

Ola, Uber to tie up with railways, airports, metros for easy booking kiosks

Growth of ride-hailing services slowed in 2017 as base of early adopters dried up

Alnoor Peermohamed | Bengaluru January 04, 2018 Last Updated at 09:26 IST



After witnessing slowing growth over the past 18 months, India's ride-hailing bigwigs are partnering mass transit companies. Both Ola and Uber have been tying up with mass transit companies, setting up easy-booking kiosks at metro stations and airports to grow user base.

“Growth definitely slowed in 2017, but the market did not decline. This had to happen since every time you have a new concept, there will be early adopters, and then it will reach a level of incremental growth. That is the stage the market is entering now, and that is why there is a change in strategy of these firms,” said Jaspal Singh, partner at Valoriser Consultants.

Ride hailing still has a long way to go in replacing car ownership, but the market is beginning to mature in India. Customers are beginning to pay for rides even when fares are not heavily subsidised, while budget-conscious users are opting for services such as ride-sharing that both the firms offer.

On the driver front, both players saw a slight dip in growth due to higher-than-normal churn when incentives were slashed. But a drive to bring new partners onboard through leasing programmes equalised a lot of that,

Singh said. Overall, while the industry did see growth dip, the number of rides on the two platforms continued to grow.

Ola corroborated Singh's observations that the ride-hailing players are partnering public utilities to grow. However, the firm maintained that it had seen strong growth through 2017, and that it was continuing to expand in more cities. "We are consistently broadening our product portfolio with solutions like Ola Share, Ola Auto, Ola Electric, Ola Pedal. Ola is also integrating with public utilities like railways, metro and airports to enable easy last-mile access to mobility," said a spokesperson.

A source within Ola pegged the number of rides the company does on a daily basis at 2 million. These include shared rides, regular cab rides, rides taken in shuttle buses, autos and even on Ola's new bicycle sharing platform. Ola has seen to be increasing its focus on low-cost auto rickshaws as customers began feeling a pinch due to increased cab fares.

Ola's rival Uber, on the other hand, refuted the claim that it saw growth slowing during 2017. "This is factually incorrect and a gross misrepresentation of the market realities. In 2017, we were focused on moving from a startup to a sustainable business in India and as a result, recorded over 100 per cent growth," a spokesperson said.

The statement added that in July, the company saw over 115 per cent growth in the number of rides, the latest available public data on Uber's growth in the country. Uber said it records over 1 million trips a day, or half the number of trips claimed by the source in Ola. The Indian firm, however, did not officially comment on the number of daily trips it was doing.

Shifting focus

- Growth of ride-hailing services slowed in 2017 as base of early adopters dried up
- Uber, Ola now focusing on tie-ups with mass transit firms to tap new users
- While the industry did see growth dip, the number of rides on the two platforms continued to grow

With SoftBank holding 20 per cent stake in Uber's global operations and a 25 per cent stake in Ola, experts opine that both companies will arrive at an agreement to stop burning money trying to grab market share from each other. The move could result in a rationalisation of fares on both platforms, which could even hurt their businesses, but slightly.

"I do not think there will be a major impact on ride-hailing services by a slight increase in fares. We have seen that customers are willing to pay 15-20 per cent more than what Uber and Ola are charging. What they will have to focus on is reducing wait times, which is among the biggest factor when it comes to a customer picking between the two services," said Anil Kumar, chief executive officer of RedSeer Consulting.

Kumar adds that users of ride-hailing services in India have both apps installed on their smartphones and often compare fares and wait times before making a booking.

Singh said there was enough space for both services to grow in the near future. He said SoftBank's strategy of favouring local firms over global ones might eventually lead to Uber's India operations being absorbed by Ola, but for now both companies have set targets. "Uber is working on self-driving cars in the US, but these are not going to come to India anytime soon. In India, the bet on electric mobility makes a lot more sense and we should

start seeing more focus on that by Softbank. Uber's India development centres are continuing to play a crucial role for innovation in the company," Singh said.

Business Standard

After CEO Kalanick quits, Uber India may see many senior level exits

Uber India employees are said to be anxious over the uncertainty caused by Kalanick's exit

Karan Choudhury | New Delhi June 22, 2017 Last Updated at 08:43 IST



In a statement on Wednesday, Uber CEO Travis Kalanick (pictured) announced his resignation, indicating that he was asked by the investors to do so. File photo

Employees at Uber India are concerned that they could lose market share to local rival Ola due to the uncertainty emerging over the exit of its founder and chief executive officer Travis Kalanick.

Kalanick, the founder and CEO of Uber, announced his resignation from the post amid pressure from a clutch of investors on Wednesday. His stepping down is a culmination of months of pent up demand for action from investors, employees and the public, as the firm went from being a beacon of everything that's great about Silicon Valley to everything that's wrong with it.

Uber, which has raised around \$ 15 billion in equity and debt from global investors was last valued at \$ 69 billion, making it the world's most valued private company.

"Senior team members in India are worried as India is a key market and such problems might make us lose our edge and lose marketshare to the competition," said an Uber employee who did not want to be named.

Amit Jain, the India and South Asia President, has been answering queries of his local employees who are concerned about the future of the company. The answers are still unconvincing, said the employee.

Jain, who has brought in soon after a rider was raped by an Uber driver in Delhi at the end of 2014, has navigated the India operations to become the second largest for Uber after it lost out China to Didi Chuxing. The crisis in the Valley could potentially put Jain in a global role as he has been able to reduce burn while still maintaining growth in India.

An Ola source said that the company could gain from the shakeup at Uber, but the company would not go aggressive to grab higher share in the market.



"Drivers of Uber will slowly start moving to other competitors. In India, of course they will come to us. The reason is there will be a management shakeup, people will start feeling insecure and this will go down to the drivers," said a top manager at Ola on the condition of anonymity. "We should just focus on our business, don't grab."

Analysts say that with Kalanick gone, the days of Uber's hyper

growth are over, something that employees will struggle with in the short term. For India, the company's second largest market globally, that could mean a slowdown in the rate of investment, something that's already been witnessed in the first half of 2017.

"There's nothing raising alarm bells yet, the market which was growing at 10-15 per cent month-on-month is now growing at 5 per cent. The drop in inventory that we see is because new drivers are not signing up. The ride hailing sector has had very high attrition all along, and it hasn't really gone up now," said Jaspal Singh, Partner at Valoriser Consultants.

Singh is of the opinion that Uber has a decentralised management approach and Kalanick's departure won't have any crippling effects on its business in India. However, until the company can bring in a new CEO put in place a new top management, decision making will be slow and that could give Ola an immediate advantage.

Uber's market share of India's ride hailing sector peaked at 40 per cent but is already down to 35 per cent and is expected to drop further to 30 per cent in the coming months. The drop is largely due to the company pulling the plug on driver incentives earlier than Ola. In the coming months, as drivers get wary of Uber's management fumbles, more will leave in fear of uncertainty, says Singh.

Bike-taxi operators take a fancy to West Bengal

Firms place bets on business after state proposes legalizing bike-taxis in the satellite township, New Town, near Kolkata

Avishek Rakshit & Namrata Acharya | Kolkata August 13, 2016 Last Updated at 14:06 IST



Move over Uber and Ola. Start-up bike-taxi operators are the new flavour in West Bengal.

West Bengal came up with a draft notification legalising playing of bike-taxis in the satellite township, New Town, near Kolkata end May and a number of bike-taxi operators have already hit the road.

Bogo Bike launched a pilot project with 200 bikers in its fold to test the market in Kolkata and the response so far has been encouraging.

[Bikes image](#) via Shutterstock

“Every day we are noticing that the number of rides is increasing. Allowing bike taxis to commute in a newly developed place like New Town will be beneficial for the riders”, Mayukh Dutta, co-founder of Bogo Bike Taxi, says.

The company will apply for a formal licence once the final notification from the West Bengal transport authorities comes out and that should be soon.

State transport minister, Suwendu Adhikari, says, the final notification is likely to be in place in the next two weeks. "It will unleash a huge investment potential in the state," he said.

West Bengal will be the fourth state to join the bike-taxi bandwagon. While there is no specific policy to govern bike taxis in a majority of states, only two states Haryana and Mizoram and a union territory - Goa - have specific guidelines governing them.

Under the draft notification of the West Bengal government, any operator who has a fleet of 15 bikes can start this service after obtaining the necessary area-based Letter of Intent from the Regional Transport Authority. A daily log for each of these motorcycles used for commercial purposes will be maintained and submitted to the police.

Players from outside the state are also showing interest.

“We’ll definitely be interested in this proposal and may launch the service in New Town after due research”, founding member and marketing lead of Delhi-based Now Ride, Aryan Solanki said.

Now Ride, has a fleet of 150 bikes plying in Haryana and Faridabad (Uttar Pradesh) and is in the process of adding another 250 electric bikes for Delhi NCR area in the coming 10 days.

“Our focus is to become a national player and not just limit ourselves to a particular area. We are planning to start operations in Madhya Pradesh soon”, he added.

Bengaluru based Rapido, which also operates its fleet in Gurgaon (Haryana) too, is interested in extending its operations to West Bengal.

Dutta and Solanki are of the opinion that these bike-taxis not only help in reducing congestion but are also able to ride to alleys and areas which are otherwise inaccessible by cars.

Jaspal Singh, co-founder of transportation sector consultancy Valoriser Consultants, points out, there is a lot of demand for bike taxis in Gurgaon, mainly for last mile connectivity. "People have been using it for short distances. However, not many states have proper policy governing them," he adds.

While the base fare for bike taxi service ranges from Rs 10-15, a passenger has to pay between Rs. 4-10 per km depending on the operator.

Market Opportunity

As per the latest census data 2011, around 25.5 million (7.5% of total trips) people use two-wheelers to reach their workplace.

If the number for 2015 based on vehicle registration is extrapolated, then it is estimated that 35 million trips are being performed by two-wheelers to reach to workplace (excluding personal trips) on daily basis.

If 10% of this two-wheeler commuting market is captured, then it will translate into 3.5 million trips daily.

Why Motorcycle Taxi is required?

To reduce the sale of two-wheelers in India that will help reduce road congestion and pollution

To provide economical and cost effective transport solution

To provide point-to-point connectivity and covering shorter distances

To complement existing mass transport system

Source: Valoriser Consultants

Business Standard

Ola, Uber 'surge price' in Kolkata to keep up with demand

Ola had also last month launched its low cost service Ola Mini, which offered rides at Rs 9/km with a minimum fare of Rs 99

Arindam Majumder | Kolkata April 17, 2015 Last Updated at 20:13 IST



It is time to mend the account books for the cab companies in Kolkata. Over the past few months, taxi aggregators like Ola and Uber indulged in furious price war, in which rates were cut leading to fares dropping to single digits. This had paid off leading to a change in dynamics of the taxi market in the city and the companies claimed that customers were shifting from the traditional yellow cabs to them. But now the aggregator firms are increasingly adopting surge pricing to manage sharp demand spikes during rush hours.

The practice that sees fares rise almost four-fold for consumers while ensuring availability of the service and leaves drivers pleased at the prospect of making some extra cash. Commuters booking cabs on their smartphones have in recent days had to contend with the apps on their phones throw up the surge pricing option during peak travel times, making a journey that can cost as low as Rs 7.5 per kilometre during non-peak times surge to as much as Rs 40 per kilometre during rush hours.

The cab companies after entry in to the Kolkata market chased customers by reducing their rate. Uber's Rs 9-a-km fare was introduced on February 27. Uber's cheapest offering in Calcutta, UberGO with a base fare of Rs 20, plus Rs 9 a km, plus Re1 per minute with a minimum fare of Rs 40 became so popular that Neeraj Singhal, head of operations, Uber India said that Kolkata was the fastest growing market for the company outside US. Ola had also last month launched its low cost service Ola Mini, which offered rides at Rs 9/km with a minimum fare of Rs 99.

But, the meteoric rise of the nascent sector came with its own share of problems like bleeding of their accounts. The constant quest to undercut competitors was taking a heavy toll on the profitability of the companies.

But while the cab companies concentrates on profitability, the issue has left customers sulking. "Even on a Sunday evening, the Uber app showed a surge in pricing by 1.7 times, I opted out and instead took a yellow cab," said a frequent user of the app. "Uber on perpetual price surge, Rs 9/km a myth, back to good old yellow cabs," read a tweet.

The companies though defended the practice as a normal demand-supply phenomenon. "Dynamic pricing is a powerful model that allows users to get a ride when they need it most, it also helps in incentivizing more drivers to come onto the platform. When demand and supply are in line, prices quickly return to normal," Uber said in a response to a query from Business Standard. While Ola didn't response to queries, a blogpost by the company read- "The peak hour surcharge will now be proportional to the demand at the hour and will help connecting the maximum number of people to

this service. “

Jaspal Singh, cofounder of market research and consulting firm Valoriser Consultants, says that India will take little more time to accept surge pricing. "There is a need to educate the policy makers about the same. Policy makers would need to make proper guidelines for this system."

App-based cab companies lure drivers through easy loans

With easy financing schemes, the cab companies in Kolkata have been instrumental in turning quite a few drivers self-sufficient

Namrata Acharya & Arindam Majumder | Kolkata March 19, 2015 Last Updated at 18:50 IST



For years, Yashpal Yadav use to work as a driver of a foreign tourist bus in Kolkata, earning a salary of nearly Rs 15,000 per month. A few months bago, Yadav heard of new cab operator in the city, Uber, where a few of his friends could earn as much as Rs 40,000 per month. However, to be a Uber driver, Yadav needed to own a vehicle.

"I didn't have the necessary money to buy a car of a model which would meet the specifications of Uber," says Yadav. That's where Uber's vehicle financing service stepped in. Yadav managed to get a loan from Shriram Transport Finance with a down payment of Rs 60,000.

With a net monthly income of around Rs 40,000 per month, Yadav now is a driver-entrepreneur, and an owner of a Swift Dzire.

With app-based cab companies gaining popularity, a new business model is bringing drivers, financiers and cab service providers to a unified platform. In effect, a number of drivers are taking loans to become business partners with app-based transport companies, which in turn, act as facilitators for the loans.

Now with the driver-cum-entrepreneur model gaining popularity, demand for loans is also increasing.

"Over the last six months, we have been getting increased references for loans from cab providers. It acts as a platform to bring together the vehicle owner, the service provider and the financier, along with an additional comfort for lending," said Umesh Revankar, managing director and CEO of Shriram Transport Finance.

Recently, Ola, an app-based cab provider, partnered with State Bank of India to extend a vehicle financing programme, the Ola Pragati campaign. Under the scheme the drivers on the Ola platform can enroll with daily repayment scheme, as against the current practice of an EMI. " This is a unique model specially targeted towards the drivers who don't naturally have a large savings, hence find it difficult to pay a monthly EMI. Unlike normal car loans, this covers 90 percent of the cost of the vehicle, including road tax and registration charges," said Anand Subramanian, director at Ola.

Ola charges 20 percent commission for every ride.

Similarly, Uber has been recommending drivers to companies like Shriram Transport Finance, AU Financiers, Toyota Financial Service in order to give drivers easy loans.

"Lots of drivers can't own a cab because they don't have access to funds. Under the vehicle financing scheme we make it easier for drivers to get loan and own their cabs," said Neeraj Singhal, head of expansions at Uber India, recently.

Radio taxi operator, Meru Cabs, which does not follow the aggregator model and instead owns its fleet has decided to tweak its model. After a strike by the drivers in 2013, Meru changed its model where now it encourages drivers to own their cabs.

"The app-based cab providers do not want to own a vehicle. They want to work on a technology platform. In most cases, they work as partners with drivers. The companies, which have informal tie-ups with finance companies, provide a letter of support to drivers to get easy loans. The model is gradually picking up," said Jaspal Singh, co-founder of Valoriser Consultants.

Business Standard

Cab companies come up with contests to tackle attrition among drivers

Analysts say after cutting on incentives, the companies are coming up with new methods to maintain loyalty

Arindam Majumder | Kolkata June 18, 2015 Last Updated at 15:20 IST



In a bid to bring down attrition, cab companies are going all out to retain their drivers. While Ola has launched a contest for its drivers, Uber has expanded its sixth star rating programme to India.

While a rider can rate a driver from one to five stars, the company would select two drivers based on what the company calls "exceptional service". "Two partners will be selected every week - one winner will be selected based on a rider nomination and one winner will be selected for his or her combined highest rating and

highest number of trips," the company said in a statement.

Winners get a \$1,000 American Express gift card, and public recognition. The award will rotate between different regions around the world, including Western North America, Central North America, Eastern North America, Latin America, Europe, the Middle East and Africa (EMEA), and Asia Pacific (APAC).

Uber's rival Ola had yesterday launched a contest for its drivers where they can win prizes on the basis of number of bookings that they complete, Customer feedback on every ride will also be incorporated. Prizes range from 2-BHK apartment to invitations to gala entertainment evenings with their family.

Marketing and management experts said the cab companies deploying such programmes are old-school tactics. Analysts tracking the companies say that the companies are cutting down on their incentives for drivers in order to look towards profitability.

"The companies after making change to incentive model are now looking to new strategies to maintain driver loyalty, they can't lose out on drivers, so if one company does it, the other has to do too, it's a cascading effect," said Jaspal Singh, co-founder of Valouriser Consultants, which provides market research services for transportation companies.

According to estimates, Uber was losing at least Rs 500 per ride on an average, and Ola about Rs 420 per ride, including the incentives to passengers. To ensure enough supply of cars to meet the demand created through this referral scheme, Uber was also providing drivers with per-trip bonuses.

Uber is offering a temporary incentive scheme, of Rs 100-275 per trip to car owners, irrespective of trip fare. This had helped Uber meet the twin objective of getting more cars on to its platform and ensuring these stay on the road for a long while.

Anjali Bhargava: Taking each other for a ride

Ride-sharing can be a cheaper and more entertaining way to commute. It may, in fact, be a safer option than depending on a cab driver, usually illiterate and not always reliable

Anjali Bhargava July 01, 2015 Last Updated at 21:48 IST



Recently I met someone who said he was working in a ride-sharing company. Ride-sharing means just that. Someone is driving in his car from X destination to Y and you share the ride. Of course, you pay a certain amount to the person who is driving you and he agrees to pick you up from a mutually agreed spot - typically for longish distances. For those familiar with AirBnB, what AirBnB is to accommodation, ride-sharing is to the travel space.

Let me start by why the idea appeals so strongly to the Delhiite in me. One, we really have no space left to endlessly accommodate the ever increasing traffic. I have started to set out for any destination - if not taking the metro - expecting some scrape or slight bump at the very least so that when it happens I remain unperturbed. And those of you who don't agree, I advise a change of eyewear or that you look up from that iPad or phone or whatever device is keeping you riveted. So, any service that proposes to reduce the number of cars on the road is a service worth considering. You just fill the same car with more people.

Two, no new physical infrastructure needs to be created for this to work. That itself is a big plus for me. If you drive past the Vasant Vihar flyover in south Delhi (many residents of the area curse the guy who conceived, designed and executed this, every day) at any time of the day and night, you will be convinced that the further we keep these guys from decisions that affect us daily, the better off we are.

Then, it is cheaper and more convenient than many other modes. So, a ride between Delhi and Dehradun can cost you Rs 750 or so. That's cheaper and easier than the train or the bus (one can't compete with air since it is a half-hour flight). No reaching the bus or train station. You can get picked up at a convenient and pre-decided spot. The cars are air-conditioned and mid-sized in general. Of course you still have to go through the charmless eight-hour drive on scary Indian roads but it sure beats driving yourself for several hours on scary and charmless Indian roads. So dull is the landscape, that it is not uncommon to hear of accidents because people fall asleep behind the wheel.

And chances of this, too, are reduced if you are sharing the ride. In fact, with a bit of luck, you might just have some good company and meet someone worth chatting to, all the way.

And this brings me to another massive plus. You meet new people - in real not online. I really like the idea of real, live people. Towns like Dehradun and Pune have a truckload of students going to and fro all the time - and for me they translate into many column ideas.

Of course, India being the way it is, not everyone one meets is desirable or for women even safe. The ride-sharing companies - or at least the one I use - has set in place some tight filters to make sure the person giving you the ride is not actually taking you for a ride. People offering and taking rides have to register, can exchange information and can actually choose who they ride with. You figure for

yourself whether you want to go ahead. On the app, there were 12 people leaving at different times from Gurgaon to Noida the next day and you can just hop on and since there were so many options, you could pick and choose. Also, you can refer to past reviews. After a ride, both the driver and the rider can post reviews of each other that are publicly available. So both sides would hopefully be in their best behaviour. It may, in fact, be a safer option than a cab driver - usually illiterate and not always reliable.

It may still be a while before single women travelling alone gather courage to try this but students, young professionals, couples and small business owners are lapping it up already.

But again - just like with the metro - this is not only for people like them. People like us, can and ought to give it a try too. And who knows, you may just like the experience.

Business Standard

Apps speed on, law to catch up

Listing taxi service aggregators under the IT Act is innovative, but the need of the hour is a uniform law

Probal Basak & Namrata Acharya February 08, 2015 Last Updated at 21:36 IST



Just as app-based cab services were picking up in India, an alleged rape in December 2014 by a driver of Uber, a San Francisco-based firm, became a speed-breaker. The incident prompted Delhi's transport department to bar all app-based transport services without a radio taxi licence. The Union home ministry advised all states to ban unregistered web-based taxi firms.

The road, however, looks to have cleared partially with the Bidhannagar Commissionerate in Kolkata bringing Uber - for the first time - under the ambit of the Information Technology (IT) Act, 2000, quashing the need for companies to seek a radio taxi licence.

The move was wholeheartedly welcomed by Uber, which said in a statement: "We continue to engage with the Delhi authorities to work towards the Kolkata model... We believe this is the progressive model that ultimately puts the safety of consumers first, while recognising the power of new technologies like Uber that will make city transportation safer."

Kolkata model

The Bidhannagar Police Commissionerate recognised app-based transport providers simply as aggregators of services, therefore an intermediary, which brings them under the purview of the IT Act.

Bringing app-based transport services under the IT Act serves two purposes - first, it brought such companies under the ambit of the law; second, it absolves them from any crimes committed by the drivers.

Such cabs were governed by the Motor Vehicles Act, 1988, which did not regulate service providers, as the Act is applicable only to the cab drivers.

"Among Uber, Meru and Megacabs - the three major web-based transport service providers in Kolkata, only Megacabs has around 200 cabs of its own registered with the state transport authority," said Alapan Bandhopadhyay, principal secretary, West Bengal transport department.

On the day of notification, the Bidhannagar Commissionerate explicitly pointed out that the web-based service providers must not own or lease any vehicle.

The order to regulate the web-based cab aggregators under the IT Act, it has been issued under Section 144 of the Criminal Procedure Code, 1973. The section empowers the police to issue such an order in urgent cases of nuisance or apprehended danger. However, such an order remains valid only

for two months.

"This will not be a problem. We have already noted that the operators will have to re-enroll with us every two months. This will ensure more security and safety, which is our aim," said Ranendranath Banerjee, deputy commissioner (traffic), Bidhannagar.

The new regulations ask the service providers, including the radio taxi operators, to set up a proper grievance redressal system under which a customer care number and contact details of a person-in-charge has to be made public.

"We believe bringing them (taxi aggregators) under the ambit of the IT Act will ensure stricter regulation. As they will be treated as IT companies, they will also have to go through technological upgrade," said Banerjee.

Aggregators like Uber will have to develop an app which will show the picture of the driver, allowing the passengers to verify them.

All service providers also have to develop two apps within a month. One will contain all details submitted to the commissioner along with drivers' photo. Passengers can check the driver and the registration number before boarding vehicles. The second app will enable passengers to make a distress call to the nearest police station and share their locations with up to five persons.

Like any other company, the service providers will also have a grievance officer, whose details, too, will be recorded with the police. Operators have to ensure that drivers undergo gender-sensitisation programmes.

However, while the service providers will be treated as IT companies, the cabs and drivers will continue to be governed by Motor Vehicles Act. "If the operators or drivers flout rules, they still can be booked under the Motor Vehicle Act," Banerjee said.

Thus, the order has segregated the responsibilities of driver and the aggregator.

Existing regulations

Notably, app-based transport providers have always been covered under the IT Act, 2000, as they operate on a digital platform, according to Pavan Duggal, advocate, Supreme Court and cyber law expert. Any service provided in the electronic format falls under the IT Act.

"There is no direct description of the services to be covered under the IT Act. However, there is a category called 'intermediary', which are network service providers. Section 79 of the IT Act mandates that the intermediary exercise due diligence while discharging services. However, most service providers today act in breach, rather than compliance, of the provision."

There are no clear laws governing on-demand transport providers, who started venturing into India from 2000. In fact, laws governing such services have been a matter of debate. In September, 2014, a German regional court issued a temporary injunction against Uber, stating that Uber drivers did not have the necessary commercial licences. However, later, the ban was lifted.

"The IT Act, 2000, was enacted for legalising e-commerce related transactions and for various cyber crimes. Using it for transactions involved in app-based transport services is appropriate, but making it governing Act for transport-related services seems bit illogical to me. Transport is an essential service and also governed by a different set of Acts which don't gel with IT-related provisions," said Prashant Mali, advocate, cyber law expert

Around 2006, several states took steps to govern the services. For example, Delhi started the Radio Cab Scheme, while Maharashtra called it the Fleet Taxi Service Scheme. In West Bengal, it came to be known as the Call-Taxi Scheme. At present, there are 16 states which have specific schemes governing taxi-on-demand services.

However, the rules were applicable to only those companies which owned the vehicle. Recently, the Delhi government amended the Radio Cab Scheme, so as to include aggregators in it. The scheme will now be applicable to service providers which do not own a vehicle. In addition, the firms will be governed by two Acts - the Motor Vehicle Act and the IT Act.

"The Bidhannagar legislation is better as it segregates the liabilities of the service provider and driver," said Jaspal Singh, co-founder of Valoriser Consultants.

The app-based service providers will find it more difficult to operate in Delhi than in Kolkata as they have to adhere to the provisions of both the IT Act and the Motor Vehicles Act.

Till the time there is a uniform law governing app-based transport services, the road ahead is going to be bumpy.

Ban on taxi aggregators: Rs 2,000-cr PE money at stake

Reghu Balakrishnan | Mumbai
December 10, 2014 Last Updated at 00:25 IST



The [ban on taxi aggregators](#) can put at risk investments of at least Rs 2,000 crore, made by [private equity](#) (PE) and [venture capital](#) (VC) investors. The ban on taxi aggregators such as Uber, [Ola Cabs](#) and [TaxiForSure](#) are at risk because they cannot operate in the manner they have been doing so far, without the requisite permits in states.

Among the aggregators, Ola Cabs has received the highest investment since its launch in 2011. About \$280-million worth of PE/VC investment had been taken place in Ola so far. In its latest fundraising, Ola Cabs had raised \$210 million (about Rs 1,260 crore) in October from a group of investors led by Japanese telecom and media group SoftBank Corp.

This Series-D funding is the largest single round of fundraising by the company so far. Apart from SoftBank Corp, the latest round also saw participation from Ola's existing investors, Tiger Global, Matrix Partners India and Steadview Capital. The latest round of investment increased Ola's valuation to over \$1 billion.

Commenting on the development, [Anand Subramanian](#), director, marketing communication, Ola, said: "We are committed to the safety of all passengers who trust Ola as their platform of choice for booking a cab. Even though we are not a transport service provider, we ensure that the partner driver who is using our software passes the stringent compliance check of his (KYC) personal and professional papers. Each and every ride of ours is tracked and all records are maintained meticulously. Traceability is paramount for us. It is our endeavour to make transportation convenient, safe and hassle free for everyone."

India's taxi market has been getting a lot of attention from global investors, as it was emerging as one of the most reliable forms of public transport. India's current taxi market comprises of 600,000 cabs and yearly revenues of Rs 11,000 crore. According to Valoriser Consultants, the sector has been growing at 20 per cent annually. This attracted global taxi ride service provider [Uber](#) to India in February.

The recent crime involving Uber in [Delhi](#) has upset PE/VC investors. Avnish Bajaj, managing director of Matrix Partners India and also an investor in Ola Cabs, believes the situation could have been handled in a better way. "Banning services of all taxi aggregators is not an ideal way.

Business Standard

There should be a mechanism of working aggregators and regulators together." According to him, creating an online registry in India - similar to the US model, where details of serious crimes and criminals are published - is a good solution. "The issue is larger; we have to decide whether the country wants to progress and adapt a technology for safety or just banning services due to one's error. We should balance both by providing public better facilities and improving safety of commuters," he added.

There are several players in the cab aggregator segment, following the success of Ola, which was an early entrant. TaxiForSure, founded in 2011 by IIM-Ahmedabad graduates Raghunandan G and Aprameya Radhakrishna, was planning to raise a large amount in its next round of fundraising, which is likely to be hit with the recent developments. TaxiForSure raised \$4 million from Accel Partners, Helion Venture Partners and Blume Ventures in 2013 in its first round of funding. In May 2014, it received \$10 million from existing investors and raised another \$30 million later in August, led by Accel Partners (US), with participation from existing investors.

Prashant Prakash, Partner at Accel Partners, said, "The transportation department at the government and aggregators should work together for a better model. They should handshake and find a solution." He hopes the issue will be sorted out soon. Bangalore-based Accel Partners holds a minority stake in TaxiForSure besides other venture capital firms such as Helion Venture Partners and Bessemer Ventures.

Another entity Savaari Car Rentals Private Limited, had raised funding of Rs 20 crore (\$4 million) from Inventus Capital Partners and Intel Capital in 2012. Similarly, Bangalore-based start-up YourCabs.com, an online cab booking service provider, had received an undisclosed amount in angel funding from Sprism Investment in 2012.

The PE/VC investors were bullish on taxi aggregators in India as the country has an untapped market opportunity in aggregation. There are about 600,000 taxis in the unorganised sector that can be aggregated, a \$2.5-billion opportunity.

(Source: http://www.business-standard.com/article/current-affairs/ban-on-taxi-aggregators-rs-2-000-cr-pe-money-at-stake-114121000079_1.html)

Meru to check drivers' Aadhaar every time you book a ride

The move follows the recent assault of a woman passenger by the driver of a cab she had booked using Uber mobile app

Digbijay Mishra | New Delhi

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Radio taxi service provider [Meru Cabs](#) is planning to put in place the next level of driver verification, one liked to [biometric](#) identification tool Aadhaar. This follows the alleged rape of a woman passenger who had booked a cab through the [Uber](#) mobile app, by the driver, and the subsequent ban of all app-based taxi services across states.

In introducing Aadhaar-linked verification, Meru might get the first-mover advantage in the absence of app-based services [Uber](#), [Ola Cabs](#) and [TaxiForSure](#). However, other radio taxi companies are likely to join the bandwagon soon. For the plan to be put in place, all cabs will require a biometric system to verify the identity of drivers.

In fact, Meru, the India Value Fund Advisors-controlled taxi service provider, has completed a trial run of the Aadhaar-linked verification process, with help from Sanjay Jain, a key architect of the Aadhaar card. Jain is also on the board of Meru Cabs, run by Meru Cab Company.

Siddhartha Pahwa, chief executive of Meru Cabs, told Business Standard the move was aimed at assuring travellers that safety and a quality ride were the company's priorities. The company was scheduled to unveil the technology in March next year, but it has now been decided to do it sooner, following the sector coming under attack for lapses in the background check of drivers.

Recently, Vinod Khosla, a [Silicon Valley](#) billionaire, had suggested Aadhaar and police verification of cab drivers be combined to ensure stronger security measures. The Centre, too, has been actively advocating the use of Aadhaar for driver verification.

"Aadhaar-linked security is the next level for paramount security. The driver will not be able to start a journey without punching his Aadhaar details. If the data don't match ours, we will immediately swing into action and the driver won't be able to start the journey," Pahwa said.

"What has happened (the recent alleged rape) is very unfortunate and justice should be given to the victim without delay, but this business is not just about technology; there is a lot of involvement with people. While background checks will have to be meticulous, all stakeholders will have to discuss and iron out existing issues," Pahwa said. The debate, he added, shouldn't be about radio taxis, app-based services, etc, but about safety of the people.

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Meru Cabs has a fleet of about 10,000 cars, half of which are owned by the company.

Pahwa says largely, drivers in major cities are migrants and, therefore, some of them could take long to absorb exposure to a new lifestyle. "So, we had a session with about 15,000 drivers, including those who were not working with Meru, to educate them. This is a service industry and integrity is crucial," he said.

Global investors see potential in the radio taxi market, with several cab companies raising substantial funds of late, including Uber (globally) and Ola (in India). Ola raised \$280 million in four rounds of funding, including from Japan's SoftBank, also an investor in Chinese e-commerce company Alibaba.

India's taxi service market comprises 600,000 cabs and has annual revenue of about Rs 11,000 crore. According to Valoriser Consultants, the sector has been growing 20 per cent a year.

(Source: http://www.business-standard.com/article/current-affairs/meru-to-check-drivers-aadhaar-every-time-you-book-a-ride-114121300477_1.html)