



# Growing Pains: India's Developing Parking Industry

BY PETE GOLDIN

**I**NDIA IS ONE OF THE MOST POWERFUL, exciting and complex emerging economies on the world stage, and its growing parking industry reflects the same challenges and potential.

The parking industry in India is still immature, but as the country faces explosive growth in population, economy, per capita income and car ownership, parking is positioned to be an essential requirement and a profitable business. Getting there is the challenge, however.

"The parking-related challenges in urban India are multi-factorial," says Adhiraj Joglekar, founder of the website [driving-india.blogspot.com](http://driving-india.blogspot.com). "Indian cities are densely populated, and

there is an increasing number of people owning vehicles year on year. In contrast, the road and parking infrastructure has remained under-developed or rudimentary."

"The roads of India are still largely lawless, and the road traffic is a unique form of organized madness," adds Ben Mathews, a senior representative of Australia-based Secure Parking, which operates car parks throughout major Indian cities. "Generally, vehicles are free to park wherever they like with no consequence.

"On-street pay parking and meter parking do not exist in India today; however, they have started towing vehicles that park in restricted areas during peak hours on the cities' busiest roads and junctions," Mathews notes.

Observers say Indian municipalities must take the lead by clearly designating areas where parking is not allowed, and by



providing stronger enforcement and stiff fines. The first crucial step may be to establish official parking authorities.

"Mumbai has been considering a unified parking authority for some time," says Ashok Datar, founder and chairman of the Mumbai Environmental Social Network. "In fact, I am a member on the committee to evaluate the proposals, but progress has been very tardy."

### **Pay Parking Emerges**

Even if the street parking challenges are solved, however, India still faces a dilemma: high demand coupled with limited supply of parking spaces. India needs more parking lots.

Datar expects the parking industry to grow rapidly out of necessity, as the problem is compounded by the number of cars increasing 10% each year.

"Many buildings do not have adequate parking to cater to growth in vehicular populations," says N. Sathyanarayanan, Managing Director of CPS India, the country's largest parking management company. "India is expected to be the third-largest market for autos after the US and China in the next couple of years."

"All this growth will create tremendous pressure on the urban parking infrastructure," Sathyanarayanan says. "All this means good news to parking industry players like us, because it means opportunity for growth."

Today in India, most parking facilities are small, locally owned operations, often managed by security companies. But larger parking facilities run by international management companies are a growing minority. Direct foreign ownership of land is largely forbidden in India, however, so international ownership of parking facilities would have to be done through a joint-venture with a local company.

### **The Competition: Free Street Parking**

Maybe the greatest challenge to operators of pay parking lots in India is competing with street parking.

"Uncontrolled on-street parking causes a lot of additional traffic stresses on already over-crowded roads, and this directly impacts the ability for commercial car parks to operate," Mathews says.

"Vehicle access, traffic and on-street parking management need to be controlled and regulated before commercial parking lots are likely to become more apparent in India," he says.

"I think it's essential that 'free' illegal parking is stopped by law enforcers to make way for successful pay-and-park schemes," adds Joglekar.

Over the past five years, Indian cities have seen huge amounts of private sector development, in anticipation of the rapidly growing middle class, Mathews says. Pay parking can be seen at the airports and new retail developments; however, it is still very common to find free parking at shopping malls.

### **Rise of the Machines**

With the industry still in the early stages of development, parking technology is only starting to catch on in India, and parking management remains very labor-intensive. The most popular method is pay-on-exit, and the majority of parking systems use simple manual ticket issue at entry, with a flat rate for all-day parking and payments made in cash. Electronic handheld ticket-

issuing machines are also becoming popular.

"Because parking rates in India are amongst the cheapest in the world – averaging around USD \$1 per day – this significantly affects the feasibility of the business case to invest in modern parking technology, as the return on investment is greatly reduced in this environment," Mathews notes.

"Most car park facilities in India are still very primitive, but the use of technology is slowly starting to emerge," he counters. "Ticket dispensers and pay-on-exit cashier systems are becoming increasingly more common, especially at the major airports."

"Use of technology will be welcomed by vehicle owners, provided it is reliable and allows multiple payment modes such as coins and notes rather than just credit cards, as a substantial number of users may not be in possession of cards," Joglekar says, although one challenge with self-service payment kiosks is that India's currency up to 100 rupees is not machine-readable.

CPS India is proof that some Indian car parks are utilizing the latest technology. The company has deployed Amano parking systems with mag-stripe technology to manage 30,000 parking spaces across India. It also is planning a national command center connecting all its parking

lots to manage revenues, equipment, manpower, complaints and audit functions.

Meanwhile, Secure Parking is capitalizing on the opportunity by developing its own technology for the Indian market, the Car Park Management System (CPMS), designed to suit India's economic and social environment.

In general, India is enthusiastically embracing the latest technologies in all industries, and this approach is becoming prevalent in the parking industry, Mathews says. "With many new commercial and retail developments being modeled on Western designs, owners and landlords are looking for the latest in car park design and technology."

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## **CSA Wins Installation Contract**

Car-stacking technology, more common in countries such as Japan, Germany and France, will be installed in a residential complex in Hawthorn, Victoria, by Car Stackers Australia (CSA).

Spokesman Darren McHugh said that with land prices continuing to increase, CSA "can't keep up with demand for the machines," which take only about one minute to store or retrieve a vehicle. He also said that the technology was becoming more common around the Melbourne CBD, where space was at a premium.

CSA has been contracted to install 15 double-stackers to cope with 30 of the 33 spaces required to meet the council's regulations for parking spaces per unit.