

Assessment of the emerging Caravan Tourism opportunity in India



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HouseAugust 2017

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1. Executive Summary

India is fast emerging as tourism destination in the World. The campaign "Incredible India" which showcases the best that India

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has to offer to the tourists has now attracted worldwide attention. The proactive policies of the Government of India have ensured that tourism enjoys an important priority among all the States.

Indian tourism industry is one of the fastest growing in the world, ranking among the world's top five most popular tourist destinations. India has lot to offer as thriving tourism destination, however, lags in certain regulatory aspects brought its. India has jumped 12 places to 40th rank globally in travel and tourism competitiveness list by World Economic Forum.

Infrastructure development holds the key to India's sustained growth in the tourism sector. Therefore, Ministry of Tourism made consistent efforts to develop quality tourism infrastructure at tourist destinations and circuits.

It is expected that the tourism industry has the potential to bring in revenue worth US\$ 51.4 billion by 2019.

Note: – The present growing demand for eco, adventure, wildlife and pilgrimage tourism involves visiting and staying in remote areas, forests, deserts and riversides. There is shortage of decent

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and affordable accommodation at remote tourist destinations and in few places where a permanent construction may neither be permissible nor feasible. In such a scenario, caravan tourism will effectively meet the growing demand.

In 2010, the Union Ministry of Tourism came out with a policy for the development and promotion of caravan and caravan camping parks. The plan was to set up parks using a PPP model. The policy moots parking bays equipped with tourist amenities that will provide electricity, water and sewage disposal and so on.

So far, Madhya Pradesh is the only state with a national permit for its three official state caravans. Karnataka is getting there too with the State Government, in September 2012, sanctioning Rs. 40 lakhs to initiate a caravan tourism project.

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2. Global Caravan Industry Overview

A caravan, travel trailer or camper trailer is towed behind a road vehicle to provide a place to sleep which is more comfortable and protected than a tent (although there are fold-down trailer tents. It provides the means for people to have their own home on a journey or a vacation, without relying on a motel or hotel, and enables them to stay in places where none is available. However, in some countries campers are restricted to designated sites for which fees are payable.

Caravans and travel trailers vary from basic models which may be little more than a tent on wheels to those containing several rooms with all the furniture and furnishings and equipment of a home. They are used principally in North America, Europe (mainly Britain and Germany), Australia and New Zealand.

In Europe, the origins of travel trailers and caravanning can be traced back to travelling Gypsies, and showmen who spent most of their lives in horse-drawn caravans.

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Samuel White Baker purchased an actual Gypsy caravan in Britain and shipped it to Cyprus for his tour in 1879.^[5] The world's first leisure trailer was built by the Bristol Wagon & Carriage Works in 1880 for Dr. William Gordon Stables, a popular author of teenage adventure fiction, who ordered a "gentleman's caravan". It was an 18-foot (5.5 m) design, based upon their Bible Wagons,^[6] used by traveling preachers in America's Wild West.^[7] Stables named it *Wanderer*.^[8] He travelled around the British countryside in it and later wrote a book documenting his travels in 1885 called *The Gentleman Gypsy*. This moved the Duke of Newcastle to commission his own caravan, *The Bohemian*.^[9]

By the turn of the century, 'caravanning' for leisure had become an increasingly popular activity. In 1901, the first dedicated caravanning club was established. The Camping and Caravanning Club (originally the Association of Cycle Campers) was founded by Thomas Hiram Holding, the father of modern camping. The Caravan Club was founded in 1907 with Stables as its vice president.^[10] Its stated aim was to "... bring together those interested in van life as a pastime...to improve and supply suitable vans and other appliances...and to arrange camping grounds."^[11] Caravanning gained popularity in North America in the 1920s.

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Modern travel trailers come in a range of sizes, from tiny two-berth trailers with no toilet and only basic kitchen facilities, to large, triple-axle, six-berth types.

A mid-range, modern travel trailer may contain the following features:

- Beds, some of which convert to daytime seating
- Electricity supplied by battery or external hookup
- Gas/electric powered refrigerator
- Gas/electric powered stove, oven and grill
- Gas/electric powered water heater
- Microwave
- Powered wheel mover system (integrated or clip-on) to enable parking once unhitched
- Radio/CD/DVD/MP3 player
- Shower
- Televisionaerial/satellite dish
- Toilet with removable blackwater (sewage) disposal tank and flush-water tank
- Heater
- Slide-out rooms (such as a 4 x 7 ft dinette or bedroom extension)

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Travel trailers (especially North American ones) may also contain the following:

- Air conditioning
- Awning or screen room
- Washing machine and clothes dryer
- External barbecue points
- Tow hitch stabilizers
- Separate wastewater tanks for greywater (wash water) and blackwater (sewage)

Travel trailers

- In the United States and Canada, the history of travel trailers can be traced back to the early 1920s, when those who enjoyed their use were often referred to as 'tin can tourists'.^[14] As time progressed, trailers became more liveable and earned a new name in the 1930s and 1940s, which was the house trailer.^[15] In the 1950s and 1960s, the industry seemed to split, creating the two types that we see today, that of the [recreational vehicle](#) (RV) industry and [mobile home](#) industry. Today travel trailers are classified as a type of RV

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along with [motorhomes](#), [fifth-wheel trailers](#), [pop-up trailers](#), and [truck campers](#).

- Smaller travel trailers and [pop-ups](#) are still made with touring in mind. These generally are less than 18 feet (5.5 m) long and contain simple amenities. By design, they are lightweight and quick to set up or prepare for travel. Most weigh less than 3,000 pounds (1,400 kg) and can be towed with a large car or small truck depending upon its [towing capacity](#). Lightweight pop-up trailers weighing less than 700 pounds (320 kg), such as the Combi-camper and Kamparoo can be towed even by small economy cars. Some exceptionally light travel trailers can be pulled by motorcycle or even bicycle.^[16] Fiberglass body construction entered the U.S. scene in 1971 with the introduction of the first U.S.-produced mini travel trailer, called the Playpac.
- The Playpac, invented by Steven Whysel, was the answer to the needs of the growing horde of VW "Bug" and other small-car owners who wanted a hard-shelled camper, light enough to be pulled by a small car. It came with a private water closet, shower, and the ability to sleep six. Its ultramodern aerodynamic styling and domed skylight by the modernist industrial designer Toshihiko Sakow made it an instant hit. It

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was short-lived, however (1971–1973), as the first [Arab Oil Embargo](#) and the ensuing major slow-down of RV sales caused it to cease operations. The [Boler](#) travel trailer, produced earlier in Canada, soon joined the Playpac in the U.S. fiberglass light-weight class. The Hunter and Amerigo travel trailers were also on the scene by then.

- Mid-range travel trailers are 18 to 25 feet (5.5 to 7.6 m) long, can weigh 5,000 pounds (2,300 kg) or more, and are generally towed with compact pickup trucks and SUVs. They have most of the amenities of the larger travel trailers, but sleep fewer people.
- Larger travel trailers are made with the seasonal or full-time user in mind. These generally range from 25 to 40 feet (7.6 to 12.2 m) long and contain all the comforts of a luxury condominium. These amenity-laden models can reach 12,000 pounds (5,400 kg) or more, requiring a purpose-built tow vehicle, highway tractor or large truck or [SUV](#). While trailers may weigh in even above that, most long-bed [pickups](#) have a maximum tow-weight of 15,500 pounds (7,000 kg). Multiple televisions and air conditioners are common in units of this size. Slide-out rooms and screen porches add to [livability](#). By law, travel trailers are limited to 400 square feet (37 m²) of

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living area, and many models offer exactly that plus any optional slide-outs.

- With all of the disincentives inherent in municipal zoning bylaws and building codes to affordable, ecological (off-grid) and compact housing solutions, travel-trailers offer a possibility for those considering an ecological full-time home or seasonal cottage. Travel-trailers are often acceptable on flood-plains, areas outside of urban growth limits, etc. where regular buildings are not allowed. One of the great virtues of a [trailer park](#) is its light infrastructure, low ecological footprint, minimal land disturbance, abundant permeable surfaces (for stormwater drainage) and ease of site restoration.
- Some specialized brands of trailer, such as the [hi-lo trailer](#), have an upper half (slightly larger than the lower half) that can be folded down over the lower half to a total height of about five feet for reduced [wind resistance](#) during travel; these otherwise contain everything other travel trailers have (except for a full-height closet).
- An innovation in travel trailers is the [hybrid](#) travel trailer, combining the features of a pop-up and a hard-sided trailer. In its camping configuration, one or more bunks fold down

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from the side with canvas tent covers. When travelling, the bunks fold up, leaving four hard sides. Larger models allow the hybrid travel trailer to be used while "turtled", that is with the sides up. The primary advantage of a hybrid travel trailer is it offers a greater space-to-weight ratio. A disadvantage is the tent ends are not insulated and subject to heat loss and condensation.

- In the United States, it is generally illegal for passengers to ride in a travel trailer, while in motion,^{[17][18][19][20][21]} unlike horse-drawn trailers and coaches. Triple towing (towing two trailers) is not allowed in some U.S. states, such as [California](#),^[17] [Alabama](#),^[20] [Florida](#),^[21] or [New York](#);^[19] however, triple towing is permitted in [Texas](#) if the combined length does not exceed 65 feet (20 m).^[18]

Fifth-wheel trailers

- A 'fifth-wheel' is a travel trailer supported by a hitch in the center of the bed of a [pickup truck](#) instead of a hitch at the back of a vehicle. The special hitch used for [fifth-wheels](#) is a smaller version of the one used on [18-wheeler trucks](#) and can be connected by simply driving the tow vehicle under the trailer. Fifth wheel trailers are popular with full-time

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recreational vehicle enthusiasts, who often live in them for several months in one place, using their pickup truck tow vehicle for local errands. A fifth wheel trailer tows more securely than a traditional travel trailer because the hitch weight sits directly over the pickup truck's rear tires. Since part of a fifth wheel sits over the bed of the pickup, it also reduces the overall length of the vehicle/trailer package while allowing the same room as a comparable length travel trailer. Additionally, the hitch's location in the pickup's bed reduces the risk of [jackknifing](#) and allows for more maneuverability when backing. Because of the greater room available on the roads in North America, these vehicles are more popular in the United States and Canada than in Europe or other parts of the world. For uneven terrain a [gooseneck hitch](#) is an option to fifth-wheel.

- The downside is that the hitch takes up room in the cargo bed regardless of whether the trailer is hitched or not. The hitch can be unbolted from the bed but this takes a lot more time and effort than the unhitch operation.

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Off-road trailers

- Off-road travel trailers, also called 4x4 trailers, tentax,^[22] and jeep trailers, are built specifically for exploring the extreme backcountry without having the restriction of paved highways or gravel roads. These travel trailers are designed to handle rough terrain.^[23] Many off-road travel trailers are equipped with a tent and bed, a skid plate, large tires and long stroke [Independent suspensions](#), lift kits, and articulation systems.

Toy hauler

An innovation in the travel trailer types is the "toy hauler" or "toy box". Half living area and half garage, these trailers allow "toys" to be brought to the countryside. A folding rear ramp give access for motorcycles, ATVs, personal watercraft or racecars. A generator provides power for the equipment.

Double-decker trailers

A 'double-decker trailer' is a two-level travel trailer. When traveling the trailer is only as high as a regular trailer, but when set up it increases in height to two full levels. Built by

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[Jexcar](#) and others, they are often used in motion picture production as portable dressing rooms.

Romani caravans

Caravans, particularly the Vardo, have served both as a significant cultural icon and symbol of the nomadic Gypsies. Until the early 19th century, Romani caravans served primarily as a means of transport and not as a domicile.^[12] At the beginning of the 19th century, more Romani people began to live in their caravans instead of sleeping in tents. The caravan offered greater protection from weather conditions and could be outfitted with modern amenities such as wood-burning stoves.^[12] Often, caravans were commissioned to be built at the request of newlywed couples and their families. The small-scale, pre-industrial methods of the builders and the labour-intensive nature of the building process meant that a family's caravan could take up to a year to build.^[12]

A recreational vehicle (RV) is the general term for a motor vehicle or trailer equipped with living space and amenities. Several definitions exist for RVs and vary by region, including "caravan", "camper van" and "motor-home".

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The earliest motor-homes were built on truck bodies in Canada in 1910 and by 1920s the RV was well established in US with RV camping clubs established across the country, despite the unpaved roads and limited camping facilities.

In North America many campgrounds have facilities for RV and are known as RV parks which are similar in the UK and known as Caravan Parks.

2.1 International Scenario

2016 was a strong year for the global Caravan market.

Based on the information collected by the European Caravan Federation (ECF) and the national statistics and licensing agencies, a total of 73,650 caravans were newly registered in 2016, representing a modest growth of 2% over 2015.

Other major Western markets with high registration numbers, such as the UK (+2.4per cent) and Germany (+5.1 per cent), were able to surpass the previous year's result and contribute significantly to

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the success that characterised the year 2016. Countries that previously gave cause for worry, such as the Netherlands (+5.2 per cent) and Denmark (+6.5 per cent), also continued to do well. Of the major caravan markets, only France (-1.9 per cent) and Switzerland (-13.9 per cent) had fewer registrations than in the previous year.

The positive atmosphere created by sales in the autumn and spring trade shows in Europe indicates that demand for caravans will continue to grow in 2017.

Source – European Caravan Federation (ECF)

2.2 The Nature of the U.S. RV Industry

- U.S. RV industry has a total economic impact of \$49.7 billion, supporting 289,852 jobs and generating \$5.7 billion in taxes
- In 2015, U.S. exports of RVs total \$1.2 billion. The majority of exports (74 percent) were towable RVs (travel trailers), campers and other models. Twenty-six percent of exports were motor homes.

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- ITA expects U.S. RV exports to increase to \$1.4 billion in 2018, with a compound annual growth rate (CAGR) of 5 percent.

[Source – 2016 ITA Recreational Transportation Top Markets Report](#)

2.3 Indian Scenario

India is in nascent stage in caravan tourism and slowly picking up its velocity. Caravan travel initially started as foreign-friendly activity, however, the idea of wild camping is catching up and involves backpacking.

Base camp has launched India's first ever Caravans range in India on October 2012 in New Delhi.

The debutant line-up has two different models – **HYMER Sporting Style 465 and Dethleffs Newline 410tk; priced at Rs. 22 lakhs & Rs. 16 lakhs plus taxes respectively.** Base camp has collaborated with Bharat Petroleum Corporation Limited (BPCL) as their strategic partner. The philosophy behind this partnership is to facilitate parking and other travel utilities to caravan owners on the highways whilst travelling pan India. Base camp is also working

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with state tourism development board to facilitate caravan parking facilities and also promote tourism using the Caravans in India.

Base camp projected to sell approximately 600 units in the first year and the target group of the customers which include tourists, NGOs who might use it as mobile health vans, actors using it as their vanity vehicle, construction companies may use it for their site staff and engineers etc.

PCP Motors, a division of Kolkata-based Paracoat Products, has also plunged into the fledgling caravan or motor home market in the country with the launch of its Terra Home Car, the first ever locally-made recreation vehicle (RV), which typically includes an air conditioner, heater, refrigerator, microwave, washroom, shower, kitchen and a stereo and multimedia system, it sleeps six. PCP Terra costs Rs. 31 lakhs.

Note:- Lack of infrastructures such as safe parking place with basic and/or advance amenities and lack of standard licensing regime, uniform designs and homogeneous price points, caravan tourism in India is still in the left side of the growth chart.

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Holiday on Wheels, a MP Tourism caravan concept becomes the first state in the country to introduce Caravan Tourism. The vehicle has a microwave, a fridge, an LCD and is fully air-conditioned. One can park the vehicle at parking bays of MP Tourism units.

The GoI, under its caravan tourism policy, described "caravans as a unique tourism product that promotes family tourism in destinations without adequate hotel accommodation". Under the policy, it proposes to build modern caravan parks under public-private partnerships to park tourism campers and motor homes.

3. Caravan and Caravan Parks

3.1 Policy for Development & Promotion of Caravan and Caravan Camping Park

Considering the immense land area and the multitude of landscapes in India, Caravans and Caravan Parks are sure to add an exciting new facet to tourism in Incredible India. The initial demand in this niche segment is expected to come from domestic tourists and then from the inbound tourists

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There is at present a growing demand for eco, adventure, wildlife and pilgrimage tourism. This involves visiting and staying in remote areas, forests, deserts and riversides. There is already shortage of accommodation at tourist destinations, especially in remote areas and in certain cases at places where a permanent construction may neither be permissible nor feasible. In such a scenario, Caravan Tourism can effectively meet the growing demand, while ensuring adherence to quality, standards and safety norms.

- i. Caravan Parks in the public sector, private sector and PPP mode
- ii. Caravans in the public sector, private sector and PPP mode

3.2 The Operational requirements for the Caravan parks would be

- i. Caravan Parks to be operational 24 x 7 during season (April–July)
- ii. Caravan Parks to be connected by fair-weather road from the main road

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- iii. Caravan Parks shall have all necessary trading licenses / NOCs from concerned authorities including fire NOC
- iv. Establishment shall have public liability insurance v. Standardization of electricity, water and sewage connections to ensure total compatibility with Caravan specifications in India
- v. The parks could be standalone or hybrid. However, in case of hybrid parks, the caravan parking facilities and related services should be physically separated and be away from other services like wayside amenities, restaurants, general vehicle parking or accommodation etc

Safety & Security: The Caravan Parks have to be safe and secure zone so that the visitors have a hassle free and stress free environment. For this following mandatory requirements will need to be fulfilled:

Site Development: For setting up a Caravan Park, following are the proposed specifications required to be observed

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- i. Land requirement for Caravan Parks: Minimum land required would be half an acre with a minimum of 5 parking bays and a density of not more than 60 Parking Bays per hectare
- ii. Park Design and Location: The proposal should be compatible with its surroundings (natural and manmade) and designed to cause the least possible disturbance to these. Open space should be of adequate dimensions and design for its intended purpose and landscaped to a standard that visually and physically separates the Caravan Park from surrounding uses and where desirable, separates uses within the park. Adequate opportunities for safe active recreation for children would be desirable. There should be a provision of proper sewage disposal, rain water harvesting & picnic tables
- iii. Landscaping and plantation should be planned in a way to achieve privacy, screening and security

Open space recreation: In addition to the buffer zone and separation strips between Caravan Parks and roads, a space or spaces for the purpose of recreation may be provided

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within the park at a rate of not less than 5% of the total site area.

Parking Bay:

- i. At least one bay with a minimum size of 15m x 6 m (Relaxable for hilly and high altitude areas)
- ii. Other bays with a minimum size of 7.5 m x 5 m
- iii. There should be a minimum gap of 5 metres between caravans. In the case of big cultural and ethnic events such as the KumbhMela and Pushkar Fair, where 5 large tracts of land are allotted for parking, the maximum number of caravans in any one Caravan Park may be relaxed to the extent feasible and desirable for the event

Source: –<http://tourism.gov.in>

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3.3 Landscaping plan

The layout plan should be done in a way to achieve privacy, screening and security. Images below show the layout of a few existing caravan parks in UK:

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4. Cost Drivers for Caravan Park

Capital Cost drivers	Running Cost drivers	Advertising cost drivers
	Maintenance:	
Land purchase/Lease	RV	Initial advertising (all forms)
Building	Petrol, oil and Gas supplies	Promotions
Roadway construction	Lawn cutting,	Brochure production
Water reticulation, hose and sprinkler purchase	Tree pruning	
Electrical distribution service	Rubbish disposal	
Surface drainage construction	Laundries	
Subsurface disposal system (including dump point, sullage drainage)	Buildings	
RV purchase	Roads and sealed areas	
Lawnmower purchase	Weed controls	
Laundry facilities	Cleaning materials and equipment	
Fencing	Sullage drains	
Adequate fire protection	General:	
On-site vans and equipment, CCTV	Printing, Stationary	
Garbage disposal facilities	Stamps, Telephone	
Landscaping	Advertising	
Septic tank and effluent disposal		
Provision for barbecues, car wash, playgrounds	Labour Cost:	

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Purchase of office equipment	Wages	
Capital Cost drivers	Running Cost drivers	Advertising cost drivers
Telephone installation	Payroll Tax	
Food court/kitchen	Insurance:	
Toilets and shower rooms	Workers compensation	
Gas connection	Machinery equipment	
Gazebo	Public risks	
Swimming pool	Buildings	
Registration of business name	Charges:	
	Fire brigade levy	
	Accountancy charges	
	Audit fees	
	Trade association fees	
	Power charges	
	Lease fee	
	Loan repayment	
	Sales tax	
	Water & Sewer rates	
	Land tax	