheme, which would be finalised by August. Flyers on many of the existing routes may have to shell out slightly more for tickets to fund this plan. Under the proposed scheme, the government would set up a Regional Connectivity Fund (RCF) for viability gap funding. Also, as part of the proposed scheme, a new category of airlines, scheduled commuter airlines, is being created where a new operator may be allowed to start operations with just one plane. The draft scheme identifies 406 airports and airstrips for which the airlines will have to participate in a reverse bidding process which means the one which bids for lowest funding will be awarded the route. Airlines which win routes through bids would enjoy exclusivity rights for first three years.

## Hospitality News

# World's longest & most expensive rail tunnel



Measuring 57 km in length, situated 2.3km deep under the Alps and having cost €11bn to complete, Switzerland's Gotthard base tunnel is more than just the world's longest and most expensive tunnelling project. Once fully functional, the tunnel will not just slice 45 minutes off the journey time between Zurich and Lugano, but also form a central building block of the so-called Rhine-Alp corridor that stretches

from the sea ports of Rotterdam and Antwerp via Germany's industrial heartland down to the port of Genoa in Italy. The new Gotthard base tunnel, which has been in planning since the 1980s, will bypass the old Gotthardbahn rail tunnel, which rises and falls through the massif in a winding route. Unlike its predecessor, which was completed in 1882, the new line will run on a flat low-level route, the first of its kind in the Alps.

Four giant drill heads were used to cut a path through the mountain range. In the process, almost 30m tonnes of rock and soil were transported from the massif's inner core to the surface via a giant purpose-built lift. At 57km, the Gotthard base tunnel is 3km longer than the world's current record-holder, the Seikan rail tunnel that links Japan's two largest islands, Honshu and Hokkaido, and 7km longer than the Channel tunnel that connects England and France. In Switzerland, the hope is that the Gotthard base tunnel will not only boost the trade route between northern and southern Europe but also shift alpine traffic from road to rail and reduce CO2 emissions, thus helping to protect the ecosystem.

The Gotthard base tunnel is 57km and in some places 2.3km from the surface. Without ventilation, the temperature inside the tunnel system is 46C (115F). The project took 17 years to build and cost 12.2bn Swiss francs. Teams excavated 28.2m tonnes of rock in the process. Trains will be able to cross the Gotthard massif at a maximum speed of 250km/h, taking about 20 minutes. The tunnel will allow 260 freight trains to pass through the tunnel every day, as opposed to 180 in the old tunnel.

## Hospitality News

# First Disneyland on mainland China officially opens



After five years of construction and weeks of testing, the Shanghai Disney Resort has finally opened its doors. An opening ceremony was held in Shanghai Disney Resort in Shanghai, east China on June 16, 2016. The Shanghai Disney Resort, with a unique blend of Disney magic and Chinese culture, officially opened. It's the first Disney resort destination on the Chinese mainland and the sixth around the world.

Covering almost 1,000 acres, the resort includes a theme park; two hotels; a shopping, dining and entertainment district; and a lake open to the public. The park is located in one of the richest regions of China. About 330 million people live within a three-hour drive or train ride.

The entrance of the park is called "Mickey Avenue" instead of "Main Street USA." Stores feature Minnie Mouse in traditional qipau dresses and the Wandering Moon Teahouse is modeled after a building in eastern China. The resort's "Garden of the Twelve Friends" mixes characters like Remy the rat from "Ratatouille" and Tigger from "Winnie the Pooh" as animals of the Chinese Zodiac. Chinese acrobats also feature in a production of "Tarzan," while many visitors lined up to see a performance of the Chinese-language version of "The Lion King." The park includes Disney's tallest fairy-tale castle, two themed hotels, new rides, and a shopping district.



## Visa News

### India planning to introduce new visa category



India may soon roll out a long-term multiple-entry comprehensive visa by merging tourist, business, medical and conference visas into one to attract more visitors and boost trade. The long-term, multiple-entry visa is likely to be given up to 10 years but under this category the visitor will not be allowed to work or stay permanently, said, a government official, who is part of the deliberations. As per the proposal, if a foreigner is granted long-term, multiple-entry non-working or non-permanent stay visa and his or her stay is restricted to 60 days on a visit, the government may waive the visa fee as well. However, the visitors have to give biometric details and fulfill certain security obligations.

## Railway News

### Talgo high-speed train trials by Indian Railways to begin from July 7

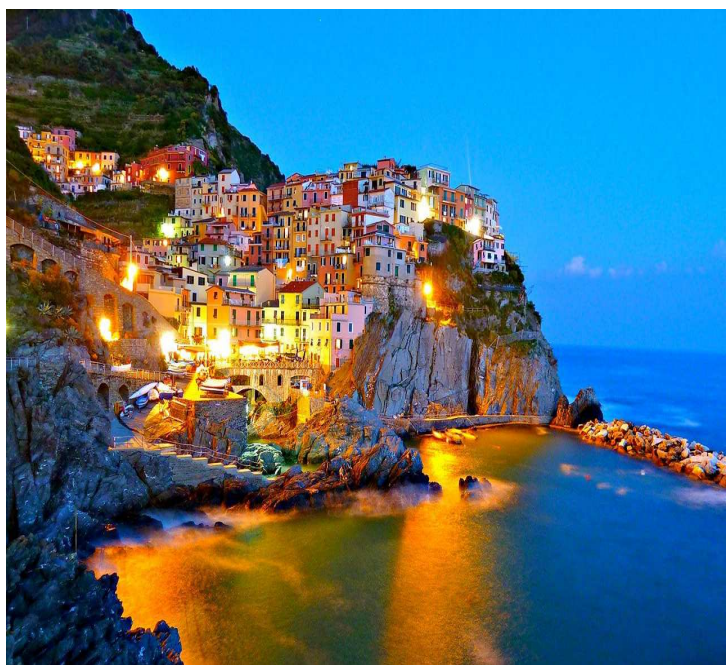
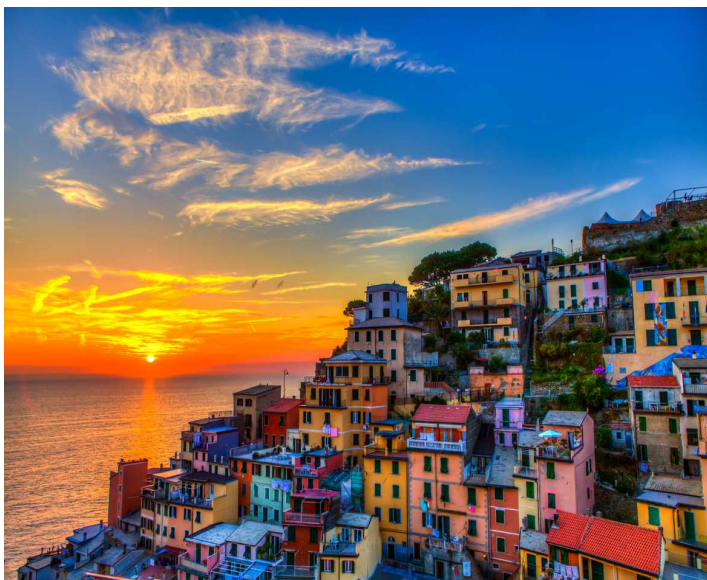


Indian Railways is conducting trial runs with Talgo train coaches, which the Spanish company claims can help Railways attain higher speeds, even on the existing tracks. Talgo's coaches are all set to begin speed trials from July 7, a development that takes India closer to its dreams of having semi-high speed and high speed trains. The speed trials will continue till the end of July. Indian Railways' Research Designs & Standards Organisation (RDSO) has already been testing the coaches for safety and stability. The nine-coach Talgo train consists of two Executive Class cars, four Chair Cars, a cafeteria, a power car and a tail-end coach for staff and equipment. Talgo's coaches are said to weigh much less than an average Indian Railways coach, and that is what the company claims will help it run trains at a higher speed. They also consume 30% less energy.

India's bullet train dreams seem to be on a fast track to being realised in some years. If a feasibility study, conducted by a Spanish firm, the travel time between Delhi and Kolkata may actually come down to less than five hours! Multiple reports suggest that the feasibility study, which is being undertaken for the 1513 km long Delhi-Kolkata high speed corridor along with two other routes of the Diamond Quadrilateral project, has projected the travel time between Delhi and Kolkata to be as less as five hours. Not only that, the train travel time between Delhi and Varanasi will be reduced to as little as 2 hours 45 minutes.

## PHOTO FEATURE

## Cinque Terre, Italy



The Cinque Terre is a rugged portion of coast on the Italian Riviera. It is in the Liguria region of Italy, to the west of the city of La Spezia, and comprises five villages: Monterosso al Mare, Vernazza, Corniglia, Manarola, and Riomaggiore. The coastline, the five villages, and the surrounding hillsides are all part of the Cinque Terre National Park and is a UNESCO World Heritage Site. Over the centuries, people have carefully built terraces on the rugged, steep landscape right up to the cliffs that overlook the sea. Part of its charm is the lack of visible corporate development. Paths, trains and boats connect the villages, and cars cannot reach them from the outside. The Cinque Terre area is a very popular tourist destination. Fetching vernacular architecture aside, Cinque Terre's unique historical feature are the steeply terraced cliffs bisected by a complicated system of fields and gardens that have been hacked, chiselled, shaped and layered over the course of nearly two millennia. So marked are these artificial contours that some scholars have compared the extensive *muretti* (low stone walls) to the Great Wall of China in their grandeur and scope.



## Open Space

### Lighter Moments

**Wife To Husband On The Phone,**

**Wife: “ How Are You Doing?”**

**Husband: “*Listen, I Am Really Busy, Don’t Have Time To Talk At All*”**

**Wife: “Well I Have A Good News And Bad News For You. You Want To Hear Them?”**

**Husband: “*Just Tell Me The Good News, I Don’t Have Time For The Bad!*”**

**Wife: “Okay, Good News Is The Air Bags Of Our New BMW Work Absolutely Fine”**

### *Thought for the Fortnight*

**When we find no solution to a problem, it is probably not a problem to be solved, but a truth to be accepted.**

**— Gurudevshri Rakeshbhai**

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