Ginger Rail Yatri Niwas

A PPP Venture

IRCTC & Indian Hotel Company Ltd. (IHCL)

Dr. Kalpana Dube

Indian Railways Institute of Transport Management, Lucknow

The Background

- Rail Yatri Niwas (RYN), New Delhi built in 1988
- Indian Railways owns RYN at New Delhi & Howrah apart from hotels at Ranchi & Puri
- RYN taken over by IRCTC from IR in April 2005 with mandate for upgradation

The Background (cont…)

- IHCL operates Taj Hotels, Resorts & Palaces
- Roots Corporation Ltd.(RCL) running Ginger Chain of Hotels- 100% subsidiary of IHCL

The Bidding Process

- Competitive bidding from private bodies/ firms
- Nomenclature – Redeveloping, Operating, Maintaining & Transfer (ROMT) of RYN at New Delhi
- 15 year concession period
- Transfer of Redeveloped property to IRCTC at the end of 15 years

The Bidding Process (cont…)

- The new facilities intended for benefit of Railway passengers & to be the major target market.
- RYN is still technically a public premise within the meaning of Public Premises Act
- The bid awarded to the IHCL on 19th July 2007 on Fixed User Charge & Annual License fee basis

Rail Yatri Niwas details- physical infrastructure(old)

- Situated at about 150mts. from New Delhi Railway station (from Ajmeri Gate side)
- The physical infrastructure is virtually above the New Delhi station terminal of Delhi Metro
- RYN is a Ground + 7 storey building with approximately total built up area of 7,421.75 sqmt.
- RYN consisted of 90 rooms and 240 beds (including Dormitory)

Rial Yatri Niwas



The Makeover to Ginger RYN



The Makeover

- 90 rooms of the Old RYN converted into 108 rooms in Ginger RYN called Smart Basic Rooms
- Refurbishing cost Rs. 10.50 cr. approx
- Room configuration: **Single bedrooms**- 38, Tariff Rs. 999; **Double Bed/ Twin sharing rooms**- 54, Rs. 1199; **Dormitory/ Family rooms**- 16 in all (4 beds each)…Rs. 250/bed
- All rooms air-conditioned

Tariff comparison

	Old RYN (all non-AC)		Ginger RYN (all AC)	
Dormitory	Rs. 162		Rs. 250	
Single bedrooms	Rs. 318		Rs. 999	
Double bedrooms	Rs. 462		Rs. 1199	
Double bedroom (with AC)	Rs. 1020		Not Applicable	

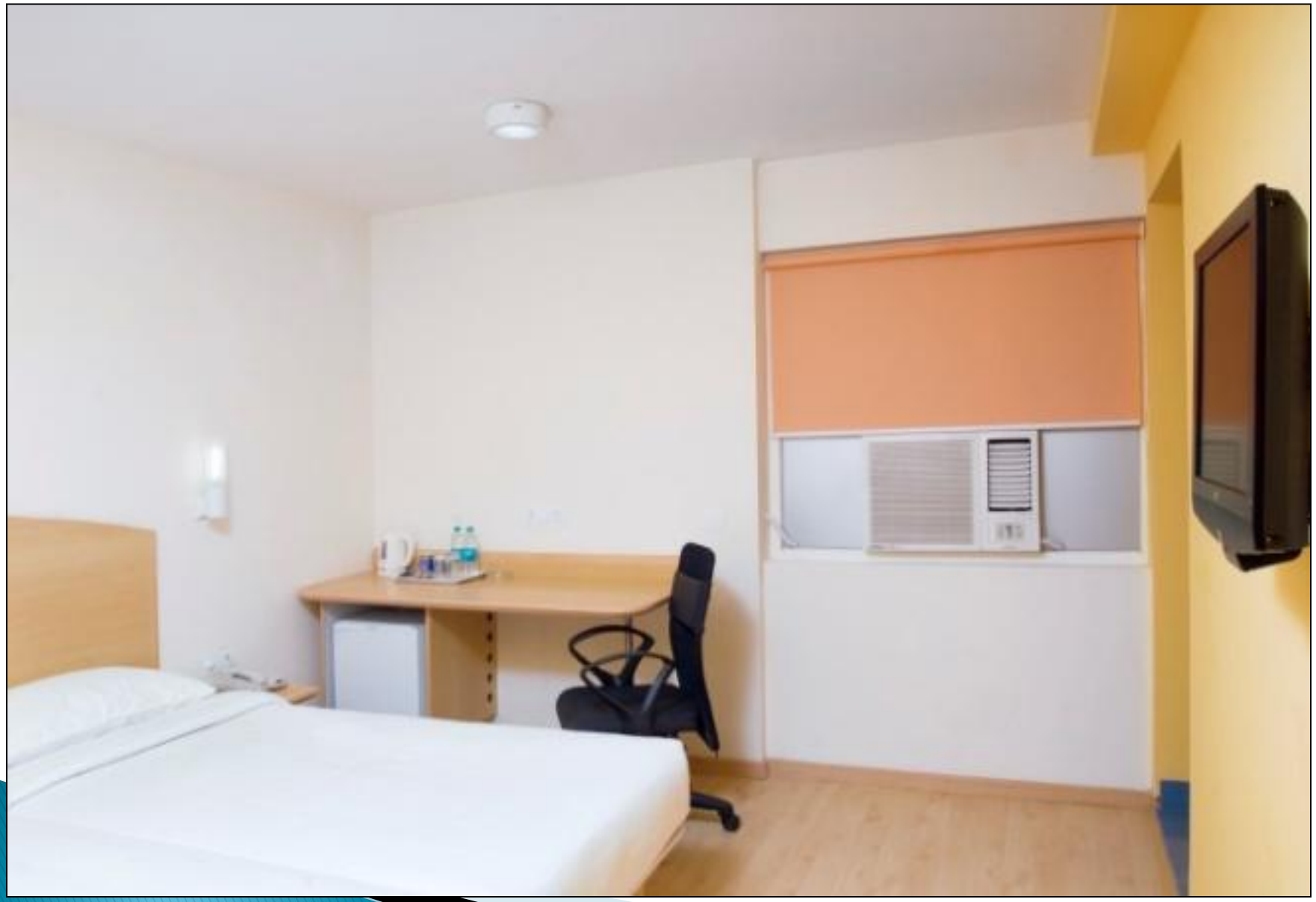
Comparison of Amenities

- **Old RYN**: Complimentary soap cake, Morning bed tea with biscuits, Newspaper & Light breakfast; Common TV in lobby
- **Ginger RYN**: Smart Basics™ amenities – 17 inch wall mounted flat screen TV, Wi-fi connectivity, tea/coffee maker, Mini-fridge, ergonomic work-area

THEN



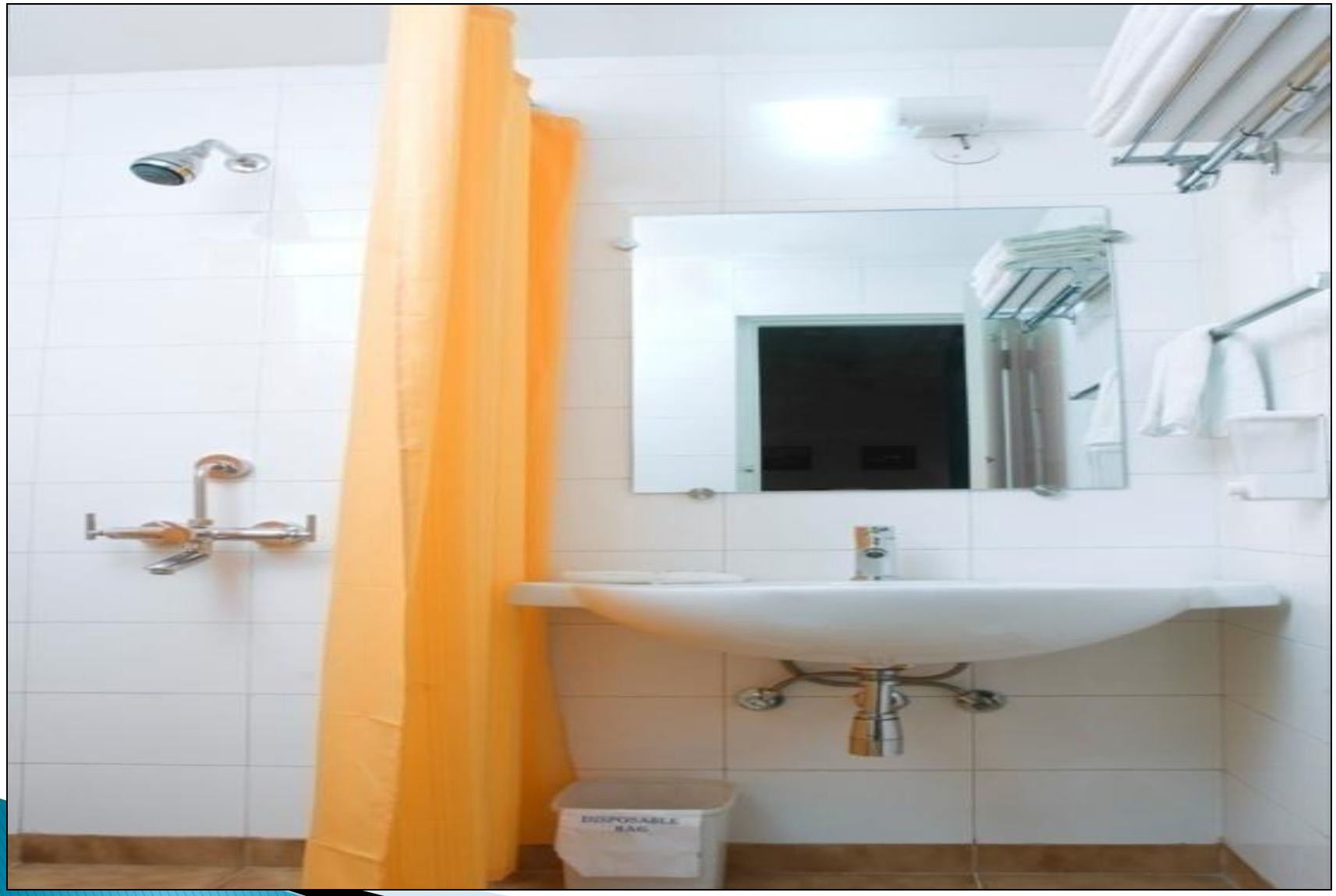
And NOW



The Visuals (cont…)



Cont…



Gross Turnover for Ginger (10 yr. period)

Year	Projected Gross Turnover	Fixed User Charges	Licence Fee (0.25% of Gross Turnover)
2007-08	Rs. 4,12,02,000.00	Rs. 31,00,000.00	Rs. 1,03,005.00
2008-09	Rs. 4,35,02,000.00	Rs. 33,17,000.00	Rs. 1,08,755.00
2009-10	Rs. 4,59,29,000.00	Rs. 35,49,190.00	Rs. 1,14,822.50
2010-11	Rs. 4,84,91,000.00	Rs. 37,97,633.00	Rs. 1,21,227.50
2011-12	Rs. 5,11,94,000.00	Rs. 40,63,468.00	Rs. 1,27,985.00
2012-13	Rs. 5,40,46,000.00	Rs. 43,47,910.00	Rs. 1,35,115.00
2013-14	Rs. 5,70,55,000.00	Rs. 46,52,264.00	Rs. 1,42,637.50
2014-15	Rs. 6,02,29,000.00	Rs. 49,77,923.00	Rs. 1,50,572.50
2015-16	Rs. 6,35,79,000.00	Rs. 53,26,377.00	Rs. 1,58,947.50
2016-17	Rs. 6,71,13,000.00	Rs. 56,99,224.00	Rs. 1,67,782.50
	Rs. 53,23,40,000.00		

Old RYN Turnover (10 yr. period)

Year	Occupancy Levels	Gross Revenue
1997-98	103.91%	Rs. 1,08,61,563.11
1998-99	104.72%	Rs. 1,11,51,620.00
1999-00	104.46%	Rs. 1,06,39,727.00
2000-01	69.62%	Rs. 10,924,643.00
2001-02	53.96%	Rs. 94,72,777.00
2002-03	48.52%	Rs. 93,65,181.00
2003-04	55.94%	Rs. 94,62,086.00
2004-05	60.12%	Rs. 1,04,13,073.00
2005-06	49.95%	Rs. 1,00,90,608.00
2006-07	77.69%	Rs. 1,18,51,346.00
		Rs. 10,42,32,624.11

Operational Highlights of Ginger RYN

- Gross Turnover projections for Ginger show a five-fold increase over Old RYN for a 10 yr. time frame
- Unbeatable price-amenities combo by Ginger
- Consistent 110% booking profile over a 2 yr. period

PPP: The *Public* perspective through Ginger

- Tremendous Value Addition to existing commercial property of IR.
- Contract focuses on Rail passengers as major target group for Ginger Hotel booking
- Blue Ocean Syndrome: Competition not able to match price-amenities combo
- Cap on tariff plan for the first year enforced through the PPP Agreement by IRCTC

PPP: The *Public* perspective through Ginger (cont…)

- Neighboring hotels' tariff (with comparable facilities) at least 100% higher

- Ginger itself charges Rs. 1999/- for single bed facility & Rs. 2499/- for double bed facilities at other locations in India as compared to Rs. 999/- and Rs. 1199/- for Ginger RYN

Comparison with Neighbourhood Hotels

Hotels	Hotels Tourist Deluxe	Hotel Broadway	The Corus	Hotel Ajanta	Ginger RYN
Single Occupancy	INR 2500	INR 2095	INR 3500	INR 2250	INR 999
Double Occupancy	INR 3000	INR 3795	INR 4250	INR 3150	INR 1199
Suites	INR 4500	INR 4495	INR 5400	INR 4500	INR 1199

PPP Potential for Budget Hotels close to major Railway stations

- Tremendous potential exists for creation of Budget Hotels at Major Railway Stations of IR
- There are 58 A1 stations and 284 A Category stations with Annual Passenger Earnings ranging from Rs. 6 Cr. to above Rs. 50 Cr.
- At present IR has presence at only 4 stations (2 RYNs & 2 Budget Hotels)

PPP Potential for Budget Hotels close to major Railway stations (cont…)

- Ginger itself has presence in 18 Indian cities as of now with the same format as Ginger RYN
- China has close to 300 Budget Hotels in 78 major cities across the country (operated by a single chain)



Dr. Kalpana Dube
IRITM, Lucknow