

8 CAR RENTAL
SERVICE



CAR RENTAL SERVICE

1. INTRODUCTION

Starting a car rental service business can be a lucrative venture, especially with the increasing demand for convenient and reliable transportation options. Uttarakhand is a popular tourist destination with attractions like the Himalayas, Nainital, Mussoorie, and the Char Dham Yatra. This creates a high demand for car rentals. Starting a car rental service business in Uttarakhand can be a promising venture due to the region's growing tourism and increasing demand for convenient transportation options.

2. MARKET DEMAND AND TRENDS

Market Demand

1. **Tourism:** Uttarakhand is a popular tourist destination with attractions like the Himalayas, Nainital, Mussoorie, and the Char Dham Yatra. This creates a high demand for car rentals from tourists who prefer the convenience and flexibility of having their own vehicle.
2. **Urbanization:** With increasing urbanization, there is a growing need for personal mobility solutions. Car rentals provide a cost-effective alternative to owning a vehicle, especially for shorter trips and commuting.
3. **Millennials:** The millennial population, which prefers renting over owning due to the high cost of vehicle ownership, is contributing significantly to the demand for car rental services.

Market Trends

1. **Online Booking:** The trend towards online booking and mobile applications is making it easier for customers to rent cars. This convenience is attracting more users to opt for car rental services.
2. **Self-Drive Services:** There is a growing preference for self-drive car rental services, allowing customers more control over their travel plans.
3. **Sustainability:** With increasing awareness of environmental issues, there is a trend towards offering eco-friendly vehicles, such as electric cars, in the car rental market.
4. **Corporate Partnerships:** Car rental companies are forming partnerships with local businesses to provide transportation solutions for employees and corporate events.

3. DESIRED QUALIFICATION FOR PROMOTER

To be a successful promoter for a car rental service business in Uttarakhand, you should ideally have the following qualifications:

1. **Educational Background:** A degree in Business Administration, Management, or a related field can be beneficial. Knowledge of automotive engineering or mechanics can also be an advantage.
2. **Business Management Skills:** Strong skills in business management, including planning, budgeting, and financial management, are crucial for running a successful car rental business.
3. **Customer Service:** Excellent customer service skills are essential to ensure customer satisfaction and loyalty. This includes handling customer inquiries, resolving complaints, and providing a seamless rental experience.
4. **Marketing and Sales:** Experience in marketing and sales can help in promoting the business and attracting customers. This includes online marketing, social media management, and developing promotional strategies.
5. **Local Market Knowledge:** Understanding the local market, including customer preferences, competition, and regulatory requirements, is essential for tailoring services to meet local needs.
6. **Technology Proficiency:** Familiarity with car rental software, booking systems, and fleet management tools can streamline operations and improve efficiency.
7. **Regulatory Compliance:** Knowledge of local laws and regulations related to vehicle rentals, insurance, and business operations is essential to ensure compliance and avoid legal issues.
8. **Leadership and Team Management:** Ability to lead and manage a team, including hiring, training, and motivating staff to provide high-quality service.

4. BUSINESS OUTLOOK AND OPPORTUNITIES

The car rental market in India, including Uttarakhand, is projected to grow at a compound annual growth rate (CAGR) of around 5.5% from 2023 to 2028. This growth is driven by improved road infrastructure, increased urban population, and tourism.

Opportunities

1. **Tourism:** Capitalize on the high tourist traffic by offering tailored rental packages for popular tourist destinations.
2. **Corporate Services:** Provide transportation solutions for local businesses, including employee transportation and corporate events.
3. **Outstation Trips:** Offer services for outstation trips and weekend getaways for residents.
4. **Eco-Friendly Options:** Introduce electric and hybrid vehicles to cater to environmentally conscious customers.

5. **Technology Integration:** Invest in advanced booking systems and fleet management software to enhance customer experience and operational efficiency.

5. MARKET POTENTIAL AND MARKETING ISSUES

Market Potential

The demand for car rental services in Uttarakhand is driven by tourism, with popular destinations like the Himalayas, Nainital, Mussoorie, and the Char Dham Yatra attracting tourists who prefer the convenience and flexibility of having their vehicle. Additionally, increasing urbanization has led to a growing need for personal mobility solutions, making car rentals a cost-effective alternative to owning a vehicle, especially for shorter trips and commuting. The millennial population, which favors renting over owning due to the high costs of vehicle ownership, also significantly contributes to the demand for car rental services.

Marketing Issues

- **Market Saturation and Competition:** The car rental industry in Uttarakhand faces fierce competition and market saturation. New players entering the market and existing ones expanding their services can lead to downward pressure on pricing and slimmer profit margins.
- **Shifting Consumer Preferences:** Consumers increasingly seek eco-friendly options, such as electric and hybrid vehicles. Car rental businesses need to adapt to these changing preferences to stay competitive.
- **Technological Disruptions:** Rapid technological advancements, such as ride-sharing apps and autonomous vehicles, disrupt traditional business models. Car rental companies must keep up with these innovations to enhance their services.

6. BUSINESS INPUTS AND MATERIAL REQUIREMENTS

Business Inputs

1. **Fleet of Vehicles:** The primary input is a fleet of cars, including economy cars, sedans, SUVs, and luxury vehicles, depending on your target market.
2. **Technology:** A robust booking system, fleet management software, and a user-friendly website or app for customers to make reservations.
3. **Insurance:** Comprehensive insurance coverage for the vehicles and liability insurance to protect against accidents and damages.
4. **Staff:** Qualified drivers, customer service representatives, and administrative staff to manage operations.
5. **Marketing:** Budget for marketing and promotional activities to attract customers, including online advertising, social media marketing, and partnerships with local businesses.

Material Requirements

- **Vehicles:** Purchase or lease a fleet of cars based on market research and customer preferences.
- **Maintenance Supplies:** Regular maintenance and repair supplies for the vehicles, including spare parts, tools, and equipment.
- **Office Space:** A central office or multiple branches for administrative operations and vehicle storage.
- **Fuel:** Budget for fuel costs, which can be a significant expense for a car rental business.
- **Safety Equipment:** Safety kits, first aid supplies, and emergency tools for each vehicle.

7. OPERATIONS AND EXECUTION PROCESS

- **Market Research:** Understand the target market, customer preferences, and competitor landscape.
- **Business Plan:** Develop a comprehensive plan outlining your business model, services, pricing strategy, financial projections, and marketing plan.
- **Business Registration:** Register your business with the relevant authorities.
- **Licenses and Permits:** Obtain necessary licenses and permits for operating a car rental service.
- **Insurance:** Ensure comprehensive insurance coverage for your fleet and liability insurance for the business.
- **Vehicle Procurement:** Purchase or lease vehicles based on market demand (e.g., economy, luxury, SUVs).
- **Maintenance:** Implement a regular maintenance schedule to keep the vehicles in good condition.
- **Fleet Management Software:** Use software to track vehicle usage, maintenance schedules, and availability.
- **Booking System:** Set up an online booking system through a website or mobile app.
- **Customer Relationship Management (CRM):** Implement a CRM system to manage customer interactions, bookings, and feedback.
- **Hiring:** Recruit qualified drivers, customer service representatives, and administrative staff.
- **Training:** Provide training on customer service, vehicle maintenance, and safety protocols.
- **Online Presence:** Create a website and social media profiles to promote your services.
- **Advertising:** Use online advertising, social media marketing, and partnerships with local businesses to attract customers.
- **Promotions:** Offer special promotions, discounts, and loyalty programs to encourage repeat business.

- **Booking and Reservations:** Ensure a seamless booking process with clear communication and confirmation.
- **Pickup and Drop-off:** Provide convenient pickup and drop-off services for customers.
- **Support:** Offer 24/7 customer support for inquiries, bookings, and emergency assistance.

8. MANPOWER REQUIREMENT

Sr. No	Particulars	No.	No of month in year	Wages/Salaries per month (Rs. In Lakhs)	Annual Expense (Rs. In Lakhs)
1	Administrative support and owner (self-employed)	1	12	0	0
2	Experienced Drivers	3	12	0.12	4.32
3	Maintenance Staff	1	12	0.06	0.72
Total					5.04

9. IMPLEMENTATION SCHEDULE

Sr. No.	Activity	Time Required (in months)
1	Site Selection for Driving School	0.5
2	Arrangement of Finance	1
3	Car and motorbike purchase	1
4	Vehicle Registration	1
5	Staff Hiring	0.5
6	Marketing	1
Total time required (some activities shall run concurrently)		5

10. COST OF PROJECT

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
1	Land	-
2	Building (Rented)	0.10
3	Plant & Machinery	20.25
4	Equipment and Furniture Exp.	0.25
5	Misc. Fixed Asset	0.02
6	Preoperative & Preliminary Exp.	0.13

7	Working Capital	7.27
Total Project Cost		28.02

11. MEANS OF FINANCE

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	11.21
2	Bank Finance	16.81
Total		28.02

12. LIST OF MACHINERY AND EQUIPMENT

A. MACHINERY

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Computers with all necessary hardware and installed Windows	1	0.25	0.25
2	Equipped Car	4	5.00	20.00
Grand Total Amount				20.25

B. FURNITURE & EQUIPMENT

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Safety Equipment's	1	0.05	0.05
2	Office Set Up	1	0.10	0.10
3	Signage	5	0.01	0.05
4	Maintenance Supplies			0.02
Total Rs.				0.25

The availability of raw materials and equipment from local manufacturers is a promising advantage for the entrepreneur. Choosing the right mix of products and suitable machinery and tooling to facilitate modern and flexible processes is essential. Here are some of the suppliers of business equipment and raw materials an entrepreneur can consider:

1. Maruti Suzuki TRUE VALUE

ROHAN MOTORS LTD

148, Saharanpur Road, Chaman Vihar,

Opp Boys ITI, Niranjanpur, Dehradun, Uttarakhand, 248001

2. CARS 24

68, Vardhan Plaza AVS Ford, Saharanpur Road, Sewla Kalan, Uttarakhand

3. B K Motors

182, Chakrata Rd, Seyad Mohalla,

Khurbura Mohalla, Dehradun, Uttarakhand 248001

Besides these, online platforms such as India Mart, Trade Mart, Amazon, Flipkart, etc., can also be explored for online ordering.

13. SALES REALIZATION

Sr. No	Service	Sales in Percentage	INR
1	Online Booking	25.0%	12.24
2	Tour Booking	25.0%	10.8
3	Self-Drive Service	15.0%	5.85
4	Corporate Partnership	10.0%	7.65
5	Booking over night	5.0%	4.725
6	Booking for day	5.0%	4.05
Total		100.00%	45.315

PROFITABILITY PROJECTION

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realization	45.32
B.	Cost of production	
i)	Raw materials	20.00
ii)	Utilities	0.10
iii)	Manpower Cost (Salaries/wages)	5.04
iv)	Administrative expenses	0.04
v)	Packaging Cost	0.00
vi)	Material Lost Cost	0.10
vii)	Selling & distribution expenses	0.66

viii)	Repairs & maintenance	0.10
ix)	Rent	0.10
x)	Interest	2.09
xi)	Misc. expenses	0.00
	Total (B)	28.23
	Gross profit/loss (A – B)	17.08
	Less: Depreciation	2.06
C.	PBIT	15.02
D	Income-tax	-
E	Net profit/loss	15.02
F.	Repayment (Annual)	-1.67
G	Retained surplus (E-F)	16.69

14. BREAK-EVEN ANALYSIS

Fixed cost	
Land & Building Rent	0.10
Depreciation	2.06
Interest	2.09
Manpower	1.51
Total Fixed cost	5.76
Variable cost	
Raw materials	20.00
Utilities	0.10
Manpower	3.53
Administrative expenses	0.04
Selling & distribution expenses	0.66
Total Variable cost	24.33
Contribution margin	46%
Break-Even Point in Value	12.53

15. STATUTORY APPROVALS

To establish a driving school in Uttarakhand, you must obtain several statutory approvals and comply with various regulations. Here are the key steps and requirements:

1. **Business Registration:** Register your driving school as a legal entity, such as a private limited company, partnership, or sole proprietorship.

2. **State Transport Department Approval:** Obtain approval from the State Transport Department of Uttarakhand. This involves applying along with necessary documents, such as proof of ownership, business plan, and details of the premises.
3. **Licensing Authority:** Apply for a driving school license from the licensing authority. This includes submitting Form No. 2 for the learner's license and Form No. 4 for the permanent driving license.
4. **Training School Certification:** Ensure the State Transport Department recognizes your driving school as an approved training school. This certification is mandatory for issuing driving certificates to students².
5. **Insurance:** Obtain vehicle and operation insurance to cover potential liabilities.
6. **Safety and Compliance:** Ensure that your driving school complies with all the State Transport Department's safety regulations and standards.
7. **Regular Inspections:** Be prepared for regular inspections by the State Transport Department to ensure ongoing compliance with regulations.

You can legally operate a driving school in Uttarakhand by following these steps and obtaining the necessary approvals.

These approvals are fundamental for legally establishing and operating a driving school unit.

16. TRAINING CENTERS AND COURSES

1. Wilkinson Thomas Consulting

- **Address:** 10900 S. 51st St, Phoenix, AZ 85044, USA
- **Website:** Wilkinson Thomas Consulting
- **Courses:** Vehicle rental management and operations, profitability, market segments, fleet planning, internal controls, and revenue management.

2. Car Rental Academy

- **Address:** Online (Webinars and Courses)
- **Website:** Car Rental Academy
- **Courses:** Monthly webinars, operational training for teams, business growth and success, digitalization of processes, and My Rent software training.

The Swayam portal (link: <https://swyam.gov.in/>) can also be accessed for enhanced learning on business commerce, accounting, production, marketing, and areas of entrepreneurship.

Entrepreneurship programs that help run businesses successfully are also available from institutes like the Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer

Only a few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.