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Proposed Bangladesh Travel Agency (Revised) Law : Cure worse than disease

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Dhaka : The recent collapse of several unscrupulous Online Travel Agencies (OTAs) - including Haltrip, Flight Expert, 24ticket.com, Flyfar, and a few others - has undoubtedly shaken public confidence in the country's travel distribution system. These incidents, involving large sums of money taken from unsuspecting B2C and B2B clients without delivering the promised services, have created widespread frustration and a legitimate demand for accountability.

Against this backdrop, the Ministry of Civil Aviation and Tourism has moved to introduce a new law with the stated intention of safeguarding consumers and streamlining the aviation marketplace. While the intention is commendable, the draft provisions - if enacted in their current form - risk causing far more harm than good.

Punishing innocent instead of offenders

The proposed law places sweeping restrictions on all travel agencies, including long-established, fully compliant, and service-oriented businesses. Instead of targeting the dishonest players who vanished with customer funds, the law places a disproportionate burden on thousands of genuine agencies that form the backbone of our travel and tourism ecosystem.

Industry insiders fear that if these provisions come into force, several thousand small and medium-sized travel agencies may be forced to close, putting at risk the livelihoods of more than 5,000 employees across the country. At a time when Bangladesh is striving to stimulate entrepreneurship and job creation, such an outcome would be deeply counterproductive.

Policy that risks market monopolization

By creating a system that only very large agencies can afford to comply with, the new law would inevitably lead to market concentration. A handful of big players would dominate the sector, increasing the risk of a ticket syndicate - a group capable of influencing airfare levels and controlling market access. This is not merely speculative; it is a natural economic outcome when barriers to entry are raised artificially.

Misplaced assumptions about fare manipulation

The Ministry appears convinced that some agencies, in collaboration with certain airlines, are hoarding group fares and reselling them at higher prices. While this may occur in isolated cases, it is wrong to generalize an entire industry based on the actions of a few.

Bangladesh is a late-booking market. Travelers generally purchase tickets close to the travel date due to visa uncertainties, clearance from concerned quarters, sudden travel decisions, and deeply-rooted consumer habits. As a result, fares naturally rise closer to departure due to global airline yield-management systems. This is an international norm - not a conspiracy by local agents.

Additionally, airline operating costs in Bangladesh are among the highest in the region - fuel prices, taxes, VAT, surcharges, aeronautical, and non-aeronautical charges - all contribute to elevated fares. High demand for outbound travel further pushes fares upward, while inbound fares remain comparatively lower due to lower load factors. Bangladesh still considered to be a "seller's market, not buyer's".

To blame travel agencies for these systemic, structural realities is misleading and unjust.

Restricting B2B sales: Non-pragmatic approach

A particularly troubling provision is the proposed ban on B2B ticket sales by IATA agents. B2B distribution is a globally accepted, commercially efficient model that allows wide market coverage, supports smaller agents, and benefits consumers through fair competition. Restricting it would cripple the supply chain and distort the market.

Agents must retain the freedom to choose their point of sale - whether B2B or B2C - as long as they operate within the existing regulatory framework. If smaller agents can fulfill the regulatory formalities and willing to buy tickets from a mother agency on a cash payment basis and retain some part of the commission, why should they be barred in doing so?

Security deposits: Ill-conceived requirement

Perhaps the most impractical proposal is the mandatory security deposit of:

BDT 1 million for offline agencies

BDT 10 million for OTAs

Such requirements exist nowhere in the world - not even airlines have to deposit such amounts to obtain operating licenses. Our recent past experience shows that when unscrupulous OTAs run away, shutting down their businesses, do so decamping with several hundreds of million takas, hence they would care a little to forgo a mere 10 million taka, kept as their security deposit. In this case what purpose it would serve in asking for a hefty amount of security deposit, causing serious financial inconveniences to the genuine agency owners, which would in no way prevent such financial scam.

If implemented, these financial barriers will be impossible for most agencies to meet, effectively shutting down a vibrant, entrepreneurial sector that has developed over decades.

When IATA strictly protects the interests of its member airlines in case of defaults by the agencies, and government is enacting laws to protect public interests, what measures are there to protect the interests of the agencies, when airlines cease their operations all on a sudden, keeping millions of takas of the agencies unflown refunds unpaid, like what happened in the case of GMG Airlines, United Airways, Regent Airways from Bangladesh as well as KingFisher and Jet Airways from India. In all these cases, agencies lost millions and none came out to their rescue. When a new law is proposed, it should seek to protect the interests of all quarters, Airlines, traveling public as well as the travel agencies as well.

More balanced solution exists

The goal of protecting customers from fraud is legitimate and urgent. However, the solution should target the wrongdoers, not penalize the entire industry. What is required is:

Stronger licensing scrutiny

A consumer protection framework

Swift punitive actions against fraudulent operators

Collaboration between the Ministry, airlines and industry bodies

Restrict promotion of fares by the agencies, along with their Banking and Credit card partners, below the airline allowed commission level to allure customers.

Stop allowing credit facilities to B2B agents.

Know your agent

On the other hand, the "know your agent'' approach can be fruitful to practice in the market by the customers. Consumers should be familiar with the agents they are purchasing air tickets from, as well as be aware about the industry standard of airfare.

Caution must be maintained when purchasing air tickets online. Agents with good credibility and reputation in the market must be prioritized by the customers, while looking out for any suspicious activity.

At the same time, Bangladesh must take steps to strengthen the national carrier and other domestic airlines. Expanding fleet capacity and increasing seat availability on high-demand routes would naturally stabilize fares through improved demand-supply equilibrium.

The proposed Civil Aviation law, in its current form, risks harming the very sector it seeks to regulate. Instead of fostering transparency and accountability, it appears poised to stifle entrepreneurship, destroy thousands of jobs, and hand over market control to a privileged few.

Bangladesh deserves a smarter, more balanced approach-one that safeguards consumers without crippling an industry that has long been a key pillar of our aviation and tourism economy.