CUTS Project Brief

Regulatory Impact Assessment of Maharashtra City Taxi Rules, 2017

Background & Rationale

Technology led innovations have pervaded almost every aspect of modern society, and transport is no exception. Mobile application linked transport service providers have attempted to address the limitations in traditional modes of transport. Such services have quickly become one of the most favoured modes of transport. However, the innovations have posed a challenge for regulatory agencies worldwide.[1] Regulators are attempting to find the right balance to ensure consumers continue to benefit from innovation in technology and superior user experience, while addressing the risks posed by such innovative business models.[2]

To this end, the Regulatory Impact Assessment (RIA) framework can be useful. It envisages assessment of costs and benefits of different regulatory options and selection of such option which has the potential to result in maximum net benefit to the economy. The costs and benefits are assessed through structured consultation with stakeholders involved.

In the urban transport sector, the Government of India[3] and several states[4] are revisiting their regulatory model to find the right regulatory fit. The Government of Maharashtra has recently released the Maharashtra City Taxi Rules, 2017 (Rules).[5] The Rules observe that application based taxis operate in a manner which blurs the distinction between street hail taxis and pre-booked taxis. Consequently, it recognises the need for regulatory convergence "*while retaining the advantages of efficient demand/ supply matching, dynamic price discovery and better commuter experience and up-gradation/ modernization of taxi services.*"

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1   For instance, Farren et al, *Rethinking Taxi Regulations: The Case for Fundamental Reform,* Centre at George Mason University, July 2016, note, *"More recently, however, policymakers are taking a new approach; they are achieving regulatory parity between ridesharing platforms and taxis by deregulating taxis. Using the District of Columbia as a case study, we assess the current state of affairs in taxi regulation and suggest principles for reform…. we argue that now is an opportune time for fundamental reform of the entire regulatory regime in order to create a fair, open, and competitive transportation market."*; *Singapore to Regulate Ride-Booking Apps like Uber, Grab Taxi,* Reuters, 21 November 2014, highlights Singaporean approach to regulate ride sharing services; Dompe and Smith, *Regulation of Platform Markets in Transportation*, Mercatus Centre at George Mason University, October 2014, highlight merits of deregulation and increased competition in the sector; OECD, *App based Ride and Taxi Services: Principles for Regulation*, International Transport Forum Policy Papers, May 2016, provides ten principles for regulating ride sharing services.

2   Ghuman, *Analysis of competition cases against Uber across the globe,* March 2017, CUTS International. Also, Ghuman, *Analysis of Competition Cases in India (Meru v. Uber)*, March 2017

3   The Ministry of Road Transport and Highways, *Taxi Policy Guidelines to promote Urban Mobility*, December 2016. CUTS comments on the guidelines are available at https://goo.gl/PL9uvZ

4   Governments of Chandigarh and Rajasthan had issued rules for on-demand transportation technology aggregators. CUTS comments are available at https://goo.gl/eIbQkG and https://goo.gl/LnRLVe, respectively.

5   Government of Maharashtra had released draft rules in November 2016. CUTS comments are available at https://goo.gl/qMQKLq

Scope of the Project

This project aims to undertake Regulatory Impact Assessment of select provisions of the Rules, with the objective of identifying potential impacts on different stakeholders, including incumbent and new taxi service providers, taxi owners, aggregators, government and users. The project will also intend to provide broad recommendations to improve the regulatory framework under the Rules.

The project will primarily focus on four key areas under the Rules: (i) Fleet Composition; (ii) License Fee; (iii) Need to convert to clean fuel; (iv) Requirement of Public Service Vehicle Badge.

Methodology

Secondary research

The provisions of the Rules which deal with key areas will be closely reviewed. Attempt will be made to identify intent behind these provisions and approach adopted by other regulators and expert agencies with respect to the identified areas.

Primary research

The primary research will be conducted in form of perception surveys of drivers and consumers in select locations of Mumbai Metropolitan Region. A survey of around 1000 drivers and 1000 consumers will be carried out. In addition, direct interviews of key stakeholders, such as government officials, experts, representatives of taxi drivers and aggregators, academia, will be undertaken. The primary research will aid in understanding quantitative/ monetary impact of select provisions of the Rules.

Cost-benefit analysis

The data and information collected from primary and secondary research will be tabulated in a structured format. The qualitative and quantitative costs and benefits (including feedback received from perception surveys) attributable to identified provisions in the Rules will be consolidated, aggregated and compared to assess net impact of rules on the stakeholders. Attempt will also be made to highlight impact on different stakeholder categories, like consumers and drivers. Based on such analysis, broad recommendations to improve regulatory framework under the Rules will be provided

Expected Output

A research report with cost benefit analysis of select provisions of the Rules and broad recommendations on potential regulatory alternatives

Expected Outcome

Better understanding of costs and benefits of key provisions of the Rules on critical stakeholder groups. Such understanding could be leveraged to garner attention of policy recommendations needed on requisite regulatory reforms.