

# Surface Transport: Challenges and opportunities

With the road infrastructure improving, the surface transport sector is opening up in the country. From the tourism perspective, the opportunities are huge. What is required is a collective effort to establish seamless travel.

**NEERAJ GANDHI**

The road network in India is huge. The National Highways Authority of India (NHAI) pegs it at approximately 33 lakh kilometres and the second largest in the world. A fraction of this length is covered by Expressways (200 km), National Highways (70,548 km) and State Highways (131,899 km).

According to NHAI, National Highways constitute only about two per cent of the road network, but cater to about 40 per cent of the total road traffic. Overall, close to 80 per cent of the passenger traffic is carried by roads.

Taking these numbers into perspective, the quantum of contribution of a well-built, well-connected road infrastructure to the tourism sector in India can be huge. A case in point is the Golden Triangle, connecting Delhi-Agra-Jaipur.

However, a road network alone can't take tourism to new heights. It is important that this network is seamless. Together, a seamless road infrastructure coupled with a well placed tourist transportation sector can contribute considerably to the growth of tourism in a country like India.

**Seamless Travel: Overcoming the obstacles**

Tourist transportation is plagued with bottlenecks in India. A major concern is the lack of a single window for taxation when it comes to inter-state travel for tourists vehicles. This is not only cumbersome, but also restricts barrier-free travel.

State for Road Transport & Highways.

But it's not just the road tax. The well-built, state-of-the-art road network is equally important. "Although, the surface transport sector is shaping up very well with new highways coming up in several parts of the country,

"There should be a macro level planning to see what all is required from the tourism point of view. We need involvement of tourism industry right from the planning stage. The needs of tourism must be kept in mind before embarking up on any development project," he added.

one such segment which has experienced good growth over the last few years. The growth in inbound traffic coupled with the MNC culture taking hold, the demand for car rentals has only increased.

"The car rental industry should grow at a minimum of 20 per cent to 25 per cent (year-on-year basis) for the next five years. We have made fresh investments recently in technology and augmented our fleet size across India and are continually looking at ways to capitalise on the bullish scenario. Currently we are growing at over 30 per cent to 35 per cent," said Manmohan Malik, Chief Operating Officer, ORIX.

"The car rental market is shaping well. The growth of inbound tourists over the last few years has contributed to the growth of this segment. Our current turnover is `100 crore and we expect a 20 per cent growth this



**RPN Singh,**  
Minister of State for Road Transport & Highways



**Sarabjit Singh,**  
President, Indian Tourist Transporters Association



**Manmohan Malik,**  
Chief Operating Officer, ORIX Auto Infrastructure Services

Recently, the Ministry of Tourism along with the Ministry of Road Transport and Highways and the state governments of Delhi, Haryana and Uttar Pradesh, came together to address this issue. Tourist transportation on the Golden Triangle has been made seamless and tax can now be paid centrally at any of the four starting nodes at Delhi, Gurgaon, Jaipur or Agra.

"In my view, unlike the goods carriers, the movement of tourist vehicles is mostly restricted to regional level within the periphery of two to three states. It would, therefore, be proper to develop a regional level mechanism similar to that of the Golden Triangle," said RPN Singh, Minister of

a closer look reveals some gaps. The infrastructure is being added without much planning. There are intersec-

Apart from the highways, it is equally important to look at small connecting roads which can really help



**Sunil Gupta,**  
Chief Executive Officer, Avis India



**Rajiv K Vij,**  
Managing Director, Carzonrent India



**Rajesh Loomba,**  
Managing Director, Ecos (I) Mobility & Hospitality

tions, interruptions and encroachments on the national highways. There is also lack of services like clean toilets, restaurants, hotels and even petrol pumps," said Sarabjit Singh, President, Indian Tourist Transporters Association.

tourism by connecting far flung areas with the established tourist circuits.

**Opportunities to be tapped**

The surface transport sector is growing by the day, especially from the tourism point of view. Car rental is

tum since 2001 with more MNC's entering India," he added.

Echoing similar sentiments, **Rajesh Loomba**, Managing Director, Ecos (I) Mobility & Hospitality, added, "The market is growing and bullish for the organised sector in the corporate car rental segment. Despite lower rates being offered by the unorganised sector, corporate prefer to deal with compliant (in terms of licenses, working conditions and labour regulations) and process driven service providers. We had a 30 per cent growth last year and expect a further 30 per cent growth this year too."

Going by the growth in the car rentals segment, New Delhi-based, Carzonrent, has also charted an elaborate expansion plan. The company is set to expand operations in 33 additional cities in the next two years, from the present 13 cities.

"The market is large even now as it has just started opening up. During our first year in business in 2000, we witnessed revenues of `30 lakh per month. Now in 2010, the company generates about `18 crore per month. Our business has grown by 60 times in last 10 years," **Rajiv K Vij**, Managing Director, Carzonrent India.

**Self-drive packages**

Self-drive packages have taken the car rentals a step further. It offers the tourist his choice of car and a drive as per his convenience with no bounding itineraries. While the trend has really caught up in other countries, it still has to make inroads in to India.

"The self-drive trend in India is completely opposite to what it is worldwide. Worldwide the ratio between self drive and chauffeur drive is 85:5. In India, it is absolutely reverse of that," said Gupta.

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"There are many obstacles to promotion of self-drive in India. While there is good demand, the poor quality of infrastructure is a big bottleneck to its growth," opined Loomba. Besides, the lack of good quality infrastructure, and traffic chaos on highways and within metros, lack of awareness about self-drive packages is another reason why this segment has not picked up in a big way. Stakeholders, however, feel self-drive packages are the next big innovation in the travel industry and that India is the right market for such a product.

"There is a huge opportunity in this segment and travelers are now picking up on the concept.

**Self-drive holiday is the next big innovation in the travel industry and fast picking up among the youngsters, friends and newly married couples.**

India is, for sure, the right market for self-drive since people now have the disposable income to enjoy the luxury of driving a new car every time without the hassle of owning it. We expect a 15 per cent to 20% growth in this segment," said Gupta.

"With steady improvement in infrastructure, self-drive is now on the upswing. So, we see an increased opportunity in this segment. It should grow at 100 per cent (yoy) for the next 3-4 years at least," added Malik.

**The way ahead**

The growth in tourism (both inbound and outbound), and the development of road infrastructure across the length and breadth of the country, can act as catalyst for the surface transport sector. A growth in the surface transport sector will in turn boost tourism in the country. ▶

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