

# **REGULATING INNOVATION IN URBAN MOBILITY**

**PRESENTATION FOR NITI AAYOG**

**09 AUGUST 2018**

# INNOVATION BENEFITS CONSUMERS

Uber India retweeted

 **Amul.coop** @Amul\_Coop · Sep 2  
Amul Topical: Mumbai taxis vs App based cabs!



**Kaali peeli ka jhagda chhodo!**

**Amul**  
**Har slice ke Uber!**

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Uber India retweets the Amul ad

# BUT ADVERSELY IMPACTS INCUMBENTS



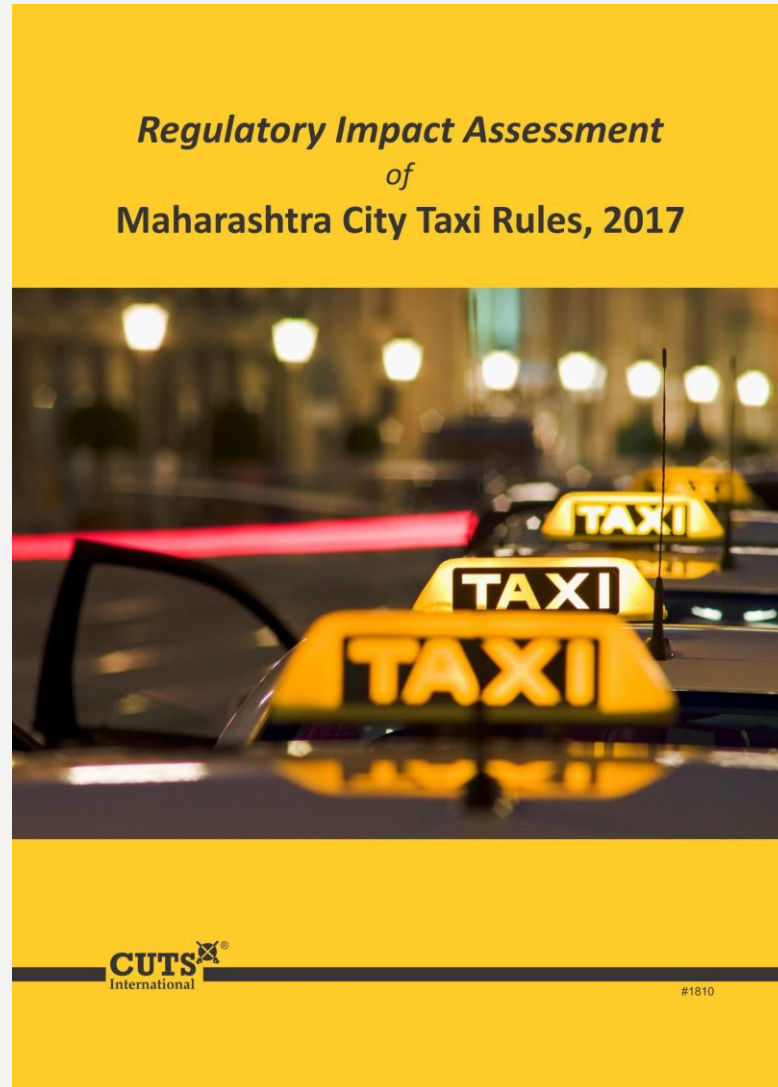
# NEED FOR REGULATORY CONVERGENCE

- Retaining benefits of innovation
- Addressing the risks coupled with innovation
- Taking into account concerns of incumbents

The Maharashtra City Taxi Rules, 2017 were issued with these objectives



# IS CONVERGENCE LIKELY?



## Key questions:

- Are the objectives likely to be achieved?
- Is manner of achievement such that costs to stakeholders are significantly outweighed by the benefits?

## Methodology:

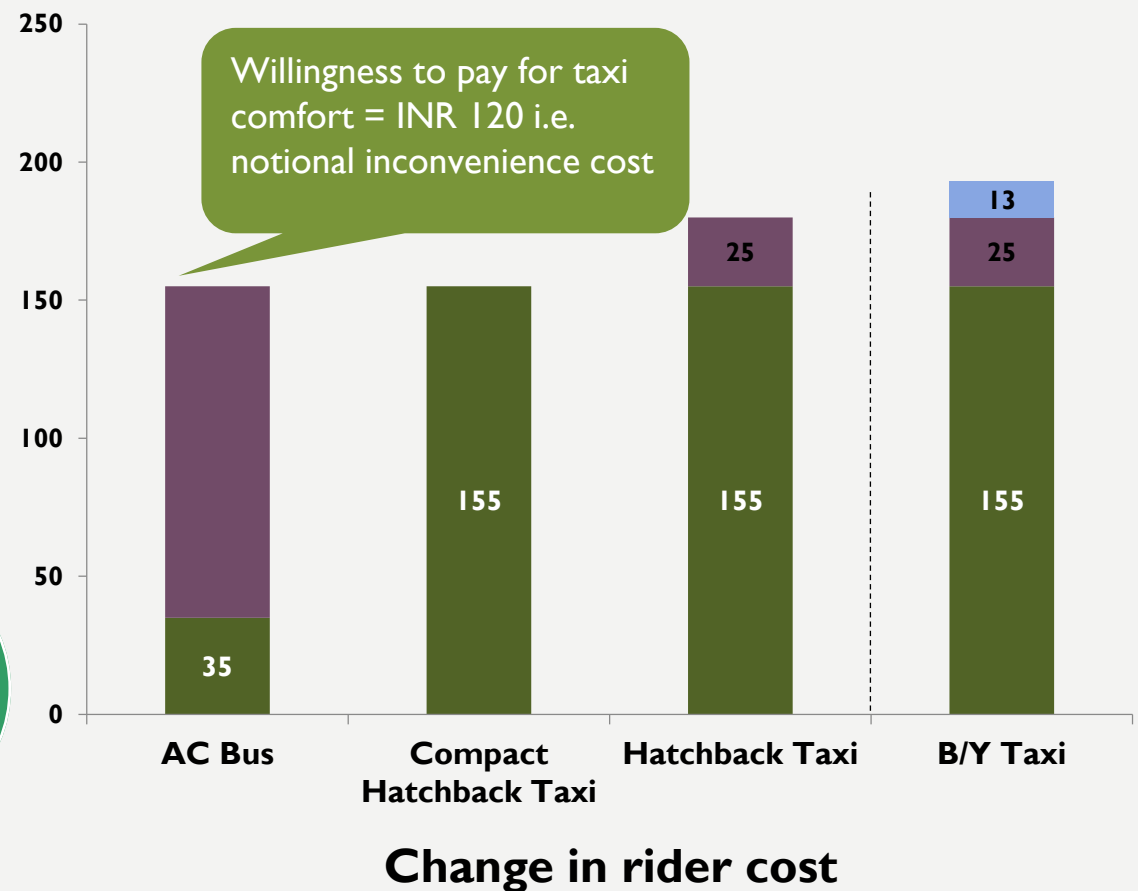
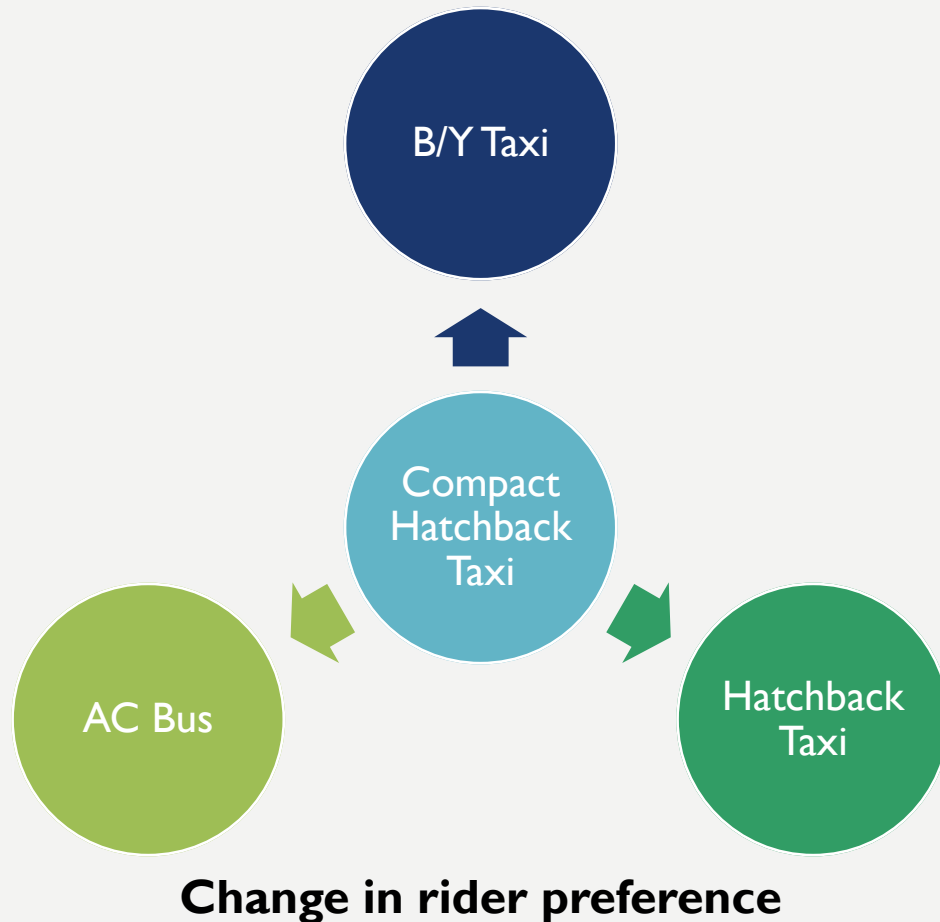
- Survey of 1,000 (750 + 250) drivers, 1,000 riders, and Key informant Interviews
- Understanding plausible changes in behaviour of key stakeholders i.e. riders and drivers
- Analysing experience, perception, preference and constructing possible scenarios



## KEY PROVISIONS OF THE RULES

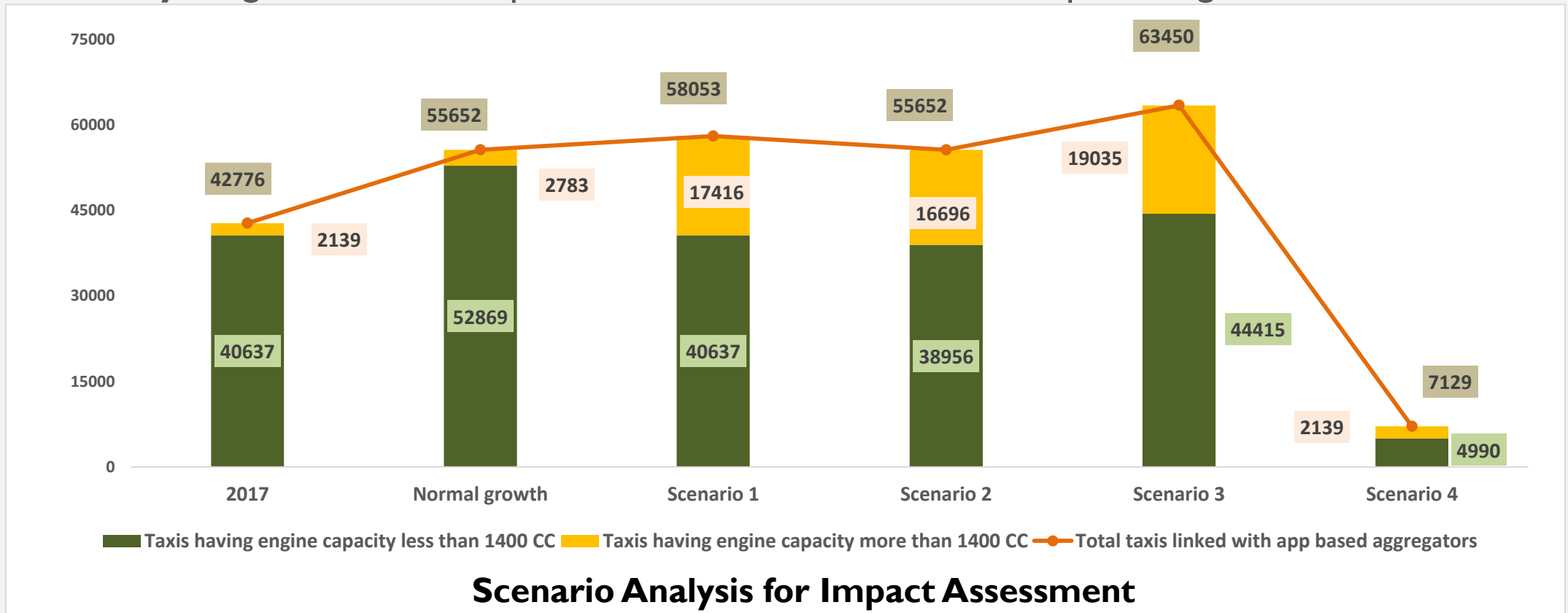
# MINIMUM ENGINE CAPACITY OF 980CC

- **Objective:** Rider safety and comfort
- **Survey:** 46% users have used small taxis. 99% of such riders did not face any discomfort



# FLEET COMPOSITION

- At least 30% fleet should have engine capacity of 1400 CC or more
- **Objective:** Preserving high end taxi market
- **Survey:** High end taxis comprise 5% market, sufficient to cater prevailing rider demand



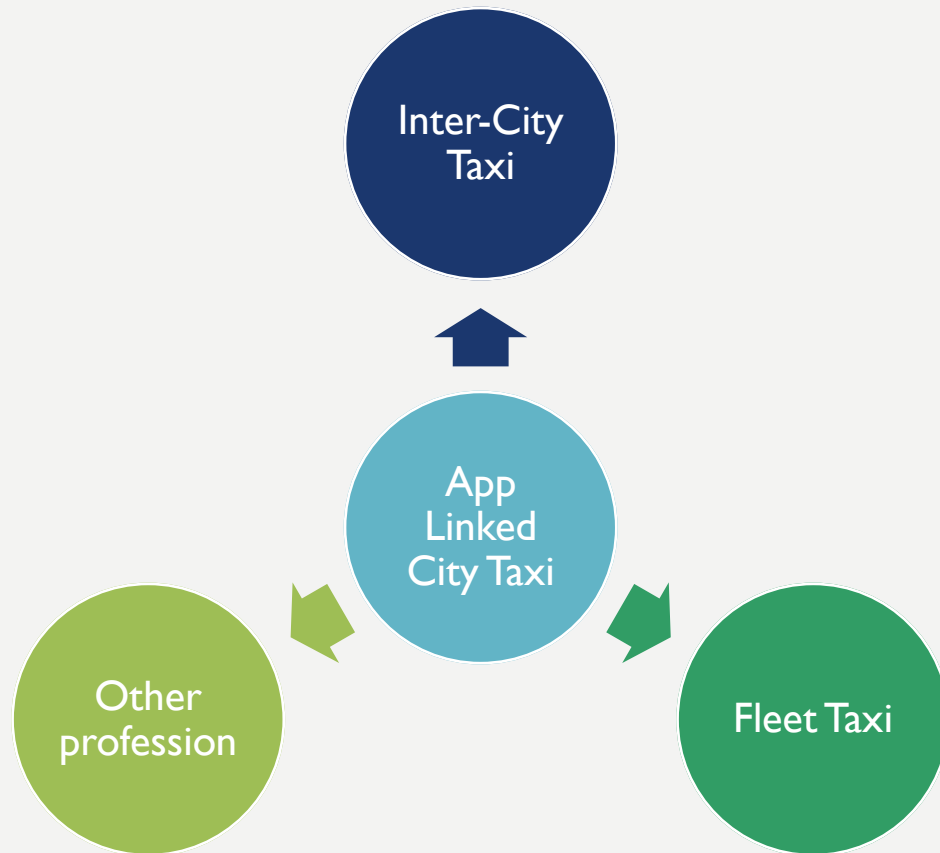


# PERMIT AND PERMIT FEE

- Need for City Permit with Fee of INR 2,61,000 as against existing permit costing INR 1,500.

- **Objective:** Level playing field between high end taxis.

(Figures in INR)



Change in driver preference

Cost heads	Existing cost	New cost
Cost	900000	900000
Permit fees	<b>1500</b>	<b>261000</b>
Interest and processing fee	265783	342289
Repair and maintenance	338880	338880
Insurance and taxes	162165	162165
Additional tax	60000	7150
Total cost	1728328	2011484
<b>Per day cost</b>	<b>947.03</b>	<b>1102.18</b>

Change in driver daily fixed cost

# SNAPSHOT OF AGGREGATE IMPACT

INR per day

Rules/ Stakeholders	Minimum Engine Capacity	Fleet Composition	Permit and Fee	PSV badge	Clean fuel	Colour standardisation
Consumers (actual)	-39.89	-30.77		-25.33		
Consumers (inconvenience)	-76	-20.94		-80		
B/Y taxi	122.23	27.87		128.67		
Compact Hatchback taxi	-950			-950		
Hatchback taxi	114	707.08	1.26	-0.05	-31.24	-26.03
SUV taxi		-2106.09	-7.75		-1.64	-1.37
A/C Bus	22.16	5.05		23.33		
Permit/ Fee (Govt)		0.82	0.8	0.1		
Aggregators	-36.1	-4.62		-41.54		
Net impact	-843.6	-1421.6	-5.69	-944.82	-32.88	-27.4
	Negative	Negative	Negative	Negative	Negative	Negative

# KEY RECOMMENDATIONS

- Allow taxis with engine capacity of at least **600 CC** to link with app based aggregators. Explore alternatives like **power to weight ratio** to foster rider safety and comfort.
- Replace fleet composition with **periodic market assessment** to determine the need and timing of regulatory prescription.
- Allow taxis with All India Tourist Permits to operate. Rationalise permit fee for **all permits**.
- For **all drivers**, requirement of Public Service Vehicle Badge can be replaced with **references** and **alternate authentication documents**.
- Transition period to comply with clean fuel requirement should be rationalised. Consider regulating emission standards in stead of **type of fuel**.
- Colour standardisation requirement for all taxis can be replaced with **sticker of logo** of service provider.
- **Regulatory Impact Assessment** should be institutionalised in regulation making.

# THANK YOU

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