

# Analysis of Self Drive Rental Cars Industry in India

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## Abstract

The recent development of internet and technology has augmented the Self drive car rental industry in a country like India. As Transportation is backbone of working man and is a medium amongst so many businesses, governments and people. A proper medium of transport is appreciated by everyone and that's what the self drive car rental industry is to do across the globe. In this study, our main focus was to analyze the current scenario of self drive car rental industry in the Indian market along with its working and to know the consumer preference. In order to analyse the self drive car rental industry we set various objectives to go through the process. Our first objective was to understand the current scenario of self drive rental cars in the Indian market by analyzing various journals, articles and using various statistical data. Our second objective was to understanding the working of the industry and to achieve this objective we analyzed various companies, their policies and working.

Our last objective was to know the consumer preference, about which self drive car rental company do they prefer and in order to attain this objective we conducted a survey on 300 people. This analysis and survey successfully helped us to understand the current scenario of the self drive rental car industry in Indian market it's working and the perception of consumers about the industry and the companies.

## Keywords

Self Drive Rental Cars, Consumer Preference, Industry Analysis, Policies.

## I. Introduction

Car rental or car hire agencies are private companies that provide short time leasing vehicles for a specified time with a fee to their customers. It is often organized with different local offices which allow users to return their hired vehicle to different offices located at different destinations in city. These offices are primarily located near railway stations, airports or busy city areas. These car rental agencies mainly serves people who require temporary vehicle for commutation in the city or to different cities.

Today easy access of internet has made life easier by allowing people to do most of the works on their mobile phones. The Car Rental System works on the technology called Internet Of Things which allow users to experience hassle free booking and cancellations and even locking and unlocking and locating their booked car from their mobile phone application. The software Car Rental System has a very user-friendly interface. Thus the users feel very comfortable to use it.

Many revolutionaries have changed from manual to the online system, especially in the workflow and type of resources that are stored in the rental services. The web portal and android applications for the customers can also use the system to rent a car & the pickup-drop managers will use the app for entering all the pickup-drop details required. The customer should create a new account before logging in or he/she can log into the system with his/her created account. Then he/she will have to complete the registration process including validation from company and

only then can make a reservation for a car. Thus using this system benefits both the owner and the customer in different ways.



Fig. 1:

## II. Review of Literature

The research on Analysis of Self Drive Rental Cars in India and other topics in the Indian context are limited as the online food ordering services has entered into Indian market only a few years back. The literature reviewed relates to the studies conducted outside India where online food ordering is a big hit. As taken the case that online food ordering has just entered the Indian market and it is still on its way to being a big hit.

### A. Online Car Rental System using Web-Based and SMS Technology

The Study Found that the Integration of web based technology in the car rental agencies and depicted that it is the best way to take the advantages of today technology, in order to enhance the productivity and efficiency of organization.

### B. Self Drive – Car Rental System, A System for online car rents, March (2017)

In this study it described that how the system overcomes all the flaws of the existing system and brings an era of revolutionary system which is speedy, efficient and very much adaptable. Which would make the self drive rental car industry much more safer for its users.

### C. A framework for increasing understanding of self-drive tourism markets (Bruce Prideaux, Dean Carson) October 1, 2003

In this study their aim is to identify a framework for analysis of case study research into self-drive tourism and its associated markets. The history and significance of drive tourism markets across the globe are briefly identified, and statistics are provided to support increased attention being paid to these market.

### III. Objective of the Study

The Objective of the study is given below

- To analyze the current scenario of Self Drive car rental Industry in India.
- To understand the working of the Industry.
- To know the consumer preference about which company do they prefer.

### IV. Research Methodology

The study is explorative as well as corresponding in nature. It intends to explore the current scenario of the Self drive car rental industry in the Indian market, to understand it's working and to know the consumer preference. The data of the study was gathered through analysis of various statistical data, journals, articles and through the questionnaire. The survey was done in the city of Indore, M.P on 300 respondents, all variables were operationalised using the literature on self drive rental cars. The first part of the study was on the analysis of the current scenario of self drive rental cars, it's data was collected by the analysis of various journals and articles and by using other statistical data. The data on the working of the industry was collected by analyzing the working of various companies, by understanding their policies, working and all the other process. The last part was of conducting a survey to know the consumers preference, on which company do they prefer and the services while considering the self drive car rental industry.

### V. Result and Discussion

#### A. To analyze the Current Scenario of Self Drive Car Rental Industry in India

Renting a car and driving it yourself is still a rudimentary concept that negates the need for buying a car. India being a developing country with infrastructure being still a big issue, most cities in India are still facing issues of traffic congestions and limited parking spaces. Therefore, it has been seen that our younger generation in the age group of 25-35 years is particularly attracted to this idea of car rentals, defying the orthodox Indian household desire of owning at least one car in the house. This is also to do with the fact that a large share of this population is working in their nonnative cities, and therefore investing in the liability of a car does not really appeal to them. Thus over the course of last 3 years, many startups have leaped up gradually to provide or aggregate affordable car rentals for the youngsters who want to get away from the hustle bustle and stress of the modern day work environment. To satiate the demand of this emerging trend, various companies are putting their hands into this business of self drive rental. Self-drive cars on rent is a popular concept in the West and like all other things, has been well imitated in India by a few early startup companies in their nascence like Zoomcar, Ola Ride, Revv ,and Uber hire. However, with the bigger and experienced international players like ORIX now considering India as a viable market for their Self Drive business, the idea of self drive is just about to get a lot more serious in India. The market of the self-drive car rentals in India has sequentially evolved over the last two years during FY'2013-FY'2015. Currently Zoom car holds the position of being the India's first self-drive car rental company. This idea was driven by the concept of sharing economy. It is no wonder that why Zoomcar, has ramped up bookings by 100% in 2016 through 2 million app downloads and 2500 cars on the road. In India, we have seen a large change in the mobility paradigm, from people driven to car-pooling to a sudden tilt towards the recent entrant which is self-drive car rental industry which is the

next potential unicorn. The outlook period of FY' 2016-FY'2020 shows an encouraging future for the self-driven car rental industry in our country. It is predicted that the market will witness a growth in the self-drive car rental industry size mounting to 80,000 cars by FY'2020 itself. The factor that has most contributed to the development of this self-drive vertical and shall continue to define its existence is the coming of the era of technology and the startling innovations and advancements in the maps and navigation fields. Here is an example of car rental start-ups across the globe.

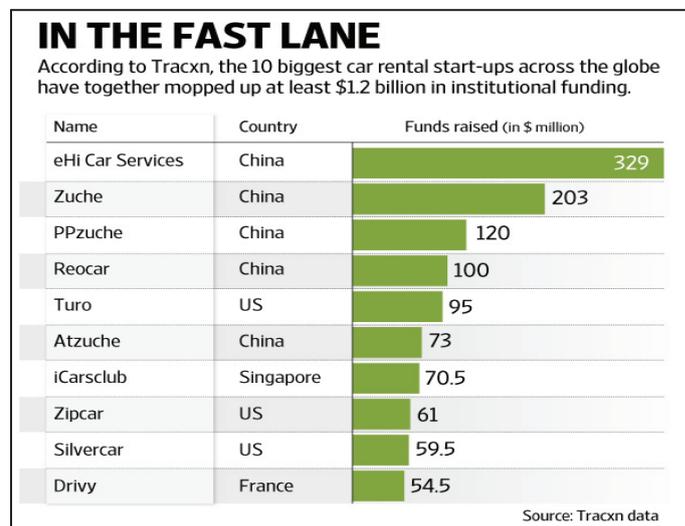


Fig. 2:

#### B. To understand the working of the Industry

##### 1. Policies

Policies of the companies in this industry particularly is somewhat similar of all the companies in majority of ways, though there are few exceptions which make each one of them differ from the other. Further the policies are sub-divided into various categories. This is an over view of basics of policies which usually companies have.

##### (i). Eligibility

The first and foremost important criteria is of age, member must be of 18yrs older or above. Member must possess a valid Light Motor Vehicle (Non Transport) Indian license and Aadhar card. Here is no minimum amount of time that an individual must hold a license before becoming a member or reserving a vehicle Members must have had no alcohol or drug related driving violations in the past seven years Payments are only accepted through credit card, debit card or net banking no cash or cheque or any other kind of payment. Customer should be 24 year and older to book high end vehicles such as Mercedes Audi, Toyota Fortuner, Ford Endeavour etc. or any other heavy vehicle or else booking will be cancelled.

##### (ii). Fee Policy

Cancellation charges are charged according to the policies of various companies, usually cancellation made more than 24hrs before booking start costs around Rs.200-500. Within 24hrs charges 50% of the booking value or Rs. 200 whichever is higher. No refund is provided if the cancellation is made after the booking start. A late return usually costs around 300-500 per hour fine. If Returning the vehicle is done to the wrong location a dine of ₹10,000 + Full hourly fee for use of the vehicle + Full late fee until the vehicle is returned to the correct location. In case

of Traffic and Parking violations full payment of fines + ₹500 per 30 days late in payment. Over speeding costs heavy fines along with an expulsion from the company. Any unintentional/accidental damage will be liable for the damage charges of ₹ 10,000/- (full-wrap insurance covers the rest). In case of towing and impounding no fine is levied if caused by vehicle failure and full cost if caused by user negligence. If cleaning is required of the interiors, washing of removable (for foot mats etc) is charged around at ₹500. Interior Washing / Dry-cleaning (for seat covers, door panels) is around at ₹1,500.

### (iii). Member Agreement

Only active Member in good standing, as decided solely by the company, are allowed to drive the vehicles. Non-Member is expressly prohibited from driving the vehicle at any time. Member holding effective driving license, uploaded on the Website and approved by the company, may drive a vehicle that has been reserved by another company Member with the permission of the Member having carried out the reservation; however, all fees and charges shall be determined in accordance with, the responsibility of the reserving Member while any liability or claim arising out of such use shall be that of all such participant Members.

You must pick up the selected vehicle at its designated parking space and return it secured, clean, and in good working order, to the correct and designated space by no later than the end time of your reservation. However, the handover of vehicle pursuant to your booking is subject to availability of the vehicle. Further, company reserves the right to cancel any booking at its sole discretion with only consequence to return the fees collected at the time of creation of booking.

Prior to taking possession of a vehicle, You must do an exterior check and an interior look-over. Before driving the vehicle, You must advise the company of any damage or abnormality encountered on the vehicle or in the operation of the vehicle. If the company is not notified of a problem at the start of a reservation, You will be deemed to be responsible for any problem with the vehicle discovered or reported after Your reservation, including, damage to the vehicle or lack of cleanliness. You may be charged a damage fee, a cleaning fee, or other applicable fees, and company may suspend, or may even terminate Your membership.

You must leave all the original documents including all the items not limited to only these, registration certificate, insurance policy, tax payment challans, self-drive licenses, pollution clearance certificates, vehicle's key, or any other starting device to the vehicle in its designated position. You must advise the company immediately if You fail to leave the original documents.

### (iv). Privacy Policy

Collection, Storage and Use of Personal Information is done when you apply for or maintain an account with any company, they collect certain personally identifiable information ("Personal Information"), such as: Your name, age, gender, photograph, contact preferences telephone number, including permanent and current residential addresses, e-mail address, financial information, internet protocol address, history of Your transactions ( booking and payment history), any other items of sensitive personal data or information, as such term is defined under the Information Technology ) Rules, 2011 enacted under the Information Technology Act, 2000, identification code of the communication device which You use to access the Website, any other information that You provide during Your registration, use of availing of services via Website and other relevant documents

viz; driving license and additional address cum identity proofs, as prescribed under the Membership Agreement of the company. Companies use various technologies, including "cookies", to collect non-identifiable information. A cookie is a piece of data that any website can send to your browser, which may then be stored on our computer or any other device as an anonymous tag that identifies your device but not you.

## 2. Functioning

To hire a self-drive car, choose a service provider, visit their website or mobile app, register, upload copies of an identity proof and a valid driving license. Some companies require credit card details, while others charge a refundable deposit. Usually, the car is provided with a full tank, and the user has to return the vehicle the same way as taken. But this can vary accordingly and you can negotiate with the car lease company. Also, you are entitled to drop the car back at the pick-up point. Check with the company for the most convenient and easy pick-up and drop points. Cancellation charges might apply based on how soon or late you inform them. If you want the car to be delivered to your house or any location other than the designated drop points, there may be an extra charge for it. Payments have to be made online and before hiring the car by debit/credit card or any other online payment method. Deposit is refunded to your account after deducting for damages or maintenance within 2-3 days. If you exceed the agreed time to return the car to the delivery point, there is a late fee charged according to the T&C of the company.

## 3. Technology Usage

### (i) Car rental applications

#### (a). Basic Features

Check the different types of available cars in proximity. Along with the use GPS for accurate location tracking to set pickup/drop location. And also to see ETA and driver details with the one-time addition of user contact and payment details plus and additional feature of an SOS button

#### (b). Location Services

Features like the real-time tracking is beneficial for the company to locate the driver and the car. It also helps the customers while booking a ride.

#### (c). Seamless on Boarding

Allow users to quickly login and get started with booking a ride within a few seconds. Provide support for social logins.

#### (d). Push Notifications

Real-time notifications for customers, in order to stay updated about the important stages from booking confirmation to final payments.

#### (e). Review System

Get useful feedback from the customer on their car rental experience and in order to continuously improve the service.

#### (f). Payment Integration

It ensure that all major forms of payments are integrated in the vehicle rental app. These may include debit card, credit card, net banking, and new age payment methods like mobile wallets and UPI.

## (ii). Driver Behavior Monitoring (DBM)

Driver behavior is a major factor which contributes in over 90 percent of road accidents. Consequently, there is significant advantage in identifying drivers who engage in unsafe driving practices. In the efforts to reduce insurance claims and road accidents, vehicle insurers are searching for ways to monitor and analyze driver behavior to provide safer driving habits. There are used various devices and applications along with them which helps in monitoring the driver's behavior. Using the accelerometer and smart algorithms, various companies can measure the Harsh acceleration, braking and cornering along with the Idle time and the Speeding. From these, the companies can generate Alerts and Reports providing the user evidence of vehicle abuse and poor working behavior. Being able to confidently apportion the blame to a driver, particularly where there are multiple drivers for many vehicles in the fleet is crucial for Insurance liability purposes, Health and Safety compliance, Apportioning costs of repair to an individual, Providing evidence in legal situations and Acting as a deterrent to staff to abuse vehicles. The companies which provide the services of DBM are:

- CTrack
- Telematics Monitor
- Fleet Go
- Digital Matter

## (iii). On-Board Diagnostics (OBD)

OBD systems give the vehicle owner or repair technician access to the status of the various vehicle subsystems. A basic OBD system consists of an ECU (Electronic Control Unit), which uses input from various sensors like the oxygen sensors to control the actuators (e.g., fuel injectors) to get the desired performance. The "Engine Check" light, also known as the Malfunction Indicator Light, provides an early warning of malfunctions to the vehicle owner. A modern vehicle can support hundreds of parameters, which can be accessed via the DLC (Diagnostic Link Connector) using a device called a scan tool. OBD are of basically two kinds which are OBD I and OBD II.

### (a). OBD I

OBD-I refers to the first generation of the OBD systems which were developed during the 1980s. These early systems would use proprietary connectors, hardware interfaces, and protocols. A mechanic who wants to access diagnostic information typically had to buy a tool for every different vehicle make. OBD-I scan tools that support multiple protocols are supplied with a lineup of different adapter cables.

### (b). OBD II

In the early 1990s, Society of Automotive Engineers and International Standardization Organization (ISO) issued a set of standards which described the interchange of digital information between ECUs and a diagnostic scan tool. All OBD-II compliant vehicles were required to use a standard diagnostic connector and communicate with each other via one of the standard OBD-II communication protocols. OBD-II was first introduced in model year 1994 vehicles, and became a requirement for all cars and light trucks starting with 1996.

### (c). OBD Dongles

Dongles are occasionally issued to customers by insurance companies as a way to achieve discounts. This generally involves using data taken from the car's OBD II connection to analyze

driving habits and award a discount for low-risk behavior. Allstate's Drive wise program, looks at speed, how quickly the driver brakes, the number of miles driven, and when a person drives along with various other details of the driving pattern.

Other devices such as Verizon's Hum, allows telematics features, similar to what some automakers offer through subscription services. When paired with a Smartphone app, Hum provides vehicle diagnostics, roadside assistance, stolen vehicle tracking, geofencing, along speed-alert features for parents looking to keep teen drivers in a control



Fig. 3:

## C. To Know the Consumer Preference about which Company do they Prefer

### 1. Zoomcar

The main and foremost choices for self drive rental car services for which Indians go for is the Zoomcar, with a major share in the Indian self drive car rental market Zoomcar is clearly doing wonders. The company kicked off with seven Ford Figos and Mahindra Scorpios in Bangalore on 14 February 2013. It was in May 2013, when Zoomcar shot to the limelight as it raised about \$300,000 from former US treasury secretary and professor at Harvard University, Larry Summers. Currently Zoomcar has so far raised about \$46 million from investors, the last being a \$24 million round led by Ford Smart Mobility Llc, a unit of Ford Motor Co. The company has 2,200 cars from manufacturers such as Ford, Mahindra, Maruti and Tata running across Bangalore, Mumbai, Delhi, Pune, Chennai, Hyderabad and Chandigarh.

### 2. Ola Rentals

The next up onto the list of preferred companies by the consumers is the Ola Rentals, Launched in June 2016, Ola Rentals provides multiple types of vehicles – from SUVs to hatchbacks. The attractive and affordable pricing makes Ola Rentals a great option for those who want to attend meetings, shop around the city, go for a weekend trip, or make a family visit to a function, every event could be taken care of by the Ola rentals.

### 3. Myles

Owned by Carzonrent, the 21-city coverage of Myles is one of the good success stories in car rental space. From as less as 2 hours, stretching to months, a person can own a Myles car for a range of service tenure. It provides variety of vehicles from SUV's to Hatchbacks

### 4. Uber Hire

The time-based and on-demand car rental service from Uber is great for those who have to make multiple stops while driving across the city. Once their pilot run in Kochi was executed successfully, it launched full scale in Feb 2017 with operations across 8 cities. Uber hire is doing exceptionally great in the areas where people are making multiple stops in the metros like Bombay, Bangalore and Hyderabad.

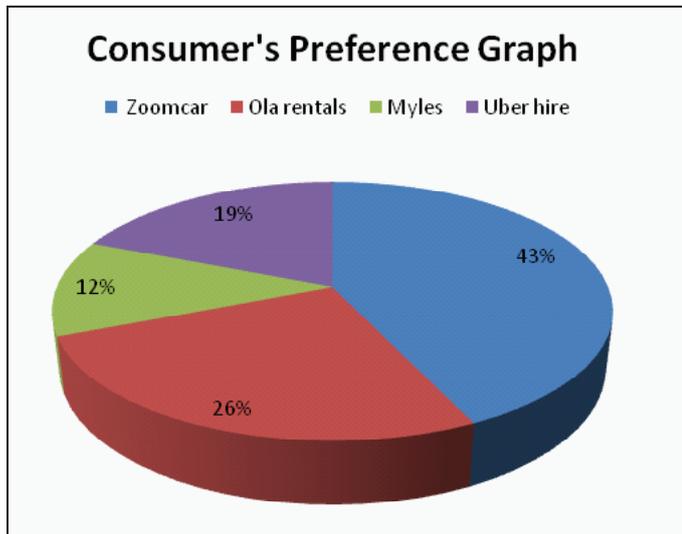


Fig. 4:

In the above graph/chart it is evident that out of 300 people on whom the survey was conducted 129 people preferred Zoomcar making it around 40% of the total and making it the most popular amongst all of the four.

The second preference of the people was Ola rentals with around 26% of the votes by 78 people of of the 300, which makes it the next popular after Zoomcar.

Myles got 12% of the total votes, making it the least popular amongst all. It shows that people in the Indian market barely uses Myles services.

With the moderate amount of votes of 19% Uber hire is the on the third place in the prefer list by the consumer, around 57 people voted out of 300 for it.

## VI. Conclusion

This research paper has presented some insight on the analysis of the self drive car rental industry in India, the analysis reveals that this industry is growing at an immense rate from past couple of years. The current scenario of this industry in the Indian market has been depicted in this paper along with the working of the industry and with a survey on the preference of the consumers about which company is usually preferred by them. Mainly the leader of this industry in the Indian market has turned out to be the Zoomcar and the Ola Ride, along with less popularity and market share comes the Uber hire and on the least of the list is Myles. The first preference of the consumers is Zoomcar, as it is gaining most of the popularity and capturing the Indian market at the finest, Myles being on the least preferred ones has barely any market strength currently in the Indian scenario. Being on the second preference by the Indian consumers is the Ola Ride, with its affordable pricing and attractive offers it is the most preferred after Zoomcar. Uber Hire lands third position on being preferred by the Indian consumers as it is still on rudimentary level in this segment in the Indian market and needs more growth.

In a nutshell, it could be said that for the self drive car rental industry Indian market offers a lot to gain from and is spreading its arms and legs at a colossal rate compared to past few years. And this will keep on expanding as every day or two new opportunities like startups and various other firms are making their way into the market. Along with the companies like Zoomcar, Ola Rides are also doing very well in exploiting these opportunities to expand their market and create the most out of the less used environment.

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