



CUTS International Analysis

Report of the Committee constituted to Propose Taxi Policy Guideline to Promote Urban Mobility

CUTS International welcomes the report by the committee constituted by Ministry of Road Transport and Highways, to propose Taxi Policy Guideline to Promote Urban Utility. Taxi industry plays a key role in country's progress, especially in terms of urban mobility. Urban areas are crippled with the issues of traffic congestion and heavy pollution, which have substantially decreased the overall quality of life. Considering the concept of shared economy, which can optimise the use of urban resources, in particular for the urban transport, becomes all the more critical. Despite diverse stakeholder opinions and intense pressure, the committee has done a commendable job on drafting the guideline, which are not just facilitating to the industry but also makes it future ready.

Taxis are an essential constituent of the urban transport. However, the archaic policies and over regulations of the taxis in all cities, has resulted taxis being limited in number and showing monopolistic symptoms. Introduction of taxi-aggregators have brought the improved the efficiency of the services and at affordable costs. However, taxi-aggregators such as Uber, Ola and TaxiforSure, since their entry to the market, have been a subject of high debate, especially on the issue of regulations. Owing to it being based on disruptive technology, it has ruptured the existing models of urban public transport. The dilemma the aggregators being a technology platform (like the e-market places) or a taxi company, has become a concern for the regulators and the policy makers.

A few of the hotly debated issues on the taxi-aggregators have been related to the dynamic pricing for rides, popularly known as the surge pricing, and fare capping. There also have been concerns regarding the safety of women, availing these services. Apart from this, there have been allegations on the taxi-aggregators, and within the taxi-aggregator players, of indulging into anti-competitive practices to restrict competition in the sector.

To allay the concerns that exist, some of the states such as Karnataka, Rajasthan, Maharashtra, etc., have come out with different versions of regulations for taxi-aggregators. Some of these regulations have been impeding to the success and proliferation of the aggregator business. There are other States as well, which are in the process of drafting regulation for the same. Thus, there is a widespread suspense and concern among the taxi-aggregator players on how the prospective state regulations will impact them.

Hence a high level committee was constituted by the transport ministry to draft a central guideline, based on which the States can formulate state specific regulations. Having central guidelines may help in reducing clauses which may prove regressive to the industry.

CUTS has long been advocating for a regulation-lite framework across sectors, especially for the taxi industry in India. CUTS had earlier met the high level committee in New Delhi and expressed its suggestions on the prospective guidelines. Many of the suggestions have been accepted such as allowing the dynamic pricing, non-mandating the physical meters, GPS and video cameras and allowing different variants, such as bikes and e-rickshaws, to be plied as taxis. CUTS would like to thank the commission for considering these suggestions.

CUTS had also submitted its comments on the draft regulations for taxi-aggregators, for the state of Rajasthan and Maharashtra. It also participated at one of the high level stakeholder meeting, on the same subject at Chandigarh, organised by the State Government. At the meeting CUTS had strongly advocated for the states to be facilitating to the taxi-aggregators, as they offer effective solutions to urban mobility issues. Hence, India needs to move towards a regulation-lite scenario, where the market forces are strong enough to strike equilibrium and innovation may prosper.

The guideline by the committee, as stated in the report, are progressive and try to strike a laudable balance between the existing models of taxi transport, which include the city taxis, radio taxis and taxi-aggregators. The regulation-lite approach, the committee has adopted, tries to minimise the restrictions and unnecessary costs to the taxi drivers/owners. The guideline also provisions for the safety of women and children, while also ensuring the safety of environment to a good extent. Highlights and lowlights of the guideline are given below.

Highlights:

1. The report seems to consider numerous research studies, international as well, which establish the benefits of the taxi aggregation model, especially in terms of reducing congestion and pollution.
2. It roots for the liberalisation of the city taxi permits, to enhance the taxi base in urban settlements. This reduced the entry barriers and raises employment potential. This will also prompt people in opting less for personally owned vehicles.
3. It also proposes to streamline the process of permit application and grant, and also the permit conversion. It also bridges the divide among the taxi aggregators, city taxis and radio taxis, by allowing them to switch platforms as per their desire, with ease.
4. It also emphasises a lot on the safety of consumers, especially for women and children. It provisions for a panic button, which may allay some of the risk areas.
5. While the guideline focuses on lowering the entry barriers for commercial taxi operators as well as aggregators, it does provisions for regulating the fuel type and certain other factors, which may be decided by the transport department.
6. The report stresses on the need of sharing of transportation assets and thus promotes ride-sharing of taxis. It also encourages new forms of mobility as bike sharing and e-rickshaws, to provide the last mile connectivity to consumers as well.
7. It underlines the need to comply with the rules set by state transport authorities, to make it more tailored to different geographies, on managing the quality and safety of services. It advocates for the prospect of taxis plying on the All India Tourist Permits (AITP), under the aggregator platforms.
8. It suggests for no restrictions on the fleet management for the aggregators, in terms of the mix of vehicle type, deluxe or economy or seating capacity.
9. It roots for the applicability of dynamic pricing for upto 3 times the minimum tariff for the day rides and upto 4 times for the night rides. It also provisions for the states to set the tariff ceiling, both minimum and maximum.
10. The report also suggests for reserving 20 percent of the parking facilities for taxis and other public transport vehicles, across the cities.
11. It dissuades the policymakers from adding unnecessary costs for permits, for features which might be redundant on the utility. This includes camera, physical fare meter (for taxi-aggregators), receipt printer (may be e-mailed as well), among many others.
12. The report also suggests the states to push for better representation of women as taxi drivers, to make the industry more gender inclusive.
13. Another interesting aspect, which the report pitches for, is allowing the aggregators to do inter-city operations as well. However, it is silent on the way it may be implemented.

14. Finally, it states the option for states to manage the working hours of the drivers in accordance to the existing labour laws in the country.

Lowlights:

1. The guidelines mentions for the removal of central locking in taxis to ensure women and child safety. However, central locking is a standard feature for majority of cars available in the market. There is no explanation on its implementation, especially for the existing fleet. Since, being a standard feature of a car, there is a requirement of more clarity on how it is to be deactivated, which shall also be an additional cost for the car owners.
2. It specifies the categorisation basis for economy and deluxe category on the length of vehicles; vehicle less than 4 meter as economy and more than 4 meter as deluxe. The prescribed 4 meter length might not be a perfect rationale as it include some of the sedans like Hyundai Xcent and Honda Amaze and the more powerful hatchbacks like Maruti Suzuki Swift and Ritz and Volkswagen Polo, etc. The differentiation between economy and deluxe may be made on the basis of the engine capacity, as less than 1000cc and more than 1000cc for economy and deluxe respectively.
3. The guideline paves the way for the States setting the minimum price for the fares. Considering the market will take time to mature, keeping a maximum cap is appropriate. However, keeping a minimum cap may also be detrimental to competition in the sector. It may also impact the call-pooling or ride-sharing model, where the cost may be lower than the set minimum cap. Thus, the minimum price factor should be deregulated and should be left to the market forces to keep it the minimum possible.
4. The guideline also does not talk about minimising the permit fee, which for some states, is set too high. The higher permit fee for taxis raises the entry barriers for the small-operators/car-owners/drivers.

With the central guidelines in place, it is now the responsibility of the States to be steered by the vision, the guideline encases, in drafting regulations which benefit the consumers. The guideline roots for a better coordination among the urban mobility players and also the consumers in terms of connectivity, affordability and alternative. Thus, it is recommended for the States to adopt the ideas from the guidelines, which improve the coordination between players and in turn ensure efficient services for consumers. This might also result in better utilisation of resources such as cars, roads and may also result in lower per capita emissions, to safeguard the environment.

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