

CITY TOURS AND EXCURSIONS

1. INTRODUCTION

The concept of tourism, over the years, has deepened in so far, as it is not limited, now, to apparent tourist destinations – beaches, mountains, architecture/culture/history hubs, pilgrim centres. There are cities which have non-tourism image; people do not travel to these cities, by and large, for tourism purpose. However, these cities, given their vintage and growth over the years, inevitably possess some points of tourist interest. Ahmedabad, Surat, Indore, Bhopal, Raipur, Bhubaneshwar, Lucknow, Kanpur, Hyderabad, Coimbatore, Guwahati and Patna are examples of such cities. Such cities attract a large volume of day-time visitors/overnight stayers mainly on “business” account. They also attract significant flows for such other purposes as social events, education and healthcare.

There is also the flow of home-town visitors to these cities from various parts of India as also abroad. There is excellent scope for offering city tours and short excursions out of the city to such visitors. The foreign visitors are also an important stream of business. In fact, many local residents, either on their own or in the company of guests, are keen on such tours and excursions. This is because some of them, while being aware of local attractions, need motivation and/or convenient arrangement to visit such attractions.

2. PROJECT PROPOSAL

The project would offer city tours and excursions. The specific offerings will be as follows.

- ❖ Half-day and full-day tour of popular tourist/visitor interest spots in the city, supported by guide in an air-conditioned vehicle.
- ❖ Walking tours, lasting one-and-a-half to two hours, led by a guide and focused on selected areas of the city
- ❖ Special interest tours – architecture, craft, history, cuisine – for small groups
- ❖ Excursions out of the city which permit same day return (no overnight stay).

The project will own a tiny fleet of vehicles, hire out other vehicles depending on the requirement, engage a core unit of guides, contract additional guides when needed and organize above mentioned tourism experiences. It will target visitors to the city as well as local residents. It will not invest in accommodation or food and beverage facility.

3. DESIRABLE PROMOTER BACKGROUND

The promoter needs to have an understanding of tourist attractions within the city as also what would appeal to tourists/visitors/local residents. The capacity to formulate and promote packages is a key competency for the promoter. In addition, he needs to be good at human resource management - guides, drivers and others who support the project.

4. INDUSTRY OUTLOOK AND TREND

The packaged tours covering city-level tourism attractions have hitherto remained largely limited to tourist-destinations, eg., Jaipur. The offer of organized city tours in cities which are not perceived as tourist destinations is rather limited. The state tourism department or the local body, in few cases, offers such facility. The private enterprise presence in this space is negligible. We have discussed the prospects under Section 5.0

5. MARKET POTENTIAL

We have, for the proposed project, in view cities which have a population upward of, say, 20 lacs. Many of these cities, by and large, are marked by a complete or near absence of agencies which offer packaged, convenient, insightful city tours. Often, the city government or the tourism department offers such a tour but the package is not imaginatively designed and efficiently implemented.

Most of the above cities attract a daily visitor (overnight stayers included) flow in the range of 20,000 to 50,000. While these visitors are there primarily for non-tourism purpose-business, social event, shopping, home-town visit, religion, recreation, education, healthcare – some of them are interested in visiting tourist spots and popular spots. The popular spot may not be a tourist spot in the conventional sense, it may be a contemporary urban development feature, e.g., riverfront or metro train or a traditional feature, e.g., street food locality.

The visitors are thwarted from visiting tourist/popular spots because left to their own devices, they would have to spend more time and money, face inconvenience and, for practical purpose, do it without a guide. Since these cities are not tourist destinations, one does not find affordable and ready guides. In short, the visitors either give up the idea of a city tour or visit just one or two places generally without a guide. The proposition of a well-thought-out package based on a fixed itinerary, time-table, reliable transport and competent guide would appeal to such visitors. There are locals also who will avail of such a facility for guests; it optimizes guest-experience, while reducing demands on the host. The MICE (meetings, incentives, conferences, exhibitions) traveller flow to these cities is sizeable. They would also appreciate city tour offer.

The walking tours are popular in major cities of the world. A guided walking tour would evoke definite, though limited response, from discerning visitors as well as local residents. Such walking tours would be designed, keeping in mind the weather and time-of-the-day (traffic conditions). They evoke decent response because the duration is limited to two hours and it does not entail walking for more than, say, three kilometres.

The out-of-city excursions are becoming increasingly common. The excursions are focused on natural beauty spots-hills, riverside, lake, forest or pilgrim locations or history/architecture spots-forts, palaces. In the cities targeted under this project, most people utilize own or public transport to make such excursions. Alternatively, they hire a vehicle. However, if there is group, arrangement is not particularly smooth. For a group excursion, there needs to be leader or core unit to organize transport, fix up food and beverage arrangement and work out activity. We anticipate ready demand for group excursion packages which offer transport/food/activity. The demand would emanate from corporates, residential colonies, social groups, senior citizens, college students, kitty party groups and such other sources.

The package can, if customers want, include an "animator", a person who will promote and organize games/contests and such other group activities as would enhance the "fun quotient."

Depending on the city-size and character and limited existing supply, the range estimated of potential market for the proposed project is

- ❖ City tours: 100 to 500 persons/day
- ❖ Walking tours: 20 to 100 persons/day
- ❖ Special interest tours: 10 to 50 persons/day
- ❖ Excursions
 - Weekend/holidays 100 to 500 persons/day
 - Other days 20 to 100 persons/day

6. PROPOSED SIZE OF THE PROJECT

The project size will be based on the following facilities

- ✓ Own vehicles having 15 to 20 seater capacity each (two vehicles)
- ✓ A small rented office mainly to engage with guides/drivers, store literature and interact, in a limited way, with customers.

The project would have two committed guides; it will seek help from other guides depending on the need. It will have a website.

The customers will receive a bottle of safe drinking water and souvenir.

7. MANUFACTURING PROCESS

This is a service sector project and hence the following is pertinent.

TECHNICAL REQUIREMENT

A major technical requirement is vehicles – own and hired. These should be in good shape, there should not be breakdowns. The drivers need to be punctual, safety-conscious and customer-friendly. The other requirement is package – formulation – choice of spots, itinerary, duration.

In addition, it is important that the guides are knowledgeable, possess appropriate communication skill and make the experience interesting.

OPERATIONAL REQUIREMENT

The customers will judge the experience for its package value – spots, transport, staff, punctuality. It is essential to organize a network of transport providers and freelance guides

to meet additional demands. The staff/management should be well-versed in managing entrance tickets and parking at the spots and responding to emergencies, e.g., traffic jams, accidents, visitor sickness.

8. MANPOWER REQUIREMENT

The promoter will act as the manager. It will need the following manpower.

Drivers	3
Office assistant	1
Committed Guides	2
Animator	1

Total	7
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9. COST OF THE PROJECT

This is estimated as follows.

✓ Two vehicles, air-conditioned (15 to 20 seater each)	30.00
✓ Setting up website; producing initial set of literature, Designing and sourcing initial stock of souvenir	5.00
✓ Deposit (three months) for office rent	0.60
✓ Preliminary and Pre-operating Expense @10% of 1 to 3	3.56
✓ Working Capital Margin	1.25

	40.41

Rounded off to 40.50 lacs

10. WORKING CAPITAL REQUIREMENT

This is estimated at Rs.1.25 lacs and we do not envisage working capital loan.

11. MEANS OF FINANCE

We envisage a debt equity ratio of 1.5 to 1 because most of the investment is in vehicles, which depreciate quickly. Thus, the term loan and equity will be 24.3 and 16.2 respectively. The term loan will be repayable in five years, after a moratorium period of six months. It will carry interest @11% per annum.

12. MACHINERIES AND ILLUSTRATIVE LIST OF SUPPLIERS

This is not relevant.

13. PROFITABILITY

Though the cities are not tourist destinations, we expect seasonality because business/social/other traveller flows decline during monsoon. We expect the following business in the second year.

Sr. No.	Particulars	Daily customers (no)		Annual customers no.
		Good Season (240 days)	Low Season (120 days)	
1.	❖ Full-day City Tour	20	10	6000
2.	❖ Half-day City Tour	40	10	10800
3.	❖ Walking Tour	30	nil	7200
4.	❖ Special Interest Tours (hired vehicle)	10	---	2400
5.	❖ Excursions (hired vehicles)	15	5	4200

We estimate the following price, net of entrance ticket cost (Rs.)

✓ Full-day City Tour	300
✓ Half-day City Tour	200
✓ Walking Tour	50
✓ Special Interest Tour	400
✓ Excursion (transport, breakfast, one meal, Afternoon tea, animator)	800

The operating income in the second year, therefore, will be as follows (Rs.in lacs)

❖ Full-day City Tour	18.00
❖ Half-day City Tour	21.60

❖ Walking Tour	3.60
❖ Special Interest Tours	9.60
❖ Excursions	33.60

Total	86.40
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OPERATING EXPENSES

These will be as follows (second year)

❖ Own manpower	12.00
❖ Fuel	5.00
❖ Vehicle maintenance	1.00
❖ Bottled Water/Souvenir	15.00
❖ Hired Guides/drivers	2.00
❖ Food & Beverage for Excursions	10.00
❖ Vehicle Hire	6.00
❖ Admin, taxes, insurance, marketing, promotion	9.00

Total	60.00
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Profitability Over Five Years (Rs. in lacs)

Sr. No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1.	Operating income	77.76	86.40	90.72	95.26	100.02
2.	Operating Expense	60.00	60.00	61.20	62.42	63.67
3.	Operating Surplus	17.76	26.40	29.52	32.84	36.53
4.	Interest on Term Loan	2.54	2.14	1.60	1.07	0.53
5.	Depreciation & Amortization	5.87	5.87	5.87	5.87	5.87
6.	Profit Before Tax	9.35	18.39	22.05	25.90	30.13
7.	Tax (30%)	2.81	5.52	6.62	7.77	9.04
8.	Profit after tax	6.54	12.87	15.43	18.13	21.09

We have assumed operating income growth @5% per annum, beginning third year and operating expense hike @2% per annum from third year onward. The operating income during the first year will be 10% lower than second year but operating expense will be identical.

The unit cost of power is taken at Rs. 6. The depreciation is taken at the rate of 15%.

14. IMPLEMENTATION SCHEDULE

The project does not involve any construction. We estimate that it would be established within three months.

15. BACKWARD AND FORWARD LINKAGES

The project can get into such businesses as guide service, transport hire and event management.

16. GOVERNMENT CLEARANCE

The project needs to carry out general formalities pertaining to firm establishment; tax registration and shops/establishment registration. It will need specific registration with regional transport authority and permission from the police department for parking at tourist spots. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. TRAINING CENTRES / COURSES

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.